

**STATE OF
CONNECTICUT**



2014

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**Fiscal Year Ended
June 30, 2014**

**Kevin Lembo
State Comptroller**

STATE OF CONNECTICUT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended
June 30, 2014

*Prepared by the Office of the
State Comptroller*

**KEVIN LEMBO
STATE COMPTROLLER**

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

<http://www.osc.state.ct.us/2014cafr/>

Office of the State Comptroller

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

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

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

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

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Introductory Section

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

**Kevin Lembo
State Comptroller**

**Martha Carlson
Deputy Comptroller**

February 28, 2015

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

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

As discussed in the Management Discussion and Analysis (MDA) section of this report, a national recession produced a pattern of job losses in Connecticut that began in the first half of 2008. These job losses persisted until the start of 2010 and claimed 119,100 payroll positions, which is approximately 6 percent of Connecticut's labor force. Connecticut did not experience a consistent pattern of uninterrupted monthly growth in payroll employment until the final months of Fiscal Year 2014. The slow pace of economic growth experienced after the recession has held the average annual General Fund budget growth over the past five years to 2.5 percent. It also resulted in tax increases and other revenue enhancements.

A slower rate of economic expansion following recessions is becoming an established norm. Overall growth of the national economy has been moderating over the past several decades, and Connecticut's economy has been following that same slower growth trend. From 1950 through the mid-1980s, there were numerous double-digit periods of growth in U.S. Gross Domestic Product (GDP). Since that time, there has been a gradual downward slope in the GDP rate of growth. Likewise, Connecticut's personal income and employment growth rates have been less robust over time.

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

Fiscal Year 2014 ended with a General Fund surplus of \$248.5 million on the budgetary accounting basis. The Fiscal Year 2014 budget contained appropriations for expenditure accruals to account for obligations of the fiscal year that were paid after the fiscal period had closed. Fiscal Year 2014 was the first year that appropriations had been made for accruals.

In accordance with State Law, the entire amount of the General Fund budget surplus was deposited to the State's Budget Reserve Fund. This brought the fund's reserve balance to \$519.2 million, or about 3 percent of the General Fund budget. I have been a strong proponent of building these reserves. Current law allows up to ten percent of net General Fund appropriations to be deposited to the Budget Reserve Fund. I have advocated for a fifteen percent threshold. Proper reserve levels allow for budget stabilization during difficult fiscal times and avoid policy decisions that place additional downward pressures on a struggling economy.

Reaching the appropriate level of budget reserves is an attainable goal if fiscal discipline is exercised in surplus years. Since 1990, the State has accumulated revenue windfalls (revenue in excess of budgeted spending) of over \$5 billion. However, budget reserves never exceeded \$1.4 billion.

A complete discussion of Fiscal Year 2014 budget trends is contained in the MDA section of this report.

Major Policy Initiatives and Priorities

Transfer of Federal Portion of the Medicaid Program

In Fiscal Year 2014, the federal portion of the State administered Medicaid program moved from the General Fund to the Restricted Grants Fund. The Restricted Grants Fund accounts for the majority of federal dollars contributed to State programs. Connecticut's treatment of federal Medicaid dollars is now consistent with the practices followed in most other states. This change in accounting coincided with the Medicaid expansion under the Affordable Care Act (ACA) that was passed by Congress and signed into law by President Obama in March of 2010. The Connecticut ACA Medicaid expansion became effective in January of 2014. Through the expansion, additional adults without children qualified for Medicaid coverage. The income eligibility level for coverage in this population group increased from 56 percent to 138 percent of the federal poverty level.

The new accounting methodology transferred approximately \$2 billion in expenditures and revenues related to the federal portion of the existing State Medicaid program from General Fund to the Restricted Grants Fund. Many of the numbers and trends presented in this report have been adjusted and footnoted within the presentation to reflect this transfer of funding. In addition to the movement of existing Medicaid dollars, the new ACA Medicaid eligible population is also accounted for within the Restricted Grants Fund.

Implementation of GAAP Budgeting

For the first time in Connecticut's budget history, the legal budget act for Fiscal Year 2014 contained line-item appropriations within budgeted funds for expenditure accruals. The accruals are payments made after the close of the fiscal year for obligations incurred during the fiscal year. The State payroll is one example. State employees work a number of days in June that are not paid until July. This has resulted in an extra bi-weekly payroll payment occurring once every ten fiscal years (27 payrolls rather than the normal 26). Funding the additional payroll in that

tenth year has presented significant budget challenges. With this change, an accrual amount is now appropriated and reserved each fiscal year for that additional payment thus relieving the financial pressure in that tenth year when the extra payroll payment is distributed.

The negative unassigned fund balance in the General Fund, often referred to as the GAAP deficit, has been on an upward trend over time. The annual salary accruals and other expenditure accruals have been contributing to the growth in the GAAP deficit. This new budgetary approach is intended to mitigate the growth in the deficit.

In addition, in Fiscal Year 2014 the State Treasurer issued \$598.5 million in GAAP deficit reduction bonds to lower the accumulated negative unassigned fund balance in the General Fund. The statements reflect this inflow of revenue to the General Fund in Fiscal Year 2014. There is also a current plan to begin annual amortization payments in Fiscal Year 2016 to address the remaining cumulative GAAP deficit.

It should be noted that there is no authoritative body that establishes GAAP budgeting standards. The GAAP standards applied to financial reporting are promulgated by the Governmental Accounting Standards Board (GASB). In their most recent statements on pension reporting, GASB noted that the methodology that they require for financial reporting of annual pension costs is likely to be too volatile to utilize for budget funding purposes. Accordingly, there will be occasions when budget amounts differ from GAAP financial reporting amounts contained in this report. The overriding policy objective of GAAP budgeting is to reduce and eventually eliminate the negative unassigned fund balance within the General Fund. It is left to the Governor and Legislature to formulate annual budgets that achieve that policy goal.

Open Connecticut

One of my primary objectives in my role as State Comptroller has been to open the State's financial records to the public. This has been an evolving effort that is now realized in an online financial data hub called Open Connecticut located at www.osc.ct.gov/openct. The site allows users to search real-time State spending by fiscal year, fund, function of government, agency, department, line-item and account. All State receipts can also be tracked by source.

The site features drop down filters, year-over-year trend analysis tabs, graphics that permit data drilldown and many other analytics. Data can be exported and users can share their analysis by creating a prompted link to e-mail or social media.

Creating this type of comprehensive access to the State's finances is not a static process. Continual upgrades and enhancement to data will be implemented overtime. This will provide academics, researchers, journalists, and the general public the information necessary to influence policy in Connecticut.

Independent Auditor Opinions

As a Connecticut Constitutional Officer, the State Comptroller is responsible for setting state-wide accounting practices. Ultimate responsibility for the accuracy, completeness, and fairness of data presented in this CAFR, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the State's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using GAAP. The State is also required to undergo an annual "single audit" for

reporting to the Federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

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

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,596,667 in 2014 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government

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

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

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

The Reporting Entity

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

Internal Controls

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

Budgetary Controls

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

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

The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

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

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap. This has occurred in almost every year that the State has posted a substantial budget

surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

Economic Condition and Outlook

In December 2014, Connecticut entered the 58th month of recovery following the March 2008 thru February 2010 recession. With a recessionary job loss of 119,100 payroll positions, Connecticut's budget came under significant pressure as demand for support services grew and revenue fell. The State did not begin to experience a consistent pattern of job growth until February of 2014. This resulted in many challenging years of budget formulation under Connecticut's balanced budget requirements.

As the State began to emerge from the recession, job growth was extremely erratic with one month's gains quickly eroded by losses the next month. Initially the strongest job gains were experienced in the education and health services sector, which employees approximately 300,000 residents. The health care and social assistance components of the sector contributed the largest additions. The most significant percentage job losses were in the construction sector, which employs approximately 50,000 people in the state. As a consistent pattern of job growth gradually occurred, most employment sectors were experiencing growth. The only sector experiencing losses for the twelve month period ending in December of 2014 was financial services.

Paralleling the national economy, Connecticut has experienced stagnant wages and salaries throughout the recovery period. There are some very recent signals that growth in this area may be improving. Personal income in the State also appears to be rebounding. After declining 3.9 percent in 2009, annualized growth is now about 4 percent. This is still well off of the pre-recession growth rate, but positive growth rates have been posted in each of the past five years.

Connecticut's economy, along with the national economy, is steadily improving by most major indicators. When fully realized, the improving economic conditions will relieve some of the present pressures on the State budget.

Acknowledgements

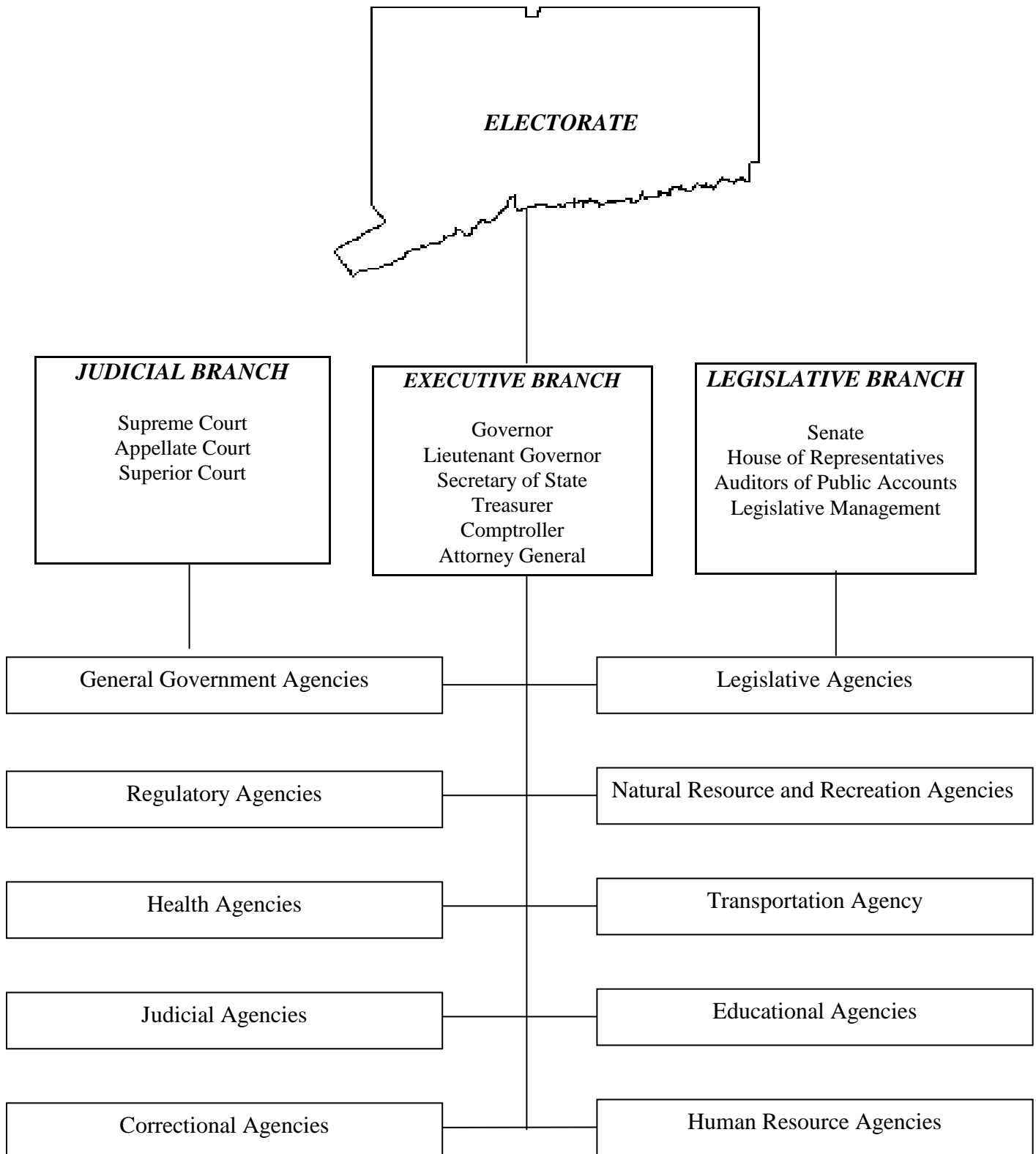
I want to thank my staff, the State Auditors, and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kevin Lembo". The signature is fluid and cursive, with the first name "Kevin" written in a larger, more prominent script than the last name "Lembo".

Kevin Lembo
Connecticut State Comptroller

Organization Chart



***Selected State Officials
(as of June 30, 2014)***

EXECUTIVE

Dannel P. Malloy
Governor

Nancy Wyman
Lieutenant Governor

Denise Merrill
Secretary of State

Denise L. Nappier
Treasurer

Kevin Lembo
Comptroller

George C. Jepsen
Attorney General

JUDICIAL

Chase T. Rogers
Chief Justice

LEGISLATIVE

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

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

Financial Section

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT M. WARD

INDEPENDENT AUDITORS' REPORT

Governor Dannel P. Malloy
Members of the General Assembly

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent six percent of the assets and nine percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, Connecticut Community Colleges, Connecticut Airport Authority, Bradley International Airport Parking Facility, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 31 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 96 percent of the assets and 96 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley International Airport Parking Facility, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 31 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2014, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 25 to the basic financial statements, in fiscal year 2014, the State of Connecticut adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets or Liabilities*. The adoption required the reclassification of certain items reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. The Statement also amended the classification of certain items previously reported as assets and liabilities. Also in fiscal year 2014, the State of Connecticut adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. The adoption required significant changes in the format and content of Notes 11 and 12 of the financial statements and the Required Supplementary Information. Our opinion is not modified in respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the course of our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2015, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2014, State of Connecticut Comprehensive Annual Financial Report* and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



John C. Geragosian
Auditor of Public Accounts



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State Capitol
Hartford, Connecticut

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2014. The information provided here should be read in conjunction with the letter of transmittal and in the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

The primary government's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12.6 billion (reported as net position deficit). Of this amount, \$24.4 billion reported as unrestricted net position deficit while \$11.8 billion is restricted for specific uses or invested in capital assets.

Net position deficit of governmental activities increased by \$2.3 billion and net position of business-type activities increased by \$462.0 million. Component units reported a decrease of \$108.1 million from June 30, 2013.

Fund:

The governmental funds reported combined ending fund balance of \$2.1 billion, an increase of \$.1 million in comparison with the prior year. Of this total fund balance, \$190.0 million represents nonspendable fund balance, \$2.0 billion represents restricted fund balance, \$635.6 million represents committed fund balance, and \$28.6 million represents assigned fund balance. A negative \$735.0 million unassigned fund balance offsets these amounts. This deficit, which belongs to the General Fund, decreased by \$469.1 million during the fiscal year, due primarily to the issuance of GAAP conversion bonds in the amount of \$598.5 million.

The State's stabilization account, the General Fund Budget Reserve Account (Rainy Day Fund) ended the fiscal year with a balance of \$519.2 million.

The Enterprise funds reported net position of \$4.8 billion at year-end, an increase of \$462.0 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 \$32.4 billion for governmental activities at year-end, of which \$20.8 billion was bonded debt.

Total long-term debt was \$2.2 billion for business-type activities at year-end, of which \$1.3 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements:

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

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

The statement of activities presents information showing how the State's net position changed during fiscal year 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Each of these categories uses different accounting approaches. Fund financial statements begin on page 36.

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes information regarding the State's funding progress and employer contributions for pension and other postemployment benefits, and change in employers' net pension liability.

Other Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

NET POSITION

The combined net position deficit of the State increased \$1.8 billion or 16.9 percent. In comparison, last year the combined net position deficit decreased \$10.5 billion or 1.0 percent.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013*</u>	<u>2014</u>	<u>2013*</u>
ASSETS:						
Current and Other Assets	\$ 4,274	\$ 4,163	\$ 3,753	\$ 3,599	\$ 8,027	\$ 7,762
Capital Assets	12,540	11,987	3,781	3,518	16,321	15,505
<i>Total Assets</i>	<u>16,814</u>	<u>16,150</u>	<u>7,534</u>	<u>7,117</u>	<u>24,348</u>	<u>23,267</u>
Deferred Outflows of Resources	<u>99</u>	<u>18</u>	<u>21</u>	<u>-</u>	<u>120</u>	<u>18</u>
LIABILITIES:						
Current Liabilities	3,665	3,531	728	700	4,393	4,231
Long-term Liabilities	30,619	27,729	2,029	2,098	32,648	29,827
<i>Total Liabilities</i>	<u>34,284</u>	<u>31,260</u>	<u>2,757</u>	<u>2,798</u>	<u>37,041</u>	<u>34,058</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>
NET POSITION:						
Net Investment in Capital Assets	5,777	5,825	3,169	3,029	8,946	8,854
Restricted	1,795	2,283	1,068	898	2,863	3,181
Unrestricted	(24,943)	(23,200)	544	392	(24,399)	(22,808)
<i>Total Net Position (Deficit)</i>	<u>\$ (17,371)</u>	<u>\$ (15,092)</u>	<u>\$ 4,781</u>	<u>\$ 4,319</u>	<u>\$ (12,590)</u>	<u>\$ (10,773)</u>

*Restated for comparative purposes

The net position deficit of the State's governmental activities increased \$2.3 billion (15.1 percent) to \$17.4 billion during the current fiscal year. Of this amount, \$5.8 billion was invested in capital assets (buildings, roads, bridges, etc.) and \$1.8 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$24.9 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds issued in the amount of \$6.5 billion to finance various municipal grant programs (e.g., school construction) and \$2.3 billion issued to finance a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$11.6 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB obligations and compensated absences).

Net position of the State's business-type activities increased \$462 million (10.7 percent) to \$4.8 billion during the current fiscal year. Of this amount, \$3.2 billion was invested in capital assets and \$1.0 billion was restricted for specific purposes, resulting in unrestricted net positions of \$0.5 billion. These resources cannot be used to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

CHANGE IN NET POSITION

Changes in net position for the years ended June 30, 2014 and 2013 were as follows:

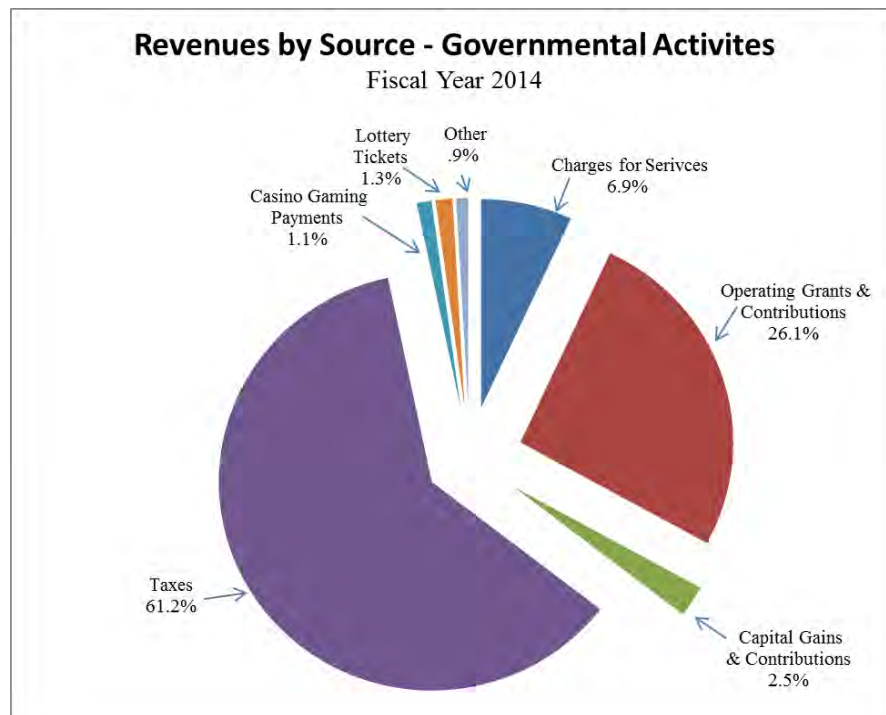
State of Connecticut's Changes in Net Position
(Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total		% change
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013*</u>	<u>2014</u>	<u>2013*</u>	<u>14-13</u>
REVENUES							
Program Revenues							
Charges for Services	\$ 1,726	\$ 1,576	\$ 2,546	\$ 2,485	\$ 4,272	\$ 4,061	5.2%
Operating Grants and Contributions	6,497	5,992	780	1,173	7,277	7,165	1.6%
Capital Grants and Contributions	610	768	28	52	638	820	-22.2%
General Revenues							
Taxes	15,257	15,356	-	-	15,257	15,356	-0.6%
Casino Gaming Payments	280	296	-	-	280	296	-5.4%
Lottery Tickets	320	312	-	-	320	312	2.6%
Other	<u>224</u>	<u>128</u>	<u>13</u>	<u>16</u>	<u>237</u>	<u>144</u>	64.6%
Total Revenues	<u>24,914</u>	<u>24,428</u>	<u>3,367</u>	<u>3,726</u>	<u>28,281</u>	<u>28,154</u>	0.5%
EXPENSES							
Legislative	123	106	-	-	123	106	16.0%
General Government	2,060	2,036	-	-	2,060	2,036	1.2%
Regulation and Protection	905	868	-	-	905	868	4.3%
Conservation and Development	997	665	-	-	997	665	49.9%
Health and Hospital	2,624	2,540	-	-	2,624	2,540	3.3%
Transportation	1,985	1,573	-	-	1,985	1,573	26.2%
Human Services	8,273	7,472	-	-	8,273	7,472	10.7%
Education, Libraries, and Museums	4,639	4,490	-	-	4,639	4,490	3.3%
Corrections	2,143	1,977	-	-	2,143	1,977	8.4%
Judicial	1,005	894	-	-	1,005	894	12.4%
Interest and Fiscal Charges	922	780	-	-	922	780	18.2%
University of Connecticut & Health Center	-	-	2,050	1,872	2,050	1,872	9.5%
State Universities	-	-	716	666	716	666	7.5%
Connecticut Community Colleges	-	-	514	489	514	489	5.1%
Employment Security	-	-	1,060	1,515	1,060	1,515	-30.0%
Clean Water	-	-	40	50	40	50	-20.0%
Other	<u>-</u>	<u>-</u>	<u>73</u>	<u>59</u>	<u>73</u>	<u>59</u>	23.7%
Total Expenses	<u>25,676</u>	<u>23,401</u>	<u>4,453</u>	<u>4,651</u>	<u>30,129</u>	<u>28,052</u>	7.4%
Excess (Deficiency) Before Transfers and							
Special Item	(762)	1,027	(1,086)	(925)	(1,848)	102	
Transfers	(1,548)	(1,088)	1,548	1,078	-	(10)	
Special Item	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	
Increase (Decrease) in Net Position	(2,279)	(61)	462	153	(1,817)	92	
Net Position (Deficit) - Beginning (as restated)	<u>(15,092)</u>	<u>(15,031)</u>	<u>4,319</u>	<u>4,166</u>	<u>(10,773)</u>	<u>(10,865)</u>	
Net Position (Deficit) - Ending	<u>(17,371)</u>	<u>(15,092)</u>	<u>4,781</u>	<u>4,319</u>	<u>(12,590)</u>	<u>(10,773)</u>	16.9%

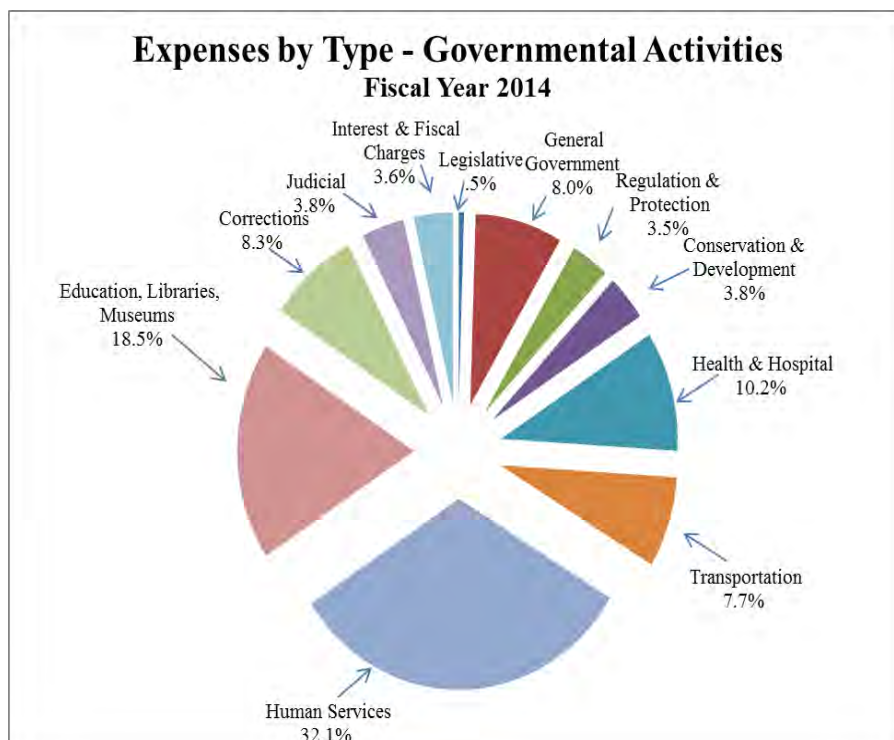
*Restated for comparative purposes

GOVERNMENTAL ACTIVITIES

The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$485.6 million, or 2.0 percent. This increase is primarily due to an increase of \$504.2 million from operating grants and contributions.

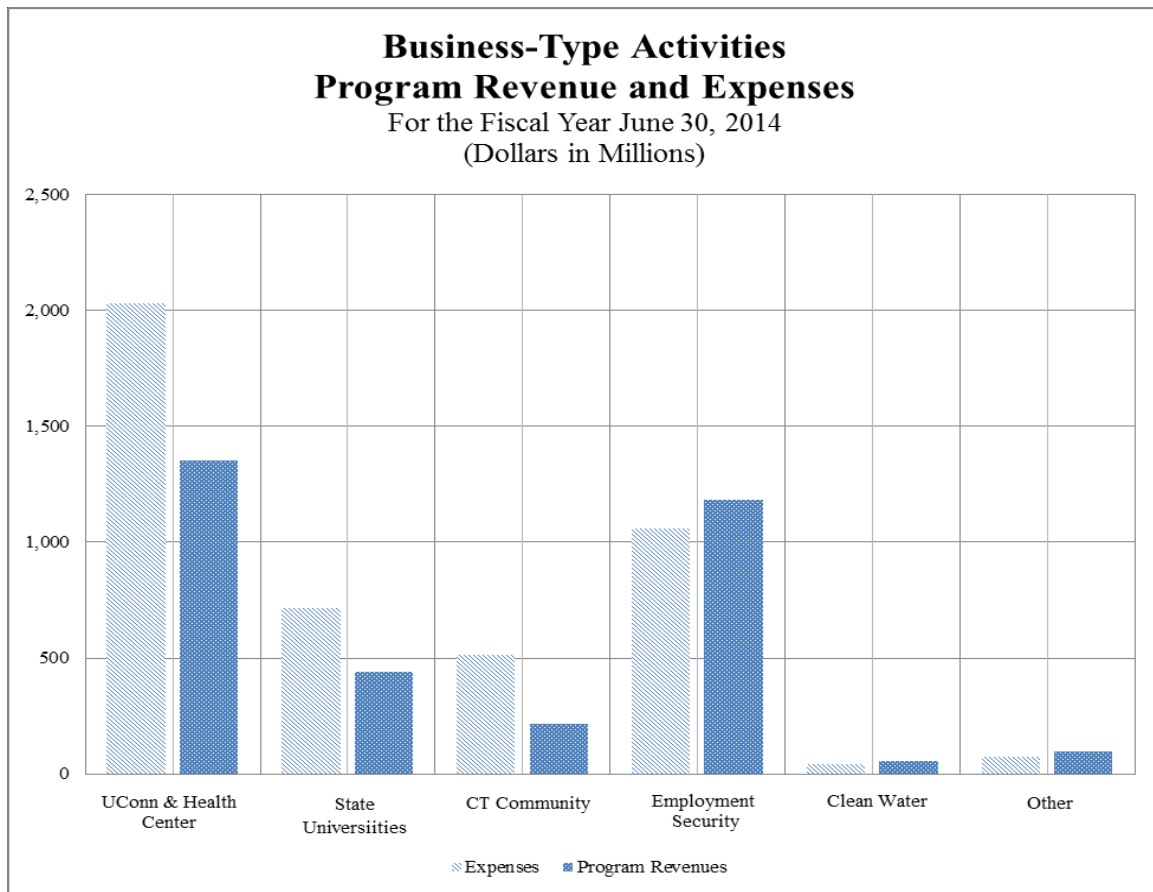


The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$2.3 billion, or 9.7 percent. The increase is mainly attributable to increase spending in human services.



NET POSITION OF BUSINESS-TYPE ACTIVITIES

Net position of business-type activities increased by \$462.0 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 decreased 10.1 percent to \$3.3 billion, while total expenses decreased 4.6 percent to \$4.4 billion. In comparison, last year total revenues decreased 4.7 percent, while total expenses decreased 4.3 percent. The decrease in total expenses of \$216 million was due mainly to a decrease in Employment Security expenses of \$455.0 million or 30.0 percent. Although, total expenses exceeded total revenues by \$1,086 million, this deficiency was reduced by transfers of \$1,548 million, resulting in an increase in net position of \$462.0 million.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

As of the end of the fiscal year, the State's governmental funds had fund balances of \$2,097 million, an increase of \$99 million over the prior year ending fund balances. Of the total governmental fund balances, \$1,978 million represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$190 million represents fund balance that is non-spendable; \$664 million represents fund balance that is committed or assigned for specific purposes. A negative \$735 million unassigned fund balance offsets these amounts.

General Fund

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance deficit of \$41.2 million, a decrease of \$547.4 million in comparison with the prior year. Of this total fund balance, \$686 million represents non-spendable fund balance or committed for specific purposes, leaving a deficit of \$727.2 million in unassigned fund balance.

At the end of fiscal year 2014, General Fund revenues were 13.6 percent, or \$2,734.4 million, lower than fiscal year 2013 revenues. This change in revenue results from decreases of \$2,873.5 million primarily attributable to taxes (\$363.0 million), federal grants and aid (\$2,493.9 million), and casino gaming payments (\$16.6 million). These decreases were offset by increases of \$139.1 million primarily attributable to licenses, permits, and fees (\$65.0 million), lottery tickets (\$7.4 million), charges for services (\$4.2 million), fines, forfeits, and rents (\$24.7 million), investment earnings (\$2.9 million), and other revenue (\$34.9 million).

At the end of fiscal year 2014, General Fund expenditures were 11.5 percent, or \$2,147.1 million, lower than fiscal year 2013. This was primarily attributable to a decrease in human services of \$2,610.2 million, offset by increases primarily in education, corrections, and judicial of \$238 million, \$69.7 million, and \$60.0 million, respectively. Net other financing sources and uses increased by \$812.6 million, which is primarily due to the issuance bonds.

Debt Service Fund

At the end of fiscal year 2014, the Debt Service Fund had a fund balance of \$659.5 million, all of which was restricted, a decrease of \$.6 million in comparison with the prior year.

Transportation Fund

The State's Transportation Fund had a fund balance of \$226.5 million at the end of fiscal 2014. Of this amount, \$30.4 million was in nonspendable form and \$196.1 million was restricted or committed for specific purposes. Fund balance increased by \$1.8 million during the current fiscal year.

At the end of fiscal year 2014, Transportation Fund revenues and expenditures increased by \$196.1, or 16.4 percent, and \$30.4 million, or 3.7 percent respectively. The increased revenue is primarily due to an increase in taxes.

Restricted Grants and Accounts Fund

At the end of fiscal year 2014, the Restricted Grants and Accounts Fund had a fund balance of \$45.7 million, all of which was restricted for specific purposes, a decrease of \$313.4 million in comparison with the prior year.

Total revenues were 102.1 percent, or \$2,832.3 million, higher than in fiscal year 2013. Overall, total expenditures were 104.4 percent, or \$3,130.8 million, higher than fiscal year 2013. This is primarily attributable to the State transferring federal Medicaid spending from the General Fund to the Restricted Grants and Accounts fund.

Grant and Loan Programs

As of June 30, 2014, the Grant and Loan Programs Fund had a fund balance of \$468.6 million, all of which was restricted for specific purposes, a decrease of \$204.9 million in comparison with the prior year.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

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

FINANCIAL ANALYSIS OF THE STATE'S FIDUCIARY FUNDS

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. The net positions of the State's Fiduciary funds totaled \$30.3 billion, an increase of \$3.4 billion when compared to the prior year ending net position.

Budget Highlights-General Fund

The state budget as adopted for Fiscal Year 2014 was anticipating a small surplus of \$4.4 million dollars on net General Fund appropriations of \$17.2 billion. By the end of the fiscal year, a surplus of \$248.5 million had emerged from operations. In accordance with state law, that surplus was deposited to the State's Budget Reserve Fund, which brought the total reserve balance in the fund to \$519.2 million.

In Fiscal Year 2014, the federal portion of the State's Medicaid program transferred from the General Fund to the Restricted Grants Fund. This transfer reduced General Fund outlays for the fiscal year by approximately \$2 billion. After adjusting for the impact of the elimination of federal Medicaid expenditures on trend analysis, General Fund spending increased at a rate of 2.4 percent over the prior fiscal year. In the four fiscal years leading up to the 2008 recession, General Fund spending had increased at an annual average rate of 7.3 percent. The recession resulted in the State simultaneously raising taxes and reducing growth in spending.

The General Fund payroll for State employees in Fiscal Year 2014 was \$94.2 million below the actual dollar level reached in Fiscal Year 2009. Grant payments to other than towns experienced no spending growth in Fiscal Year 2014 over the prior fiscal year. This category includes most of the state's major human services programs. Grant payments going directly to towns increased by \$128.3 million or 4.5 percent in Fiscal Year 2014. A majority of these dollars go to support education spending within the municipalities. The spending category referred to as non-functional (not directly assignable to state agency programs or functions of government) increased by \$77.3 million in Fiscal Year 2014 or 2 percent from Fiscal Year 2013. Debt service, which is within the non-functional area, experienced a spending decline of \$153.7 million or 8.5 percent. The decline results from favorable interest rates and the refinancing of 2009 Economic Recovery Notes. Other non-functional areas inclusive of fringe benefit programs posted spending growth of \$231 million or 10.7 percent.

General Fund revenue in Fiscal Year 2014, again after adjusting for the Medicaid transfer, advanced by less than one percent over the prior fiscal year. The income tax, which is the General Fund's single largest source of revenue declined slightly in real dollar terms in Fiscal Year 2014 as compared to last fiscal year. A change in federal capital gains tax law contributed to the poor revenue generating performance of the income tax. The federal change shifted taxable gains from Fiscal Year 2014 into Fiscal Year 2013. The federal treatment of capital gains had a negative impact on receipts of both the income tax and estate and gift tax. Other revenue areas performed reasonably well and a tax amnesty program utilized to raise revenue in Fiscal Year 2014 was successful. The release of \$190.8 million in dollars reserved from the prior fiscal year partially offset the weakness in revenue growth.

In Fiscal Year 2014, the adopted State budget contained appropriations for expenditure accruals. The lack of inclusion of these accruals within the budget is part of the reason that the unassigned fund balance within the General Fund had been growing overtime. In addition, in Fiscal Year 2014 the State Treasurer issued \$598.5 million in GAAP deficit reduction bonds to reduce the General Fund's unassigned fund balance. Note 2 within this report provides a reconciliation of Fiscal Year 2014 General Fund operations for the statutory accounting basis and the accounting basis used within the fund financial statements in this report. Fiscal Year 2014 is the initial implementation year for the new budget approach to GAAP, as well as the year of the Medicaid transfer as discussed above. These factors result in some initial distortions in trend.

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, 2014 totaled \$16.3 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 \$815.8 million, due mainly to an increase in governmental activities' capital assets of \$552.8 million or 4.6 percent.

Major capital asset events for governmental activities during the fiscal year include additions to buildings and equipment of \$813.7 million and depreciation expense of \$1,024.2 million.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013 *</u>	<u>2014</u>	<u>2013 *</u>
Land	\$ 1,687	\$ 1,666	\$ 68	\$ 67	\$ 1,755	\$ 1,733
Buildings	2,234	1,888	2,706	2,548	4,940	4,436
Improvements Other Than Buildings	158	156	171	164	329	320
Equipment	72	77	325	331	397	408
Infrastructure	4,924	5,200	-	-	4,924	5,200
Construction in Progress	3,465	3,000	511	408	3,976	3,408
Total	<u>\$ 12,540</u>	<u>\$ 11,987</u>	<u>\$ 3,781</u>	<u>\$ 3,518</u>	<u>\$ 16,321</u>	<u>\$ 15,505</u>

*Restated for comparison purposes

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

Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$22.0 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 Activities		Business-Type Activities		Total Primary Government	
	2014	2013*	2014	2013*	2014	2013*
General Obligation Bonds	\$ 15,282	\$ 14,228	\$ -	\$ -	\$ 15,282	\$ 14,228
Transportation Related bonds	3,771	3,462	-	-	3,771	3,462
Revenue Bonds	-	-	1,213	1,235	1,213	1,235
Long-Term Notes	581	573	-	-	581	573
Premiums and Discounts	<u>1,195</u>	<u>996</u>	<u>84</u>	<u>91</u>	<u>1,279</u>	<u>1,087</u>
Total	<u>\$ 20,829</u>	<u>\$ 19,259</u>	<u>\$ 1,297</u>	<u>\$ 1,326</u>	<u>\$ 22,126</u>	<u>\$ 20,585</u>

*Restated for comparative purposes

The State's total bonded debt increased by \$1.6 million (7.4 percent) during the current fiscal year. This increase resulted mainly from an increase in general obligation bonds of \$1.1 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other

indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of December 2013, the State had a debt incurring margin of \$4.5 billion.

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2014	2013	2014	2013*	2014	2013*
Net Pension Obligation	\$ 2,560	\$ 2,533	\$ -	\$ -	\$ 2,560	\$ 2,533
Net OPEB Obligation	7,763	6,682	-	-	7,763	6,682
Compensated Absences	513	516	167	160	680	676
Workers Compensation	620	588	-	-	620	588
Federal Loan Payable	-	-	433	574	433	574
Other	129	100	302	200	431	300
Total	\$ 11,585	\$ 10,419	\$ 902	\$ 934	\$ 12,487	\$ 11,353

*Restated for comparative purposes

The State's other long-term obligations increased by \$1.2 million (11.2 percent) during the fiscal year. This increase was due mainly to an increase in the net OPEB obligation (Governmental activities) of \$1.1 million or 16.2 percent. Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

Economic Outlook and Next Year's Budget

By the end of Fiscal Year 2014, the State had regained 60 percent of the 119,100 jobs that were lost during the 2008 recession. At the start of Fiscal Year 2014, the State was continuing to experience some employment losses; however, by the final quarter of the fiscal year Connecticut was posting consistent monthly job gains. As these gains continued, by December of 2014 the State had recovered over 80 percent of the recessionary employment loss. The state was adding jobs at a rate of 1,660 per month. Progress also continued in the State's unemployment rate. At the start of Fiscal Year 2014, Connecticut's unemployment rate was 7.9 percent. By December of 2014, the State's unemployment rate was 6.4 percent.

Fiscal Year 2014 began with Connecticut personal income growing at an annualized rate of just over 3 percent. By the third quarter of 2014, the annualized growth rate stood at 4 percent. This is still well below the average growth rate of 6.5 percent experienced during the pre-recession period. Wage and salary income in the State had been stagnant or declining throughout Fiscal Year 2014. By December 2014, there were some indications that wage and salary growth may be recovering.

Overall Connecticut like the national economy has been experiencing more modest periods of economic expansion than in past decades. From 1950 through the mid-1980s, there were numerous double-digit periods of volatile growth in U.S Gross Domestic Product (GDP). Since that time, there has been a gradual downward slope in the GDP rate of growth with lower variances between the highs and lows. Likewise, Connecticut's personal income and employment growth rates have been moderating over time. In Connecticut, as in many other states, these economic trends have resulted in higher tax rates and the imposition of tighter budget spending controls. Connecticut has kept its tax rates competitive with other states in the region.

Connecticut has continued to cope with these changing trends in its Fiscal Year 2015 budget. At present, the budget is undergoing appropriation reductions to ensure that it remains in balance.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3350.

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Basic Financial Statements

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Statement of Net Position

June 30, 2014

(Expressed in Thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 1,001,312	\$ 574,581	\$ 1,575,893	\$ 240,970
Deposits with U.S. Treasury	-	209,496	209,496	-
Investments	113,069	124,622	237,691	439,868
Receivables, (Net of Allowances)	2,056,625	813,815	2,870,440	100,156
Due from Primary Government	-	-	-	15,274
Inventories	50,317	10,781	61,098	6,069
Restricted Assets	-	209,621	209,621	1,160,908
Internal Balances	(180,720)	180,720	-	-
Other Current Assets	8,394	69,854	78,248	7,515
Total Current Assets	3,048,997	2,193,490	5,242,487	1,970,760
Noncurrent Assets:				
Cash and Cash Equivalents	-	412,491	412,491	-
Due From Component Units	35,185	-	35,185	-
Investments	-	61,564	61,564	205,560
Receivables, (Net of Allowances)	531,060	798,037	1,329,097	217,254
Restricted Assets	659,543	284,363	943,906	4,152,074
Capital Assets, (Net of Accumulated Depreciation)	12,539,625	3,781,204	16,320,829	751,356
Other Noncurrent Assets	-	3,118	3,118	34,743
Total Noncurrent Assets	13,765,413	5,340,777	19,106,190	5,360,987
Total Assets	16,814,410	7,534,267	24,348,677	7,331,747
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	8,700	-	8,700	78,852
Unamortized Losses on Bond Refundings	90,523	17,186	107,709	68,829
Other Deferred Outflows	-	3,663	3,663	-
Total Deferred Outflows of Resources	99,223	20,849	120,072	147,681
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	734,796	295,748	1,030,544	102,335
Due to Component Units	15,274	-	15,274	-
Due to Primary Government	-	-	-	35,185
Due to Other Governments	216,059	3,117	219,176	-
Current Portion of Long-Term Obligations	1,793,748	170,154	1,963,902	398,957
Amount Held for Institutions	-	-	-	407,730
Unearned Revenue	30,850	189,432	220,282	-
Medicaid Liability	530,497	-	530,497	-
Liability for Escheated Property	278,485	-	278,485	-
Other Current Liabilities	65,018	69,932	134,950	78,550
Total Current Liabilities	3,664,727	728,383	4,393,110	1,022,757
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	30,619,712	2,029,107	32,648,819	4,047,612
Total Noncurrent Liabilities	30,619,712	2,029,107	32,648,819	4,047,612
Total Liabilities	34,284,439	2,757,490	37,041,929	5,070,369
Deferred Inflows of Resources				
Other Deferred Inflows	-	16,772	16,772	2,592
Total Deferred Inflows of Resources	-	16,772	16,772	2,592
Net Position				
Net Investment in Capital Assets	5,776,818	3,169,151	8,945,969	457,806
Restricted For:				
Transportation	125,395	-	125,395	-
Debt Service	611,208	4,508	615,716	71,040
Federal Grants and Other Accounts	38,003	-	38,003	-
Capital Projects	333,912	238,154	572,066	98,681
Grant and Loan Programs	479,448	-	479,448	-
Clean Water and Drinking Water Projects	-	677,308	677,308	-
Bond Indenture Requirements	-	-	-	945,099
Loans	-	2,586	2,586	-
Permanent Investments or Endowments:				
Expendable	-	-	-	101,465
Nonexpendable	108,053	14,033	122,086	320,850
Other Purposes	99,738	128,622	228,360	54,329
Unrestricted (Deficit)	(24,943,380)	546,492	(24,396,888)	357,197
Total Net Position (Deficit)	\$ (17,370,805)	\$ 4,780,854	\$ (12,589,951)	\$ 2,406,467

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

Statement of Activities

For The Fiscal Year Ended June 30, 2014

(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>
Primary Government				
Governmental Activities:				
Legislative	\$ 122,679	\$ 2,871	\$ -	\$ -
General Government	2,060,294	580,626	62,394	-
Regulation and Protection	905,310	677,266	234,657	-
Conservation and Development	997,092	62,794	162,277	-
Health and Hospitals	2,623,687	100,198	179,042	-
Transportation	1,985,288	68,373	-	610,274
Human Services	8,272,895	68,817	5,260,417	-
Education, Libraries, and Museums	4,638,713	18,735	468,520	-
Corrections	2,142,788	11,061	120,974	-
Judicial	1,004,610	135,406	8,344	-
Interest and Fiscal Charges	922,110	53	-	-
Total Governmental Activities	<u>25,675,466</u>	<u>1,726,200</u>	<u>6,496,625</u>	<u>610,274</u>
Business-Type Activities:				
University of Connecticut & Health Center	2,050,529	1,133,541	218,424	21,643
State Universities	716,459	375,606	60,184	6,164
Connecticut Community Colleges	514,565	106,767	107,819	-
Employment Security	1,059,631	836,492	347,233	-
Clean Water	39,841	26,829	20,002	-
Other	72,674	67,605	26,475	-
Total Business-Type Activities	<u>4,453,699</u>	<u>2,546,840</u>	<u>780,137</u>	<u>27,807</u>
Total Primary Government	<u>\$ 30,129,165</u>	<u>\$ 4,273,040</u>	<u>\$ 7,276,762</u>	<u>\$ 638,081</u>
Component Units				
Connecticut Housing Finance Authority (12-31-13)	\$ 216,325	\$ 180,738	\$ -	\$ -
Connecticut Lottery Corporation	1,112,427	1,112,463	-	-
Connecticut Airport Authority	74,375	76,032	-	68,870
Other	404,792	380,716	11,601	35,802
Total Component Units	<u>\$ 1,807,919</u>	<u>\$ 1,749,949</u>	<u>\$ 11,601</u>	<u>\$ 104,672</u>
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Lottery Tickets				
Unrestricted Investment Earnings				
Contributions to Endowments				
Special Item				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Position				
Net Position (Deficit)- Beginning (as restated)				
Net Position (Deficit)- Ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental	Business-Type	Total	Component
<u>Activities</u>	<u>Activities</u>		<u>Units</u>
\$ (119,808)	\$ -	\$ (119,808)	\$ -
(1,417,274)	-	(1,417,274)	-
6,613	-	6,613	-
(772,021)	-	(772,021)	-
(2,344,447)	-	(2,344,447)	-
(1,306,641)	-	(1,306,641)	-
(2,943,661)	-	(2,943,661)	-
(4,151,458)	-	(4,151,458)	-
(2,010,753)	-	(2,010,753)	-
(860,860)	-	(860,860)	-
(922,057)	-	(922,057)	-
(16,842,367)	-	(16,842,367)	-
-	(676,921)	(676,921)	-
-	(274,505)	(274,505)	-
-	(299,979)	(299,979)	-
-	124,094	124,094	-
-	6,990	6,990	-
-	21,406	21,406	-
-	(1,098,915)	(1,098,915)	-
(16,842,367)	(1,098,915)	(17,941,282)	-
-	-	-	(35,587)
-	-	-	36
-	-	-	70,527
-	-	-	23,327
-	-	-	58,303
7,752,553	-	7,752,553	-
627,100	-	627,100	-
4,116,012	-	4,116,012	-
1,796,678	-	1,796,678	-
882,107	-	882,107	-
82,216	-	82,216	-
279,873	-	279,873	-
197,138	-	197,138	-
319,500	-	319,500	-
27,313	12,948	40,261	47,414
-	-	-	33,369
31,000	-	31,000	(31,000)
(1,547,952)	1,547,952	-	-
14,563,538	1,560,900	16,124,438	49,783
(2,278,829)	461,985	(1,816,844)	108,086
(15,091,976)	4,318,869	(10,773,107)	2,298,381
\$ (17,370,805)	\$ 4,780,854	\$ (12,589,951)	\$ 2,406,467

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Governmental Fund Financial Statements

Major Funds:

General Fund:

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

Debt Service Fund:

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

Transportation Fund:

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

Restricted Grants and Accounts Fund:

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

Grant and Loan Programs Fund:

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

Nonmajor Funds:

Nonmajor governmental funds are presented, by fund type beginning on page 100.

Balance Sheet
Governmental Funds
June 30, 2014
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Grant & Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ 164,288	\$ 314,636	\$ 105,342	\$ 405,682	\$ 989,948
Investments	-	-	-	-	-	113,069	113,069
Securities Lending Collateral	-	-	-	-	-	8,210	8,210
Receivables:							
Taxes, Net of Allowances	1,277,736	-	43,730	-	-	-	1,321,466
Accounts, Net of Allowances	410,992	-	10,940	25,402	11,330	21,238	479,902
Loans, Net of Allowances	3,419	-	-	11,401	371,041	145,199	531,060
From Other Governments	37,582	-	-	207,601	-	4,437	249,620
Interest	-	1,286	28	-	-	-	1,314
Other	-	-	-	-	-	1	1
Due from Other Funds	38,856	-	1,286	48	4	294,254	334,448
Due from Component Units	31,707	-	-	3,478	-	-	35,185
Inventories	15,736	-	30,429	-	-	-	46,165
Restricted Assets	-	659,543	-	-	-	-	659,543
Total Assets	<u>\$ 1,816,028</u>	<u>\$ 660,829</u>	<u>\$ 250,701</u>	<u>\$ 562,566</u>	<u>\$ 487,717</u>	<u>\$ 992,090</u>	<u>\$ 4,769,931</u>
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 302,183	\$ -	\$ 21,016	\$ 161,045	\$ 7,955	\$ 56,057	\$ 548,256
Due to Other Funds	341,132	1,286	-	2,302	26	158,266	503,012
Due to Component Units	-	-	-	15,274	-	-	15,274
Due to Other Governments	202,961	-	-	13,098	-	-	216,059
Unearned Revenue	18,211	-	55	-	-	12,584	30,850
Medicaid Liability	218,233	-	-	312,264	-	-	530,497
Liability For Escheated Property	278,485	-	-	-	-	-	278,485
Securities Lending Obligation	-	-	-	-	-	8,210	8,210
Other Liabilities	56,807	-	-	-	-	-	56,807
Total Liabilities	<u>1,418,012</u>	<u>1,286</u>	<u>21,071</u>	<u>503,983</u>	<u>7,981</u>	<u>235,117</u>	<u>2,187,450</u>
Deferred Inflows of Resources							
Receivables to be Collected in Future Periods	<u>439,208</u>	<u>-</u>	<u>3,091</u>	<u>12,869</u>	<u>11,156</u>	<u>19,034</u>	<u>485,358</u>
Fund Balances							
Nonspendable:							
Inventories/Long-Term Receivables	50,428	-	30,429	-	-	-	80,857
Permanent Fund Principal	-	-	-	-	-	109,463	109,463
Restricted For:							
Debt Service	-	659,543	-	-	-	-	659,543
Transportation Programs	-	-	196,110	-	-	-	196,110
Federal Grant and State Programs	-	-	-	45,714	-	-	45,714
Grants and Loans	-	-	-	-	456,491	-	456,491
Other	-	-	-	-	-	619,752	619,752
Committed For:							
Continuing Appropriations	85,920	-	-	-	-	-	85,920
Budget Reserve Fund	519,169	-	-	-	-	-	519,169
Future Budget Years	30,500	-	-	-	-	-	30,500
Assigned To:							
Grants and Loans	-	-	-	-	12,089	-	12,089
Other	-	-	-	-	-	16,512	16,512
Unassigned	<u>(727,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,788)</u>	<u>(734,997)</u>
Total Fund Balances	<u>(41,192)</u>	<u>659,543</u>	<u>226,539</u>	<u>45,714</u>	<u>468,580</u>	<u>737,939</u>	<u>2,097,123</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,816,028</u>	<u>\$ 660,829</u>	<u>\$ 250,701</u>	<u>\$ 562,566</u>	<u>\$ 487,717</u>	<u>\$ 992,090</u>	<u>\$ 4,769,931</u>

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

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

June 30, 2014

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 2,097,123

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

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

Buildings	4,005,719	
Equipment	2,411,928	
Infrastructure	13,824,648	
Other Capital Assets	5,594,096	
Accumulated Depreciation	<u>(13,347,668)</u>	12,488,723

Some of the state's revenues will be collected after year-end but are not
available soon enough to pay for the current period's expenditures and
therefore are deferred inflows of resources in the governmental funds 485,358

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. 50,686

Deferred outflows of resources for the amount on refunding of bonded debt are
not reported in the governmental funds. 90,523

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

Net Pension Obligation	(2,559,621)	
Net OPEB Obligation	(7,763,060)	
Worker's Compensation	(619,578)	
Capital Leases	(37,820)	
Compensated Absences	(511,766)	
Claims and Judgments	(46,151)	
Landfill Postclosure Care	<u>(35,751)</u>	(11,573,747)

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Position. This is the net
effect of these balances on the statement (Note 17).

Bonds and Notes Payable	(19,633,614)	
Unamortized Premiums	(1,195,127)	
Accrued Interest Payable	<u>(180,730)</u>	<u>(21,009,471)</u>

Net Position of Governmental Activities \$ (17,370,805)

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

**Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended June 30, 2014
(Expressed in Thousands)**

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Grant & Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Taxes	\$ 14,258,388	\$ -	\$ 963,635	\$ -	\$ -	\$ -	\$ 15,222,023
Licenses, Permits, and Fees	311,497	-	325,842	13,719	-	40,970	692,028
Tobacco Settlement	-	-	-	-	-	197,138	197,138
Federal Grants and Aid	1,910,750	-	12,100	5,084,106	-	99,941	7,106,897
Lottery Tickets	319,500	-	-	-	-	-	319,500
Charges for Services	40,523	-	66,597	-	-	850	107,970
Fines, Forfeits, and Rents	78,915	-	17,709	-	-	1,191	97,815
Casino Gaming Payments	279,873	-	-	-	-	-	279,873
Investment Earnings (Loss)	814	9,773	405	1,170	4,044	9,915	26,121
Interest on Loans	-	-	-	-	-	53	53
Miscellaneous	200,073	-	6,867	508,254	12,263	125,879	853,336
Total Revenues	<u>17,400,333</u>	<u>9,773</u>	<u>1,393,155</u>	<u>5,607,249</u>	<u>16,307</u>	<u>475,937</u>	<u>24,902,754</u>
Expenditures							
Current:							
Legislative	113,797	-	-	2,547	-	-	116,344
General Government	984,839	-	5,357	388,177	480,752	93,159	1,952,284
Regulation and Protection	422,638	-	93,567	141,663	10,580	190,002	858,450
Conservation and Development	283,539	-	-	240,085	219,817	202,111	945,552
Health and Hospitals	2,275,028	-	-	194,221	14,432	5,068	2,488,749
Transportation	-	-	754,400	725,167	3,065	-	1,482,632
Human Services	4,046,310	-	-	3,773,912	7,646	7,809	7,835,677
Education, Libraries, and Museums	3,930,105	-	-	528,085	47,634	4,090	4,509,914
Corrections	2,000,037	-	-	21,874	4,682	4,249	2,030,842
Judicial	889,430	-	-	18,369	-	48,365	956,164
Capital Projects	-	-	-	-	-	955,785	955,785
Debt Service:							
Principal Retirement	1,032,688	290,615	-	-	-	-	1,323,303
Interest and Fiscal Charges	612,753	175,531	1,181	94,531	2,316	7,425	893,737
Total Expenditures	<u>16,591,164</u>	<u>466,146</u>	<u>854,505</u>	<u>6,128,631</u>	<u>790,924</u>	<u>1,518,063</u>	<u>26,349,433</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>809,169</u>	<u>(456,373)</u>	<u>538,650</u>	<u>(521,382)</u>	<u>(774,617)</u>	<u>(1,042,126)</u>	<u>(1,446,679)</u>
Other Financing Sources (Uses)							
Bonds Issued	579,315	-	-	-	563,911	1,617,799	2,761,025
Premiums on Bonds Issued	82,744	102,233	-	-	41,282	164,297	390,556
Transfers In	249,205	459,599	6,331	258,643	4,000	81,135	1,058,913
Transfers Out	(1,214,647)	(7,038)	(546,731)	(50,614)	(39,466)	(748,369)	(2,606,865)
Refunding Bonds Issued	314,295	966,415	-	-	-	-	1,280,710
Payment to Refunded Bond Escrow Agent	(312,713)	(1,065,406)	-	-	-	-	(1,378,119)
Capital Lease Obligations	8,828	-	-	-	-	-	8,828
Special Item: Transfer from Component Unit	31,000	-	-	-	-	-	31,000
Total Other Financing Sources (Uses)	<u>(261,973)</u>	<u>455,803</u>	<u>(540,400)</u>	<u>208,029</u>	<u>569,727</u>	<u>1,114,862</u>	<u>1,546,048</u>
Net Change in Fund Balances	<u>547,196</u>	<u>(570)</u>	<u>(1,750)</u>	<u>(313,353)</u>	<u>(204,890)</u>	<u>72,736</u>	<u>99,369</u>
Fund Balances (Deficit) - Beginning	(588,622)	660,113	228,543	359,067	673,470	665,203	1,997,774
Change in Reserve for Inventories	234	-	(254)	-	-	-	(20)
Fund Balances (Deficit) - Ending	<u>\$ (41,192)</u>	<u>\$ 659,543</u>	<u>\$ 226,539</u>	<u>\$ 45,714</u>	<u>\$ 468,580</u>	<u>\$ 737,939</u>	<u>\$ 2,097,123</u>

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

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

June 30, 2014

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	99,369
Amounts reported for governmental activities in the Statement of Activities are different because:		
Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long term-liabilities in the Statement of Net Position. Bond proceeds were received this year from:		
Bonds Issued	(2,761,025)	
Refunding Bonds Issued	(1,280,710)	
Premium on Bonds Issued	<u>(390,555)</u>	(4,432,290)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Long-term debt repayments this year consisted of:		
Principal Retirement	1,323,304	
Payments to Refunded Bond Escrow Agent	1,353,471	
Capital Lease Payments	<u>9,225</u>	2,686,000
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		(8,827)
Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:		
Capital Outlays	1,554,906	
Depreciation Expense	(1,010,420)	
Retirements	<u>(2,588)</u>	541,898
Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which consumption exceeded purchases of inventories.		(20)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in Accrued Interest	(17,225)	
Increase in Interest Accreted on Capital Appreciation Debt	(5,186)	
Amortization of Bond Premium	191,822	
Amortization of Loss on Debt Refundings	(90,353)	
Decrease in Compensated Absences Liability	1,943	
Increase in Workers Compensation Liability	(31,926)	
Increase in Claims and Judgments Liability	(2,629)	
Increase in Landfill Liability	(35,751)	
Increase in Net Pension Obligation	(26,367)	
Increase in Net OPEB Obligation	<u>(1,080,752)</u>	(1,096,424)
Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased by this amount this year.		10,831
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.		3,417
Debt issue costs are recorded as expenditures in the governmental funds. However, these costs are amortized over the life of the bonds in the Statement of Activities. In the current year, these amounts are:		
Debt Issue Costs Payments		
Amortization of Debt Issue Costs	<u>(82,783)</u>	(82,783)
Change in Net Position of Governmental Activities	\$	<u>(2,278,829)</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Non-GAAP Budgetary Basis

General and Transportation Funds

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	General Fund			
	Budget			Variance with Final Budget positive (negative)
	Original	Final	Actual	
Revenues				
Budgeted:				
Taxes, Net of Refunds	\$ 14,334,000	\$ 14,278,800	\$ 14,323,136	\$ 44,336
Casino Gaming Payments	285,300	279,900	279,873	(27)
Licenses, Permits, and Fees	301,200	319,200	314,721	(4,479)
Other	323,150	378,200	377,843	(357)
Federal Grants	1,312,700	1,244,100	1,243,861	(239)
Refunds of Payments	(69,800)	(66,600)	(66,625)	(25)
Operating Transfers In	420,900	430,200	430,219	19
Operating Transfers Out	(61,800)	(61,800)	(61,800)	-
Transfer to/from the Resources of the General Fund	347,500	338,100	168,328	(169,772)
GAAP Conversion Bond Proceeds	-	-	598,500	598,500
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	<u>17,193,150</u>	<u>17,140,100</u>	<u>17,608,056</u>	<u>467,956</u>
Expenditures				
Budgeted:				
Legislative	82,851	82,851	70,813	12,038
General Government	625,675	635,565	605,677	29,888
Regulation and Protection	280,265	292,268	277,873	14,395
Conservation and Development	230,022	233,919	220,921	12,998
Health and Hospitals	1,835,697	1,840,054	1,827,308	12,746
Transportation	-	-	-	-
Human Services	3,430,698	3,374,846	3,215,827	159,019
Education, Libraries, and Museums	4,724,620	4,740,315	4,695,646	44,669
Corrections	1,481,924	1,492,891	1,454,442	38,449
Judicial	577,052	585,368	569,056	16,312
Non Functional	4,204,970	4,181,500	4,042,481	139,019
Total Expenditures	<u>17,473,774</u>	<u>17,459,577</u>	<u>16,980,044</u>	<u>479,533</u>
Appropriations Lapsed	<u>172,645</u>	<u>327,411</u>	<u>-</u>	<u>(327,411)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(107,979)</u>	<u>7,934</u>	<u>628,012</u>	<u>620,078</u>
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	112,402	112,402	112,402	-
Appropriations Continued to Fiscal Year 2015	-	-	(85,920)	(85,920)
Release of 2013 Surplus Reserve	-	-	190,800	190,800
Miscellaneous Adjustments	-	1,685	2,185	500
Total Other Financing Sources (Uses)	<u>112,402</u>	<u>114,087</u>	<u>219,467</u>	<u>105,380</u>
Net Change in Fund Balance	<u>\$ 4,423</u>	<u>\$ 122,021</u>	<u>847,479</u>	<u>\$ 725,458</u>
Budgetary Fund Balances - July 1			514,660	
Changes in Reserves			(394,506)	
Budgetary Fund Balances - June 30			\$ 967,633	

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

Transportation Fund

Budget		Variance with Final Budget positive (negative)	
<u>Original</u>	<u>Final</u>	<u>Actual</u>	
\$ 955,500	\$ 963,700	\$ 963,981	\$ 281
-	-	-	-
372,500	372,400	374,453	2,053
3,800	5,500	6,771	1,271
13,100	12,100	12,100	-
(3,200)	(3,600)	(3,614)	(14)
(76,500)	(76,500)	(76,500)	-
(6,500)	(6,500)	(6,500)	-
-	-	-	-
-	-	-	-
(15,000)	(15,000)	(15,000)	-
<u>1,243,700</u>	<u>1,252,100</u>	<u>1,255,691</u>	<u>3,591</u>
-	-	-	-
7,365	7,365	6,332	1,033
72,756	70,756	57,457	13,299
-	-	-	-
-	-	-	-
577,360	588,364	578,123	10,241
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
638,009	633,505	624,361	9,144
<u>1,295,490</u>	<u>1,299,990</u>	<u>1,266,273</u>	<u>33,717</u>
<u>11,000</u>	<u>10,776</u>	<u>-</u>	<u>(10,776)</u>
-	-	-	-
<u>(40,790)</u>	<u>(37,114)</u>	<u>(10,582)</u>	<u>26,532</u>
41,308	41,308	41,308	-
-	-	(26,340)	(26,340)
-	-	-	-
-	-	-	-
<u>41,308</u>	<u>41,308</u>	<u>14,968</u>	<u>(26,340)</u>
<u>\$ 518</u>	<u>\$ 4,194</u>	<u>4,386</u>	<u>\$ 192</u>
		205,921	
		(14,968)	
		<u>\$ 195,339</u>	

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Proprietary Fund Financial Statements

Major Funds:

University of Connecticut and Health Center:

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

State Universities:

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

Connecticut Community Colleges:

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

Employment Security:

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

Clean Water:

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

Nonmajor Funds:

Nonmajor proprietary funds are presented, by fund type beginning on page 122.

Statement of Net Position

Proprietary Funds

June 30, 2014

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges	Employment Security
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 262,656	\$ 192,285	\$ 77,414	\$ -
Deposits with U.S. Treasury	-	-	-	209,496
Investments	657	123,965	-	-
Receivables:				
Accounts, Net of Allowances	132,972	173,453	11,302	185,947
Loans, Net of Allowances	2,018	2,338	-	-
Interest	-	-	-	-
From Other Governments	-	2,524	-	5,988
Due from Other Funds	75,773	28,031	106,506	718
Inventories	10,781	-	-	-
Restricted Assets	209,621	-	-	-
Other Current Assets	66,037	3,609	163	-
Total Current Assets	760,515	526,205	195,385	402,149
Noncurrent Assets:				
Cash and Cash Equivalents	1,432	127,500	-	-
Investments	12,264	34,817	-	-
Receivables:				
Loans, Net of Allowances	10,609	9,010	164	-
Restricted Assets	417	-	-	-
Capital Assets, Net of Accumulated Depreciation	2,042,550	1,059,231	651,432	-
Other Noncurrent Assets	2,328	277	-	-
Total Noncurrent Assets	2,069,600	1,230,835	651,596	-
Total Assets	2,830,115	1,757,040	846,981	402,149
Deferred Outflows of Resources				
Unamortized Losses on Bond Refundings	5,595	-	-	-
Other Deferred Outflows	-	3,663	-	-
Total Deferred Outflows of Resources	5,595	3,663	-	-
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	182,577	52,893	38,538	136
Due to Other Funds	13,596	3,674	-	13,038
Due to Other Governments	-	-	-	3,117
Current Portion of Long-Term Obligations	64,815	23,072	3,496	-
Unearned Revenue	-	186,780	2,652	-
Other Current Liabilities	55,888	13,606	438	-
Total Current Liabilities	316,876	280,025	45,124	16,291
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	423,174	373,064	38,042	433,569
Total Noncurrent Liabilities	423,174	373,064	38,042	433,569
Total Liabilities	740,050	653,089	83,166	449,860
Deferred Inflows of Resources				
Other Deferred Inflows	-	16,772	-	-
Total Deferred Inflows of Resources	-	16,772	-	-
Net Position (Deficit)				
Net Investment in Capital Assets	1,593,274	931,729	651,431	-
Restricted For:				
Debt Service	-	-	-	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	238,154	-	-	-
Nonexpendable Purposes	13,546	467	20	-
Loans	2,586	-	-	-
Other Purposes	16,074	13,513	99,035	-
Unrestricted (Deficit)	232,026	145,133	13,329	(47,711)
Total Net Position (Deficit)	\$ 2,095,660	\$ 1,090,842	\$ 763,815	\$ (47,711)

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

Business-Type Activities			Governmental
Enterprise Funds			Activities
Clean Water	Other Funds	Total	Internal Service Funds
\$ 3,607	\$ 38,619	\$ 574,581	\$ 11,364
-	-	209,496	-
-	-	124,622	-
-	8,811	512,485	156
244,970	35,549	284,875	-
6,680	549	7,229	-
-	714	9,226	-
-	-	211,028	5,077
-	-	10,781	4,152
-	-	209,621	-
41	4	69,854	184
<u>255,298</u>	<u>84,246</u>	<u>2,223,798</u>	<u>20,933</u>
227,260	56,299	412,491	-
14,483	-	61,564	-
722,215	56,039	798,037	-
227,886	56,060	284,363	-
-	27,991	3,781,204	50,902
-	513	3,118	-
<u>1,191,844</u>	<u>196,902</u>	<u>5,340,777</u>	<u>50,902</u>
<u>1,447,142</u>	<u>281,148</u>	<u>7,564,575</u>	<u>71,835</u>
11,189	402	17,186	-
-	-	3,663	-
<u>11,189</u>	<u>402</u>	<u>20,849</u>	<u>-</u>
9,441	12,163	295,748	1,531
-	-	30,308	17,346
-	-	3,117	-
70,351	8,420	170,154	85
-	-	189,432	-
-	-	69,932	-
<u>79,792</u>	<u>20,583</u>	<u>758,691</u>	<u>18,962</u>
<u>662,683</u>	<u>98,575</u>	<u>2,029,107</u>	<u>-</u>
<u>662,683</u>	<u>98,575</u>	<u>2,029,107</u>	<u>-</u>
<u>742,475</u>	<u>119,158</u>	<u>2,787,798</u>	<u>18,962</u>
-	-	16,772	-
<u>-</u>	<u>-</u>	<u>16,772</u>	<u>-</u>
-	(7,283)	3,169,151	50,902
-	4,508	4,508	-
544,971	132,337	677,308	-
-	-	238,154	-
-	-	14,033	-
-	-	2,586	-
-	-	128,622	-
<u>170,885</u>	<u>32,830</u>	<u>546,492</u>	<u>(216)</u>
<u>\$ 715,856</u>	<u>\$ 162,392</u>	<u>\$ 4,780,854</u>	<u>\$ 50,686</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Business-Type Activities		
	Enterprise Funds		
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges
Operating Revenues			
Charges for Sales and Services (Net of allowances & discounts \$612,429)	\$ 960,492	\$ 351,531	\$ 100,060
Assessments	-	-	-
Federal Grants, Contracts, and Other Aid	181,019	44,767	96,855
State Grants, Contracts, and Other Aid	29,512	11,951	8,838
Private Gifts and Grants	38,422	3,466	2,126
Interest on Loans	-	-	-
Other	81,897	20,628	5,183
Total Operating Revenues	1,291,342	432,343	213,062
Operating Expenses			
Salaries, Wages, and Administrative	1,782,346	629,825	449,694
Unemployment Compensation	-	-	-
Claims Paid	-	-	-
Depreciation and Amortization	128,157	54,834	28,443
Other	133,298	21,972	36,428
Total Operating Expenses	2,043,801	706,631	514,565
Operating Income (Loss)	(752,459)	(274,288)	(301,503)
Nonoperating Revenue (Expenses)			
Interest and Investment Income	900	1,103	119
Interest and Fiscal Charges	(6,728)	(9,828)	-
Other - Net	60,623	3,447	1,524
Total Nonoperating Revenues (Expenses)	54,795	(5,278)	1,643
Income (Loss) Before Capital Contributions, Grants, and Transfers	(697,664)	(279,566)	(299,860)
Capital Contributions	21,643	6,164	-
Federal Capitalization Grants	-	-	-
Transfers In	883,532	378,703	281,474
Transfers Out	-	-	-
Change in Net Position	207,511	105,301	(18,386)
Total Net Position (Deficit) - Beginning (as restated)	1,888,149	985,541	782,201
Total Net Position (Deficit) - Ending	\$ 2,095,660	\$ 1,090,842	\$ 763,815

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

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
\$ -	\$ -	\$ 24,623	\$ 1,436,706	\$ 51,660
834,796	-	40,111	874,907	-
332,248	-	-	654,889	-
14,985	-	-	65,286	-
-	-	-	44,014	-
-	20,040	1,788	21,828	-
1,696	-	1,083	110,487	84
<u>1,183,725</u>	<u>20,040</u>	<u>67,605</u>	<u>3,208,117</u>	<u>51,744</u>
-	475	19,868	2,882,208	34,624
1,059,631	-	-	1,059,631	-
-	-	31,411	31,411	-
-	-	1,192	212,626	14,008
-	2,618	3,644	197,960	-
<u>1,059,631</u>	<u>3,093</u>	<u>56,115</u>	<u>4,383,836</u>	<u>48,632</u>
<u>124,094</u>	<u>16,947</u>	<u>11,490</u>	<u>(1,175,719)</u>	<u>3,112</u>
-	9,920	906	12,948	317
-	(36,748)	(5,073)	(58,377)	-
-	6,789	(11,486)	60,897	(12)
-	(20,039)	(15,653)	15,468	305
<u>124,094</u>	<u>(3,092)</u>	<u>(4,163)</u>	<u>(1,160,251)</u>	<u>3,417</u>
-	-	-	27,807	-
-	20,002	26,475	46,477	-
-	2,157	5,646	1,551,512	-
(3,560)	-	-	(3,560)	-
<u>120,534</u>	<u>19,067</u>	<u>27,958</u>	<u>461,985</u>	<u>3,417</u>
<u>(168,245)</u>	<u>696,789</u>	<u>134,434</u>	<u>4,318,869</u>	<u>47,269</u>
<u>\$ (47,711)</u>	<u>\$ 715,856</u>	<u>\$ 162,392</u>	<u>\$ 4,780,854</u>	<u>\$ 50,686</u>

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges	Employment Security
Cash Flows from Operating Activities				
Receipts from Customers	\$ 975,679	\$ 341,995	\$ 97,118	\$ 837,280
Payments to Suppliers	(601,098)	(175,655)	(77,169)	-
Payments to Employees	(1,255,547)	(463,246)	(373,464)	-
Other Receipts (Payments)	364,458	93,152	86,858	(836,229)
Net Cash Provided by (Used in) Operating Activities	(516,508)	(203,754)	(266,657)	1,051
Cash Flows from Noncapital Financing Activities				
Retirement of Bonds and Annuities Payable	-	-	-	-
Interest on Bonds and Annuities Payable	-	-	-	-
Transfers In	441,031	261,122	257,576	-
Transfers Out	-	-	-	(3,560)
Other Receipts (Payments)	26,105	5,011	12,482	-
Net Cash Flows from Noncapital Financing Activities	467,136	266,133	270,058	(3,560)
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	(300,700)	(149,273)	(12,390)	-
Proceeds from Capital Debt	309,000	80,340	-	-
Principal Paid on Capital Debt	(17,810)	(18,052)	-	-
Interest Paid on Capital Debt	(50,069)	(13,565)	-	-
Transfer In	225,553	122,151	20,474	-
Federal Grant	-	-	-	-
Other Receipts (Payments)	24,950	(312)	(13,295)	-
Net Cash Flows from Capital and Related Financing Activities	190,924	21,289	(5,211)	-
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	-	89,370	-	-
Purchase of Investment Securities	(762)	(163,620)	-	-
Interest on Investments	873	1,096	113	-
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	11	-	-	-
Net Cash Flows from Investing Activities	122	(73,154)	113	-
Net Increase (Decrease) in Cash and Cash Equivalents	141,674	10,514	(1,697)	(2,509)
Cash and Cash Equivalents - Beginning of Year	332,452	309,271	79,111	2,509
Cash and Cash Equivalents - End of Year	\$ 474,126	\$ 319,785	\$ 77,414	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (752,460)	\$ (274,288)	\$ (301,503)	\$ 124,094
Adjustments not Affecting Cash:				
Depreciation and Amortization	128,157	54,834	28,443	-
Other	161,229	-	(9,180)	-
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(794)	9,840	(1,042)	10,646
(Increase) Decrease in Due from Other Funds	-	-	-	(148)
(Increase) Decrease in Inventories and Other Assets	13,775	(26)	13,709	-
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(66,415)	5,884	2,916	(140,616)
Increase (Decrease) in Due to Other Funds	-	2	-	7,075
Total Adjustments	235,952	70,534	34,846	(123,043)
Net Cash Provided by (Used In) Operating Activities	\$ (516,508)	\$ (203,754)	\$ (266,657)	\$ 1,051
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current	\$ 262,656	\$ 192,285		
Cash and Cash Equivalents - Noncurrent	1,432	127,500		
Cash and Cash Equivalents - Restricted	210,038	-		
	\$ 474,126	\$ 319,785		
Noncash Financing Activity				
Mortgage Proceeds held by Trustee in Construction Escrow	\$ 34,464	\$ -		
Accruals of Expenses Related to Construction in Progress	12,080	-		
Fixed Assets Included in Accounts Payable	-	4,202		
State Financed Plant Facilities	-	6,164		
	\$ 46,544	\$ 10,366		

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

Business-Type Activities			Governmental
Enterprise Funds			Activities
Clean Water	Other	Totals	Internal Service Funds
\$ 90,785	\$ 71,320	\$ 2,414,177	\$ 50,924
(2,618)	(9,460)	(866,000)	(13,797)
(442)	(12,518)	(2,105,217)	(11,474)
(102,433)	(60,752)	(454,946)	(684)
(14,708)	(11,410)	(1,011,986)	24,969
(70,603)	(7,847)	(78,450)	-
(32,582)	(4,715)	(37,297)	-
741	5,646	966,116	-
-	-	(3,560)	-
-	(11,802)	31,796	(12)
(102,444)	(18,718)	878,605	(12)
-	(24)	(462,387)	(24,926)
-	-	389,340	-
-	-	(35,862)	-
-	-	(63,634)	-
-	-	368,178	-
20,314	26,519	46,833	-
-	-	11,343	-
20,314	26,495	253,811	(24,926)
-	-	89,370	-
-	-	(164,382)	-
10,910	949	13,941	317
64,261	-	64,261	-
23,452	4,272	27,735	-
98,623	5,221	30,925	317
1,785	1,588	151,355	348
1,822	37,031	762,196	11,016
\$ 3,607	\$ 38,619	\$ 913,551	\$ 11,364
\$ 16,947	\$ 11,490	\$ (1,175,720)	\$ 3,112
-	1,192	212,626	14,008
-	-	152,049	-
(31,655)	(1,306)	(14,311)	16
-	-	(148)	(753)
-	(22,955)	4,503	(475)
-	169	(198,062)	9,061
-	-	7,077	-
(31,655)	(22,900)	163,734	21,857
\$ (14,708)	\$ (11,410)	\$ (1,011,986)	\$ 24,969

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Fiduciary Fund Financial Statements

Investment Trust Fund

External Investment Pool:

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

Private Purpose Trust Fund

Escheat Securities:

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

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

Pension (and Other Employee Benefit) Trust Funds, page 130

Agency Funds, page 136

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
Assets					
Cash and Cash Equivalents	\$ 129,919	\$ -	\$ -	\$ 160,146	\$ 290,065
Receivables:					
Accounts, Net of Allowances	34,572	-	-	7,348	41,920
From Other Governments	2,099	-	-	-	2,099
From Other Funds	1,752	-	-	4,279	6,031
Interest	1,123	616	-	9	1,748
Investments (See Note 4)	29,317,812	921,639	-	-	30,239,451
Inventories	-	-	-	13	13
Securities Lending Collateral	2,038,458	-	-	-	2,038,458
Other Assets	-	65	608	386,520	387,193
Total Assets	<u>31,525,735</u>	<u>922,320</u>	<u>608</u>	<u>\$ 558,315</u>	<u>33,006,978</u>
Liabilities					
Accounts Payable and Accrued Liabilities	66,988	116	-	\$ 53,920	121,024
Securities Lending Obligation	2,038,458	-	-	-	2,038,458
Due to Other Funds	5,918	-	-	-	5,918
Funds Held for Others	-	-	-	504,395	504,395
Total Liabilities	<u>2,111,364</u>	<u>116</u>	<u>-</u>	<u>\$ 558,315</u>	<u>2,669,795</u>
Net Position					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	29,135,808	-	-		29,135,808
Other Employee Benefits (Note 15)	278,563	-	-		278,563
Individuals, Organizations, and Other Governments	-	922,204	608		922,812
Total Net Position	<u>\$ 29,414,371</u>	<u>\$ 922,204</u>	<u>\$ 608</u>		<u>\$ 30,337,183</u>

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$ 565,544	\$ -	\$ -	\$ 565,544
State	2,774,380	-	-	2,774,380
Municipalities	152,557	-	-	152,557
Total Contributions	3,492,481	-	-	3,492,481
Investment Income	4,128,963	1,949	-	4,130,912
Less: Investment Expense	(89,036)	(429)	-	(89,465)
Net Investment Income	4,039,927	1,520	-	4,041,447
Escheat Securities Received	-	-	22,336	22,336
Pool's Share Transactions	-	55,099	-	55,099
Other	9,271	-	-	9,271
Total Additions	7,541,679	56,619	22,336	7,620,634
Deductions				
Administrative Expense	8,249	-	-	8,249
Benefit Payments and Refunds	4,134,135	-	-	4,134,135
Escheat Securities Returned or Sold	-	-	21,237	21,237
Distributions to Pool Participants	-	1,520	-	1,520
Other	7,738	-	1,489	9,227
Total Deductions	4,150,122	1,520	22,726	4,174,368
Change in Net Position Held In Trust For:				
Pension and Other Employee Benefits	3,391,557	-	-	3,391,557
Individuals, Organizations, and Other Governments	-	55,099	(390)	54,709
Net Position - Beginning	26,022,814	867,105	998	26,890,917
Net Position - Ending	\$ 29,414,371	\$ 922,204	\$ 608	\$ 30,337,183

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

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Component Unit Financial Statements

Major Component Units:

Connecticut Housing Finance Authority:

The Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate income families throughout the State.

Connecticut Airport Authority:

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

The Connecticut Lottery Corporation:

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

Nonmajor:

The nonmajor component units are presented beginning on page 140.

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Statement of Net Position Component Units

June 30, 2014

(Expressed in Thousands)

	Connecticut Housing Finance Authority (12-31-13)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 7,703	\$ 52,737	\$ 180,530	\$ 240,970
Investments	-	13,864	-	426,004	439,868
Receivables:					
Accounts, Net of Allowances	-	30,736	6,011	31,778	68,525
Loans, Net of Allowances	-	-	-	24,209	24,209
Other	-	2,209	-	2,314	4,523
Due From Other Governments	-	-	2,899	-	2,899
Due From Primary Government	-	-	14,730	544	15,274
Restricted Assets	700,660	-	2,934	457,314	1,160,908
Inventories	-	-	-	6,069	6,069
Other Current Assets	-	3,068	65	4,382	7,515
Total Current Assets	<u>700,660</u>	<u>57,580</u>	<u>79,376</u>	<u>1,133,144</u>	<u>1,970,760</u>
Noncurrent Assets:					
Investments	-	125,385	-	80,175	205,560
Accounts, Net of Allowances	-	-	-	33,059	33,059
Loans, Net of Allowances	-	-	-	184,195	184,195
Restricted Assets	3,956,239	-	104,309	91,526	4,152,074
Capital Assets, Net of Accumulated Depreciation	3,074	1,388	349,990	396,904	751,356
Other Noncurrent Assets	-	5,629	-	29,114	34,743
Total Noncurrent Assets	<u>3,959,313</u>	<u>132,402</u>	<u>454,299</u>	<u>814,973</u>	<u>5,360,987</u>
Total Assets	<u>4,659,973</u>	<u>189,982</u>	<u>533,675</u>	<u>1,948,117</u>	<u>7,331,747</u>
Deferred Outflows of Resources					
Accumulated Decrease in Fair Value of Hedging					
Derivatives	59,207	-	19,645	-	78,852
Unamortized Losses on Bond Refundings	<u>66,562</u>	<u>-</u>	<u>2,122</u>	<u>145</u>	<u>68,829</u>
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	21,547	12,791	8,776	59,221	102,335
Current Portion of Long-Term Obligations	361,154	14,134	6,185	17,484	398,957
Due To Primary Government	-	-	3,911	31,274	35,185
Amount Held for Institutions	-	-	-	407,730	407,730
Other Liabilities	<u>26,344</u>	<u>25,615</u>	<u>1,711</u>	<u>24,880</u>	<u>78,550</u>
Total Current Liabilities	<u>409,045</u>	<u>52,540</u>	<u>20,583</u>	<u>540,589</u>	<u>1,022,757</u>
Noncurrent Liabilities:					
Noncurrent Portion of Long-Term Obligations	<u>3,462,363</u>	<u>125,967</u>	<u>149,061</u>	<u>310,221</u>	<u>4,047,612</u>
Total Noncurrent Liabilities	<u>3,462,363</u>	<u>125,967</u>	<u>149,061</u>	<u>310,221</u>	<u>4,047,612</u>
Total Liabilities	<u>3,871,408</u>	<u>178,507</u>	<u>169,644</u>	<u>850,810</u>	<u>5,070,369</u>
Other Deferred Inflows					
Other Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592</u>	<u>2,592</u>
Net Position					
Net Investment in Capital Assets	3,074	1,388	215,288	238,056	457,806
Restricted:					
Debt Service	-	-	6,449	64,591	71,040
Bond Indentures	942,986	-	2,113	-	945,099
Expendable Endowments	-	-	-	101,465	101,465
Nonexpendable Endowments	-	-	-	320,850	320,850
Capital Projects	-	-	98,681	-	98,681
Other Purposes	-	2,368	-	51,961	54,329
Unrestricted (Deficit)	<u>(31,726)</u>	<u>7,719</u>	<u>63,267</u>	<u>317,937</u>	<u>357,197</u>
Total Net Position	<u>\$ 914,334</u>	<u>\$ 11,475</u>	<u>\$ 385,798</u>	<u>\$ 1,094,860</u>	<u>\$ 2,406,467</u>

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

Statement of Activities

Component Units

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Housing Finance Authority (12/31/13)	\$ 216,325	\$ 180,738	\$ -	\$ -
Connecticut Lottery Corporation	1,112,427	1,112,463	-	-
Connecticut Airport Authority	74,375	76,032	-	68,870
Other Component Units	404,792	380,716	11,601	35,802
Total Component Units	<u>\$ 1,807,919</u>	<u>\$ 1,749,949</u>	<u>\$ 11,601</u>	<u>\$ 104,672</u>

General Revenues:

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

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

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

Connecticut Housing Finance Authority (12-31-13)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Totals
\$ (35,587)	\$ -	\$ -	\$ -	\$ (35,587)
-	36	-	-	36
-	-	70,527	-	70,527
-	-	-	23,327	23,327
<u>(35,587)</u>	<u>36</u>	<u>70,527</u>	<u>23,327</u>	<u>58,303</u>
(8,430)	7,683	105	48,056	47,414
-	-	-	33,369	33,369
-	-	-	(31,000)	(31,000)
<u>(8,430)</u>	<u>7,683</u>	<u>105</u>	<u>50,425</u>	<u>49,783</u>
(44,017)	7,719	70,632	73,752	108,086
958,351	3,756	315,166	1,021,108	2,298,381
<u>\$ 914,334</u>	<u>\$ 11,475</u>	<u>\$ 385,798</u>	<u>\$ 1,094,860</u>	<u>\$ 2,406,467</u>

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Notes to the Financial Statements

June 30, 2014

Note 1 Summary of Significant Accounting Policies

a. Basis of Presentation

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

b. Reporting Entity

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

Connecticut Housing Finance Authority (CHFA)

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2013.

Connecticut Airport Authority

The Connecticut Airport Authority was established in July 2011 to develop, improve and operate Bradley International Airport and the state's five general aviation airports (Danielson, Groton-New London, Hartford-Brainard, Waterbury-Oxford, and Windham airports). In fiscal year 2014, Bradley International Airport, an enterprise fund reported in prior years, was consolidated into this authority.

Materials, Innovation, and Recycling Authority (MIRA)

MIRA is the successor authority to the Connecticut Resources Authority which was reported as a component unit in prior years. The Authority continues to be responsible for the planning, design, construction, financing, management, ownership, operations and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan.

Connecticut Higher Education Supplemental Loan Authority (CHESLA)

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

Connecticut Health and Educational Facilities Authority (CHEFA)

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

Capital Region Development Authority (CRDA)

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

Connecticut Innovations, Incorporated (CI)

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

Connecticut Green Bank (CGB)

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

Connecticut Lottery Corporation

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

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

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

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

The Connecticut Airport Authority is reported as a component unit because the nature and significance of its relationship with

the State are such that it would be misleading to exclude the authority from the State's reporting entity.

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

University of Connecticut Foundation, Incorporated

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

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

c. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Fund Financial Statements

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

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

The State reports the following major governmental funds:

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

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

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

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

Grant and Loan Programs - This fund is used to account for resources that are restricted by state legislation for the

purpose of providing grants and/or loans to municipalities and organizations located in the State.

The State reports the following major enterprise funds:

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

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

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

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

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

In addition, the State reports the following fund types:

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

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

Other Post-Employment Benefit (OPEB) Trust Funds - These funds account for resources held in trust for the members and beneficiaries of the state's other post-employment benefit plans which are described in notes 14 and 15.

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 45 days after year-end. Exceptions to this policy are federal grant revenues, which are considered to be available if collection is expected within 12 months after year-end, and licenses and fees which are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

e. Budgeting Process

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines

Fund, and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

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

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

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

The budget is prepared on a "statutory" basis of accounting that utilizes the accounting standards that were applied in the budget act and related legislation. Commencing in Fiscal Year 2014, appropriations were made to legislatively budgeted funds to account for expenses accruals. The actual expense accruals were posted using the same methodology described

above for the governmental fund financial statements. Revenues were recognized when received except in the General Fund and Transportation Fund. In those two funds certain taxes and Indian gaming payments are recognized within a statutory accrual period as approved by the state comptroller. The state's three major tax categories (the personal income tax, the sales and use tax, and the corporation tax), among other taxes, are subject to statutory accrual. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2014 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

f. Assets and Liabilities

Cash and Cash Equivalents (see Note 4)

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents 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 4)

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

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

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

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

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

Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

Securities Lending Transactions (see Note 4)

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

Escheat Property

Escheat property is private property that has reverted to the State because it has been abandoned or has not been claimed by the rightful owners for a period of time. State law requires

that all escheat property receipts be recorded as revenue in the General fund. Escheat revenue is reduced and a fund liability is reported to the extent that it is probable that escheat property will be refunded to claimants in the future. This liability is estimated based on the State's historical relationship between escheat property receipts and amounts paid as refunds, taking into account current conditions and trends.

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods. These amounts are reported in the Statement of Net Position on the 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 and OPEB obligations, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds

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

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are

eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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

Pursuant to Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. Under the provisions of this program, any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

g. 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. 19.

h. Deferred Inflows of Resources

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

i. Interfund Activities

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

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

Interfund services provided and used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities,

transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

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

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

j. Supplemental Nutrition Assistance Program (SNAP)

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

k. External Investment Pool

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

l. Use of Estimates

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

Note 2 Budgetary vs. GAAP Basis of Accounting

The following is a reconciliation of the net change in fund balances as reported in the statutory budget and GAAP basis of accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

	General Fund	Transportation Fund
Net change in fund balances (budgetary basis)	\$ 656,680	\$ 4,385
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	15,097 *	7,596
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(110,188) *	1,660
Salaries and Fringe Benefits Payable	12,090	536
Increase (Decrease) in Continuing Appropriations	(26,483)	(14,968)
Fund Reclassification-Bus Operations	-	(959)
Net change in fund balances (GAAP basis)	\$ 547,196	\$ (1,750)

- Due to a statutory change Federal Medicaid spending has been transferred from the General Fund to the Restricted Grants and Accounts Fund.

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

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

Note 3 Nonmajor Fund Deficits

The following funds have deficit fund/net position balances at June 30, 2014, none of which constitutes a violation of statutory provisions (amounts in thousands).

Capital Projects

Transportation \$ 718

Enterprise

Bradley Parking Garage \$ 27,154

Note 4 Cash Deposits and Investments

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

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

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

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

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

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

Primary Government

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State

Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund, one Medium-Term Investment Fund, and twelve Combined Investment Funds.

Short-Term Investment Fund (STIF)

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

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

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

As of June 30, 2014, STIF had the following investments and maturities (amounts in thousands):

Investment Type	Short-Term Investment Fund		
	Amortized Cost	Investment Maturities (in years)	
		Less Than 1	1-5
Federal Agency Securities	\$ 1,591,460	\$ 1,566,383	\$ 25,077
Bank Commercial Paper	325,000	325,000	-
US Government Guaranteed or Insured	128,657	128,657	-
Government Money Market Funds	283,637	283,637	-
Repurchase Agreements	250,000	250,000	-
Total Investments	<u>\$ 2,578,754</u>	<u>\$ 2,553,677</u>	<u>\$ 25,077</u>

Interest Rate Risk

The STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2014, the weighted average maturity of the STIF was 40 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 repriced frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2014, the amount of STIF's investments in variable-rate securities was \$667 million.

Credit Risk

The STIF's policy for managing credit risk is to invest in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

As of June 30, 2014, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund					
Investment Type	Amortized Cost	Quality Ratings			
		AAA	AA	A	Unrated
Federal Agency Securities	\$ 1,591,460	\$ -	\$ 1,591,460	\$ -	\$ -
Bank Commercial Paper	325,000	-	325,000	-	-
U.S. Government Guaranteed & Insured Securities	128,657	-	63,657	-	65,000
Government Money Market Funds	283,637	283,637	-	-	-
Repurchase Agreements	250,000	-	-	250,000	-
Total Investments	<u>\$ 2,578,754</u>	<u>\$ 283,637</u>	<u>\$ 1,980,117</u>	<u>\$ 250,000</u>	<u>\$ 65,000</u>

Concentration of Credit Risk

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2014, 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	\$ 592,116
Federal Farm Credit Bank	\$ 530,002
U.S. Bank	\$ 325,000
Freddie Mac	\$ 265,907
Merrill Lynch	\$ 250,000
Fannie Mae	\$ 203,434
Morgan Stanley	\$ 150,000
Western Asset	\$ 133,637

Custodial Credit Risk-Bank Deposits-Nonnegotiable

Certificate of Deposits (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C", or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2014, \$1,628,000 of the bank balance of STIF's

deposits of \$1,630,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,505,500
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	123,000
Total	<u>\$ 1,628,500</u>

Short-Term Plus Investment Fund (STIF Plus)

STIF Plus was a money market and short-term bond investment pool in which the State, municipal entities, and political subdivisions of the State were eligible to invest. The State Treasurer was authorized to invest monies of STIF Plus in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptance, repurchase agreements, asset-backed securities, and investment fund comprised of authorized securities. STIF Plus's investments were reported at fair value on the fund's statement of net position.

For financial reporting purposes, STIF Plus is considered to be an internal investment pool and is not reported in the accompanying financial statements. Instead, investments in STIF Plus by participant funds are reported as other investments in the government-wide and fund financial statements.

As of June 30, 2014, STIF Plus had no investments to disclose as the fund was closed May 14, 2014.

Combined Investment Funds (CIFS)

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Fiduciary Funds
Equity in the CIFS	\$ 109,464	\$ 657	\$ 29,317,810
Other Investments	3,605	123,965	921,639
Total Investments-Current	<u>\$ 113,069</u>	<u>\$ 124,622</u>	<u>\$ 30,239,449</u>

As of June 30, 2014, the CIFS had the following investments and maturities (amounts in thousands):

Combined Investment Funds

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 622,637	\$ 622,637	\$ -	\$ -	\$ -
Asset Backed Securities	170,453	3,043	161,333	3,762	2,315
Government Securities	2,798,228	96,911	1,291,865	786,626	622,826
Government Agency Securities	697,892	92,834	109,669	7,247	488,142
Mortgage Backed Securities	293,045	1,290	83,852	20,124	187,780
Corporate Debt	2,381,174	347,219	745,314	1,021,735	266,906
Convertible Debt	42,805	4,338	19,169	632	18,666
Total Debt Investments	7,006,234	<u>\$ 1,168,272</u>	<u>\$ 2,411,202</u>	<u>\$ 1,840,126</u>	<u>\$ 1,586,635</u>
Common Stock	14,970,113				
Preferred Stock	136,459				
Real Estate Investment Trust	310,123				
Business Development Corporation	29,922				
Mutual Fund	1,091,268				
Limited Liability Corporation	1,156				
Trusts	836				
Limited Partnerships	5,936,222				
Total Investments	<u>\$ 29,482,333</u>				

Interest Rate Risk

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

Credit Risk

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2014, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

		Asset		Government		Mortgage			
	Fair Value	Cash	Backed	Government	Agency	Backed	Corporate	Convertible	
		Equivalents	Securities	Securities	Securities	Securities	Debt	Debt	
Aaa	\$ 2,684,822	\$ -	\$ 123,747	\$ 1,735,227	\$ 561,131	\$ 178,448	\$ 86,269	\$ -	
Aa	250,385	-	1,836	104,590	-	17,502	126,457	-	
A	443,438	-	2,656	242,773	703	9,191	188,115	-	
Baa	770,166	-	118	411,738	-	2,302	353,527	2,481	
Ba	342,105	-	-	40,367	-	96	293,091	8,551	
B	721,142	-	-	36,379	-	-	676,651	8,112	
Caa	295,657	-	-	56,503	-	-	239,154	-	
C	594	-	-	-	-	-	594	-	
MIG	1,990	-	-	1,990	-	-	-	-	
Prime 1	199,454	1,700	1,054	-	-	1,400	195,300	-	
Prime 2	15,097	15,097	-	-	-	-	-	-	
Withdrawn rating	59,385	-	-	-	172	-	59,213	-	
Government fixed not rated	304,547	-	-	168,661	135,886	-	-	-	
Not Rated	917,451	605,840	41,042	-	-	84,106	162,802	23,661	
	<u>\$ 7,006,233</u>	<u>\$ 622,637</u>	<u>\$ 170,453</u>	<u>\$ 2,798,228</u>	<u>\$ 697,892</u>	<u>\$ 293,045</u>	<u>\$ 2,381,173</u>	<u>\$ 42,805</u>	

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2014, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds									
Fixed Income Securities							Equities		
Foreign Currency	Total	Cash	Government	Corporate	Convertible	Asset Backed	Common	Preferred	Real Estate
			Securities	Debt	Securities				Investment
							Stock	stock	Trust Fund
Argentine Peso	\$ 90	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	421,324	1,692	26,281	53,561	-	-	321,855	-	17,935
Brazilian Real	251,662	1,825	56,209	1,339	-	(26)	155,369	36,946	-
Canadian Dollar	75,368	1,275	-	-	-	-	74,093	-	-
Chilean Peso	763	74	-	-	-	-	689	-	-
China Yuan Renminbi	844	68	776	-	-	-	-	-	-
Colombian Peso	27,942	-	20,213	7,729	-	-	-	-	-
Czech Koruna	15,454	90	-	-	-	-	15,364	-	-
Danish Krone	100,402	559	-	2,325	-	-	97,518	-	-
Egyptian Pound	4,618	(4)	-	-	-	-	4,622	-	-
Euro Currency	2,082,175	7,421	71,857	19,087	548	574	1,928,202	41,910	12,576
Ghana Cedi	196	-	-	196	-	-	-	-	-
Hong Hong Dollar	617,006	3,020	-	-	-	56	610,930	-	3,000
Hungarian Forint	40,028	131	7,774	-	-	-	32,123	-	-
Iceland Krona	2	2	-	-	-	-	-	-	-
Indian Rupee	2,038	-	1,548	490	-	-	-	-	-
Indonesian Rupiah	95,945	312	36,070	4,358	-	-	55,205	-	-
Israeli Shekel	16,996	126	-	-	-	-	16,870	-	-
Japanese Yen	1,212,079	6,908	28,720	-	-	-	1,166,917	-	9,534
Kenyan Shilling	3	3	-	-	-	-	-	-	-
Malaysian Ringgit	84,430	123	46,487	-	-	-	37,820	-	-
Mexican Peso	156,709	944	96,932	4,786	-	(66)	51,955	-	2,158
New Taiwan Dollar	(20)	-	-	-	-	(20)	-	-	-
New Turkish Lira	131,485	101	37,156	-	-	-	93,662	-	566
New Zealand Dollar	76,328	799	59,150	-	-	-	16,379	-	-
Nigerian Naira	5,153	-	2,561	2,592	-	-	-	-	-
Norwegian Krone	84,769	1,051	13,365	-	-	-	70,353	-	-
Peruvian Nouveau Sol	3,782	8	3,774	-	-	-	-	-	-
Philippine Peso	54,375	7	2,431	-	-	-	51,937	-	-
Polish Zloty	132,426	102	77,054	-	-	-	55,270	-	-
Pound Sterling	1,219,775	4,487	16,010	1,761	-	-	1,181,937	75	15,505
Romanian Leu	8,812	66	8,746	-	-	-	-	-	-
Russian Ruble	37,585	470	28,636	8,479	-	-	-	-	-
Singapore Dollar	101,946	1,544	-	-	-	-	94,799	-	5,603
South African Rand	125,377	288	31,965	837	-	(103)	92,390	-	-
South Korean Won	326,068	76	-	-	-	(109)	319,408	6,693	-
Sri Lanka Rupee	45	-	-	-	-	-	45	-	-
Swedish Krona	184,521	1,173	-	-	-	-	183,348	-	-
Swiss Franc	441,948	858	-	-	-	719	440,371	-	-
Thailand Baht	103,792	24	13,982	-	-	-	89,715	-	71
Uruguayan Peso	3,875	-	3,875	-	-	-	-	-	-
Vietnam Dong	755	-	-	755	-	-	-	-	-
	\$ 8,248,871	\$ 35,713	\$ 691,572	\$ 108,295	\$ 548	\$ 1,025	\$ 7,259,146	\$ 85,624	\$ 66,948

Derivatives

As of June 30, 2014, the CIFS held the following derivative Investments (amounts in thousands):

Derivative Investments	Fair Value
Asset Backed Securities	\$ 169,679
Mortgage Backed Securities	198,073
Collateralized Mortgage Obligations	94,946
TBA's	135,752
Interest Only Securities	1,478
Adjustable Rate Securities	289,678
Total	\$ 889,606

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, 2014, the fair value of contracts to buy and contracts to sell was \$3.5 billion and \$3.6 billion, respectively.

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2014, the CIFS had deposits with a bank balance of \$51.4 million which was uninsured and uncollateralized.

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

Other Investments

As of June 30, 2014, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
State Bonds	\$ 24,525	\$ -	\$ 8,310	\$ 16,215	\$ -
U.S. Government and Agency Securities	404,920	157,219	20,585	225,033	2,083
Guaranteed Investment Contracts	157,196	-	47,300	37,803	72,093
Money Market Funds	8,605	8,605	-	-	-
Total Debt Investments	595,246	\$ 165,824	\$ 76,195	\$ 279,051	\$ 74,176
Endowment Pool	12,114				
Limited Partnership	150				
Total Investments	\$ 607,510				

Credit Risk

As of June 30, 2014, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments			
	Fair Value	Quality Ratings		
		AA	A	Unrated
State Bonds	\$ 24,525	\$ 24,525	\$ -	\$ -
U.S. Government and Agency Securities	260,877	260,877	-	-
Guaranteed Investment Contracts	157,196	37,157	120,039	-
Money Market Funds	8,605	-	-	8,605
Total	\$ 451,203	\$ 322,559	\$ 120,039	\$ 8,605

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, 2014, \$887,537 of the bank balance of the Primary Government of \$891,058 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 43,190
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	844,347
Total	\$ 887,537

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of 12-31-13 and 6-30-14, 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	\$ 1,014	\$ -	\$ -	\$ -	\$ 1,014
Fidelity Funds	6,623	6,623	-	-	-
GNMA & FNMA Program Assets	553,480	-	-	-	553,480
Mortgage Backed Securities	1,026	1	-	132	893
Municipal Bonds	41,603	191	1,127	1,483	38,802
U.S. Government Agency Securities	825	-	-	-	825
Structured Securities	626	-	-	-	626
Fidelity Tax Exempt Fund	4,599	4,599	-	-	-
Total Debt Investments	609,796	\$ 11,414	\$ 1,127	\$ 1,615	\$ 595,640
Annuity Contracts	139,248				
Total Investments	\$ 749,044				

The CHFA and the CLC own 81.4 percent and 18.6 percent of the above investments, respectively. GNMA Program

Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

Interest Rate Risk

CHFA

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

Credit Risk

CHFA

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

CHFA's investments were rated as of 12-31-13 as follows (amounts in thousands):

Investment Type	Component Units			
	Fair Value	Quality Ratings		
		CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 1,014	\$ 1,014	\$ -	\$ -
Fidelity Tax Exempt Fund	4,599	-	-	4,599
Municipal Bonds	41,603	-	-	41,603
Structured Securities	626	-	626	-
Total	<u>\$ 47,842</u>	<u>\$ 1,014</u>	<u>\$ 626</u>	<u>\$ 46,202</u>

Concentration of Credit Risk

CHFA

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2013, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets), and investments in the State's STIF.

Security Lending Transactions

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

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

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$2,019.2 million and \$1,952.3 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 7.58 days and an average weighted maturity of 15.85 days.

Note 5 Receivables-Current

As of June 30, 2014, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,438,732	\$ -	\$ -
Accounts	1,244,202	620,340	68,865
Loans-Current Portion	-	284,875	26,566
Other Governments	251,904	9,226	2,899
Interest	1,314	4,095	2,820
Other (1)	<u>4,167</u>	<u>3,134</u>	<u>1,703</u>
Total Receivables	2,940,319	921,670	102,853
Allowance for			
Uncollectibles	<u>(883,694)</u>	<u>(107,855)</u>	<u>(2,697)</u>
Receivables, Net	<u>\$ 2,056,625</u>	<u>\$ 813,815</u>	<u>\$ 100,156</u>

(1) Includes a reconciling amount of \$4,166 million from fund financial statements to government-wide financial statements.

Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2014 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 624,736	\$ -	\$ 624,736
Income Taxes	406,576	-	406,576
Corporations	21,877	-	21,877
Gasoline and Special Fuel	-	43,977	43,977
Various Other	341,566	-	341,566
Total Taxes Receivable	1,394,755	43,977	1,438,732
Allowance for Uncollectibles	(117,019)	(247)	(117,266)
Taxes Receivable, Net	\$ 1,277,736	\$ 43,730	\$ 1,321,466

Note 7 Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2014, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 33,059
Loans	543,876	801,253	191,187
Total Receivables	543,876	801,253	224,246
Allowance for Uncollectibles	(12,816)	(3,216)	(6,992)
Receivables, Net	\$ 531,060	\$ 798,037	\$ 217,254

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

Note 9 Current Liabilities**a. Accounts Payable and Accrued Liabilities**

As of June 30, 2014, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and			Total Payables & Accrued Liabilities
		Benefits	Interest	Other	
Governmental Activities:					
General	\$ 134,627	\$ 167,556	\$ -	\$ -	\$ 302,183
Transportation	12,200	8,816	-	-	21,016
Restricted Accounts	152,731	8,314	-	-	161,045
Grants and Loans	2,902	95	-	4,958	7,955
Other Governmental	49,871	6,186	-	-	56,057
Internal Service	742	789	-	-	1,531
Reconciling amount from fund financial statements to government-wide financial statements	-	-	180,730	4,279	185,009
Total-Governmental Activities	\$ 353,073	\$ 191,756	\$ 180,730	\$ 9,237	\$ 734,796
Business-Type Activities:					
UConn/Health Center	\$ 84,058	\$ 67,214	\$ -	\$ 31,305	\$ 182,577
State Universities	14,787	35,599	2,507	-	52,893
Other Proprietary	12,884	21,465	11,208	14,721	60,278
Total-Business-Type Activities	\$ 111,729	\$ 124,278	\$ 13,715	\$ 46,026	\$ 295,748
Component Units:					
CHFA	\$ -	\$ -	\$ 14,332	\$ 7,215	\$ 21,547
Connecticut Lottery Corporation	1,342	2,811	2,209	6,429	12,791
Other Component Units	9,894	-	2,662	55,441	67,997
Total-Component Units	\$ 11,236	\$ 2,811	\$ 19,203	\$ 69,085	\$ 102,335

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 \$722.2 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 0 percent to 9.2 percent. At year end, the noncurrent portion of loans receivable was \$105.4 million.

Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2014, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash		Loans, Net		Total Restricted Assets
	Equivalents	Investments	of Allowances	Other	
Governmental Activities:					
Debt Service	\$ 659,543	\$ -	\$ -	\$ -	\$ 659,543
Total-Governmental Activities	\$ 659,543	\$ -	\$ -	\$ -	\$ 659,543
Business-Type Activities:					
UConn/Health Center	\$ 210,038	\$ -	\$ -	\$ -	\$ 210,038
Clean Water	47,589	180,297	-	-	227,886
Other Proprietary	41,545	14,515	-	-	56,060
Total-Business-Type Activities	\$ 299,172	\$ 194,812	\$ -	\$ -	\$ 493,984
Component Units:					
CHFA	\$ 530,484	\$ 598,382	\$ 3,418,227	\$ 109,806	\$ 4,656,899
CHEFA	414,818	-	-	-	414,818
Other Component Units	224,867	-	-	16,398	241,265
Total-Component Units	\$ 1,170,169	\$ 598,382	\$ 3,418,227	\$ 126,204	\$ 5,312,982

Note 10 Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 1,666,409	\$ 22,713	\$ 2,589	\$ 1,686,533
Construction in Progress	2,999,504	1,766,755	1,301,202	3,465,057
Total Capital Assets not being Depreciated	4,665,913	1,789,468	1,303,791	5,151,590
Other Capital Assets:				
Buildings	3,616,027	444,889	55,042	4,005,874
Improvements Other than Buildings	490,508	24,200	71,674	443,034
Equipment	2,312,058	368,822	132,628	2,548,252
Infrastructure	13,653,034	253,432	81,818	13,824,648
Total Other Capital Assets at Historical Cost	20,071,627	1,091,343	341,162	20,821,808
Less: Accumulated Depreciation For:				
Buildings	1,726,962	100,145	55,042	1,772,065
Improvements Other than Buildings	334,919	22,005	71,674	285,250
Equipment	2,235,366	373,144	132,628	2,475,882
Infrastructure	8,453,483	528,911	81,818	8,900,576
Total Accumulated Depreciation	12,750,730	1,024,205	341,162	13,433,773
Other Capital Assets, Net	7,320,897	67,138	-	7,388,035
Governmental Activities, Capital Assets, Net	<u>\$ 11,986,810</u>	<u>\$ 1,856,606</u>	<u>\$ 1,303,791</u>	<u>\$ 12,539,625</u>

* Depreciation expense was charged to functions as follows:

Governmental Activities:	
Legislative	\$ 6,167
General Government	37,285
Regulation and Protection	42,165
Conservation and Development	17,073
Health and Hospitals	15,457
Transportation	784,351
Human Services	2,580
Education, Libraries and Museums	49,460
Corrections	33,842
Judicial	22,041
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	13,784
Total Depreciation Expense	<u>\$ 1,024,205</u>

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 67,011	\$ 1,572	\$ 795	\$ 67,788
Construction in Progress	407,953	337,816	235,149	510,620
Total Capital Assets not being Depreciated	474,964	339,388	235,944	578,408
Capital Assets being Depreciated:				
Buildings	4,215,619	311,161	24,694	4,502,086
Improvements Other Than Buildings	342,182	21,140	176	363,146
Equipment	975,753	65,622	72,440	968,935
Total Other Capital Assets at Historical Cost	5,533,554	397,923	97,310	5,834,167
Less: Accumulated Depreciation For:				
Buildings	1,667,925	133,032	5,913	1,795,044
Improvements Other Than Buildings	177,805	14,389	206	191,988
Equipment	644,562	66,151	66,374	644,339
Total Accumulated Depreciation	2,490,292	213,572	72,493	2,631,371
Other Capital Assets, Net	3,043,262	184,351	24,817	3,202,796
Business-Type Activities, Capital Assets, Net	<u>\$ 3,518,226</u>	<u>\$ 523,739</u>	<u>\$ 260,761</u>	<u>\$ 3,781,204</u>

Component Units

Capital assets of the component units consisted of the following as of June 30, 2014 (amounts in thousands):

Land	\$ 54,430
Buildings	661,379
Improvements other than Buildings	309,992
Machinery and Equipment	498,757
Construction in Progress	41,370
Total Capital Assets	1,565,928
Accumulated Depreciation	814,572
Capital Assets, Net	<u>\$ 751,356</u>

Note 11 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) Tier IIA (contributory) and Tier III (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS). This year the State adapted the Governmental Accounting Standards Board Statement No. 67 – *Financial Reporting for Pension Plans*, to reflect the view that the costs obligations associated with pensions should be recorded as they are earned rather than, following the traditional view, when pension contributions are paid.

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 nonvoting ex-officio member, six trustees representing employees are appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements, one "neutral" Chairman, two actuarial trustees and six management trustees appointed by the Governor. The Teachers' Retirement Board administers TRS. The fourteen members of the Teachers' Retirement Board include: the State Treasurer, the Secretary of the Office of Policy and Management, the Commissioner of Education or their designees, who serve as ex-officio voting members. Six members who are elected by teacher membership and five public members appointed by the Governor. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

Plan Descriptions and Funding Policy

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

	SERS 6/30/2014	TRS 6/30/2014	JRS 6/30/2014
Inactive Members or their			
Beneficiaries receiving benefits	45,803	34,310	250
Inactive Members Entitled to but			
not yet Receiving Benefits	1,457	1,480	4
Active Members	49,976	51,433	212

State Employees' Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by

collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA plan. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Teachers' Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. According to Section 10-183z of the General Statutes a special funding situation requires the State to contribute one hundred percent of employer's contributions on behalf of its municipalities at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Judicial Retirement System

Plan Description

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

Funding Policy

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

contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Investments

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

primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2014.

Asset Class	SERS		TRB		JRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%	25.0%	7.3%	16.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%	20.0%	7.5%	14.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%	9.0%	8.6%	7.0%	8.3%
Real Estate	7.0%	5.1%	5.0%	5.9%	7.0%	5.1%
Private Equity	11.0%	7.6%	10.0%	10.9%	10.0%	7.6%
Alternative Investment	8.0%	4.1%	6.0%	0.7%	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%	13.0%	1.7%	8.0%	1.3%
High Yield Bonds	5.0%	3.9%	2.0%	3.7%	14.0%	3.9%
Emerging Market Bond	4.0%	3.7%	4.0%	4.8%	8.0%	3.7%
TIPS	5.0%	1.0%	0.0%	0.0%	5.0%	1.0%
Cash	4.0%	0.4%	0.0%	0.0%	3.0%	0.4%
Inflation Linked Bonds	0.0%	0.0%	6.0%	1.3%	0.0%	0.0%

Deferred Retirement Option Program

Section 10-183v of the State 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.

Net Pension Liability Required by GASB 67

SERS

The SERS net pension liability of \$16.0 billion was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Detailed information about the fiduciary net position of the SERS pension plan is available in Note 13 of this report.

TRS

The TRS net collective pension liability of \$10.1 billion was measured as of June 30, 2014, and the total pension liability used to calculate the net collective pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net collective pension liability was based on an actuarial projection of the State's long-term share of contributions to the pension plan relative to the actuarially determined total projected contributions of the State and all participating employees. As of June 30, 2014, the State's portion was 100 percent. Detailed information about fiduciary net position of the TRS pension plan is available in Note 13 of this report.

JRS

The JRS net pension liability of \$164.0 million was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Detailed information about the fiduciary net position of the JRS pension plan is available in Note 13 of this report.

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

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

Actuarial Assumptions

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

	SERS	TRS	JRS
Valuation Date	6/30/2014	6/30/2014	6/30/14
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percent of payroll, closed	Level percent of payroll, closed	Level percent of payroll, closed
Remaining Amortization Period	17 Years	20.4 years	17 Years
Asset Valuation Method	5-year smoothed market	4-year smoothed market	5-year smoothed market
Investment Rate of Return	8.00%	8.5%	8.00%
Salary Increases	4.00-20.00%	3.75%-7.0%	4.75%
Inflation	2.75%	3.0%	2.75%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

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.

Discount Rate

The discount rate used to measure the total pension liability increased from the prior year by .2, .6, and .5 percent to 8.0, 8.5, and 8.0 for SERS, TRS, and JRS respectively. The projection of cash flows used to determine the SERS, TRS, and JRS discount rate assumed employee contributions will be made at the current contribution rate and that contributions from the State will be made at actuarially determined rates in future years. Based on those assumptions, SERS, TRS, and JRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
SERS Net Pension Liability	\$ 19,103,880	\$ 16,014,366	\$ 13,416,122
TRS Net Pension Liability	\$ 12,928,793	\$ 10,128,320	\$ 7,747,835
JRS Net Pension Liability	\$ 198,590	\$ 163,993	\$ 134,008

Annual Pension Cost and Net Pension Obligation Required by GASB 27

GASB Statement No. 68, *Accounting and Reporting for Pensions*, which determines how employers and nonemployer contributing entities will report their pension liabilities on their financial statements, is effective for years

beginning after June 15, 2014. Until that statement is implemented, the State continues to report its annual pension cost and net pension obligation in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

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

	SERS	TRS	JRS
Annual required contribution	\$ 1,268,935	\$ 948,540	\$ 16,298
Interest on net pension obligation	239,405	(41,746)	2,704
Adjustment to annual required contribution	(224,882)	54,236	(3,395)
Annual pension cost	1,283,458	961,030	15,607
Contributions made	1,268,890	948,540	16,298
Increase (decrease) in net pension obligation (asset) beginning of year	14,568	12,490	(691)
Net pension obligation (asset) beginning of year	2,992,567	(491,132)	31,819
Net pension obligation (asset) end of year	\$ 3,007,135	\$ (478,642)	\$ 31,128

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

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(asset)
SERS	2012	\$ 978,898	94.6%	\$ 2,966,249
	2013	\$ 1,084,430	97.6%	\$ 2,992,567
	2014	\$ 1,283,458	98.9%	\$ 3,007,135
TRS	2012	\$ 753,196	100.5%	\$ (502,643)
	2013	\$ 799,047	98.6%	\$ (491,132)
	2014	\$ 961,030	98.7%	\$ (478,642)
JRS	2012	\$ 15,696	96.2%	\$ 32,584
	2013	\$ 15,240	105.0%	\$ 31,818
	2014	\$ 15,607	104.4%	\$ 31,128

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2014 the most recent actuarial valuation date (amounts in thousands):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SERF	\$ 10,584.8	\$ 25,505.6	\$ 14,920.8	41.5%	\$ 3,487.6	427.8%
TRF	15,546.5	26,349.2	10,802.7	59.0%	3,831.6	281.9%
JRF	190.2	343.9	153.7	55.3%	33.4	460.2%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial

value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Defined Contribution Plan

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

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$35.8 million and \$8.7 million, respectively.

Note 12 Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for CMERS and CPJERS are presented in Note No. 13.

Plan Descriptions and Contribution Information

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

	CMERS	CPJERS
	7/1/2014	12/31/2013
Retirees and beneficiaries receiving benefits	6,511	364
Terminated plan members entitled to but not receiving benefits	1,258	142
Active plan members	8,477	346
Total	16,246	852
Number of participating employers	187	1

Connecticut Municipal Employees' Retirement System

Plan Description

CMERS is an agent 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 for investment purposes but separate accounts are maintained for each individual municipality so that each municipalities share of the pooled assets is legally available to pay the benefits of only its employees. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in

Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Contributions

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

Connecticut Probate Judges and Employees' Retirement System

Plan Description

CPJERS is 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.

Contributions

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

Investment Policy

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

Net Pension Liability

Information concerning each participating employers' share of the CMERS and CPJERS total pension liability and significant assumptions used to measure each plans' total pension liability, such as inflation, salary changes, discount rates and mortality are available for each participating employer by contacting the State Comptrollers' Retirement Division.

Note 13 Pension Trust Funds Financial Statements

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

Statement of Fiduciary Net Position (000's)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Cash and Cash Equivalents	\$ -	\$ 569	\$ -	\$ -	\$ 9	\$ 296	\$ 874
Receivables:							
Accounts, Net of Allowances	6,198	9,918	8	15,349	4	-	31,477
From Other Governments	-	2,099	-	-	-	-	2,099
From Other Funds	23	8	-	1	-	-	32
Interest	282	782	4	52	2	-	1,122
Investments	10,469,352	16,220,107	187,774	2,161,258	90,241	1,473	29,130,205
Securities Lending Collateral	773,122	1,062,212	14,669	168,838	7,314	123	2,026,278
Total Assets	<u>11,248,977</u>	<u>17,295,695</u>	<u>202,455</u>	<u>2,345,498</u>	<u>97,570</u>	<u>1,892</u>	<u>31,192,087</u>
Liabilities							
Accounts Payable and Accrued Liabilities	61	24,022	-	-	-	-	24,083
Securities Lending Obligation	773,122	1,062,212	14,669	168,838	7,314	123	2,026,278
Due to Other Funds	2,984	1,706	1	1,227	-	-	5,918
Total Liabilities	<u>776,167</u>	<u>1,087,940</u>	<u>14,670</u>	<u>170,065</u>	<u>7,314</u>	<u>123</u>	<u>2,056,279</u>
Net Position							
Held in Trust For Employee							
Pension Benefits	10,472,810	16,207,755	187,785	2,175,433	90,256	1,769	29,135,808
Total Net Position	<u>\$ 10,472,810</u>	<u>\$ 16,207,755</u>	<u>\$ 187,785</u>	<u>\$ 2,175,433</u>	<u>\$ 90,256</u>	<u>\$ 1,769</u>	<u>\$ 29,135,808</u>

Statement of Changes in Fiduciary Net Position (000's)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	\$ 144,806	\$ 261,213	\$ 1,641	\$ 25,614	\$ 255	\$ 41	\$ 433,570
State	1,268,890	948,540	16,298	-	-	-	2,233,728
Municipalities	-	2,421	-	149,786	-	-	152,207
Total Contributions	<u>1,413,696</u>	<u>1,212,174</u>	<u>17,939</u>	<u>175,400</u>	<u>255</u>	<u>41</u>	<u>2,819,505</u>
Investment Income	1,479,059	2,327,746	23,669	268,761	11,619	181	4,111,035
Less: Investment Expenses	(31,894)	(50,196)	(510)	(5,796)	(250)	(3)	(88,649)
Net Investment Income	1,447,165	2,277,550	23,159	262,965	11,369	178	4,022,386
Other	610	-	-	141	1,478	-	2,229
Total Additions	<u>2,861,471</u>	<u>3,489,724</u>	<u>41,098</u>	<u>438,506</u>	<u>13,102</u>	<u>219</u>	<u>6,844,120</u>
Deductions							
Administrative Expense	722	-	-	-	-	-	722
Benefit Payments and Refunds	1,570,558	1,737,144	21,668	123,073	4,744	1	3,457,188
Other	-	7,728	-	-	-	-	7,728
Total Deductions	<u>1,571,280</u>	<u>1,744,872</u>	<u>21,668</u>	<u>123,073</u>	<u>4,744</u>	<u>1</u>	<u>3,465,638</u>
Changes in Net Position	1,290,191	1,744,852	19,430	315,433	8,358	218	3,378,482
Net Position Held in Trust For Employee Pension Benefits:							
Beginning of Year	9,182,619	14,462,903	168,355	1,860,000	81,898	1,551	25,757,326
End of Year	<u>\$ 10,472,810</u>	<u>\$ 16,207,755</u>	<u>\$ 187,785</u>	<u>\$ 2,175,433</u>	<u>\$ 90,256</u>	<u>\$ 1,769</u>	<u>\$ 29,135,808</u>

Note 14 Other Postemployment Benefits (OPEB)

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

State Employee OPEB Plan**Plan Description**

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes. As of June 30, 2013 (date of the latest actuarial valuation), the plan had 67,593 retirees and beneficiaries receiving benefits.

Plan Funding

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

Retired Teacher Healthcare Plan**Plan Description**

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2014 (date of the latest actuarial valuation), the plan had 37,055 retirees and beneficiaries receiving benefits.

Plan Funding

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

Annual OPEB Cost and Net OPEB Obligation

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Annual Required Contribution	\$ 1,525,371	\$ 187,227
Interest on Net OPEB Obligation	339,798	32,442
Adjustment to Annual Required Contribution	(305,163)	(26,818)
Annual OPEB Cost	1,560,006	192,851
Contributions Made	514,696	25,955
Increase in net OPEB Obligation	1,045,310	166,896
Net OPEB Obligation - Beginning of Year	5,961,366	720,942
Net OPEB Obligation - End of Year	<u>\$ 7,006,676</u>	<u>\$ 887,838</u>

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

	<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
SEOPEBP	2014	\$ 1,572,764	33.0%	\$ 7,006,676
	2013	\$ 1,316,612	41.2%	\$ 5,961,366
	2012	\$ 1,220,577	44.3%	\$ 5,187,369
RTHP	2014	\$ 192,851	13.5%	\$ 887,838
	2013	\$ 179,620	15.1%	\$ 720,942
	2012	\$ 165,955	29.8%	\$ 568,362

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Significant methods and assumptions were as follows:

	<u>SEOPEBP</u>	<u>RTHP</u>
Actuarial Valuation Date	6-30-13	6-30-14
Actuarial Cost Method	Projected Unit Credit	Entry Age
Amortization Method	Level Percent of Pay, Closed, 30 Years	Level Percent of Pay, Open
Remaining Amortization Period	24 Years	25 Years
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	5.70%	4.5% (includes 3% inflation rate)
Projected Salary Increases	3.75%	3.75%-7.00% (includes 3% inflation rate)
Healthcare Inflation Rate	7.00% graded to 5.00% over 5 years	5.75% Initial, 5% Ultimate

Other OPEB Plan

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

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of June 30, 2012 there were 9 municipalities participating in the plan with a total membership of 598 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

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

Note 15 OPEB Trust Funds Financial Statements

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are

recognized when due and payable in accordance with the terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Position (000's)

	State Employees' OPEB	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
Assets				
Cash and Cash Equivalents	\$ 19,507	\$ 109,533	\$ 5	\$ 129,045
Receivables:				
Accounts, Net of Allowances	-	3,095	-	3,095
From Other Funds	8	1,712	-	1,720
Interest	-	-	1	1
Investments	160,422	-	27,185	187,607
Securities Lending Collateral	10,230	-	1,950	12,180
Total Assets	190,167	114,340	29,141	333,648
Liabilities				
Accounts Payable and Accrued Liabilities	29,896	13,009	-	42,905
Securities Lending Obligation	10,230	-	1,950	12,180
Total Liabilities	40,126	13,009	1,950	55,085
Net Position				
Held in Trust For Other				
Postemployment Benefits	150,041	101,331	27,191	278,563
Total Net Assets	\$ 150,041	\$ 101,331	\$ 27,191	\$ 278,563

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

	State Employees' OPEB	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
Additions				
Contributions:				
Plan Members	\$ 45,509	\$ 85,944	\$ 521	\$ 131,974
State	514,697	25,955	-	540,652
Municipalities	-	-	350	350
Total Contributions	560,206	111,899	871	672,976
Investment Income	14,421	13	3,494	17,928
Less: Investment Expenses	(312)	-	(75)	(387)
Net Investment Income	14,109	13	3,419	17,541
Other	142	6,900	-	7,042
Total Additions	574,457	118,812	4,290	697,559
Deductions				
Administrative Expense	-	7,527	-	7,527
Benefit Payments and Refunds	568,224	107,648	1,075	676,947
Other	-	10	-	10
Total Deductions	568,224	115,185	1,075	684,484
Changes in Net Assets	6,233	3,627	3,215	13,075
Net Position Held in Trust For				
Other Postemployment Benefits:				
Beginning of Year	143,808	97,704	23,976	265,488
End of Year	\$ 150,041	\$ 101,331	\$ 27,191	\$ 278,563

Note 16 Capital and Operating Leases

State as Lessor

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

2015	\$ 28,909
2016	29,160
2017	28,326
2018	21,619
2019	21,265
Thereafter	93,527
Total	<u>\$ 222,806</u>

Contingent revenues for the year ended June 30, 2014, were \$149 thousand.

State as Lessee

Obligations under capital and operating leases as of June 30, 2014, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2015	47,272	7,285
2016	83,444	7,044
2017	14,318	5,841
2018	5,767	5,447
2019	11,198	4,978
2020-2024	4,242	9,006
2025-2029	-	6,109
2030-2035	-	2,434
Total minimum lease payments	<u>\$ 166,241</u>	<u>48,144</u>
Less: Amount representing interest costs		<u>10,324</u>
Present value of minimum lease payments		<u>\$ 37,820</u>

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

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2014, were \$47.3 million.

Note 17 Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2014, (amounts in thousands):

Governmental Activities	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
Bonds:					
General Obligation	\$ 14,228,228	\$ 3,127,440	\$ 2,074,089	\$ 15,281,579	\$ 1,090,618
Transportation	<u>3,461,875</u>	<u>600,000</u>	<u>290,615</u>	<u>3,771,260</u>	<u>269,845</u>
	17,690,103	3,727,440	2,364,704	19,052,839	1,360,463
Plus/(Less) Premiums	<u>996,394</u>	<u>390,555</u>	<u>191,822</u>	<u>1,195,127</u>	<u>132,703</u>
Total Bonds	<u>18,686,497</u>	<u>4,117,995</u>	<u>2,556,526</u>	<u>20,247,966</u>	<u>1,493,166</u>
Long-Term Notes	<u>573,365</u>	<u>314,295</u>	<u>306,885</u>	<u>580,775</u>	<u>122,110</u>
Other L/T Liabilities:¹					
Net Pension Obligation	2,533,254	2,434,137	2,407,770	2,559,621	-
Net OPEB Obligation	6,682,308	1,752,857	672,105	7,763,060	-
Compensated Absences	515,713	41,904	44,284	513,333	56,822
Workers' Compensation	587,652	135,624	103,698	619,578	102,216
Capital Leases	38,218	8,827	9,225	37,820	5,488
Claims and Judgments	43,522	7,213	4,584	46,151	13,946
Landfill Post Closure Care	-	35,751	-	35,751	-
Liability on Interest Rate Swaps	17,576	-	8,876	8,700	-
Contracts Payable & Other	<u>705</u>	<u>-</u>	<u>-</u>	<u>705</u>	<u>-</u>
Total Other Liabilities	<u>10,418,948</u>	<u>4,416,313</u>	<u>3,250,542</u>	<u>11,584,719</u>	<u>178,472</u>
Governmental Activities Long-Term Liabilities	<u>\$ 29,678,810</u>	<u>\$ 8,848,603</u>	<u>\$ 6,113,953</u>	<u>\$ 32,413,460</u>	<u>\$ 1,793,748</u>
¹ In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,235,143	\$ 80,340	\$ 102,802	\$ 1,212,681	\$ 104,868
Plus/(Less) Premiums and Discounts	<u>91,048</u>	<u>26,179</u>	<u>32,679</u>	<u>84,548</u>	<u>1,486</u>
Total Revenue Bonds	<u>1,326,191</u>	<u>106,519</u>	<u>135,481</u>	<u>1,297,229</u>	<u>106,354</u>
Compensated Absences	160,046	40,051	33,520	166,577	53,410
Federal Loans Payable	574,312	92,891	233,634	433,569	-
Other	<u>200,174</u>	<u>109,570</u>	<u>7,858</u>	<u>301,886</u>	<u>10,390</u>
Total Other Liabilities	<u>934,532</u>	<u>242,512</u>	<u>275,012</u>	<u>902,032</u>	<u>63,800</u>
Business-Type Long-Term Liabilities	<u>\$ 2,260,723</u>	<u>\$ 349,031</u>	<u>\$ 410,493</u>	<u>\$ 2,199,261</u>	<u>\$ 170,154</u>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$40.6 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, 2014, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2014	Amounts due within year
Bonds Payable	\$ 3,942,055	\$ 334,598
Escrow Deposits	192,150	48,986
Closure of Landfills	43	43
Annuities Payable	142,728	14,134
Rate swap liability	151,811	-
Other	17,782	1,196
Total	\$ 4,446,569	\$ 398,957

Landfill Closure and Postclosure Care

Public Act 13-247 and section 99 of Public Act 13-184 required the Materials Innovation and Recycling Authority (formally known as the Connecticut Resources Recovery 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 fiscal year 2014, the authority transferred \$35.8 million of its postclosure care landfill obligations to DEEP and concurrently transferred \$31.0 million of its landfill reserves to the State general fund.

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.

The transfer of legal obligations resulting from the closure of landfills was addressed by a memorandum of understanding ("MOU") between the Authority and DEEP. The MOU became effective April 24, 2014 at which point in time DEEP began reimbursing the Authority for all postclosure care and maintenance work at all landfills other than the Hartford landfill and the parties began a transition process to assign vendor contracts for the performance of landfill postclosure care work to DEEP and to assign federal and state licenses, permits, and orders ("Authorizations") related to the landfills to DEEP. By August 7, 2014 all solid waste authorizations concerning the above landfills had been transferred to DEEP.

As of June 30, 2014 the Hartford landfill had not been certified as closed and this landfill had not entered the postclosure care period. DEEP will assume the obligation to reimburse the authority for all postclosure care work for the Hartford landfill as of the date the authority completes its landfill closure work and submits its Closure Certification Report to DEEP. The transition of any vendor contracts and authorizations concerning the Hartford landfill will begin as of the date DEEP certifies the Hartford landfill as closed.

Note 18 Long-Term Notes and Bonded Debt

a. Economic Recovery Notes

In December 2009, Public Act 09-2 authorized the issuance \$915.8 million of General Obligation Economic Recovery Notes which were used to fund a major portion of the State's general fund deficit at that time. In October 2013, a portion of these notes were refunded when the State issued \$314.3 million of General Obligation Refunding Notes which were issued in four series as variable-rate remarketed obligations (VRO) that ultimately mature on January 1, 2018. Any series of these notes may be converted by the State at any time from the VRO rate, which is determined by the remarketing agent on a daily basis, to another interest rate mode – such as an adjusted SIFMA rate mode.

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

Total Economic Recovery and VRO Notes outstanding at June 30, 2014 were \$580.8 million. The notes mature on various dates through 2018 and bear interest rates from 3.0 to 5.0 percent. Future amounts needed to pay principal and

interest on these notes outstanding at June 30, 2014 were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 122,110	\$ 24,523	\$ 146,633
2016	147,220	16,647	163,867
2017	154,945	8,181	163,126
2018	156,500	3,521	160,021
Total	<u>\$ 580,775</u>	<u>\$ 52,872</u>	<u>\$ 633,647</u>

b. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2014, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2014-2034	1.00-5.632%	\$ 2,473,870	\$ 487,370
School Construction	2014-2033	1.00-5.750%	4,734,566	302,800
Municipal & Other Grants & Loans	2014-2032	0.47-5.632%	1,265,725	991,951
Housing Assistance	2014-2031	0.28-5.460%	265,265	154,919
Elimination of Water Pollution	2014-2027	2.91-5.09%	197,370	301,208
General Obligation Refunding	2014-2025	1.00-5.50%	3,325,453	-
GAAP Conversion	2014-2027	1.00-5.00%	560,430	151,500
Pension Obligation	2014-2032	4.40-6.27%	2,254,378	-
Miscellaneous	2014-2038	3.00-6.00%	125,460	38,461
			15,202,517	<u>\$ 2,428,209</u>
Accretion-Various Capital Appreciation Bonds			79,062	
		Total	<u>\$ 15,281,579</u>	

Future amounts needed to pay principal and interest on as General obligation bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,090,618	\$ 692,279	\$ 1,782,897
2016	1,086,029	654,653	1,740,682
2017	1,041,148	610,581	1,651,729
2018	1,035,122	567,430	1,602,552
2019	986,362	519,567	1,505,929
2020-2024	4,437,066	2,161,619	6,598,685
2025-2029	3,549,737	1,107,667	4,657,404
2030-2034	1,967,750	214,859	2,182,609
2035-2039	8,685	1,083	9,768
Total	<u>\$ 15,202,517</u>	<u>\$ 6,529,738</u>	<u>\$ 21,732,255</u>

Transportation Related Bonds

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

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2014, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure Improvements	2014-2033	2.00-5.740%	\$ 3,771,260	\$ 2,967,827
			3,771,260	<u>\$ 2,967,827</u>
Accretion-Various Capital Appreciation Bonds			-	
	Total		<u>\$ 3,771,260</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 269,845	\$ 178,988	\$ 448,833
2016	246,845	167,619	414,464
2017	230,010	156,538	386,548
2018	233,840	145,557	379,397
2019	227,420	134,383	361,803
2020-2024	1,097,050	510,855	1,607,905
2025-2029	963,495	252,448	1,215,943
2030-2034	502,755	49,760	552,515
	<u>\$ 3,771,260</u>	<u>\$ 1,596,148</u>	<u>\$ 5,367,408</u>

c. Primary Government – Business-Type Activities

Revenue Bonds

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

Enterprise funds' revenue bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
Uconn	2014-2030	1.5-5.5%	\$ 125,165
State Universities	2014-2036	2.0-6.0%	344,181
Clean Water	2014-2031	1.0-5.0%	672,757
Drinking Water	2014-2028	2.0-5.0%	35,303
Bradley Parking Garage	2014-2024	6.5-6.6%	35,275
Total Revenue Bonds			1,212,681
Plus/(Less) premiums and discounts:			
Uconn			22,370
Clean Water			60,277
Other			1,901
Revenue Bonds, net			<u>\$ 1,297,229</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, 2014, \$35.3 million of these bonds are outstanding.

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

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Year Ending				
June 30,	Principal	Interest	Total	
2015	\$ 104,868	\$ 53,758	\$ 158,626	
2016	108,715	49,000	157,715	
2017	92,303	44,724	137,027	
2018	86,065	40,805	126,870	
2019	73,670	37,142	110,812	
2020-2024	379,335	130,421	509,756	
2025-2029	251,725	53,401	305,126	
2030-2034	113,910	10,402	124,312	
2035-2039	2,090	85	2,175	
Total	\$ 1,212,681	\$ 419,738	\$ 1,632,419	

d. Component Units

Component units' revenue bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding (000's)
CT Housing Finance Authority	2014-2055	0.17-5.50%	\$ 3,498,352
CT Higher Education Supplemental Loan Authority	2014-2035	1.70-7.00%	173,205
CT Airport Authority	2014-2035	%/1 mth libor	135,600
CT Regional Development Authority	2014-2034	1.00-7.00%	91,970
UConn Foundation	2014-2029	1.90-5.00%	25,775
CT Innovations Inc.	2014-2020	4.90-5.25%	5,020
Total Revenue Bonds			3,929,922
Plus/(Less) premiums and discounts:			
CHFA			10,811
CHESLA			1,646
CRDA			(324)
Revenue Bonds, net			\$ 3,942,055

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

Following the merger of the operations of the Connecticut Development Authority, Connecticut Innovations, Incorporated (CII) assumed responsibility for the former authority's Special Obligation Industrial revenue bonds. The bonds were issued to finance such projects as the acquisition of land, the construction of buildings, the

purchase and installation of machinery, equipment, and pollution control facilities. These activities are financed under its Self-Sustaining Bond Program which is described in the no-commitment debt section of this note. In addition, CII has \$5.0 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72, a special needs indenture dated 9/25/95, and other bond resolutions dated October 2009. As of December 31, 2013, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$3,042 million, \$62.4 million, and \$404.4 million respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The resolution and indenture capital reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. The required reserves are \$231.2 million per the resolution and \$4.6 million per the indenture at 12/31/13. As of December 31, 2013, the Authority has entered into interest rate swap agreements for \$1,039 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

Capital Reserves

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The

State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so.

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

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding at June 30, 2014, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 134,093	\$ 93,889	\$ 227,982
2016	125,243	91,359	216,602
2017	131,951	88,657	220,608
2018	132,103	93,521	225,624
2019	134,848	85,214	220,062
2020-2024	728,485	374,114	1,102,599
2025-2029	766,369	279,455	1,045,824
2030-2034	853,315	182,062	1,035,377
2035-2039	584,092	74,849	658,941
2040-2044	257,959	43,126	301,085
2045-2049	55,360	36,956	92,316
2050-2054	26,104	7,349	33,453
Total	\$ 3,929,922	\$ 1,450,551	\$ 5,380,473

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, 2014 were \$596.4 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, 2014, were \$8,141.3 million, of which \$349.4 million was secured by special capital reserve funds.

The Materials, Innovation, and Recycling Authority have issued several bonds to fund the construction of waste processing facilities by independent contractors/operators.

These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable for Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. The amount of these bonds outstanding at June 30, 2014 was \$54.8 million.

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

e. Debt Refundings

During the fiscal year the State Issued General Obligation and Special Tax Obligation bonds of \$966.4 million at an average coupon interest rate of 4.0 percent to advance refund \$1,046.6 million of General Obligation and Special Tax Obligation bonds with an average coupon interest rate of 4.82 percent. The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into irrevocable trust accounts with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

Although the advance refunding resulted in a \$26.4 million accounting loss, the State in effect reduced its aggregate fund level debt service payments by \$108.1 million over the next 20 years. The present value of these savings represents an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$98.8 million. The above loss is reported as a deferred outflow of resources and amortized over the life of the new or old debt whichever is shorter.

In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements. As of June 30, 2014, the outstanding balance of bonds defeased in prior years was approximately \$570.0 million.

Note 19 - Derivative Financial Instruments

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit(credit)):

	Changes in Fair Value		Fair Value at Year End		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of Resources	\$ (8,876)	Non-current portion of LT Obligation	\$ (8,700)	\$ 335,620

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and the terms of the States' governmental activities hedging derivative instruments outstanding at June 30, 2014, along with the credit rating of the associated counterparty (amounts in thousands).

<u>Type</u>	<u>Objective</u>	<u>Notional Amounts (000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	\$ 140,000	3/24/2005	3/1/2023	Pay 3.392% receive 60% of LIBOR+30bp	Aa2/AAA
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.401% receive 60% of LIBOR+30bp	A2/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	15,620	4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	Baa2/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	Baa2/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	A3/A
Total Notional Amount		\$ 335,620				

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

Credit Risk

As of June 30, 2014, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2005 swap agreements, the State has up to 270 days to fund any required termination payment.

Interest Rate Risk

The State is exposed to interest rate risk on its interest rate swaps. As the LIBOR or CPI swap index rate decreases, the State's net payment on the swap increases.

Rollover Risk

Because all of the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Basis Risk

The State's variable-rate bond interest payments are based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. The State is exposed to basis risk on those swaps for which the State receives variable-rate payments that are based on the LIBOR swap index rate. As of June 30, 2014, the SIFMA rate was 0.06 percent, whereas 60 percent of LIBOR plus 30bp was 0.393 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2014, the budgeted amount for basis risk was \$1,500,000.

Hedging Derivative Instrument Payments and Hedged Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2014, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands):

<u>Fiscal Year</u>	<u>Variable-Rate Bonds</u>		<u>Interest Rate</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>SWAP, Net</u>	<u>Total</u>	
2015	\$ -	\$ 1,633	\$ 9,630	\$ 11,263	
2016	50,620	1,632	9,363	61,615	
2017	55,000	1,320	7,978	64,298	
2018	45,000	714	6,420	52,134	
2019	45,000	687	5,067	50,754	
2020-2023	140,000	719	6,606	147,325	
	<u>\$ 335,620</u>	<u>\$ 6,705</u>	<u>\$ 45,064</u>	<u>\$ 387,389</u>	

Termination Risk

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a

Note 20 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 particular statute (e.g. per Statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

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

When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

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

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-12	\$ 559,546	\$ 19,957
Incurred claims	129,268	4,133
Paid claims	(101,162)	(4,201)
Balance 6-30-13	587,652	19,889
Incurred claims	135,624	2,435
Paid claims	(103,698)	(449)
Balance 6-30-14	\$ 619,578	\$ 21,875

Note 21 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2014, were as follows (amounts in thousands):

	Balance due to fund(s)												
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn	State Universities	Community/ Technical Colleges	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)													
General	\$ -	\$ -	\$ 48	\$ 4	\$ 255,777	\$ 41,863	\$ 16,715	\$ 16,651	\$ 718	\$ 5,077	\$ 4,279	\$ -	\$ 341,132
Debt Service	-	1,286	-	-	-	-	-	-	-	-	-	-	1,286
Restricted Grants & Accounts	2,302	-	-	-	-	-	-	-	-	-	-	15,274	17,576
Grant & Loan Programs	26	-	-	-	-	-	-	-	-	-	-	-	26
Other Governmental	1,912	-	-	-	21,273	33,910	11,316	89,855	-	-	-	-	158,266
UConn	13,596	-	-	-	-	-	-	-	-	-	-	-	13,596
State Universities	3,674	-	-	-	-	-	-	-	-	-	-	-	3,674
Employment Security	-	-	-	-	13,038	-	-	-	-	-	-	-	13,038
Internal Services	17,346	-	-	-	-	-	-	-	-	-	-	-	17,346
Fiduciary	-	-	-	-	4,166	-	-	-	-	-	1,752	-	5,918
Component Units	31,707	-	3,478	-	-	-	-	-	-	-	-	-	35,185
Total	\$ 70,563	\$ 1,286	\$ 3,526	\$ 4	\$ 294,254	\$ 75,773	\$ 28,031	\$ 106,506	\$ 718	\$ 5,077	\$ 6,031	\$ 15,274	\$ 607,043

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

Note 22 Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2014, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)										Total
	General	Debt Service	Transportation	Restricted Grants & Accounts	Grants & Loan Programs	Other Governmental	UConn	State Universities	Community/ Technical Colleges	Clean & Drinking Water	
<u>Amount transferred from fund(s)</u>											
General	\$ -	\$ -	\$ -	\$ 50,614	\$ -	\$ 67,054	\$ 574,179	\$ 263,645	\$ 259,155	\$ -	\$ 1,214,647
Debt Service	-	-	6,186	601	-	-	251	-	-	-	7,038
Transportation	76,500	448,732	-	15,000	-	6,499	-	-	-	-	546,731
Restricted Grants & Accounts	39,602	10,867	145	-	-	-	-	-	-	-	50,614
Grants & Loan Programs	35,466	-	-	-	4,000	-	-	-	-	-	39,466
Other Governmental	97,637	-	-	192,428	-	4,022	309,102	115,058	22,319	7,803	748,369
Employment Security	-	-	-	-	-	3,560	-	-	-	-	3,560
Total	\$ 249,205	\$ 459,599	\$ 6,331	\$ 258,643	\$ 4,000	\$ 81,135	\$ 883,532	\$ 378,703	\$ 281,474	\$ 7,803	\$ 2,610,425

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 23 Restatement of Net Position, Fund Balance Classifications, and Restricted Net Position

Restatement of Net Position

As of June 30, 2014, the beginning net position for the following funds and activities were restated as follows (amounts in thousands):

	Balances 6-30-13 Previously Reported	Reclassifications	Balances 6-30-13 as Restated
Governmental Activities			
Government-wide adjustments:			
Other Noncurrent Assets	\$ 82,783	\$ (82,783)	\$ -
Unamortized Losses on Bond Refundings	-	180,876	180,876
Non-Current Portion of Long-Term Obligations	(27,728,358)	(180,876)	(27,909,234)
Total Government-wide adjustments	\$ (27,645,575)	(82,783)	\$ (27,728,358)
Proprietary Funds and Business-Type Activities			
Major Funds:			
Bradley International Airport	\$ 315,166	\$ (315,166)	\$ -
Total Major Funds	4,336,992	(315,166)	4,021,826
Total Proprietary Funds	\$ 4,634,035	(315,166)	\$ 4,318,869
Business-Type Activities			
Net Position of Business-Type Activities	\$ 4,634,035	(315,166)	\$ 4,318,869
Component Units			
Major Component Units:			
Connecticut Airport Authority	\$ -	\$ 315,166	\$ 315,166
Total Major Component Units	962,107	315,166	1,277,273
Total Component Units	\$ 1,983,215	315,166	\$ 2,298,381

The adjustment in the "Reclassifications" column for the government-wide result from the reclassification of deferred loss on refunding from a deduction from bonds payable to a deferred outflow of resources as required by GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

The adjustment for the government-wide for other noncurrent assets is required by GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, costs related to the issuance of debt will no longer be recorded as a deferred charge and amortized over the life of the debt; they should instead be recognized as an expense in the period incurred. These include, but are not limited to, legal costs, costs of printing, insurance costs and various fees such as rating agency fees, trustee fees and administrative fees.

In 2014, Bradley International Airport, an enterprise fund in prior years, was consolidated into the Connecticut Airport Authority, a major component unit.

Special Items

Special items are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence. During the fiscal year, Public Act 13-247 and section 99 of Public Act 13-184 required the transfer from the Materials, Innovation, and Recycling Authority (MIRA) a component unit of the state to the State's General Fund of all legally required reserves resulting from the closure of the authority's landfills. During the fiscal year 2014, the authority transferred \$31.0 million of its landfill reserves to the State's General Fund.

Fund Balance – Restricted and Assigned

As of June 30, 2014 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	Restricted Purposes	Assigned Purposes
Capital Projects	\$ 335,933	\$ -
Environmental Programs	43,746	-
Housing Programs	133,533	-
Employment Security Administration	27,280	-
Banking	19,676	-
Other	59,584	16,512
Total	<u>\$ 619,752</u>	<u>\$ 16,512</u>

Restricted Net Position

As of June 30, 2014, the government-wide statement of net position reported \$2,861million of restricted net position, of which \$218.8 million was restricted by enabling legislation.

Note 24 Related Organizations

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

Note 25 New Accounting Pronouncements

In 2014, The State implemented the following statements issued by the Governmental Accounting Standards Board ("GASB").

Items Previously Reported as Assets and Liabilities (Statement No. 65) – This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of implementing this Statement, presentation and terminology changes were made to the fund financial statements and government-wide statements as necessary in addition to the immediate recognition of certain elements.

Financial Reporting for Pension Plans an amendment of GASB Statement No. 25 (Statement No. 67) - This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts. The adoption of the Statement resulted in the modification of note disclosures related to the State Retirement Systems (Note 11 and 12).

Note 26 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, 2014, the Departments of Transportation and Construction Services had contractual commitments of approximately \$3,966 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,942 million.

Clean and drinking water loan programs \$480 million.

Various programs and services \$2,512 million.

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

Component Units

As of December 31, 2013, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$178.8 million.

B. Contingent Liabilities

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

As of June 30, 2014, the State reported an escheat liability of \$278.5 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 \$267.3 million in the future.

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

C. Litigation

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

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

D. Lease/Lease Back Transaction

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

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$49 million at June 30, 2014.

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

Note 27 Subsequent Events

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

In August 2014, the State issued \$510.6 million of General Obligation bonds. A supplement to the original offering was issued on August 25, 2014 which discussed the onset of a federal review of Medicaid reimbursements for a variety of programs and services provided by the departments of Social Services, Developmental Services and Mental Health and Addiction Services. The official offering includes series A - \$200.0 million taxable bonds maturing 2024 bearing interest rates ranging from .025 percent to 3.1 percent, series E - \$300.0 million nontaxable bonds maturing in 2034 bearing interest rates ranging from 2.0 percent to 4.0 percent and series B - \$10.6 million taxable refunding bonds maturing in 2027 that bear an interest rate of 3.5 percent which will defease other bonds issued at a higher cost.

In August 2014, The State of Connecticut Health and Educational Facilities Authority issued \$21.2 million in Revenue Refunding Bonds. The proceeds of the bonds will be used to refund \$22.0 million revenue bonds of the Authority issued at a higher cost on behalf of the State University System. The bonds will mature in 2030 and bear interest rates ranging from 2.0 percent to 4.0 percent. Certain fee receipts of the University System secure the payments on the obligation.

In October 2014, the State issued \$731.5 million of Special Tax Obligation Transportation Infrastructure bonds. The offering includes \$600 million of series A which will mature in 2034 bearing interest rates ranging from 2.0 percent to 5.0 percent and \$131.5 million of series B refunding bonds maturing in 2025 bearing interest rates ranging from 3.0 percent to 5.0 percent that will defease other bonds issued at a higher cost.

In December 2014, the State issued \$556.6 million of General Obligation bonds. The offering includes \$240 million of series F which mature in 2034 bearing interest rates ranging from 1.5 percent to 5.0 percent, \$60.0 million of "Green" series G which mature in 2031 bearing interest rates ranging from 3.25 percent to 5.00 percent and \$256.6 million series H refunding bonds which mature in 2025 bearing interest rates ranging from 3.0 percent to 5.0 percent that will defease other bonds issued at a higher cost.

In December 2014, the State issued \$61.6 million of General Obligation Refunding Economic Recovery Notes. The notes mature in 2018 and bear variable interest rates ranging from the adjusted SIFMA rate plus 4 basis points to the adjusted SIFMA rate plus 35 basis points. The notes that will defease other notes issued at a higher cost.

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***Required
PERS
Supplementary
Information***

Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
SERS						
6/30/2005	\$8,517.7	\$15,987.5	\$7,469.8	53.3%	\$2,980.1	250.7%
6/30/2006	\$8,951.1	\$16,830.3	\$7,879.2	53.2%	3107.9	253.5%
6/30/2007	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	3310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	3497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$9,745.0	\$23,018.8	\$13,273.8	42.3%	\$3,354.7	395.7%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2014	\$10,584.8	\$25,505.6	\$14,920.8	41.5%	\$3,487.6	427.8%

*No actuarial valuation was performed.

TRS						
6/30/2005 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$13,734.8	\$24,862.2	\$11,127.4	55.2%	\$3,652.5	304.7%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2014	\$15,546.5	\$26,349.2	\$10,802.7	59.0%	\$3,831.6	281.9%

*No actuarial valuation was performed.

JRS						
6/30/2005	\$160.3	\$235.0	\$74.7	68.2%	\$30.2	247.4%
6/30/2006	\$169.7	\$246.9	\$77.2	68.7%	\$31.8	242.8%
6/30/2007	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$174.7	\$319.5	\$144.8	54.7%	\$30.3	477.9%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2014	\$190.1	\$343.9	\$153.8	55.3%	\$33.4	460.4%

*No actuarial valuation was performed.

RTHP						
6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$-	\$3,048.3	\$3,048.3	0.0%	\$3,652.5	83.5%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2014	\$-	\$2,433.0	\$2,433.0	0.0%	\$3,831.6	63.5%

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

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

*No actuarial valuation was performed.

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

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

(Expressed in Thousands)

	SERS 2014	TRS 2014	JRS 2014
Service Cost	\$ 287,473	\$ 347,198	\$ 7,539
Interest	1,998,736	2,104,895	26,301
Benefit payments	(1,563,029)	(1,732,707)	(21,668)
Refunds of contributions	(3,935)	-	-
Net change in total pension liability	719,245	719,386	12,172
Total pension liability - beginning	25,767,688	25,629,823	339,601
Total pension liability - ending (a)	\$ 26,486,933	\$ 26,349,209	\$ 351,773
Plan net position			
Contributions - employer	\$ 1,268,890	\$ 949,209	\$ 16,298
Contributions - member	144,807	273,038	1,641
Net investment income	1,443,391	2,250,837	23,156
Benefit payments	(1,563,029)	(1,732,707)	(21,668)
Refunds of contributions	(3,935)	-	-
Net change in plan net position	1,290,124	1,740,377	19,427
Plan net position - beginning	9,182,443	14,480,512	168,353
Plan net position - ending (b)	\$ 10,472,567	\$ 16,220,889	\$ 187,780
Net pension liability - ending (a) -(b)	\$ 16,014,366	\$ 10,128,320	\$ 163,993
Total pension liability	\$ 26,486,933	\$ 26,349,209	\$ 351,773
Plan net position	10,472,567	16,220,889	187,780
Net pension liability	\$ 16,014,366	\$ 10,128,320	\$ 163,993
Ratio of plan net position net position to total pension liability	39.54%	61.56%	53.38%
Covered-employee payroll	\$ 3,487,577	\$ 3,831,624	\$ 33,386
Net pension liability as a percentage of covered-employee payroll	459.18%	264.33%	491.20%
Plan net position - beginning	9,182,443	14,480,512	168,353
Plan net position - ending (b)	\$ 9,182,448	\$ 14,480,515	\$ 168,358
Net pension liability - ending (a) -(b)	\$ (9,037,641)	\$ (14,207,477)	\$ (166,717)

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

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

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

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

(Expressed in Thousands)

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

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

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

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

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

June 30, 2014

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 164,736	\$ 234,382	\$ 6,564	\$ 405,682
Investments	3,605	-	109,464	113,069
Securities Lending Collateral	-	-	8,210	8,210
Receivables:				
Accounts, Net of Allowances	20,437	801	-	21,238
Loans, Net of Allowances	145,199	-	-	145,199
From Other Governments	4,437	-	-	4,437
From Other Funds	8,311	285,941	2	294,254
Other Receivables	-	-	1	1
Total Assets	<u>\$ 346,725</u>	<u>\$ 521,124</u>	<u>\$ 124,241</u>	<u>\$ 992,090</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7,134	\$ 48,923	\$ -	\$ 56,057
Due to Other Funds	14,103	136,185	7,978	158,266
Unearned Revenue	12,584	-	-	12,584
Securities Lending Obligation	-	-	8,210	8,210
Total Liabilities	<u>33,821</u>	<u>185,108</u>	<u>16,188</u>	<u>235,117</u>
Deferred Inflows of Resources				
Receivables to be Collected in Future Periods	<u>18,233</u>	<u>801</u>	<u>-</u>	<u>19,034</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	-	-	109,463	109,463
Restricted	278,159	335,933	5,660	619,752
Assigned	16,512	-	-	16,512
Unassigned	-	(718)	(7,070)	(7,788)
Total Fund Balances	<u>294,671</u>	<u>335,215</u>	<u>108,053</u>	<u>737,939</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 346,725</u>	<u>\$ 521,124</u>	<u>\$ 124,241</u>	<u>\$ 992,090</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Revenues				
Licenses, Permits, and Fees	\$ 40,970	\$ -	\$ -	\$ 40,970
Tobacco Settlement	197,138	-	-	197,138
Federal Grants and Aid	99,941	-	-	99,941
Charges for Services	850	-	-	850
Fines, Forfeits, and Rents	1,191	-	-	1,191
Investment Earnings	609	-	9,306	9,915
Interest on Loans	53	-	-	53
Miscellaneous	125,776	102	1	125,879
Total Revenues	<u>466,528</u>	<u>102</u>	<u>9,307</u>	<u>475,937</u>
Expenditures				
Current:				
General Government	93,159	-	-	93,159
Regulation and Protection	190,002	-	-	190,002
Conservation and Development	201,611	-	500	202,111
Health and Hospitals	5,068	-	-	5,068
Human Services	7,809	-	-	7,809
Education, Libraries, and Museums	4,080	-	10	4,090
Corrections	4,249	-	-	4,249
Judicial	48,352	-	13	48,365
Capital Projects	-	955,785	-	955,785
Debt Service:				
Interest and Fiscal Charges	1,049	6,376	-	7,425
Total Expenditures	<u>555,379</u>	<u>962,161</u>	<u>523</u>	<u>1,518,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(88,851)</u>	<u>(962,059)</u>	<u>8,784</u>	<u>(1,042,126)</u>
Other Financing Sources (Uses)				
Bonds Issued	254,515	1,363,284	-	1,617,799
Premium on Bonds Issued	16,151	148,146	-	164,297
Transfers In	81,106	-	29	81,135
Transfers Out	(243,222)	(501,801)	(3,346)	(748,369)
Total Other Financing Sources (Uses)	<u>108,550</u>	<u>1,009,629</u>	<u>(3,317)</u>	<u>1,114,862</u>
Net Change in Fund Balances	19,699	47,570	5,467	72,736
Fund Balances - Beginning	274,972	287,645	102,586	665,203
Fund Balances - Ending	<u>\$ 294,671</u>	<u>\$ 335,215</u>	<u>\$ 108,053</u>	<u>\$ 737,939</u>

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Special Revenue Funds

Workers' Compensation Administration:

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

Banking:

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

Consumer Counsel and Public Utility Control:

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

Insurance:

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

Criminal Injuries Compensation:

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

Regional Market Fund:

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

Mashantucket Pequot and Mohegan Fund:

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

Soldiers, Sailors, and Marines Fund:

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

Employment Security Administration:

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

Environmental Programs:

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

Housing Programs:

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

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2014

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>
Assets					
Cash and Cash Equivalents	\$ 12,743	\$ 20,423	\$ 7,103	\$ 8,958	\$ 1,803
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	5	820	2	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	-
From Other Funds	10	-	-	5	-
Total Assets	<u>\$ 12,753</u>	<u>\$ 20,428</u>	<u>\$ 7,923</u>	<u>\$ 8,965</u>	<u>\$ 1,803</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 478	\$ 588	\$ 600	\$ 693	\$ 129
Unearned Revenue	-	-	5,464	7,120	-
Due to Other Funds	100	162	125	182	-
Total Liabilities	<u>578</u>	<u>750</u>	<u>6,189</u>	<u>7,995</u>	<u>129</u>
Deferred Inflows of Resources					
Receivables to be Collected in Future Periods	-	2	111	1	-
Fund Balances					
Restricted	12,175	19,676	1,623	969	1,674
Assigned	-	-	-	-	-
Total Fund Balances	<u>12,175</u>	<u>19,676</u>	<u>1,623</u>	<u>969</u>	<u>1,674</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 12,753</u>	<u>\$ 20,428</u>	<u>\$ 7,923</u>	<u>\$ 8,965</u>	<u>\$ 1,803</u>

Mashantucket Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Soldiers', Sailors', & Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 459	\$ 589	\$ -	\$ 25,839	\$ 33,826	\$ -	\$ 52,993	\$ 164,736
-	-	-	-	3,605	-	-	3,605
-	-	-	-	15	3,699	15,896	20,437
-	-	-	-	6,474	138,725	-	145,199
-	-	-	4,437	-	-	-	4,437
-	-	7,807	476	-	-	13	8,311
<u>\$ 459</u>	<u>\$ 589</u>	<u>\$ 7,807</u>	<u>\$ 30,752</u>	<u>\$ 43,920</u>	<u>\$ 142,424</u>	<u>\$ 68,902</u>	<u>\$ 346,725</u>
\$ -	\$ 22	\$ 37	\$ 2,814	\$ 129	\$ 3	\$ 1,641	\$ 7,134
-	-	-	-	-	-	-	12,584
-	6	7,568	658	30	5,189	83	14,103
-	28	7,605	3,472	159	5,192	1,724	33,821
-	-	-	-	15	3,699	14,405	18,233
459	561	202	27,280	43,746	133,533	36,261	278,159
-	-	-	-	-	-	16,512	16,512
<u>459</u>	<u>561</u>	<u>202</u>	<u>27,280</u>	<u>43,746</u>	<u>133,533</u>	<u>52,773</u>	<u>294,671</u>
<u>\$ 459</u>	<u>\$ 589</u>	<u>\$ 7,807</u>	<u>\$ 30,752</u>	<u>\$ 43,920</u>	<u>\$ 142,424</u>	<u>\$ 68,902</u>	<u>\$ 346,725</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Workers'</u>		<u>Consumer</u>			<u>Mashantucket</u>
	<u>Compensation</u>	<u>Banking</u>	<u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u>	<u>Pequot and</u>
			<u>Control</u>		<u>Injuries</u>	<u>Mohegan</u>
						<u>Fund</u>
Revenues						
Licenses, Permits, and Fees	\$ -	\$ 29,853	\$ 30	\$ 23	\$ 1,098	\$ -
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	10	-	-	-	-	-
Fines, Forfeits, and Rents	-	-	-	-	122	-
Investment Earnings	38	-	-	17	2	-
Interest on Loans	-	-	-	-	-	-
Miscellaneous	<u>23,578</u>	<u>5</u>	<u>25,179</u>	<u>28,232</u>	<u>2,388</u>	<u>-</u>
Total Revenues	<u>23,626</u>	<u>29,858</u>	<u>25,209</u>	<u>28,272</u>	<u>3,610</u>	<u>-</u>
Expenditures						
Current:						
General Government	608	-	-	387	-	61,671
Regulation and Protection	18,589	20,588	2,118	28,633	-	-
Conservation and Development	-	168	22,196	-	-	-
Health and Hospitals	-	-	-	435	-	-
Human Services	1,981	-	-	395	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	5,439	-	-	3,202	-
Debt Service:						
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>21,178</u>	<u>26,195</u>	<u>24,314</u>	<u>29,850</u>	<u>3,202</u>	<u>61,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,448</u>	<u>3,663</u>	<u>895</u>	<u>(1,578)</u>	<u>408</u>	<u>(61,671)</u>
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	16	-	61,800
Transfers Out	<u>-</u>	<u>(10,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,700)</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>61,800</u>
Net Change in Fund Balances	2,448	(7,037)	895	(1,562)	408	129
Fund Balances - Beginning	9,727	26,713	728	2,531	1,266	330
Fund Balances-Ending	<u>\$ 12,175</u>	<u>\$ 19,676</u>	<u>\$ 1,623</u>	<u>\$ 969</u>	<u>\$ 1,674</u>	<u>\$ 459</u>

<u>Regional Market</u>	<u>Soldiers', Sailors', & Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ 1,181	\$ 1,750	\$ -	\$ 7,035	\$ 40,970
-	-	-	-	-	197,138	197,138
-	-	99,941	-	-	-	99,941
-	-	-	-	-	840	850
905	-	-	-	-	164	1,191
-	-	27	215	52	258	609
-	-	-	53	-	-	53
3	-	361	887	1,506	43,637	125,776
908	-	101,510	2,905	1,558	249,072	466,528
-	-	-	4,609	18,557	7,327	93,159
-	-	108,492	-	-	11,582	190,002
1,212	-	-	41,559	135,011	1,465	201,611
-	-	-	-	-	4,633	5,068
-	2,959	-	-	-	2,474	7,809
-	-	-	-	-	4,080	4,080
-	-	-	-	-	4,249	4,249
-	-	-	-	-	39,711	48,352
-	-	44	114	772	119	1,049
1,212	2,959	108,536	46,282	154,340	75,640	555,379
(304)	(2,959)	(7,026)	(43,377)	(152,782)	173,432	(88,851)
-	-	-	33,000	194,779	26,736	254,515
-	-	-	1,581	12,520	2,050	16,151
80	3,135	3,560	-	-	12,515	81,106
-	-	-	(9,269)	(11,748)	(211,505)	(243,222)
80	3,135	3,560	25,312	195,551	(170,204)	108,550
(224)	176	(3,466)	(18,065)	42,769	3,228	19,699
785	26	30,746	61,811	90,764	49,545	274,972
\$ 561	\$ 202	\$ 27,280	\$ 43,746	\$ 133,533	\$ 52,773	\$ 294,671

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

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Workers' Compensation			Banking		
	Final			Final		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Fees, Assessments, and Other Income	\$ 23,709	\$ 23,457	\$ (252)	\$ 25,701	\$ 29,994	\$ 4,293
Total Budgeted Revenues	<u>23,709</u>	<u>23,457</u>	<u>(252)</u>	<u>25,701</u>	<u>29,994</u>	<u>4,293</u>
Expenditures						
Budgeted:						
General Government	632	610	22	-	-	-
Regulation and Protection	20,458	18,531	1,927	20,887	20,613	274
Conservation and Development	-	-	-	169	169	-
Health and Hospitals	-	-	-	-	-	-
Human Services	2,463	1,984	479	-	-	-
Judicial	-	-	-	5,553	5,439	114
Total Budgeted Expenditures	<u>23,553</u>	<u>21,125</u>	<u>2,428</u>	<u>26,609</u>	<u>26,221</u>	<u>388</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>156</u>	<u>2,332</u>	<u>2,176</u>	<u>(908)</u>	<u>3,773</u>	<u>4,681</u>
Other Financing Sources (Uses)						
Operating Transfers In (Out)	-	-	-	-	(10,700)	(10,700)
Use of Fund Balance from Prior Years	-	-	-	908	-	(908)
Prior Year Appropriations Carried Forward	353	353	-	-	-	-
Appropriations Continued to Fiscal Year 2015	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
Total Other Financing Sources (Uses)	<u>353</u>	<u>(647)</u>	<u>(1,000)</u>	<u>908</u>	<u>(10,713)</u>	<u>(11,621)</u>
Net Change in Fund Balances	<u>\$ 509</u>	<u>1,685</u>	<u>\$ 1,176</u>	<u>\$ -</u>	<u>(6,940)</u>	<u>\$ (6,940)</u>
Budgetary Fund Balances - July 1		10,411			27,350	
Changes in Reserves		<u>647</u>			<u>13</u>	
Budgetary Fund Balances - June 30		<u>\$ 12,743</u>			<u>\$ 20,423</u>	

<u>Consumer Counsel & Public Utility Control</u>			<u>Insurance</u>		
<u>Final</u>			<u>Final</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 24,919	\$ 24,655	\$ (264)	\$ 30,745	\$ 31,156	\$ 411
24,919	24,655	(264)	30,745	31,156	411
-	-	-	398	387	11
2,514	2,342	172	29,506	28,667	839
24,455	21,987	2,468	-	-	-
-	-	-	435	435	-
-	-	-	475	395	80
-	-	-	-	-	-
26,969	24,329	2,640	30,814	29,884	930
(2,050)	326	2,376	(69)	1,272	1,341
-	-	-	-	16	16
-	-	-	-	-	-
2,100	2,100	-	-	70	70
-	(1,356)	(1,356)	-	-	-
2,100	744	(1,356)	-	86	86
\$ 50	1,070	\$ 1,020	\$ (69)	1,358	\$ 1,427
	6,777			7,670	
	(744)			(70)	
	<u>\$ 7,103</u>			<u>\$ 8,958</u>	

Continued on next page

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

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Criminal Injuries Compensation			Mashantucket Pequot and Mohegan Fund		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,800	\$ 61,800	\$ -
Fees, Assessments, and Other Income	<u>3,310</u>	<u>3,432</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Revenues	<u>3,310</u>	<u>3,432</u>	<u>122</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
Expenditures						
Budgeted:						
General Government	-	-	-	61,780	61,671	109
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	<u>3,380</u>	<u>3,202</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Expenditures	<u>3,380</u>	<u>3,202</u>	<u>178</u>	<u>61,780</u>	<u>61,671</u>	<u>109</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70)</u>	<u>230</u>	<u>300</u>	<u>20</u>	<u>129</u>	<u>109</u>
Other Financing Sources (Uses)						
Operating Transfers In (Out)	-	-	-	-	-	-
Use of Fund Balance from Prior Years	100	-	(100)	-	-	-
Appropriations Continued to Fiscal Year 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 30</u>	<u>230</u>	<u>\$ 200</u>	<u>\$ 20</u>	<u>129</u>	<u>\$ 109</u>
Budgetary Fund Balances (Deficit) - July 1		1,572			330	
Changes in Reserves		<u>-</u>			<u>-</u>	
Budgetary Fund Balances (Deficit) - June 30		<u>\$ 1,802</u>			<u>\$ 459</u>	

Regional Market			Soldiers', Sailors', and Marines'		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ 3,100	\$ 1,877	\$ (1,223)
1,000	892	(108)	-	18	18
1,000	892	(108)	3,100	1,895	(1,205)
-	-	-	-	-	-
1,244	1,213	31	-	-	-
-	-	-	3,265	2,965	300
-	-	-	-	-	-
1,244	1,213	31	3,265	2,965	300
(244)	(321)	(77)	(165)	(1,070)	(905)
-	80	(80)	-	-	-
-	-	-	-	-	-
-	-	-	-	(312)	(312)
-	80	(80)	-	(312)	(312)
<u>\$ (244)</u>	<u>(241)</u>	<u>\$ (157)</u>	<u>\$ (165)</u>	<u>(1,382)</u>	<u>\$ (1,217)</u>
	830			(6,490)	
	-			312	
	<u>\$ 589</u>			<u>\$ (7,560)</u>	

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Capital Projects Funds

State Facilities:

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

Infrastructure:

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

Other Transportation:

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

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2014

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 234,382	\$ -	\$ -	\$ 234,382
Receivables:				
Accounts, Net of Allowances	801	-	-	801
Due From Other Funds	113,465	172,476	-	285,941
Total Assets	<u>\$ 348,648</u>	<u>\$ 172,476</u>	<u>\$ -</u>	<u>\$ 521,124</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 13,317	\$ 35,606	\$ -	\$ 48,923
Due To Other Funds	135,111	356	718	136,185
Total Liabilities	<u>148,428</u>	<u>35,962</u>	<u>718</u>	<u>185,108</u>
Deferred Inflows of Resources				
Receivables to be Collected in Future Periods	<u>801</u>	<u>-</u>	<u>-</u>	<u>801</u>
Fund Balances				
Restricted	199,419	136,514	-	335,933
Unassigned	-	-	(718)	(718)
Total Fund Balances (Deficit)	<u>199,419</u>	<u>136,514</u>	<u>(718)</u>	<u>335,215</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 348,648</u>	<u>\$ 172,476</u>	<u>\$ -</u>	<u>\$ 521,124</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Revenues				
Miscellaneous	\$ 102	\$ -	\$ -	\$ 102
Total Revenues	<u>102</u>	<u>-</u>	<u>-</u>	<u>102</u>
Expenditures				
Capital Projects	\$ 193,306	\$ 762,479	\$ -	\$ 955,785
Debt Service:				
Interest and Fiscal Charges	<u>3,603</u>	<u>2,773</u>	<u>-</u>	<u>6,376</u>
Total Expenditures	<u>196,909</u>	<u>765,252</u>	<u>-</u>	<u>962,161</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(196,807)</u>	<u>(765,252)</u>	<u>-</u>	<u>(962,059)</u>
Other Financing Sources (Uses)				
Bonds Issued	763,284	600,000	-	1,363,284
Premium on Bonds Issued	74,893	73,253	-	148,146
Transfer Out	<u>(490,384)</u>	<u>(11,417)</u>	<u>-</u>	<u>(501,801)</u>
Total Other Financing Sources	<u>347,793</u>	<u>661,836</u>	<u>-</u>	<u>1,009,629</u>
Net Change in Fund Balances	150,986	(103,416)	-	47,570
Fund Balances (Deficit) - Beginning	<u>48,433</u>	<u>239,930</u>	<u>(718)</u>	<u>287,645</u>
Fund Balances (Deficit) - Ending	<u>\$ 199,419</u>	<u>\$ 136,514</u>	<u>\$ (718)</u>	<u>\$ 335,215</u>

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Permanent Funds

Soldiers', Sailors', and Marines':

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

Connecticut Arts Endowment:

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

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2014

(Expressed in Thousands)

	<u>Soldiers', Sailors', & Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 736	\$ -	\$ 5,828	\$ 6,564
Investments	72,348	19,047	18,069	109,464
Securities Lending Collateral	5,443	1,420	1,347	8,210
Other Receivables	1	-	-	1
Due From Other Funds	-	-	2	2
Total Assets	<u>\$ 78,528</u>	<u>\$ 20,467</u>	<u>\$ 25,246</u>	<u>\$ 124,241</u>
Liabilities and Fund Balance				
Liabilities				
Due To Other Funds	\$ 7,807	\$ -	\$ 171	\$ 7,978
Securities Lending Obligation	5,443	1,420	1,347	8,210
Total Liabilities	<u>13,250</u>	<u>1,420</u>	<u>1,518</u>	<u>16,188</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	72,348	19,046	18,069	109,463
Restricted	-	1	5,659	5,660
Unassigned	(7,070)	-	-	(7,070)
Total Fund Balances	<u>65,278</u>	<u>19,047</u>	<u>23,728</u>	<u>108,053</u>
Total Liabilities and Fund Balances	<u>\$ 78,528</u>	<u>\$ 20,467</u>	<u>\$ 25,246</u>	<u>\$ 124,241</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Soldiers', Sailors', & Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Investment Earnings	\$ 6,020	\$ 1,700	\$ 1,586	\$ 9,306
Miscellaneous	-	-	1	1
Total Revenues	<u>6,020</u>	<u>1,700</u>	<u>1,587</u>	<u>9,307</u>
Expenditures				
Conservation and Development	-	500	-	500
Education, Libraries, and Museums	-	-	10	10
Judicial	-	-	13	13
Total Expenditures	<u>-</u>	<u>500</u>	<u>23</u>	<u>523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,020</u>	<u>1,200</u>	<u>1,564</u>	<u>8,784</u>
Other Financing Sources (Uses)				
Transfers Out	(2,971)	-	(375)	(3,346)
Transfers In	-	-	29	29
Total Other Financing Sources (Uses)	<u>(2,971)</u>	<u>-</u>	<u>(346)</u>	<u>(3,317)</u>
Net Change in Fund Balances	3,049	1,200	1,218	5,467
Fund Balances - Beginning	62,229	17,847	22,510	102,586
Fund Balances - Ending	<u>\$ 65,278</u>	<u>\$ 19,047</u>	<u>\$ 23,728</u>	<u>\$ 108,053</u>

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Enterprise Funds

Bradley Parking Garage:

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

Second Injury and Compensation Assurance:

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

Drinking Water:

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

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2014

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 31,016	\$ 166	\$ 7,437	\$ 38,619
Accounts Receivable, Net of Allowances	7,963	848	-	8,811
Loans, Net of Allowances	-	-	35,549	35,549
Interest Receivable	-	-	549	549
Due From Other Governments	-	-	714	714
Other	4	-	-	4
Total Current Assets	<u>38,983</u>	<u>1,014</u>	<u>44,249</u>	<u>84,246</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	-	56,299	56,299
Receivables:				
Loans, Net of Allowances	-	-	56,039	56,039
Restricted Assets	-	13,551	42,509	56,060
Capital Assets, Net of Accumulated Depreciation	-	27,991	-	27,991
Other Noncurrent Assets	-	513	-	513
Total Noncurrent Assets	<u>-</u>	<u>42,055</u>	<u>154,847</u>	<u>196,902</u>
Total Assets	<u>38,983</u>	<u>43,069</u>	<u>199,096</u>	<u>281,148</u>
Deferred Outflows of Resources				
Unamortized Losses on Bond Refundings	-	-	402	402
Total Assets and Deferred Outflows of Resources	<u>38,983</u>	<u>43,069</u>	<u>199,498</u>	<u>281,550</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	9,290	2,263	610	12,163
Current Portion of Long-Term Debt	532	2,344	5,544	8,420
Total Current Liabilities	<u>9,822</u>	<u>4,607</u>	<u>6,154</u>	<u>20,583</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	<u>1,299</u>	<u>65,616</u>	<u>31,660</u>	<u>98,575</u>
Total Noncurrent Liabilities	<u>1,299</u>	<u>65,616</u>	<u>31,660</u>	<u>98,575</u>
Total Liabilities	<u>11,121</u>	<u>70,223</u>	<u>37,814</u>	<u>119,158</u>
Net Position (Deficit)				
Net Investment in Capital Assets	-	(7,283)	-	(7,283)
Restricted for:				
Debt Service	-	4,508	-	4,508
Drinking Water Projects	-	-	132,337	132,337
Unrestricted (Deficit)	<u>27,862</u>	<u>(24,379)</u>	<u>29,347</u>	<u>32,830</u>
Total Net Position (Deficit)	<u>\$ 27,862</u>	<u>\$ (27,154)</u>	<u>\$ 161,684</u>	<u>\$ 162,392</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Total
Operating Revenues				
Assessments	\$ 40,111	\$ -	\$ -	\$ 40,111
Charges for Sales and Services (Net of discounts \$1,556)	-	24,623	-	24,623
Interest on Loans	-	-	1,788	1,788
Miscellaneous	1,083	-	-	1,083
Total Operating Revenues	41,194	24,623	1,788	67,605
Operating Expenses				
Salaries, Wages, and Administrative	7,669	7,636	4,563	19,868
Claims Paid	31,411	-	-	31,411
Depreciation and Amortization	-	1,192	-	1,192
Other	-	-	3,644	3,644
Total Operating Expenses	39,080	8,828	8,207	56,115
Operating Income	2,114	15,795	(6,419)	11,490
Nonoperating Revenues (Expenses)				
Interest and Investment Income	41	17	848	906
Interest and Fiscal Charges	-	(3,009)	(2,064)	(5,073)
Other	-	(11,802)	316	(11,486)
Total Nonoperating Income (Expense)	41	(14,794)	(900)	(15,653)
Income (Loss) Before Grants and Transfers	2,155	1,001	(7,319)	(4,163)
Federal Capitalization Grants	-	-	26,475	26,475
Transfers In	-	-	5,646	5,646
Change in Net Position	2,155	1,001	24,802	27,958
Total Net Position (Deficit) - Beginning	25,707	(28,155)	136,882	134,434
Total Net Position (Deficit) - Ending	\$ 27,862	\$ (27,154)	\$ 161,684	\$ 162,392

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 39,858	\$ 24,438	\$ 7,024	\$ 71,320
Payments to Suppliers	-	(5,816)	(3,644)	(9,460)
Payments to Employees	(7,516)	(1,756)	(3,246)	(12,518)
Other Receipts (Payments)	(31,125)	140	(29,767)	(60,752)
Net Cash Provided by (Used in) Operating Activities	<u>1,217</u>	<u>17,006</u>	<u>(29,633)</u>	<u>(11,410)</u>
Cash Flows from Noncapital Financing Activities				
Retirement of Bonds and Annuities Payable	-	(2,120)	(5,727)	(7,847)
Interest of Bonds	-	(3,009)	(1,706)	(4,715)
Transfers In	-	-	5,646	5,646
Other Receipts (Payments)	-	(11,802)	-	(11,802)
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>(16,931)</u>	<u>(1,787)</u>	<u>(18,718)</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	-	(24)	-	(24)
Federal Grant	-	-	26,519	26,519
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(24)</u>	<u>26,519</u>	<u>26,495</u>
Cash Flows from Investing Activities				
Interest on Investments	40	17	892	949
Other Receipts (Payments)	-	-	4,272	4,272
Net Cash Flows from Investing Activities	<u>40</u>	<u>17</u>	<u>5,164</u>	<u>5,221</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,257	68	263	1,588
Cash and Cash Equivalents - Beginning of Year	29,759	98	7,174	37,031
Cash and Cash Equivalents - End of Year	<u>\$ 31,016</u>	<u>\$ 166</u>	<u>\$ 7,437</u>	<u>\$ 38,619</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 2,114	\$ 15,795	\$ (6,419)	\$ 11,490
Adjustments not Affecting Cash:				
Depreciation and Amortization	-	1,192	-	1,192
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(805)	(185)	(316)	(1,306)
(Increase) Decrease in Inventories and Other Assets	1	(58)	(22,898)	(22,955)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(93)	262	-	169
Total Adjustments	<u>(897)</u>	<u>1,211</u>	<u>(23,214)</u>	<u>(22,900)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,217</u>	<u>\$ 17,006</u>	<u>\$ (29,633)</u>	<u>\$ (11,410)</u>

Internal Service Funds

Correction Industries:

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

Administrative Services:

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

Information Technology:

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

Combining Statement of Net Position

Internal Service Funds

June 30, 2014

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 4,764	\$ 6,600	\$ -	\$ 11,364
Receivables, Net of Allowances	7	47	102	156
Due From Other Funds	714	2,618	1,745	5,077
Inventories	4,050	-	102	4,152
Other Current Assets	28	-	156	184
Total Current Assets	<u>9,563</u>	<u>9,265</u>	<u>2,105</u>	<u>20,933</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	<u>2,131</u>	<u>-</u>	<u>48,771</u>	<u>50,902</u>
Total Noncurrent Assets	<u>2,131</u>	<u>-</u>	<u>48,771</u>	<u>50,902</u>
Total Assets	<u>11,694</u>	<u>9,265</u>	<u>50,876</u>	<u>71,835</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	981	300	250	1,531
Due To Other Funds	-	-	17,346	17,346
Compensated Absences-Current Portion	<u>45</u>	<u>18</u>	<u>22</u>	<u>85</u>
Total Current Liabilities	<u>1,026</u>	<u>318</u>	<u>17,618</u>	<u>18,962</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	<u>659</u>	<u>410</u>	<u>413</u>	<u>1,482</u>
Total Noncurrent Liabilities	<u>659</u>	<u>1,115</u>	<u>413</u>	<u>2,187</u>
Total Liabilities	<u>1,685</u>	<u>1,433</u>	<u>18,031</u>	<u>21,149</u>
Net Position				
Net Investment in Capital Assets	2,131	-	48,771	50,902
Unrestricted (Deficit)	<u>7,878</u>	<u>7,832</u>	<u>(15,926)</u>	<u>(216)</u>
Total Net Position	<u>\$ 10,009</u>	<u>\$ 7,832</u>	<u>\$ 32,845</u>	<u>\$ 50,686</u>

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 24,219	\$ 4,875	\$ 22,566	\$ 51,660
Miscellaneous	84	-	-	84
Total Operating Revenues	<u>24,303</u>	<u>4,875</u>	<u>22,566</u>	<u>51,744</u>
Operating Expenses				
Salaries, Wages, and Administrative	22,392	3,739	8,493	34,624
Depreciation and Amortization	499	-	13,509	14,008
Total Operating Expenses	<u>22,891</u>	<u>3,739</u>	<u>22,002</u>	<u>48,632</u>
Operating Income	<u>1,412</u>	<u>1,136</u>	<u>564</u>	<u>3,112</u>
Nonoperating Revenue (Expenses)				
Investment Income	317	-	-	317
Other Nonoperating Revenue (Expense)	(12)	-	-	(12)
Total Nonoperating Revenue (Expense)	<u>305</u>	<u>-</u>	<u>-</u>	<u>305</u>
Income before Capital Contributions	<u>1,717</u>	<u>1,136</u>	<u>564</u>	<u>3,417</u>
Change in Net Position	1,717	1,136	564	3,417
Total Net Position - Beginning	<u>8,292</u>	<u>6,696</u>	<u>32,281</u>	<u>47,269</u>
Total Net Position - Ending	<u>\$ 10,009</u>	<u>\$ 7,832</u>	<u>\$ 32,845</u>	<u>\$ 50,686</u>

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Receipts from Customers	\$ 23,923	\$ 4,458	\$ 22,543	\$ 50,924
Payments to Suppliers	(19,648)	(864)	6,715	(13,797)
Payments to Employees	(2,790)	(3,106)	(5,578)	(11,474)
Other Receipts (Payments)	(324)	-	(360)	(684)
Net Cash Provided by (Used in) Operating Activities	<u>1,161</u>	<u>488</u>	<u>23,320</u>	<u>24,969</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	(1,606)	-	(23,320)	(24,926)
Net Cash Flows from Capital and Related Financing Activities	<u>(1,606)</u>	<u>-</u>	<u>(23,320)</u>	<u>(24,926)</u>
Cash Flows from Noncapital Financing Activities				
Other Receipts (Payments)	(12)	-	-	(12)
Net Cash Flows from Noncapital Financing Activities	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Cash Flows from Investing Activities				
Interest on Investments	317	-	-	317
Net Cash Flows from Investing Activities	<u>317</u>	<u>-</u>	<u>-</u>	<u>317</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(140)	488	-	348
Cash and Cash Equivalents - Beginning of Year	4,904	6,112	-	11,016
Cash and Cash Equivalents - End of Year	<u>\$ 4,764</u>	<u>\$ 6,600</u>	<u>\$ -</u>	<u>\$ 11,364</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income	\$ 1,412	\$ 1,136	\$ 564	\$ 3,112
Adjustments Not Affecting Cash:				
Depreciation	499	-	13,509	14,008
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	2	10	4	16
(Increase) Decrease in Due From Other Funds	(298)	(428)	(27)	(753)
(Increase) Decrease in Inventories and Other Assets	(409)	-	(66)	(475)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(45)	(230)	9,336	9,061
Total Adjustments	<u>(251)</u>	<u>(648)</u>	<u>22,756</u>	<u>21,857</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,161</u>	<u>\$ 488</u>	<u>\$ 23,320</u>	<u>\$ 24,969</u>

Pension and (Other Employee Benefit) Trust Funds

Pension Trust Funds:

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

Retired Teachers' Health Benefits Plan:

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

Policemen, Firemen and Survivors' Benefits Plan:

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

State Employees' Health Benefits Plan:

This fund is used to account for resources used to provide health benefits to retired State employees and their beneficiaries. The plan is administered by the State Comptroller's Retirement Division.

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

June 30, 2014

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Assets				
Cash and Cash Equivalents	\$ -	\$ 569	\$ -	\$ -
Receivables:				
Accounts, Net of Allowances	6,198	9,918	8	15,349
From Other Governments	-	2,099	-	-
From Other Funds	23	8	-	1
Interest	282	782	4	52
Investments	10,469,352	16,220,107	187,774	2,161,258
Securities Lending Collateral	<u>773,122</u>	<u>1,062,212</u>	<u>14,669</u>	<u>168,838</u>
Total Assets	<u>11,248,977</u>	<u>17,295,695</u>	<u>202,455</u>	<u>2,345,498</u>
Liabilities				
Accounts Payable and Accrued Liabilities	61	24,022	-	-
Securities Lending Obligation	773,122	1,062,212	14,669	168,838
Due to Other Funds	<u>2,984</u>	<u>1,706</u>	<u>1</u>	<u>1,227</u>
Total Liabilities	<u>776,167</u>	<u>1,087,940</u>	<u>14,670</u>	<u>170,065</u>
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	<u>10,472,810</u>	<u>16,207,755</u>	<u>187,785</u>	<u>2,175,433</u>
Total Net Position	<u>\$ 10,472,810</u>	<u>\$ 16,207,755</u>	<u>\$ 187,785</u>	<u>\$ 2,175,433</u>

<u>Pension Trust</u>			<u>Other Employee Benefits</u>			
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>	<u>Total</u>	
\$ 9	\$ 296	\$ 109,533	\$ 5	\$ 19,507	\$ 129,919	
4	-	3,095	-	-	34,572	
-	-	-	-	-	2,099	
-	-	1,712	-	8	1,752	
2	-	-	1	-	1,123	
90,241	1,473	-	27,185	160,422	29,317,812	
7,314	123	-	1,950	10,230	2,038,458	
97,570	1,892	114,340	29,141	190,167	31,525,735	
-	-	13,009	-	29,896	66,988	
7,314	123	-	1,950	10,230	2,038,458	
-	-	-	-	-	5,918	
7,314	123	13,009	1,950	40,126	2,111,364	
90,256	1,769	101,331	27,191	150,041	29,414,371	
\$ 90,256	\$ 1,769	\$ 101,331	\$ 27,191	\$ 150,041	\$ 29,414,371	

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

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Additions				
Contributions:				
Plan Members	\$ 144,806	\$ 261,213	\$ 1,641	\$ 25,614
State	1,268,890	948,540	16,298	-
Municipalities	-	2,421	-	149,786
Total Contributions	<u>1,413,696</u>	<u>1,212,174</u>	<u>17,939</u>	<u>175,400</u>
Investment Income	1,479,059	2,327,746	23,669	268,761
Less: Investment Expenses	<u>(31,894)</u>	<u>(50,196)</u>	<u>(510)</u>	<u>(5,796)</u>
Net Investment Income	1,447,165	2,277,550	23,159	262,965
Other	610	-	-	141
Total Additions	<u>2,861,471</u>	<u>3,489,724</u>	<u>41,098</u>	<u>438,506</u>
Deductions				
Administrative Expense	722	-	-	-
Benefit Payments and Refunds	1,570,558	1,737,144	21,668	123,073
Other	-	7,728	-	-
Total Deductions	<u>1,571,280</u>	<u>1,744,872</u>	<u>21,668</u>	<u>123,073</u>
Changes in Net Position	1,290,191	1,744,852	19,430	315,433
Net Position Held in Trust For Pension and Other Employee Benefits				
Beginning of Year	<u>9,182,619</u>	<u>14,462,903</u>	<u>168,355</u>	<u>1,860,000</u>
End of Year	<u>\$ 10,472,810</u>	<u>\$ 16,207,755</u>	<u>\$ 187,785</u>	<u>\$ 2,175,433</u>

Pension Trust		Other Employee Benefits				
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	State Employee OPEB Plan	Total	
\$ 255	\$ 41	\$ 85,944	\$ 521	\$ 45,509	\$ 565,544	
-	-	25,955	-	514,697	2,774,380	
-	-	-	350	-	152,557	
255	41	111,899	871	560,206	3,492,481	
11,619	181	13	3,494	14,421	4,128,963	
(250)	(3)	-	(75)	(312)	(89,036)	
11,369	178	13	3,419	14,109	4,039,927	
1,478	-	6,900	-	142	9,271	
13,102	219	118,812	4,290	574,457	7,541,679	
-	-	7,527	-	-	8,249	
4,744	1	107,648	1,075	568,224	4,134,135	
-	-	10	-	-	7,738	
4,744	1	115,185	1,075	568,224	4,150,122	
8,358	218	3,627	3,215	6,233	3,391,557	
81,898	1,551	97,704	23,976	143,808	26,022,814	
<u>\$ 90,256</u>	<u>\$ 1,769</u>	<u>\$ 101,331</u>	<u>\$ 27,191</u>	<u>\$ 150,041</u>	<u>\$ 29,414,371</u>	

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Agency Funds

Insurance Companies' Securities:

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

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2014

(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>
Assets						
Cash and Cash Equivalents	\$ 1,325	\$ 56,775	\$ -	\$ 23,902	\$ 78,144	\$ 160,146
Receivables:						
Accounts, Net of Allowances	-	1,269	-	6,079	-	7,348
From Other Funds	4,279	-	-	-	-	4,279
Interest	-	-	-	3	6	9
Inventories	-	-	-	13	-	13
Other Assets	-	-	356,549	5	29,966	386,520
Total Assets	<u>\$ 5,604</u>	<u>\$ 58,044</u>	<u>\$ 356,549</u>	<u>\$ 30,002</u>	<u>\$ 108,116</u>	<u>\$ 558,315</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 46,899	\$ -	\$ 6,479	\$ 542	\$ 53,920
Funds Held for Others	5,604	11,145	356,549	23,523	107,574	504,395
Total Liabilities	<u>\$ 5,604</u>	<u>\$ 58,044</u>	<u>\$ 356,549</u>	<u>\$ 30,002</u>	<u>\$ 108,116</u>	<u>\$ 558,315</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Fringe Benefit Clearing</u>				
Assets				
Cash and Cash Equivalents	\$ 1,393	\$ -	\$ 68	\$ 1,325
From Other Funds	4,233	4,279	4,233	4,279
Total Assets	<u>\$ 5,626</u>	<u>\$ 4,279</u>	<u>\$ 4,301</u>	<u>\$ 5,604</u>
Liabilities				
Accounts Payable & Accrued Liabilities	\$ 1,438	\$ -	\$ 1,438	\$ -
Funds Held for Others	4,188	5,604	4,188	5,604
Total Liabilities	<u>\$ 5,626</u>	<u>\$ 5,604</u>	<u>\$ 5,626</u>	<u>\$ 5,604</u>
<u>Receipts Pending Distribution</u>				
Assets				
Cash and Cash Equivalents	\$ 20,086	\$ 43,897	\$ 7,208	\$ 56,775
Accounts, Net of Allowances	2,217	1,269	2,217	1,269
Total Assets	<u>\$ 22,303</u>	<u>\$ 45,166</u>	<u>\$ 9,425</u>	<u>\$ 58,044</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 58,192	\$ 46,899	\$ 58,192	\$ 46,899
Due To Other Funds	6,653	-	6,653	-
Funds Held for Others	(42,542)	62,145	8,458	11,145
Total Liabilities	<u>\$ 22,303</u>	<u>\$ 109,044</u>	<u>\$ 73,303</u>	<u>\$ 58,044</u>
<u>Insurance Companies' Securities</u>				
Assets				
Other Assets	\$ 340,812	\$ 356,549	\$ 340,812	\$ 356,549
Total Assets	<u>\$ 340,812</u>	<u>\$ 356,549</u>	<u>\$ 340,812</u>	<u>\$ 356,549</u>
Liabilities				
Funds Held for Others	\$ 340,812	\$ 356,549	\$ 340,812	\$ 356,549
Total Liabilities	<u>\$ 340,812</u>	<u>\$ 356,549</u>	<u>\$ 340,812</u>	<u>\$ 356,549</u>
<u>State Institution Activity</u>				
Assets				
Cash and Cash Equivalents	\$ 23,718	\$ 23,902	\$ 23,718	\$ 23,902
Accounts, Net of Allowances	7,373	6,079	7,373	6,079
Interest	2	3	2	3
Inventories	13	13	13	13
Other Assets	54	5	54	5
Total Assets	<u>\$ 31,160</u>	<u>\$ 30,002</u>	<u>\$ 31,160</u>	<u>\$ 30,002</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 386	\$ 6,479	\$ 386	\$ 6,479
Funds Held for Others	30,774	23,523	30,774	23,523
Total Liabilities	<u>\$ 31,160</u>	<u>\$ 30,002</u>	<u>\$ 31,160</u>	<u>\$ 30,002</u>

continues

Combining Statement of Changes in Assets and Liabilities

continued

Agency Funds

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Other				
Assets				
Cash and Cash Equivalents	\$ 63,082	\$ 78,144	\$ 63,082	\$ 78,144
Interest	6	6	6	6
Other Assets	29,387	29,966	29,387	29,966
Total Assets	<u>\$ 92,475</u>	<u>\$ 108,116</u>	<u>\$ 92,475</u>	<u>\$ 108,116</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 219	\$ 542	\$ 219	\$ 542
Funds Held for Others	92,256	107,574	92,256	107,574
Total Liabilities	<u>\$ 92,475</u>	<u>\$ 108,116</u>	<u>\$ 92,475</u>	<u>\$ 108,116</u>
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 108,279	\$ 145,943	\$ 94,076	\$ 160,146
Accounts, Net of Allowances	9,590	7,348	9,590	7,348
From Other Funds	4,233	4,279	4,233	4,279
Interest	8	9	8	9
Inventories	13	13	13	13
Other Assets	370,253	386,520	370,253	386,520
Total Assets	<u>\$ 492,376</u>	<u>\$ 544,112</u>	<u>\$ 478,173</u>	<u>\$ 558,315</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 60,235	\$ 53,920	\$ 60,235	\$ 53,920
Due To Other Funds	6,653	-	6,653	-
Funds Held for Others	425,488	555,395	476,488	504,395
Total Liabilities	<u>\$ 492,376</u>	<u>\$ 609,315</u>	<u>\$ 543,376</u>	<u>\$ 558,315</u>

Component Units

Connecticut Health and Educational Facilities Authority:

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

Connecticut Resources Recovery Authority:

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

Connecticut Higher Education Supplemental Loan Authority:

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

Capital Region Development Authority:

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

Connecticut Innovations, Incorporated:

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

UConn Foundation:

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

Clean Energy Finance and Investment Authority:

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

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2014

(Expressed in Thousands)

	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health and Educational Facilities Authority	Materials, Innovations, and Recycling Authority	Connecticut Innovations, Incorporated
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,156	\$ 361	\$ 58,827	\$ 32,393
Investments	-	11,617	-	943
Receivables:				
Accounts, Net of Allowances	-	617	14,058	-
Loans, Net of Allowances	18,605	-	-	5,604
Interest Receivable	611	-	-	1,703
Due From Primary Government	-	-	-	544
Restricted Assets	41,428	407,730	2,694	-
Inventories	-	-	6,069	-
Other Current Assets	16	80	2,328	217
Total Current Assets	62,816	420,405	83,976	41,404
Noncurrent Assets:				
Investments	-	-	-	79,175
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	105,353	-	-	58,368
Restricted Assets	23,163	7,088	-	45,682
Capital Assets, Net of Accumulated Depreciation	-	171	110,475	414
Other Noncurrent Assets	199	-	784	166
Total Noncurrent Assets	128,715	7,259	111,259	183,805
Total Assets	191,531	427,664	195,235	225,209
Deferred Outflows of Resources				
Unamortized Losses on Bond Refundings	-	-	-	145
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	1,063	2,990	17,334	7,005
Current Portion of Long-Term Obligations	10,765	-	43	2,260
Due To Primary Government	-	-	-	-
Amounts Held for Institutions	-	407,730	-	-
Other Liabilities	-	-	-	24,880
Total Current Liabilities	11,828	410,720	17,377	34,145
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	164,086	2,182	3,500	12,721
Total Noncurrent Liabilities	164,086	2,182	3,500	12,721
Total Liabilities	175,914	412,902	20,877	46,866
Deferred Inflows of Resources				
Other Deferred Inflows	-	-	2,592	-
Net Position				
Net Investment in Capital Assets	-	171	110,476	414
Restricted:				
Debt Service	64,591	-	-	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	-	4,906	548	12,477
Unrestricted (Deficit)	(48,974)	9,685	60,742	165,597
Total Net Position	\$ 15,617	\$ 14,762	\$ 171,766	\$ 178,488

<u>UConn Foundation</u>	<u>Capital Region Development Authority</u>	<u>Connecticut Green Bank</u>	<u>Total</u>
\$ 2,568	\$ 12,866	\$ 71,359	\$ 180,530
413,444	-	-	426,004
8,179	974	7,950	31,778
-	-	-	24,209
-	-	-	2,314
-	-	-	544
-	5,462	-	457,314
-	-	-	6,069
-	459	1,282	4,382
<u>424,191</u>	<u>19,761</u>	<u>80,591</u>	<u>1,133,144</u>
-	-	1,000	80,175
33,059	-	-	33,059
-	20,474	-	184,195
989	5,090	9,514	91,526
7,326	275,443	3,075	396,904
997	659	26,309	29,114
<u>42,371</u>	<u>301,666</u>	<u>39,898</u>	<u>814,973</u>
<u>466,562</u>	<u>321,427</u>	<u>120,489</u>	<u>1,948,117</u>
-	-	-	145
10,816	14,663	5,350	59,221
265	4,151	-	17,484
-	31,274	-	31,274
-	-	-	407,730
-	-	-	24,880
<u>11,081</u>	<u>50,088</u>	<u>5,350</u>	<u>540,589</u>
<u>29,762</u>	<u>97,970</u>	<u>-</u>	<u>310,221</u>
<u>29,762</u>	<u>97,970</u>	<u>-</u>	<u>310,221</u>
<u>40,843</u>	<u>148,058</u>	<u>5,350</u>	<u>850,810</u>
-	-	-	2,592
(19,402)	143,323	3,074	238,056
-	-	-	64,591
101,465	-	-	101,465
320,850	-	-	320,850
-	25,886	8,144	51,961
22,806	4,160	103,921	317,937
<u>\$ 425,719</u>	<u>\$ 173,369</u>	<u>\$ 115,139</u>	<u>\$ 1,094,860</u>

Combining Statement of Activities

Nonmajor Component Units

For The Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 8,759	\$ 8,530	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	7,379	7,491	-	-
Materials, Innovations, and Recycling Authority	121,788	159,113	-	-
Connecticut Innovations, Incorporated	108,085	92,103	586	26,307
UConn Foundation	67,985	9,003	-	-
Capital Region Development Authority	57,363	55,842	10,393	9,495
Connecticut Green Bank	33,433	48,634	622	-
Total Nonmajor Component Units	<u>\$ 404,792</u>	<u>\$ 380,716</u>	<u>\$ 11,601</u>	<u>\$ 35,802</u>

General Revenues:

Investment Income
Contributions to Endowments
Special Item: Transfer to General Fund
Total General Revenues and
Contributions
Change in Net Position
Total Net Position - Beginning
Total Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Materials, Innovations, and Recycling Authority	Connecticut Innovations, Incorporated	UConn Foundation	Capital Region Development Authority	Connecticut Green Bank	Totals
\$ (229)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (229)
-	112	-	-	-	-	-	112
-	-	37,325	-	-	-	-	37,325
-	-	-	10,911	-	-	-	10,911
-	-	-	-	(58,982)	-	-	(58,982)
-	-	-	-	-	18,367	-	18,367
-	-	-	-	-	-	15,823	15,823
(229)	112	37,325	10,911	(58,982)	18,367	15,823	23,327
1,041	9	109	(2,177)	47,826	106	1,142	48,056
-	-	-	-	33,369	-	-	33,369
-	-	(31,000)	-	-	-	-	(31,000)
1,041	9	(30,891)	(2,177)	81,195	106	1,142	50,425
812	121	6,434	8,734	22,213	18,473	16,965	73,752
14,805	14,641	165,332	169,754	403,506	154,896	98,174	1,021,108
\$ 15,617	\$ 14,762	\$ 171,766	\$ 178,488	\$ 425,719	\$ 173,369	\$ 115,139	\$1,094,860

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Statistical Section

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

FINANCIAL TRENDS INFORMATION

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

Net Position by Component	146
Changes in Net Position	148
Fund Balances, Governmental Funds	150
Changes in Fund Balances, Governmental Funds	150

REVENUE CAPACITY INFORMATION

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

Personal Income by Industry	151
Personal Income Tax Rates	152
Personal Income Tax Filers and Liability by Income Level	152

DEBT CAPACITY INFORMATION

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

Legal Debt Margin	153
Ratios of Outstanding Debt by Type	155
Ratios of Net General Bonded Debt	155
Pledged-Revenue Coverage	156

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Population and Per Capita Personal Income	160
Employment Information	160
Top Ten Employers	162

OPERATING INFORMATION

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

State Employees by Function	163
Operating Indicators by Function	164
Capital Asset Statistics by Function	166

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component

Last Ten Fiscal Years
(Expressed in Thousands)

	2005	2006	2007
Governmental Activities:			
Net Invested in Capital Assets	\$ 3,294,888	\$ 3,469,145	\$ 4,269,038
Restricted	1,324,933	1,496,693	1,384,938
Unrestricted	(10,010,444)	(10,041,840)	(10,497,613)
Total Governmental Activities Net Position	<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>
Business-Type Activities:			
Net Invested in Capital Assets	\$ 2,204,461	\$ 2,303,600	\$ 2,345,553
Restricted	1,478,671	1,606,661	1,769,958
Unrestricted	83,855	140,071	235,022
Total Business-Type Activities Net Position	<u>\$ 3,766,987</u>	<u>\$ 4,050,332</u>	<u>\$ 4,350,533</u>
Primary Government:			
Net Invested in Capital Assets	\$ 5,499,349	\$ 5,772,745	\$ 6,614,591
Restricted	2,803,604	3,103,354	3,154,896
Unrestricted	(9,926,589)	(9,901,769)	(10,262,591)
Total Primary Government Net Position	<u>\$ (1,623,636)</u>	<u>\$ (1,025,670)</u>	<u>\$ (493,104)</u>

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

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, 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.

2008	2009	2010	2011	2012	2013	2014
\$ 4,930,749	\$ 5,499,602	\$ 4,910,178	\$ 4,905,025	\$ 5,305,440	\$ 5,824,691	\$ 5,776,818
1,641,377	1,617,726	1,777,780	1,809,873	1,647,790	2,282,900	1,795,757
<u>(13,460,055)</u>	<u>(16,686,518)</u>	<u>(20,361,003)</u>	<u>(20,764,608)</u>	<u>(21,984,094)</u>	<u>(23,199,567)</u>	<u>(24,943,380)</u>
<u>\$ (6,887,929)</u>	<u>\$ (9,569,190)</u>	<u>\$ (13,673,045)</u>	<u>\$ (14,049,710)</u>	<u>\$ 1,753,000</u>	<u>\$ (15,091,976)</u>	<u>\$ (17,370,805)</u>
\$ 2,465,734	\$ 2,499,175	\$ 2,544,919	\$ 2,677,999	\$ 2,810,724	\$ 3,029,092	\$ 3,169,151
1,649,200	1,359,459	1,157,139	1,051,544	995,806	898,180	1,065,211
<u>306,755</u>	<u>373,035</u>	<u>302,435</u>	<u>171,738</u>	<u>360,131</u>	<u>391,597</u>	<u>546,492</u>
<u>\$ 4,421,689</u>	<u>\$ 4,231,669</u>	<u>\$ 4,004,493</u>	<u>\$ 3,901,281</u>	<u>\$ 4,166,661</u>	<u>\$ 4,318,869</u>	<u>\$ 4,780,854</u>
\$ 7,396,483	\$ 7,998,777	\$ 7,455,097	\$ 7,583,024	\$ 8,116,164	\$ 8,853,783	\$ 8,945,969
3,290,577	2,977,185	2,934,919	2,861,417	2,643,596	3,181,080	2,860,968
<u>(13,153,300)</u>	<u>(16,313,483)</u>	<u>(20,058,568)</u>	<u>(20,592,870)</u>	<u>(21,623,963)</u>	<u>(22,807,970)</u>	<u>(24,396,888)</u>
<u>\$ (2,466,240)</u>	<u>\$ (5,337,521)</u>	<u>\$ (9,668,552)</u>	<u>\$ (10,148,429)</u>	<u>\$ (10,864,203)</u>	<u>\$ (10,773,107)</u>	<u>\$ (12,589,951)</u>

Changes in Net Position

Last Ten Fiscal Years

(Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Legislative	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 101,695	\$ 105,870	\$ 99,542	\$ 113,982	\$ 106,349	\$ 122,679
General Government	1,288,231	1,352,908	1,731,215	1,737,917	1,752,751	1,565,653	1,508,994	1,987,920	2,036,173	2,060,294
Regulation and Protection	633,466	712,061	702,467	788,419	768,272	796,124	780,363	853,458	868,187	905,310
Conservation and Development	424,125	396,296	429,057	473,797	562,507	565,836	529,292	692,719	665,365	997,092
Health and Hospital	1,801,346	1,922,583	2,003,994	2,298,272	2,278,059	2,443,119	2,300,369	2,475,759	2,540,349	2,623,687
Transportation	1,183,961	1,090,504	1,150,770	1,482,250	1,570,324	1,742,009	1,637,847	1,845,656	1,572,755	1,985,288
Human Services	4,535,915	4,941,454	4,828,418	5,743,810	6,208,275	6,829,916	6,675,895	7,223,118	7,471,625	8,272,895
Education, Libraries, and Museums	3,408,288	3,888,711	4,008,903	4,749,284	4,591,672	4,920,983	4,463,129	4,495,905	4,490,144	4,638,713
Corrections	1,675,965	1,768,368	1,836,147	2,085,053	2,071,331	2,082,743	1,932,375	2,061,176	1,976,657	2,142,788
Judicial	649,666	654,894	694,442	806,309	793,580	828,128	828,124	910,362	893,860	1,004,610
Interest and Fiscal Charges	612,115	619,730	635,113	733,791	810,403	792,950	873,847	816,508	779,515	922,110
Total Governmental Activities Expenses	16,304,115	17,444,131	18,118,018	21,010,812	21,508,869	22,673,331	21,629,777	23,476,563	23,400,979	25,675,466
Business-Type Activities:										
University of Connecticut and Health Center	1,386,327	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104	1,806,815	1,801,687	1,872,131	2,050,529
State Universities	506,993	536,026	571,006	610,851	639,397	649,630	651,513	652,092	666,417	716,459
Connecticut Community Colleges	325,413	343,191	363,548	407,422	446,451	448,961	480,985	477,494	488,496	514,565
Employment Security	580,549	572,602	585,803	631,935	1,573,806	2,700,797	2,306,715	1,823,464	1,514,674	1,059,631
Clean Water	27,740	26,076	30,183	27,181	30,723	52,761	45,473	53,330	50,194	39,841
Other	80,010	75,883	68,581	68,618	65,091	78,013	61,199	58,152	58,989	72,674
Total Business-Type Activities Expenses	2,907,032	3,017,833	3,138,147	3,372,539	4,480,811	5,633,266	5,352,700	4,866,219	4,650,901	4,453,699
Total Primary Government Expenses	\$ 19,211,147	\$ 20,461,964	\$ 21,256,165	\$ 24,383,351	\$ 25,989,680	\$ 28,306,597	\$ 26,982,477	\$ 28,342,782	\$ 28,051,880	\$ 30,129,165
Program Revenues										
Governmental Activities:										
Charges for Services, Fees, Fines, and Forfeitures	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375	\$ 1,647,311	\$ 1,952,042	\$ 1,575,556	\$ 1,726,200
Operating Grants and Contributions	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086	6,350,067	5,770,935	5,992,403	6,496,625
Capital Grants and Contributions	335,256	541,875	411,516	442,310	646,416	765,837	725,080	716,056	767,793	610,274
Total Governmental Activities Program Revenues	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298	8,722,458	8,439,033	8,335,752	8,833,099
Business-Type Activities:										
Charges for Services, Fees, Fines, and Forfeitures	1,873,631	1,875,344	1,907,265	1,943,772	2,062,643	2,170,823	2,336,105	2,471,871	2,484,561	2,546,840
Operating Grants and Contributions	262,015	277,357	296,851	322,936	907,050	1,885,115	1,789,697	1,412,355	1,172,820	780,137
Capital Grants and Contributions	86,016	78,043	10,199	32,167	53,351	7,386	34,098	12,328	51,614	27,807
Total Business-Type Activities Program Revenues	2,221,662	2,230,744	2,214,315	2,298,875	3,023,044	4,063,324	4,159,900	3,896,554	3,708,995	3,354,784
Total Primary Government Program Revenues	\$ 7,683,163	\$ 8,186,353	\$ 7,917,779	\$ 8,460,262	\$ 10,712,419	\$ 12,464,622	\$ 12,882,358	\$ 12,335,587	\$ 12,044,747	\$ 12,187,883
Net (Expense)/Revenue										
Governmental Activities	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (13,819,494)	\$ (14,272,033)	\$ (12,907,319)	\$ (15,037,530)	\$ (15,065,227)	\$ (16,842,367)
Business-Type Activities	(685,370)	(787,089)	(923,832)	(1,073,664)	(1,457,767)	(1,569,942)	(1,192,800)	(969,665)	(941,906)	(1,098,915)
Total Primary Government Net Expense	\$ (11,527,984)	\$ (12,275,611)	\$ (13,338,386)	\$ (15,923,089)	\$ (15,277,261)	\$ (15,841,975)	\$ (14,100,119)	\$ (16,007,195)	\$ (16,007,133)	\$ (17,941,282)

Note: In fiscal year 2014, the Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit.

Business-type activities for the fiscal years prior to 2014, disclosed in this and the next page, have been restated to reflect this change.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Personal Income	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609	\$ 6,327,263	\$ 7,360,165	\$ 7,743,804	\$ 7,752,553
Corporate Income	538,834	655,607	831,688	548,539	437,444	465,980	726,090	601,509	558,287	627,100
Sales and Use	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203	3,365,250	3,880,607	3,953,768	4,116,012
Other	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628	1,655,594	1,953,170	2,327,754	1,796,678
Restricted for Transportation Purposes:										
Motor Fuel	482,476	515,013	609,427	487,568	492,566	494,222	477,411	713,477	693,444	882,107
Other	69,720	68,418	67,888	192,663	196,034	209,684	237,242	76,618	79,000	82,216
Casino Gaming Payments	417,838	427,527	430,476	411,411	377,805	384,248	359,582	344,645	296,396	279,873
Tobacco Settlement	118,321	108,619	113,691	141,348	153,819	128,977	121,422	123,799	123,745	197,138
Lottery Tickets	268,515	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100	319,500
Unrestricted Investment Earnings	69,332	104,911	165,472	131,915	42,493	27,681	18,434	15,955	3,942	27,313
Special Items:										
Statutory Payment from Component Units	15,000	-	-	-	13,150	-	-	-	-	31,000
Other	(165,412)	-	-	-	-	21,000	-	-	-	-
Transfers-Internal Activities	(961,014)	(996,522)	(1,144,548)	(1,062,256)	(1,156,590)	(1,347,362)	(1,080,151)	(1,227,570)	(1,088,125)	(1,547,952)
Total Governmental Activities	10,602,996	11,784,673	12,646,919	12,805,133	11,205,210	11,049,370	12,497,437	14,152,375	15,004,115	14,563,538
Business-Type Activities										
Unrestricted Investment Earnings	67,271	89,553	107,976	98,787	60,759	27,468	20,483	18,141	16,742	12,948
Special Items:										
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	(21,000)	-	-	-	-
Extraordinary Item-Loss to Early Retire Debt	-	-	-	-	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	85,000	-	-	-	-	-
Transfers-Internal Activities	767,014	996,522	1,144,548	1,062,256	1,156,590	1,347,362	1,080,151	1,227,570	1,088,125	1,547,952
Total Business-Type Activities	834,285	1,086,075	1,252,524	1,161,043	1,302,349	1,353,830	1,100,634	1,245,711	1,104,867	1,560,900
Total Primary Government	\$ 11,437,281	\$ 12,870,748	\$ 13,899,443	\$ 13,966,176	\$ 12,507,559	\$ 12,403,200	\$ 13,598,071	\$ 15,398,086	\$ 16,108,982	\$ 16,124,438
Changes in Net Position										
Governmental Activities	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (2,614,284)	\$ (3,222,663)	\$ (409,882)	\$ (885,155)	\$ (61,112)	\$ (2,278,829)
Business-Type Activities	148,915	298,986	328,692	87,379	(155,418)	(216,112)	(92,166)	276,046	162,961	461,985
Total Primary Government	\$ (90,703)	\$ 595,137	\$ 561,057	\$ (1,956,913)	\$ (2,769,702)	\$ (3,438,775)	\$ (502,048)	\$ (609,109)	\$ 101,849	\$ (1,816,844)
Other Changes in Net Position										
Governmental Activities:										
Prior-Year Adjustments	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217	\$ (95,999)	\$ -	\$ -
Fund Reclassification	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	289,253	18,470	-	-	(66,976)	(881,193)	33,217	(95,999)	-	-
Business-Type Activities:										
Prior-Year Adjustments	-	-	(11,195)	-	(21,652)	-	-	-	-	-
Fund Reclassification	-	-	-	-	-	-	-	-	-	-
Change in Reporting Period	194,336	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	194,336	-	(11,195)	-	(21,652)	-	-	-	-	-
Total Primary Government	\$ 483,589	\$ 18,470	\$ (11,195)	\$ -	\$ (88,628)	\$ (881,193)	\$ 33,217	\$ (95,999)	\$ -	\$ -

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

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149	\$ 451,637	\$ 233,632	\$ 628,429	\$ 686,017
Unreserved/Unassigned	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)	(1,748,946)	(1,146,053)	(1,217,051)	(727,209)
Total General Fund	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)	\$ (982,822)	\$ (1,297,309)	\$ (912,421)	\$ (588,622)	\$ (41,192)
All Other Governmental Funds										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125	\$ 2,691,530	\$ 2,608,751	\$ 2,592,926	\$ 2,146,103
Unreserved/Unassigned										
Transportation Fund	123,209	128,762	189,630	160,745	89,998	94,074	-	-	-	-
Special Revenue Funds	535,689	533,857	539,357	502,679	247,763	352,525	(1,823)	(9)	-	-
Capital Projects Funds	168,105	264,513	(171,645)	(156,937)	181,139	229,037	(718)	(718)	(718)	(718)
Permanent Funds	-	-	-	-	-	-	(3,991)	(4,714)	(5,812)	(7,070)
Total All Other Governmental Fund	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304	\$ 2,403,761	\$ 2,684,998	\$ 2,603,310	\$ 2,586,396	\$ 2,138,315

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568	\$ 12,602,015	\$ 14,712,566	\$ 15,395,003	\$ 15,222,023
Assessments	17,968	21,555	22,841	21,457	28,129	27,268	28,444	-	-	-
Licenses, Permits, and Fees	530,148	536,468	531,636	550,025	546,871	611,535	601,767	657,446	617,132	692,028
Tobacco Settlement	118,321	108,619	113,691	141,347	153,819	128,977	121,422	123,799	123,745	197,138
Federal Grants and Aid	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397	7,241,824	6,490,516	6,760,196	7,106,897
Lottery Tickets	268,515	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100	319,500
Charges for Services	95,683	108,797	101,270	100,143	101,500	98,617	98,843	107,327	103,622	107,970
Fines, Forfeits, and Rents	189,525	107,115	37,183	73,444	32,841	86,520	142,355	452,358	74,552	97,815
Casino Gaming Payments	417,838	427,527	430,476	411,410	377,805	384,248	359,582	344,645	296,396	279,873
Investment Earnings	69,342	102,694	165,902	132,490	43,287	27,841	18,626	14,386	3,042	26,121
Miscellaneous	470,567	593,629	658,074	693,292	790,010	704,145	712,466	704,405	804,558	853,389
Total Revenues	17,125,140	18,706,459	19,488,040	20,139,340	19,791,688	20,875,616	22,216,644	23,917,448	24,490,346	24,902,754
Expenditures										
Legislative	86,006	91,733	97,383	104,160	102,088	98,336	99,989	103,512	109,635	116,344
General Government	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645	1,502,016	1,876,249	1,996,036	1,952,284
Regulation and Protection	602,472	686,747	699,927	735,875	750,473	734,718	778,567	784,002	883,063	858,450
Conservation and Development	407,547	384,063	428,251	442,519	510,887	504,250	527,165	662,823	668,303	945,552
Health and Hospital	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141	2,271,075	2,374,693	2,472,142	2,488,749
Transportation	573,035	648,628	1,010,056	1,190,650	1,268,269	1,440,072	1,441,006	1,534,797	1,508,262	1,482,632
Human Services	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132	6,578,719	6,967,044	7,213,996	7,835,677
Education, Libraries, and Museums	3,324,865	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875	4,255,644	4,185,168	4,226,319	4,509,914
Corrections	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466	1,920,179	1,939,091	1,958,289	2,030,842
Judicial	627,602	648,274	692,392	754,223	775,711	762,290	824,089	858,339	893,276	956,164
Capital Projects	707,023	671,124	304,964	341,148	438,724	435,288	464,023	547,212	757,001	955,785
Debt Service:										
Principal	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055	1,273,278	1,473,894	1,515,283	1,323,303
Interest	644,563	670,385	709,740	810,297	918,633	935,878	945,781	947,102	888,243	893,737
Total Expenditures	17,028,823	18,513,288	19,490,522	22,959,488	22,333,131	22,260,146	22,881,531	24,253,926	25,089,848	26,349,433
Revenue Over (Under) Expenditure	96,317	193,171	(2,482)	(2,820,148)	(2,541,443)	(1,384,530)	(664,887)	(336,478)	(599,502)	(1,446,679)
Other Financing Sources (Uses) and Special Items										
Bonds Issued	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910	1,619,625	1,554,801	1,802,290	2,761,025
Premiums on Bonds Issued	93,014	55,244	86,759	69,779	110,560	189,469	74,583	313,715	216,795	390,556
Transfers In	766,284	751,789	818,874	928,444	1,040,765	772,174	922,118	933,231	953,198	1,058,913
Transfers Out	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)	(2,005,934)	(2,175,501)	(2,041,323)	(2,606,865)
Refunding Bonds Issued	447,013	61,020	527,730	231,085	586,940	344,105	412,870	1,219,815	194,890	1,280,710
Payment to Refunded Bond Escrow	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)	(431,550)	(1,388,158)	(224,910)	(1,378,119)
Capital Lease Obligations	27,628	-	117	437	-	-	4,089	6,084	3,556	8,828
Special Items:										
Loans to Component Units	-	-	-	-	-	-	-	-	-	-
Payment from Component Units	15,000	-	-	-	13,150	-	-	-	-	31,000
Other	-	-	-	-	-	26,099	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	412,816	414,186	159,642	2,683,319	832,073	1,447,851	595,801	463,987	904,496	1,546,048
Net Change in Fund Balances	\$ 509,133	\$ 607,357	\$ 157,160	\$ (136,829)	\$ (1,709,370)	\$ 63,321	\$ (69,086)	\$ 127,509	\$ 304,994	\$ 99,369

Debt Service as a Percentage of

Noncapital Expenditures	10.34%	10.01%	10.48%	8.90%	10.23%	10.36%	10.19%	10.39%	10.40%	8.94%
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NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

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

Personal Income by Industry

Last Ten Calendar Years

(Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Farm Earnings	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000	\$ 177,760	\$ 166,000	\$ 148,000	\$ 179,000	\$ 195,000
Agricultural Services, Forestry, Fishing	43,390	48,463	47,947	51,000	50,000	42,963	66,000	57,000	60,000	75,000
Mining	210,433	239,725	241,968	177,000	213,000	85,965	128,000	189,000	158,000	172,000
Construction	7,221,766	8,279,075	8,318,690	8,264,000	7,716,000	7,510,494	7,025,000	7,276,000	7,690,000	8,187,000
Durable Goods	12,909,198	13,269,852	13,710,583	13,179,000	12,039,000	11,916,231	12,735,000	13,140,000	13,272,000	13,074,000
Nondurable Goods	5,495,647	5,718,664	5,626,388	4,445,000	4,144,000	3,984,769	4,631,000	4,261,000	4,235,000	4,168,000
Wholesale Trade	6,199,684	6,637,800	6,869,412	7,016,000	6,464,000	6,647,314	6,913,000	7,109,000	6,919,000	7,228,000
Retail Trade	7,696,592	7,938,639	8,061,698	8,149,000	7,877,000	7,737,041	8,062,000	8,281,000	8,476,000	8,756,000
Transportation and Public Utilities	3,664,577	2,631,548	2,837,925	2,996,000	2,587,000	2,630,945	4,006,000	4,167,000	3,929,000	4,250,000
Services	69,407,977	72,920,312	77,525,040	79,229,000	75,901,000	79,284,484	83,227,000	85,720,000	84,888,000	88,547,000
Federal, Civilian	1,651,650	1,731,848	1,760,774	1,762,000	1,904,000	1,968,189	1,943,000	1,769,000	1,777,000	1,803,000
Military	882,223	932,364	921,195	978,000	1,076,000	1,128,829	1,084,000	882,000	839,000	794,000
State and Local	13,126,266	13,846,143	15,044,395	15,815,000	18,150,000	15,849,480	16,579,000	17,833,000	17,994,000	18,691,000
Other ¹	38,118,358	43,670,025	51,468,018	54,757,000	56,466,000	57,335,325	60,683,000	68,335,000	68,662,000	70,911,000
Total Personal Income	\$ 166,807,307	\$ 177,997,159	\$ 192,569,668	\$ 197,006,000	\$ 194,767,000	\$ 196,299,789	\$ 207,248,000	\$ 219,167,000	\$ 219,078,000	\$ 226,851,000
Average Effective Rate ²	3.17%	3.34%	3.46%	3.45%	2.70%	2.83%	3.20%	3.48%	3.46%	3.44%

Notes: Fiscal year 2010 amounts are based on third quarter estimates.

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

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

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

Personal Income Tax Rates

Last Nine Calendar Years

(Expressed in Thousands)

Annual Income Tax Rates are applied to Taxable Income in excess of the following brackets					
<u>Year</u>	<u>Median Rate</u>	<u>Single/ Married Filing Separate</u>	<u>Married Filing Jointly</u>	<u>Head of Household</u>	<u>Average Effective Rate</u>
2002 ^[1]	4.50%	\$10,000	\$20,000	\$16,000	2.50%
2003 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.48%
2004 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.97%
2005 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.17%
2006 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.34%
2007 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.46%
2008 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.70%
2010 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.83%
Income Tax Rates are applied to Taxable Income by income range for the same brackets					

For taxable years commencing on or after January 1, 2011: ^[2]

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

Notes:

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

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

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

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

Source: Department of Revenue Services - Annual Report.

Personal Income Tax Filers and Liability by Income Level, Calendar Years 2002 and 2012

(Expressed in Thousands)

<u>Income Level</u>	Calendar Year 2002				Calendar Year 2012			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	834,684	53.8%	\$ 324,687,927	4.1%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	381,276	24.6%	1,150,699,271	14.5%
\$100,001 - \$200,000	152,952	11.0%	746,506,146	26.1%	232,875	15.0%	1,615,792,847	20.4%
\$200,001 - \$500,000	43,707	3.1%	452,609,898	15.8%	75,409	4.9%	1,231,355,358	15.5%
\$500,001 - \$2,000,000	12,202	0.9%	330,851,853	11.6%	22,092	1.4%	1,286,516,147	16.2%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	4,559	0.3%	2,322,761,022	29.3%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,550,895	100.0%	\$ 7,931,812,572	100.0%

Note: Due to confidentiality issues, the names of the ten largest tax payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2012 is the most recent year for which the data is available.

Source: Department of Revenue Services

Legal Debt Margin Information

Last Ten Fiscal Years

(Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Estimated General Fund Tax Receipts	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600	\$ 14,019,100	\$ 14,019,100	\$ 14,334,000	\$ 14,334,000
Statutory Multiplier	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	15,105,760	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160	22,430,560	22,430,560	22,934,400	22,934,400
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	12,486,174	12,938,435	13,481,602	14,266,573	14,876,927	15,110,495	15,493,181	15,180,510	18,970,659	18,456,323
Legal Debt Margin	<u>\$ 2,619,586</u>	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</u>	<u>\$ 2,373,665</u>	<u>\$ 6,937,379</u>	<u>\$ 7,250,050</u>	<u>\$ 3,963,741</u>	<u>\$ 4,478,077</u>
Legal Debt Margin as a percentage of the debt limit	<u>17.34%</u>	<u>22.66%</u>	<u>25.11%</u>	<u>28.40%</u>	<u>28.32%</u>	<u>13.58%</u>	<u>30.93%</u>	<u>32.32%</u>	<u>17.28%</u>	<u>19.53%</u>
Date Calculation was made	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10	10/1/11	2/1/12	7/1/13	12/15/13

Source: State of Connecticut General Obligation Bonds Offering Statement dated December 15, 2013.

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Thousands)

	2005	2006	2007
Governmental Activities			
General Obligation Bonds	\$ 9,905,242	\$ 10,211,493	\$ 10,596,581
Transportation Obligation Bonds	3,113,875	3,094,001	2,822,585
Long-Term Notes	209,560	146,090	-
Capital Leases	76,955	60,491	56,244
Total Governmental Activities	13,305,632	13,512,075	13,475,410
Business-Type Activities			
Revenue Bonds	1,619,658	1,523,130	1,577,723
Total Business-Type Activities	1,619,658	1,523,130	1,577,723
Total Primary Government	\$ 14,925,290	\$ 15,035,205	\$ 15,053,133
Debt as a Percentage of Personal Income	8.95%	8.45%	7.82%
Amount of Debt Per Capita	\$4,256	\$4,274	\$4,268

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.
Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(Expressed in Thousands)

	2005	2006	2007
General Obligation Bonds	\$ 9,905,242	\$ 10,211,493	\$ 10,596,581
Transportation Obligation Bonds	3,113,875	3,094,001	2,822,585
Debt Service Fund Balance	(677,555)	(674,630)	(676,894)
Net General Obligation Bonded Debt	\$ 12,341,562	\$ 12,630,864	\$ 12,742,272
Net General Obligation Debt as a Percentage of Personal Income	7.40%	7.10%	6.62%
Amount of Net GO Debt Per Capita	\$3,519	\$3,590	\$3,613

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

2008	2009	2010	2011	2012	2013	2014
\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228	\$ 15,281,579
2,790,682	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875	3,771,260
-	228,160	1,143,955	915,795	747,935	573,365	580,775
51,748	47,129	41,702	42,995	42,759	38,218	37,820
<u>15,935,000</u>	<u>16,535,829</u>	<u>17,808,850</u>	<u>18,110,725</u>	<u>18,042,610</u>	<u>18,301,686</u>	<u>19,671,434</u>
<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>	<u>1,212,681</u>
<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>	<u>1,212,681</u>
<u>\$ 17,293,084</u>	<u>\$ 18,137,626</u>	<u>\$ 19,307,230</u>	<u>\$ 19,666,943</u>	<u>\$ 19,481,955</u>	<u>\$ 19,678,384</u>	<u>\$ 20,884,115</u>
8.78%	9.31%	9.84%	9.49%	8.89%	8.98%	9.21%
\$4,877	\$5,092	\$5,399	\$5,492	\$5,427	\$5,471	\$5,806

2008	2009	2010	2011	2012	2013	2014
\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228	\$ 15,281,579
2,790,682	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875	3,771,260
(683,636)	(679,384)	(687,752)	(708,645)	(703,376)	(660,113)	(659,543)
<u>\$ 15,199,616</u>	<u>\$ 15,581,156</u>	<u>\$ 15,935,441</u>	<u>\$ 16,443,290</u>	<u>\$ 16,548,540</u>	<u>\$ 17,029,990</u>	<u>\$ 18,393,296</u>
7.72%	8.00%	8.12%	7.93%	7.55%	7.77%	8.11%
\$4,286	\$4,374	\$4,456	\$4,592	\$4,610	\$4,736	\$5,114

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
University of Connecticut and Health Center				
Gross Revenues	\$ 1,408,197	\$ 1,476,058	\$ 1,578,763	\$ 1,577,646
Operating Expenses	<u>1,270,111</u>	<u>1,327,713</u>	<u>1,388,753</u>	<u>1,482,749</u>
Net Available Revenues	<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>	<u>\$ 94,897</u>
Debt Service:				
Principal	\$ 57,660	\$ 61,964	\$ 69,921	\$ 74,846
Interest	<u>11,158</u>	<u>13,032</u>	<u>15,901</u>	<u>15,897</u>
Total	<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>	<u>\$ 90,743</u>
Coverage	2.01	1.98	2.21	1.05
State Universities				
Gross Revenues	\$ 529,180	\$ 549,800	\$ 580,879	\$ 631,477
Operating Expenses	<u>464,940</u>	<u>496,923</u>	<u>529,744</u>	<u>568,197</u>
Net Available Revenues	<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>	<u>\$ 63,280</u>
Debt Service:				
Principal	\$ 63,673	\$ 16,294	\$ 79,813	\$ 18,669
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>	<u>\$ 18,669</u>
Coverage	1.01	3.25	0.64	3.39
Clean Water				
Gross Revenues	\$ 47,439	\$ 54,295	\$ 55,955	\$ 50,557
Operating Expenses	<u>755</u>	<u>856</u>	<u>747</u>	<u>564</u>
Net Available Revenues	<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>	<u>\$ 49,993</u>
Debt Service:				
Principal	\$ 38,207	\$ 34,386	\$ 62,192	\$ 42,520
Interest	<u>26,985</u>	<u>25,220</u>	<u>29,436</u>	<u>22,048</u>
Total	<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>	<u>\$ 64,568</u>
Coverage	0.72	0.90	0.60	0.77
Second Injury & Compensation Assurance¹				
Gross Revenues	\$ 96,918	\$ -	\$ -	\$ -
Operating Expenses	<u>55,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Available Revenues	<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:				
Principal	\$ 54,255	\$ -	\$ -	\$ -
Interest	<u>2,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	0.72	-	-	-

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,806,256	\$ 1,786,129	\$ 1,774,037	\$ 1,975,204	\$ 1,814,856	\$ 2,236,397
<u>1,592,289</u>	<u>1,569,966</u>	<u>1,673,797</u>	<u>1,669,601</u>	<u>1,738,237</u>	<u>1,915,644</u>
<u>\$ 213,967</u>	<u>\$ 216,163</u>	<u>\$ 100,240</u>	<u>\$ 305,603</u>	<u>\$ 76,619</u>	<u>\$ 320,753</u>
\$ 76,148	\$ 79,655	\$ 95,962	\$ 90,400	\$ 61,905	\$ 17,810
<u>52,307</u>	<u>53,523</u>	<u>52,730</u>	<u>49,723</u>	<u>52,254</u>	<u>50,069</u>
<u>\$ 128,455</u>	<u>\$ 133,178</u>	<u>\$ 148,692</u>	<u>\$ 140,123</u>	<u>\$ 114,159</u>	<u>\$ 67,879</u>
1.67	1.62	0.67	2.18	0.67	4.73
\$ 629,832	\$ 669,388	\$ 702,729	\$ 687,772	\$ 722,893	\$ 815,596
<u>589,022</u>	<u>599,792</u>	<u>588,571</u>	<u>589,972</u>	<u>603,660</u>	<u>651,797</u>
<u>\$ 40,810</u>	<u>\$ 69,596</u>	<u>\$ 114,158</u>	<u>\$ 97,800</u>	<u>\$ 119,233</u>	<u>\$ 163,799</u>
\$ 19,163	\$ 18,976	\$ 32,986	\$ 69,526	\$ 16,211	\$ 18,052
<u>-</u>	<u>-</u>	<u>11,851</u>	<u>11,572</u>	<u>10,300</u>	<u>11,654</u>
<u>\$ 19,163</u>	<u>\$ 18,976</u>	<u>\$ 44,837</u>	<u>\$ 81,098</u>	<u>\$ 26,511</u>	<u>\$ 29,706</u>
2.13	3.67	2.55	1.21	4.50	5.51
\$ 52,232	\$ 64,648	\$ 59,714	\$ 60,032	\$ 77,527	\$ 56,751
<u>465</u>	<u>8,502</u>	<u>9,468</u>	<u>11,078</u>	<u>10,971</u>	<u>3,093</u>
<u>\$ 51,767</u>	<u>\$ 56,146</u>	<u>\$ 50,246</u>	<u>\$ 48,954</u>	<u>\$ 66,556</u>	<u>\$ 53,658</u>
\$ 46,897	\$ 53,745	\$ 67,310	\$ 70,687	\$ 70,578	\$ 70,603
<u>23,635</u>	<u>37,113</u>	<u>32,724</u>	<u>35,226</u>	<u>33,057</u>	<u>32,582</u>
<u>\$ 70,532</u>	<u>\$ 90,858</u>	<u>\$ 100,034</u>	<u>\$ 105,913</u>	<u>\$ 103,635</u>	<u>\$ 103,185</u>
0.73	0.62	0.50	0.46	0.64	0.52
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-

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Pledged-Revenue Coverage (Continued)

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Bradley Parking Garage				
Gross Revenues	\$ 23,351	\$ 24,651	\$ 23,168	\$ 22,984
Operating Expenses	<u>7,971</u>	<u>10,467</u>	<u>8,522</u>	<u>8,968</u>
Net Available Revenues	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>	<u>\$ 14,016</u>
Debt Service:				
Principal	\$ 1,885	\$ 2,040	\$ 2,210	\$ 1,460
Interest	<u>3,518</u>	<u>3,099</u>	<u>3,558</u>	<u>3,451</u>
Total	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>	<u>\$ 4,911</u>
Coverage	2.85	2.76	2.54	2.85
Drinking Water				
Gross Revenues	\$ 5,963	\$ 10,187	\$ 22,664	\$ 17,164
Operating Expenses	<u>1,743</u>	<u>3,391</u>	<u>2,570</u>	<u>2,576</u>
Net Available Revenues	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 20,094</u>	<u>\$ 14,588</u>
Debt Service:				
Principal	\$ 1,513	\$ 1,839	\$ 3,209	\$ 2,660
Interest	<u>2,130</u>	<u>2,067</u>	<u>2,081</u>	<u>1,633</u>
Total	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>	<u>\$ 4,293</u>
Coverage	1.16	1.74	3.80	3.40
Rate Reduction Bonds¹				
Gross Revenues	\$ 23,075	\$ 44,376	\$ 32,417	\$ 35,261
Operating Expenses	<u>150</u>	<u>320</u>	<u>310</u>	<u>305</u>
Net Available Revenues	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>	<u>\$ 34,956</u>
Debt Service:				
Principal	\$ 12,605	\$ 26,145	\$ 27,155	\$ 28,450
Interest	<u>7,428</u>	<u>9,029</u>	<u>7,733</u>	<u>6,436</u>
Total	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>	<u>\$ 34,886</u>
Coverage	1.14	1.25	0.92	1.00

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

¹ Second Injury bonds were liquidated in fiscal year 2005.

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 20,375	\$ 18,792	\$ 21,076	\$ 21,723	\$ 23,029	\$ 24,640
9,039	8,776	8,609	8,287	9,140	8,828
<u>\$ 11,336</u>	<u>\$ 10,016</u>	<u>\$ 12,467</u>	<u>\$ 13,436</u>	<u>\$ 13,889</u>	<u>\$ 15,812</u>
\$ 1,550	\$ 1,650	\$ 1,755	\$ 1,865	\$ 1,990	\$ 2,120
3,437	3,620	3,378	3,172	3,218	2,384
<u>\$ 4,987</u>	<u>\$ 5,270</u>	<u>\$ 5,133</u>	<u>\$ 5,037</u>	<u>\$ 5,208</u>	<u>\$ 4,504</u>
2.27	1.90	2.43	2.67	2.67	3.51
\$ 10,714	\$ 14,714	\$ 17,935	\$ 9,706	\$ 12,786	\$ 29,427
4,184	7,068	8,802	5,032	5,601	8,207
<u>\$ 6,530</u>	<u>\$ 7,646</u>	<u>\$ 9,133</u>	<u>\$ 4,674</u>	<u>\$ 7,185</u>	<u>\$ 21,220</u>
\$ 2,718	\$ 3,964	\$ 4,055	\$ 4,643	\$ 4,952	\$ 5,727
1,794	2,405	2,141	2,391	2,163	1,706
<u>\$ 4,512</u>	<u>\$ 6,369</u>	<u>\$ 6,196</u>	<u>\$ 7,034</u>	<u>\$ 7,115</u>	<u>\$ 7,433</u>
1.45	1.20	1.47	0.66	1.01	2.85
\$ 18,319	\$ -	\$ -	\$ -	\$ -	\$ -
747	-	-	-	-	-
<u>\$ 17,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 110,990	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 110,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.16	-	-	-	-	-

Demographic and Economic Statistics

Population and Per Capita Personal Income

Last Ten Calendar Years

(Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2005	295,517	0.93%	3,507	0.31%
2006	298,380	0.97%	3,518	0.31%
2007	301,231	0.96%	3,527	0.26%
2008	304,094	0.95%	3,546	0.54%
2009	306,772	0.88%	3,562	0.45%
2010	309,330	0.83%	3,576	0.39%
2011	311,592	0.73%	3,581	0.14%
2012	314,168	0.83%	3,590	0.25%
2013	316,395	0.71%	3,596	0.17%
2014	318,857	0.78%	3,597	0.03%

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
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%
2010	153,741	139,119	14,623	9.5%
2011	153,421	139,334	14,087	9.2%
2012	155,063	142,974	12,088	7.8%
2013	155,835	144,058	11,777	7.6%
2014	155,700	146,247	9,453	6.1%

Sources: U.S. Department of Labor

Personal Income		Per Capita Personal Income		% Above the United States
United States	Connecticut	United States	Connecticut	
\$ 10,224,761,000	\$ 166,807,307	\$34,495	\$47,523	37.8%
\$ 11,180,604,000	\$ 177,997,159	\$37,471	\$50,596	35.0%
\$ 11,867,043,000	\$ 192,569,668	\$39,395	\$54,599	38.6%
\$ 12,002,122,000	\$ 197,006,000	\$39,468	\$55,557	40.8%
\$ 12,083,900,000	\$ 194,767,000	\$39,390	\$54,679	38.8%
\$ 12,590,671,000	\$ 196,299,789	\$40,703	\$54,894	34.9%
\$ 13,017,400,000	\$ 207,248,000	\$41,777	\$57,874	38.5%
\$ 13,355,900,000	\$ 219,167,000	\$42,512	\$61,049	43.6%
\$ 14,138,400,000	\$ 219,078,000	\$44,686	\$60,923	36.3%
\$ 14,792,000,000	\$ 219,078,000	\$46,391	\$60,906	31.3%

Connecticut Labor Force			
Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%
1,887	1,721	166	8.8%
1,886	1,715	166	8.8%
1,898	1,728	170	9.0%
1,851	1,702	149	8.0%
1,879	1,753	126	6.7%

Demographic and Economic Statistics

Top Ten Non-Governmental Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2014</u>				<u>2005</u>		
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>		<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>
United Technologies Corp. UTC	24,000	1.4%	1	(1)	26,126	1.5%	1
Yale University & Health Sys	14,001	0.8%	2		11,250	0.7%	5
Stop & Shop Co. LLC	13,574	0.8%	3	(2)	15,057	0.9%	2
Foxwoods Resort Casino	10,500	0.6%	4		11,500	0.7%	4
Immucor	7,200	0.4%	5		-	0.0%	-
Mohegan Sun Casino	6,000	0.3%	6		10,500	0.6%	6
Northeast Utilities	5,001	0.3%	7		4,615	0.3%	-
Hartford Financial Services	5,000	0.3%	8		11,500	0.7%	3
Aetna Inc.	4,000	0.2%	9		7,200	0.4%	9
Cigna Corp	4,000	0.2%	10		6,480	0.4%	10
Total	93,276	5.3%			104,228	6.2%	

Sources: 2004 -Hartford Business Journal (HBJ), 2014 Infogroup, Omaha, NE

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

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

State Employees by Function

Last Nine Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Primary Government										
Legislative	665	668	695	701	713	706	705	716	705	685
General Government	3,645	3,654	3,783	3,897	3,811	3,630	3,584	3,453	3,107	3,324
Regulation and Protection	4,196	4,258	4,324	4,384	4,271	4,088	4,099	3,999	3,945	4,064
Conservation and Development	1,296	1,302	1,306	1,356	1,388	1,293	1,296	1,393	1,324	1,303
Health and Hospital	7,668	7,774	7,841	7,984	4,138	3,925	3,844	3,862	3,857	3,822
Transportation	3,053	3,131	3,198	3,256	3,139	3,070	3,055	3,018	2,986	3,027
Human Services	1,847	1,891	1,969	2,046	1,982	5,175	5,133	5,017	4,618	4,841
Education, Libraries, and Museums	18,874	19,375	19,619	20,219	20,126	20,225	20,777	21,692	21,203	20,937
Corrections	9,738	9,797	9,927	10,116	10,034	9,539	9,243	9,151	8,628	8,588
Judicial	4,297	4,381	4,457	4,628	4,567	4,601	4,626	4,744	4,605	4,597
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>	<u>56,252</u>	<u>56,362</u>	<u>57,045</u>	<u>54,978</u>	<u>55,188</u>

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

The total for the primary government includes the employees of the University of Connecticut, the University of Connecticut Health Center, and the Board of Regents for Higher Education which includes the State University System and the Connecticut Community Colleges.

Operating Indicators by Function

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Legislative</u>										
Office of Legislative Management										
Number of Public and Special Acts	267	319	206	256	200	270	217	273	221	311
Number of Amendments Drafted	2,614	2,102	2,040	2,977	2,853	3,889	2,717	3,043	2,458	2,756
<u>General Government</u>										
Office of the State Treasurer										
% of Payments made Electronically	51.5%	56.7%	56.2%	64.2%	66.1%	69.0%	68.8%	63.4%	74.6%	69.6%
Number of Unclaimed Property Claims Paid	11,938	11,985	22,732	20,930	16,787	14,481	17,360	17,933	18,381	17,852
Department of Revenue Services										
% of Income Tax Returns Filed Electronically	45.0%	54.0%	67.0%	70.2%	72.4%	70.5%	75.0%	78.0%	81.0%	82.0%
Revenue Collected per \$1 of Agency Expense	\$191	\$202	\$202	\$207	\$207	\$178	\$203	\$250	\$270	\$256
Department of Construction Services										
Number of Construction Contracts Awarded	25	27	34	28	13	20	28	22	26	n/a
State Floor Space Owned and Leased	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460	7,465,869	7,129,801	7,895,255	n/a
<u>Regulation and Protection</u>										
Department of Emergency Services & Public Protection										
Number of Background Checks - Firearms	40,508	38,672	35,159	64,766	29,693	44,632	37,194	33,064	38,304	47,745
Number of Fingerprint Checks for CT/Pd's	118,717	107,056	122,193	258,111	178,379	165,603	211,163	138,044	110,452	98,216
Department of Motor Vehicles										
Number of Registered Motor Vehicles	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772	3,007,638	2,974,801	2,973,691	2,272,537
Number of Licensed Drivers	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143	2,934,576	2,986,267	3,029,328	2,534,090
Department of Labor										
Number of Initial Unemployment Claims	248,109	222,770	222,553	215,404	261,400	326,179	299,563	335,166	275,782	265,700
Persons Using Employment Service (1)	54,915	61,103	116,100	140,922	170,701	211,613	228,283	228,203	218,879	218,879
<u>Conservation and Development</u>										
Department of Energy & Environmental Protection										
Nitrogen Discharged into Long Island Sound (2)	11,607	11,208	10,940	10,558	9,100	8,400	7,670	7,670	7,500	7,500
Attained Goal of Open Space (3)	77.4%	77.6%	77.8%	78.0%	78.0%	79.0%	81.0%	79.0%	81.0%	81.0%
<u>Health and Hospitals</u>										
Department of Public Health										
Number of Tuberculosis Cases Served (severed includes both active and latent cases)	3,518	3,041	3,238	3,498	2,770	3,124	3,006	2,103	1,988	1,515
Number of Licenses Applications - New	11,592	12,914	12,750	15,439	12,595	12,964	14,899	14,510	13,976	17,116
Number of Licenses Applications - Renewal	145,985	136,069	133,887	140,973	123,014	149,818	151,205	149,370	150,663	153,997
Department of Developmental Services										
Number of Qualified Providers	132	127	161	184	176	188	204	233	239	248
Number of Persons Served in Various Programs	20,148	19,997	20,256	15,148	15,270	15,390	15,495	15,640	15,858	16,037
<u>Human Services</u>										
Department of Social Services										
Number of Medicaid Eligible Clients	393,998	403,972	399,635	392,179	409,960	434,480	465,667	556,558	581,174	610,527
Temp Family Assistance Average Caseload	24,658	24,104	22,556	21,124	20,203	20,862	20,862	20,517	19,223	18,506
Child Care Number of Children Served	19,799	18,920	21,440	22,523	21,422	18,204	18,204	20,154	20,747	13,804
<u>Education</u>										
Department of Higher Education										
Number of Degrees Conferred - Statewide	33,659	34,582	35,694	36,045	36,634	38,047	38,912	40,218	n/a	n/a
Enrollment - Statewide	172,631	174,257	176,542	178,855	184,544	191,134	193,212	200,637	n/a	n/a

Operating Indicators by Function

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Transportation</u>										
Department of Transportation										
Active Construction Projects	190	181	159	175	212	281	257	188	102	117
Miles of Road Resurfaced	362	305	191	218	265	215	282	258	340	326
Estimated Billions of Persons Using Roadways	4.154	4.191	4.228	4.265	4.302	4.399	4.313	4,353	4,157	4,185
<u>Corrections</u>										
Department of Corrections										
Incarcerated Population	18,837	18,390	18,352	18,970	19,482	19,204	18,431	17,631	16,591	16,674
Direct Daily Inmate Expenditures	\$76	\$81	\$84	\$86	\$90	\$92	\$90	\$95	\$95	\$ 95
<u>Judicial</u>										
Judicial Branch										
Number of Superior Court Cases Filed	536,501	517,836	542,655	547,354	570,497	563,572	567,607	513,511	468,981	443,135
Average Number of Supervised Probationers	57,516	56,145	58,117	57,597	56,500	56,555	57,778	53,345	50,699	48,779

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

(2) Average annual number of tons

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

n/a = statistic not available at time of publication

Capital Assets by Function

Last Ten Fiscal Years

		2005	2006	2007	2008
Legislative	Total \$	170,236 \$	169,165 \$	168,585 \$	170,185
Buildings		156,802	156,802	156,802	158,449
Equipment		13,434	12,363	11,783	11,736
General Government	Total \$	649,856 \$	750,105 \$	940,122 \$	1,060,383
Land		142,117	152,290	156,894	158,454
Construction in Progress		136,592	113,739	330,272	386,317
Buildings		172,778	271,169	201,892	206,930
Improvements Other than Buildings		48,740	51,319	51,319	51,319
Equipment		149,629	161,588	199,745	257,363
Regulation and Protection	Total \$	404,080 \$	407,636 \$	393,026 \$	392,819
Land		9,971	9,971	9,930	9,980
Buildings		192,720	192,720	210,729	201,412
Improvements Other than Buildings		15,620	15,608	16,107	26,580
Equipment		185,769	189,337	156,260	154,847
Conservation and Development	Total \$	396,141 \$	406,522 \$	441,614 \$	460,286
Land		186,985	189,754	221,438	233,759
Buildings		101,792	104,456	106,053	107,762
Improvements Other than Buildings		60,629	61,522	62,957	63,699
Equipment		46,735	50,790	51,166	55,066
Health and Hospital	Total \$	280,546 \$	291,535 \$	301,903 \$	291,844
Land		7,653	7,587	7,587	6,892
Buildings		222,456	233,343	234,072	224,808
Improvements Other than Buildings		15,133	16,922	17,013	16,767
Equipment		35,304	33,683	43,231	43,377
Transportation	Total \$	13,446,989 \$	13,845,896 \$	14,333,229 \$	15,043,055
Land		893,160	902,133	925,204	958,763
Construction in Progress		1,244,525	1,544,958	1,629,903	956,131
Buildings		507,662	438,355	467,737	479,255
Improvements Other than Buildings		280,065	246,032	246,088	246,664
Equipment		592,481	636,398	620,978	772,476
Infrastructure		9,929,096	10,078,020	10,443,319	11,629,766
Human Services	Total \$	15,149 \$	13,705 \$	11,478 \$	13,807
Improvements Other than Buildings		-	-	-	-
Equipment		15,149	13,705	11,478	13,807
Education, Libraries, and Museums	Total \$	404,412 \$	425,930 \$	458,586 \$	517,232
Land		1,027	1,027	1,027	1,027
Buildings		245,279	263,280	294,811	350,948
Improvements Other than Buildings		8,060	8,060	8,060	8,079
Equipment		150,046	153,563	154,688	157,178
Corrections	Total \$	1,052,584 \$	940,306 \$	1,059,023 \$	964,442
Land		11,388	20,388	20,388	19,351
Buildings		916,294	809,175	812,869	721,522
Improvements Other than Buildings		59,275	48,581	51,331	48,863
Equipment		65,627	62,162	174,435	174,706
Judicial	Total \$	359,114 \$	384,345 \$	389,968 \$	394,221
Land		11,467	11,467	11,616	11,616
Buildings		277,774	299,165	303,080	303,080
Improvements Other than Buildings		1,805	1,755	1,755	1,755
Equipment		68,068	71,958	73,517	77,770
Total Capital Assets at Historical Cost	\$	17,179,107 \$	17,635,145 \$	18,497,534 \$	19,308,274
Total Accumulated Depreciation	\$	(7,538,788) \$	(7,880,552) \$	(8,545,550) \$	(9,280,140)
Governmental Activities, Capital Assets, Net	\$	9,640,319 \$	9,754,593 \$	9,951,984 \$	10,028,134

2009*	2010	2011	2012	2013	2014
\$ 168,584	\$ 168,349	\$ 171,245	\$ 170,329	\$ 170,552	\$ 171,283
156,585	156,585	156,805	156,805	156,805	157,087
11,999	11,764	14,440	13,524	13,747	14,195
\$ 1,154,135	\$ 1,218,961	\$ 1,189,407	\$ 1,017,372	\$ 1,259,818	\$ 1,254,165
160,947	180,404	191,400	193,063	189,192	190,216
379,176	331,767	296,604	144,159	308,902	233,319
244,017	297,601	297,821	297,896	321,232	382,840
54,768	54,763	54,741	54,741	53,638	53,937
315,227	354,426	348,841	327,513	386,854	384,854
\$ 376,832	\$ 395,028	\$ 402,401	\$ 452,633	\$ 481,959	\$ 557,330
8,823	8,837	8,837	8,775	8,775	8,775
201,776	209,095	210,755	236,968	256,762	320,719
17,076	17,181	19,837	19,846	19,846	24,430
149,157	159,915	162,972	187,044	196,576	203,406
\$ 475,504	\$ 571,685	\$ 590,538	\$ 603,652	\$ 614,615	\$ 630,730
248,585	345,121	355,989	366,999	374,267	381,167
104,476	104,548	107,653	107,146	107,640	108,731
63,340	65,650	69,317	70,753	72,907	75,717
59,103	56,366	57,579	58,754	59,801	65,114
\$ 300,135	\$ 304,608	\$ 311,328	\$ 298,566	\$ 357,353	\$ 358,066
6,913	6,911	6,911	6,767	6,561	6,752
222,123	224,682	239,079	227,432	283,644	284,411
26,061	27,094	18,757	16,988	18,778	18,800
45,038	45,921	46,581	47,382	48,370	48,103
\$ 15,637,149	\$ 16,256,933	\$ 17,338,101	\$ 18,343,934	\$ 19,395,070	\$ 20,444,797
942,688	993,751	1,004,641	1,036,517	1,060,109	1,072,625
973,326	1,387,610	2,043,549	2,441,123	2,690,602	3,231,739
466,452	481,206	543,331	560,152	576,030	746,765
247,521	246,075	246,874	254,243	260,263	211,743
740,699	592,510	843,984	1,028,099	1,155,032	1,357,277
12,266,463	12,555,781	12,655,722	13,023,800	13,653,034	13,824,648
\$ 13,809	\$ 14,441	\$ 14,142	\$ 13,926	\$ 16,843	\$ 16,841
-	-	667	667	667	667
13,809	14,441	13,475	13,259	16,176	16,173
\$ 570,910	\$ 773,831	\$ 776,143	\$ 779,508	\$ 977,529	\$ 1,064,712
1,027	1,027	1,027	1,027	1,027	1,027
406,118	608,276	608,276	608,276	802,713	890,490
8,200	8,211	8,217	8,217	8,217	209
155,565	156,317	158,623	161,988	165,572	172,986
\$ 978,850	\$ 975,787	\$ 1,003,179	\$ 1,010,491	\$ 1,007,522	\$ 1,012,802
10,351	10,351	10,351	10,305	10,305	10,322
737,481	740,705	760,336	756,975	759,122	762,754
51,437	50,793	51,140	51,481	51,515	52,162
179,581	173,938	181,352	191,730	186,580	187,563
\$ 439,743	\$ 454,167	\$ 448,899	\$ 450,962	\$ 456,279	\$ 462,672
14,616	15,648	15,648	15,648	15,648	15,648
343,153	351,821	351,830	351,922	351,922	351,922
1,767	1,657	1,740	3,242	4,675	5,369
80,207	85,041	79,681	80,150	84,034	89,733
\$ 20,115,651	\$ 21,133,790	\$ 22,245,383	\$ 23,141,373	\$ 24,737,540	\$ 25,973,398
\$ (9,921,291)	\$ (10,563,938)	\$ (11,321,085)	\$ (12,175,489)	\$ (12,750,730)	\$ (13,433,773)
\$ 10,194,360	\$ 10,569,852	\$ 10,924,298	\$ 10,965,884	\$ 11,986,810	\$ 12,539,625

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State Comptroller

Martha Carlson
Deputy Comptroller

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