



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2022

CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
COMPTROLLER SEAN SCANLON
FEBRUARY 2023

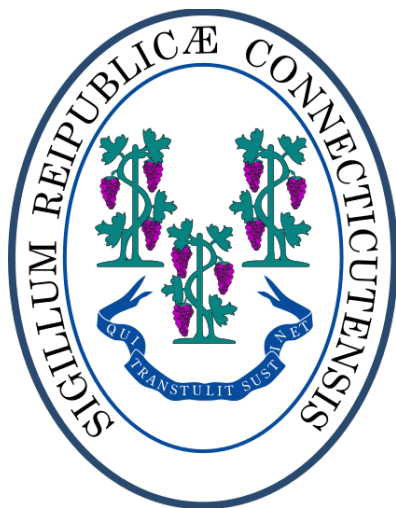


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Connecticut

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2022



Ned Lamont
GOVERNOR

Sean Scanlon
STATE COMPTROLLER

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

<https://www.osc.ct.gov/reports/annualreport2022.pdf>

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

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INTRODUCTORY SECTION

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SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



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

February 24, 2023

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

It is a privilege to present the State of Connecticut Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022. This report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

While much of this report is written in a formal and technical manner, my office has presented the information in a comprehensible way to help readers understand the state's overall economic and fiscal position.

This report devotes significant attention to the state's General Fund as it is the largest single governmental fund and is most referenced by the media and the public as a key indicator of the State of Connecticut's finances. About three-quarters of all governmental financial transactions relating to providing state services and the collection of revenues to pay for those services occur within the General Fund.

The General Fund budget is formulated, implemented, and modified during the fiscal year using the statutory or budgetary form of accounting that incorporated certain revenue and expenditure accruals that are not consistent in every instance with the GAAP method of reporting used in this publication. For Fiscal year 2022 General Fund results on the GAAP basis of accounting, please refer to the Governmental Fund Financial Statements section of this report beginning on page 48. The differences between the statutory basis of accounting and the GAAP presentation in the Annual Comprehensive Financial Report are discussed in more detail beginning on page 128 of this report. This discussion includes a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance as of June 30, 2022.

The General Fund ended Fiscal Year 2022 with a surplus of \$1,261,300,893. In a typical year the surplus would be transferred to the Budget Reserve Fund (BRF), but the balance in the BRF has reached the statutory limit of 15 percent of current year net General Fund appropriations. Therefore, a separate provision of the Connecticut General Statutes (CGS) was applied as described below. The Transportation Fund had an operating surplus of \$156,627,192, which left a positive fund balance of \$397,760,868 at the close of Fiscal Year 2022. STF spending totaled \$1,723,890,015 in FY 2022, increasing by \$25.4 million or 1.5 percent compared with the prior fiscal year.

In FY 2022, for the fifth consecutive year, significant progress was made toward building the balance in the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2022, the cap was just over \$3.5 billion for estimated and final income tax payments and revenue from the Pass-through Entity Tax. At year-end, a volatility transfer of \$3.05 billion was made to the BRF.

Prior to the close of FY 2022, the balance of the BRF was just over \$3.11 billion. Adding the \$3.05 billion volatility cap brought the BRF total to \$6.16 billion, or 27.9 percent of net General Fund appropriations for FY 2022. As a result, the BRF was \$2.85 billion above the statutory 15 percent cap. According to CGS Section 4-30a (c)(1)(A), no further transfers will be made to BRF. Instead, the State Treasurer transfers any remaining General Fund surplus, as he determines to be in the state's best interest, as follows:

1. first to reduce the State Employees Retirement Fund's (SERF) unfunded liability by up to 5%,
2. next to reduce the Teachers' Retirement Fund's (TRF) unfunded liability by up to 5%, and
3. third to make additional payments towards the SERF.

In September the State Treasurer elected to transfer \$903.6 million to TRF, with the remaining balance of \$1,942.4 million going to SERF. The General Fund surplus of \$1,261.3 million was transferred to SERF in December, with \$14.2 million for SEBAC vs Rowland settlements and the remainder to reduce the unfunded pension liability.

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

A complete discussion of Fiscal Year 2022 budget and fiscal trends is contained in the Management Discussion and Analysis (MDA) section of this report.

Major Legislative Initiatives

A number of significant legislative initiatives were enacted during the 2022 legislative session of the Connecticut General Assembly. The following summaries were adapted from the Office of Legislative Research's "Major Public Acts 2022 Legislative Session."

Gas Tax Suspension and Free Bus Rides: *Public Act No. 22-2 "An Act Suspending Certain Tax and Sales and Use Taxes on Certain Closing and Allocating Funds for Free Public Bus Services."*

In response to rising gas prices, the legislature initially (1) suspended the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol until June 30, 2022, and allocated funding to the Department of Transportation to provide free public bus transportation services through the end of the fiscal year. The budget act extended the gas tax suspension and allocated additional funding to provide free bus service through November 30, 2022 (see below). The November Special Session further extended the gas tax suspension and free bus service through December 31, 2022, with the tax phased back in over a period of five months at five cents per month beginning January 1, 2023 (see below).

Legislators and Constitutional Officers Compensation: *Public Act No. 22-85 “An Act Concerning the Compensation of Legislators and Constitutional Officers.”*

For the first time since 2000, the legislature enacted an increase in elected officials’ compensation. Beginning with the next legislative term, a new law increases base legislator salary and salaries for specific leadership positions and requires that these amounts be adjusted for inflation in each subsequent term. The act also makes salaries for the governor, lieutenant governor, and constitutional officers equal to specified salaries in the judicial branch beginning with the next term for these offices. For subsequent terms, the act generally links the elected office’s salary with the corresponding judicial salary.

Notable From the State Budget Adjustment Bill: *Public Act No. 22-118 “An Act Adjusting the State Budget for the Biennium Ending June 30, 2023, Concerning Provisions Related to Revenue, School Construction and Other Items to Implement the State Budget and Authorizing and Adjusting Bonds of the State.”*

Premium Pay (Sections 143-144): The legislature established the Connecticut Premium Pay program to provide \$200 to \$1,000 to eligible applicants, depending on their individual income and whether the program is sufficiently funded. Eligible applicants generally must (1) have worked during the entire COVID-19 emergency; (2) been eligible for a COVID-19 vaccination in phase 1a or 1b of the CDC’s COVID-19 vaccination program; (3) be private-sector employees; (4) not have been employed in a capacity where they worked from home; and (5) have an individual income less than \$150,000. Applicants must have submitted a claim for program benefits by October 1, 2022. In the November Special Session \$45 million of additional funding was added to the original funding of \$30 million. In addition, the unexpended balance of funds from the \$34 million made available for the Connecticut Essential Workers COVID-19 Assistance Program will be made available for the Connecticut Premium Pay Program (see below).

State Tax Changes (various sections): The FY 23 budget adjustment act makes a number of tax and revenues changes, including (1) accelerate the pension and annuity income tax exemption phase-in by allowing qualifying taxpayers to deduct 100% of this income beginning with the 2022 tax year; (2) increases the property tax credit from \$200 to \$300 and expands the number of taxpayers who may claim it; and (3) establishes a one-time child tax rebate for qualifying taxpayers equal to \$250 per child, for up to three children.

Extension of Gas Tax Suspension and Free Bus Rides (Sections 10 & 435): The budget act extended the gas tax suspension and allocated additional funding to provide free bus service through November 30, 2022.

Notable from the November Special Session: *Public Act No. 22-1 “An Act Concerning the Suspension of Certain Gas Taxes, the Extension of Free Bus Service, Bottle Deposit Labels and Funding for the Connecticut Premium Pay Program and Energy Assistance.”*

Extension of Gas Tax Suspension and Free Bus Service (Section 1): The November Special Session further extended the gas tax suspension and free bus service through

December 31, 2022, with the tax phased back in over a period of five months at five cents per month beginning January 1, 2023.

Premium Pay Funding (Sections 3-5): In the November Special Session \$45 million of additional funding was added to the original funding of \$30 million. In addition, the unexpended balance of funds from the \$34 million made available for the Connecticut Essential Workers COVID-19 Assistance Program will be made available for the Connecticut Premium Pay Program.

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 Annual Comprehensive Financial Report, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the state's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using full GAAP standards. The state is also required to undergo an annual "single audit" for reporting to the federal government. To meet all these requirements, the State Auditors of Public Accounts have examined our office's financial statements and the appropriate supporting documentation.

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its boundaries, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,626,205 according to the July 1, 2022, estimate of the U.S. Census Bureau. Five large cities, Bridgeport, Stamford, New Haven, Hartford (the State Capitol since 1875), and Waterbury, have populations of more than 100,000 residents.

State Government

Separation-of-Powers provisions of the State Constitution established the three branches of state government: executive, legislative, and judicial.

The executive branch, which is responsible for enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

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

The judicial branch is responsible for interpreting and upholding our laws as consistent with the State Constitution and legal precedence and consists of three levels: The Supreme Court, the Appellate Court and, at the lowest level, the Superior Court, which is further divided by state law

into Civil, Criminal, Housing and Family Divisions. Judges of the Supreme Court, the Appellate Court and the Superior Court are nominated by the Governor from a list of candidates submitted by the Judicial Selection Commission and are confirmed by the General Assembly. They serve eight-year terms and are eligible for reappointment.

The Reporting Entity

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

Budgetary Controls

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

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

The Spending Cap

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

The spending cap limits growth in general budget expenditures to the average five-year increase in personal income or the increase in inflation, whichever is greater. Public Act 17-2, June Special Session clarified certain definitions included in the spending cap language. For example, increase in personal income is defined as the compound annual growth rate of personal income in the state over the preceding five calendar years. Increase in inflation is defined as the increase in the

Consumer Price Index for urban consumers, all items less food and energy, during the preceding calendar year.

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

Economic Condition and Outlook

FY 2022 continued the rapid recovery from the COVID-19 recession and was characterized by record high inflation, a tight labor market, and a hot housing market.

In the beginning of the fiscal year, Connecticut's unemployment rate stood at 6.3%—down by almost half just a year and half after the deepest layoffs the state had seen since the great recession. Nonfarm payroll employment totaled 1,626,600 while 117,700 residents remained unemployed. By the end of the fiscal year, Connecticut's unemployment rate dropped to 4% with 76,000 people remaining unemployed. Over the course of the fiscal year the state added 25,700 nonfarm jobs and by June the state recovered 83.4% of the 292,400 jobs lost in March and April of 2020. Three industry sectors gained jobs above pre-pandemic levels: construction, professional and business services, and trade, transportation, and utilities. Seven industry sectors experienced annual growth while one remained flat and two declined. Leisure and hospitality, the industry most affected by the pandemic, had the greatest net change in employment.

While labor market conditions have improved drastically, Connecticut still has work to do to fill open jobs and bring back those who left the labor force. In June of 2022, there were 113,000 jobs open with only 76,000 people actively looking for jobs. The pandemic severely curtailed the labor force participation rate in Connecticut due to slow population growth, early retirement, fear of the virus, and childcare issues.

Inflation rose steeply in FY22, reaching highs last seen during the 1980s. The consumer price index peaked at 9% in June 2022. Prices across the board grew with high gas prices, groceries, and rent hurting households across the country. Price growth was due to increased demand coupled with supply-chain issues, scarcity of materials, and labor shortages. The Federal reserve raised interest rates several times throughout FY22 bringing rates above zero for the first time since the pandemic. This shift in monetary policy is expected to cool demand and bring down inflation over time.

FY22 saw the continued boom of the housing market both nationally and in Connecticut due to work-from-home requirements, increased household balance sheets, low-interest rates, and an exodus from cities to suburbs. A trend emerged of low inventory and high prices reducing overall sales. Over the fiscal year in Connecticut, sales of all property types decreased 20%, according to Berkshire Hathaway Home Services while the median sales price increased 7%. Average days on the market decreased from 37 days to 27 days. At the same time, the average sales price of

properties sold in Connecticut was higher than the list price. While this was good news for existing homeowners, rapidly increasing prices excluded many first-time homebuyers from the market.

The adopted budget plan for FY 2023 anticipated a \$299.0 million General Fund surplus at year end. Through the first half of FY 23, the General Fund has a projected surplus of \$1,342.7 million on the statutory basis of accounting. Both better than budgeted revenues and lower than budgeted expenditures are driving the FY 2022 projected surplus. Projected revenues are \$836.3 million higher, driven by Sales and Use Tax collections exceeding monthly targets, Federal Grants due primarily to the federal extension of the public health emergency, Investment Income as rising interest rates and larger assets under management boost collections, and the Withholding component of the Personal Income Tax as growth in this revenue source remains above expectations. Projected expenses are \$207.4 million lower, primarily due to extension of the public health emergency by the federal government and lower salary and related expenses due to vacancies.

The balance in the Budget Reserve Fund presently stands at \$3.31 billion, the statutory threshold of 15 percent. As of this writing, an anticipated revenue volatility transfer of \$1,847.5 million would be added at fiscal year-end along with the projected FY 2022 surplus of \$1,342.7 million. This would bring the BRF balance to \$6.50 billion or 29.4 percent of net General Fund appropriations for FY 2023. If current projections hold, \$3.19 billion of that balance (above the 15 percent threshold) would be available to reduce unfunded pension liability in the State Employee Retirement Fund (SERF), the Teachers' Retirement Fund (TRF) and other outstanding indebtedness.

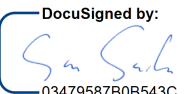
As we begin this new calendar year, Connecticut is experiencing positive trends in many key areas. The state's population remains understandably concerned about inflation and the possibility of a recession, but the resilience of Connecticut's people and the strength of its economy has been shown time and time again, most recently during the COVID-19 pandemic. Connecticut's budgetary stability is in no small part the result of recently enacted important fiscal safeguards, which must be continued.

A more complete discussion of Fiscal Year 2022 economic condition and outlook is contained in the MDA section of this report.

Acknowledgements

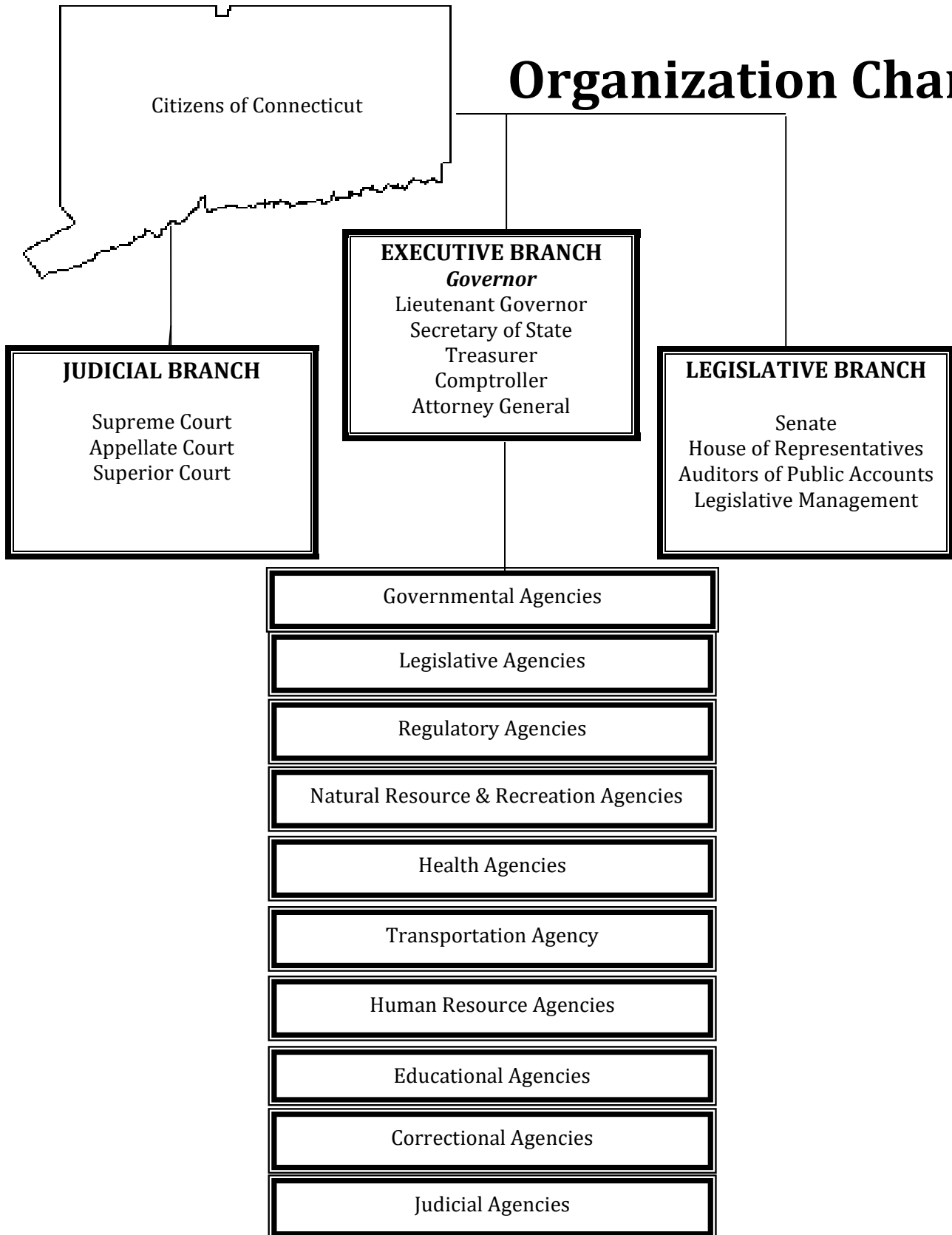
I want to thank my staff, the State Auditors, and the agency personnel who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

DocuSigned by:

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Sean Scanlon
Connecticut State Comptroller

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Organization Chart



***CONSTITUTIONAL OFFICERS
EXECUTIVE***

As of February 24, 2023

Ned M. Lamont Jr.
Governor

Susan Bysiewicz
Lieutenant Governor

Stephanie Thomas
Secretary of State

Eric Russell
Treasurer

Sean Scanlon
Comptroller

William Tong
Attorney General

LEGISLATIVE

Martin M. Looney
Democratic President Pro Tempore of the Senate

Matt Ritter
Speaker of the House of Representatives

JUDICIAL

Richard A. Robinson
Chief Justice, Supreme Court



*FINANCIAL
SECTION*

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

CLARK J. CHAPIN

INDEPENDENT AUDITORS' REPORT

The Honorable Ned Lamont, Governor
Members of the General Assembly

Report on the Audit of the Financial Statements

Opinions

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 fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State of Connecticut's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities and funds:

Table with 4 columns: Opinion Unit, Fund/Entity, and Percentage of Opinion Unit's Total (Assets, Revenues/Additions). Row 1: Governmental Activities, Special Transportation Fund, Transportation Special Tax Obligations Fund, and Transportation Restricted Grants Fund, 5%, 7%.

Opinion Unit	Fund/Entity	Percentage of Opinion Unit's Total	
		Assets	Revenues/ Additions
Business-Type Activities	John Dempsey Hospital, UConn Medical Group and Finance Corp within the University of Connecticut and Health Center, Connecticut State University System, Connecticut Community College System, Clean Water Fund Federal Account, and Drinking Water Fund Federal Account	55%	28%
Aggregate Discretely Presented Component Units	Connecticut Housing Finance Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, Materials, Innovations & Recycling Authority, Connecticut Health and Educational Facilities Authority, Connecticut Innovation Incorporated, Capital Region Development Authority, UConn Foundation, Connecticut Green Bank, and Connecticut Port Authority	100%	100%
Transportation Fund	Special Transportation Fund	100%	99%
Debt Service Fund	Transportation Special Tax Obligations Fund	100%	100%
Restricted Grants and Accounts Fund	Transportation Restricted Grants Fund	5%	8%
Aggregate Remaining Fund Information	Connecticut Paid Family Medical Leave Insurance Authority	1%	5%

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the University of Connecticut, the UConn Health, the Connecticut State University System, the Connecticut Community Colleges, and the University of Connecticut Foundation were audited in

accordance with GAAS but not in accordance *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 25 to the financial statements, effective July 1, 2021, the State of Connecticut implemented Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*, which changed accounting and financial reporting for leases. See Notes 15 and 21 for additional lease disclosures and the related restatements of certain beginning net position amounts. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 State of Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed,


we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2023, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut's internal control over financial reporting and compliance.



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor

February 24, 2023
State Capitol
Hartford, Connecticut

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*MANAGEMENT'S
DISCUSSION AND
ANALYSIS*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2022. The information provided here should be read in conjunction with the letter of transmittal in the front of this report and with the State's financial statements, which follow this section.

HIGHLIGHTS

Government-wide Financial Statements

The State's total net position (deficit) decreased \$3.8 billion (or 7.7 percent) as a result of this year's operations. Net position (deficit) of governmental activities decreased by \$3.1 billion (or 5.6 percent) and net position of business-type activities increased by \$709.3 million (or 11.8 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative \$52.0 billion and \$6.7 billion, respectively.

Component units reported net position of \$3.1 billion, an increase of \$263.6 million or 9.3 percent from the previous year. Most of the net position is attributable to the Connecticut Housing Finance Authority, a major component unit.

Fund Financial Statements

The governmental funds reported combined ending fund balance of \$11.9 billion, an increase of \$415.0 million in comparison with the prior year. Of this total fund balance, \$244.0 million represents nonspendable fund balance, \$7.9 billion represents restricted fund balance, \$4.3 billion represents committed fund balance, and \$243.4 million represents assigned fund balance. A negative \$753.0 million unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which increased by \$91.5 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Fund (Rainy Day Fund) ended the fiscal year with a balance of \$3.3 billion compared to the prior year's balance of \$3.1 billion. The primary reason for the increase in the current fiscal year, as in the prior fiscal year, was significant progress has been made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2022, the cap was just over \$3.5 billion for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$3.05 billion was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2022, the balance in the Budget Reserve Fund was just over \$3.11 billion. Adding the \$3.05 billion volatility transfer brought the Budget Reserve Fund total to \$6.2 billion, or 27.9 percent of net General Fund appropriations for FY 2023. As a result, the Budget Reserve Fund was \$2.85 billion above the statutory 15 percent cap. According to CGS Section 40-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead, the State Treasurer decides what is in the best interest of the State, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). In late September, the State Treasurer elected to transfer \$903.6 million to TRS to reduce unfunded pension liability, with the remaining balance of \$1.94 billion going to SERF. This brought the Budget Reserve Fund to just over \$3.3 billion or approximately 15 percent of net General Fund appropriations for fiscal year 2023. Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut.

In December 2022, the General Fund surplus of \$1.26 billion was transferred to SERF to reduce unfunded service liability.

Tax revenues in the governmental funds increased \$3.0 billion or 14.8 percent. General fund tax revenues increased \$2.7 billion or 14.3 percent. Collections in the six largest tax categories all ended the year above their budgeted targets. The Pass-Through Entity Tax was a strong performer, and receipts ended the year \$821.8 million or 55.3 percent above the budget plan. Income tax collections finished well above the budgeted plan, \$1.3 billion or 42.0 percent over target. The sales and use tax came in \$543.5 million or 12.7 percent above the budget plan. This was partly the result of significant Federal relief efforts, including several rounds of direct relief payments to households that helped stimulate the economy after the

State of Connecticut

pandemic induced recession hit. The corporation tax outperformed its target by \$285.6 million or 25.6 percent and the real estate conveyance tax came in ahead of budget by \$117.1 million or 43.8 percent.

The Enterprise funds reported net position of \$6.7 billion at year-end, an increase of \$709.3 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 \$87.2 billion for governmental activities at year-end, of which \$28.2 billion was bonded debt.

Total long-term debt was \$2.4 billion for business-type activities at year-end, of which \$1.5 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position and the Statement of Activities beginning on page 43 together comprise the government-wide financial statements. These financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

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

The statement of activities presents information showing how the State's net position changed during fiscal year 2022. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements – Report the State’s Most Significant Funds

The fund financial statements beginning on page 48 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

State of Connecticut

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.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages 49 and 51 which reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements.

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

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Supplementary Information

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

Statistical Section

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

State of Connecticut

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Position

The combined net position deficit of the State decreased \$3.8 billion or 7.7 percent. In comparison, last year the combined net position deficit increased \$1.6 billion or 3.4 percent. The net position deficit of the State's governmental activities decreased \$3.1 billion (5.6 percent) to \$52.0 billion during the current fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
ASSETS						
Current and Other Assets	\$ 18,711	\$ 15,023	\$ 2,294	\$ 2,219	\$ 21,004	\$ 17,242
Noncurrent Assets	19,655	19,227	7,451	7,215	27,105	26,442
Total Assets	<u>38,365</u>	<u>34,250</u>	<u>9,744</u>	<u>9,434</u>	<u>48,109</u>	<u>43,684</u>
Deferred Outflows of Resources	<u>14,443</u>	<u>16,122</u>	<u>9</u>	<u>10</u>	<u>14,451</u>	<u>16,132</u>
LIABILITIES						
Current Liabilities	9,891	7,076	842	712	10,733	7,788
Long-term Liabilities	84,546	96,241	2,192	2,734	86,738	98,975
Total Liabilities	<u>94,437</u>	<u>103,317</u>	<u>3,034</u>	<u>3,446</u>	<u>97,471</u>	<u>106,763</u>
Deferred Inflows of Resources	<u>10,394</u>	<u>2,372</u>	<u>16</u>	<u>4</u>	<u>10,410</u>	<u>2,376</u>
NET POSITION						
Net Investment in Capital Assets	6,506	6,192	3,198	4,193	9,704	10,385
Restricted	7,370	7,385	2,235	1,083	9,606	8,468
Unrestricted	(65,899)	(68,894)	1,269	718	(64,630)	(68,176)
Total Net Position (Deficit)	<u>\$ (52,023)</u>	<u>\$ (55,317)</u>	<u>\$ 6,703</u>	<u>\$ 5,994</u>	<u>\$ (45,320)</u>	<u>\$ (49,323)</u>

Total investment in capital assets net of related debt was \$6.5 billion (buildings, roads, bridges, etc.); and \$7.4 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$65.9 billion for governmental activities. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds outstanding of \$18.4 billion to finance various municipal grant programs (e.g., school construction) and \$2.2 billion issued to finance a contribution to a pension trust fund; and b) other long-term obligations in the amount of \$58.9 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB liabilities and compensated absences).

Net position of the State's business-type activities increased \$709.3 million (11.8 percent) to \$6.7 billion during the current fiscal year. Of this amount, \$3.2 billion was invested in capital assets and \$2.2 billion was restricted for specific purposes, resulting in unrestricted net position of \$1.3 billion. These resources are not available to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

State of Connecticut

Changes in net position for the years ended June 30, 2022 and 2021 were as follows:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>% change</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>22-21</u>
REVENUES							
Program Revenues							
Charges for Services	\$ 3,993	\$ 3,106	\$ 3,376	\$ 2,929	\$ 7,369	\$ 6,035	22.1%
Operating Grants and Contributions	11,851	12,660	1,380	4,116	13,231	16,776	-21.1%
Capital Grants and Contributions	916	986	2	12	918	998	-8.0%
General Revenues							
Taxes	23,686	20,752	-	-	23,686	20,752	14.1%
Casino Gaming Payments	248	229	-	-	248	229	8.3%
Lottery Tickets	389	407	-	-	389	407	-4.4%
Other	147	168	8	6	155	174	-10.9%
Total Revenues	41,230	38,308	4,766	7,063	45,996	45,371	1.4%
EXPENSES							
Legislative	128	139	-	-	128	139	-7.9%
General Government	5,454	5,654	-	-	5,454	5,654	-3.5%
Regulation and Protection	1,384	1,208	-	-	1,384	1,208	14.6%
Conservation and Development	1,635	1,478	-	-	1,635	1,478	10.6%
Health and Hospital	2,896	3,502	-	-	2,896	3,502	-17.3%
Transportation	2,330	2,531	-	-	2,330	2,531	-7.9%
Human Services	10,827	11,915	-	-	10,827	11,915	-9.1%
Education, Libraries, and Museums	5,668	6,190	-	-	5,668	6,190	-8.4%
Corrections	2,108	2,740	-	-	2,108	2,740	-23.1%
Judicial	1,079	1,208	-	-	1,079	1,208	-10.7%
Interest and Fiscal Charges	1,007	968	-	-	1,007	968	4.0%
University of Connecticut & Health Center	-	-	3,038	2,765	3,038	2,765	9.9%
Board of Regents	-	-	1,597	1,432	1,597	1,432	11.5%
Employment Security	-	-	1,343	5,201	1,343	5,201	-74.2%
Clean Water	-	-	45	42	45	42	7.1%
Other	-	-	39	43	39	43	-9.3%
Total Expenses	34,516	37,533	6,062	9,483	40,578	47,016	-13.7%
Excess (Deficiency) Before Transfers	6,714	775	(1,296)	(2,420)	5,418	(1,645)	
Transfers Out Fiduciary Funds	(1,639)	-	-	-	(1,639)	-	
Transfers-Internal Activities	(2,005)	(1,649)	2,005	1,649	-	-	
Change in Net Position	3,070	(874)	709	(771)	3,779	(1,645)	
<i>Net Position (Deficit) - Beginning (as restated)</i>	<i>(55,093)</i>	<i>(54,443)</i>	<i>5,994</i>	<i>6,767</i>	<i>(49,099)</i>	<i>(47,676)</i>	
Net Position (Deficit) - Ending	(52,023)	(55,317)	6,703	5,996	(45,320)	(49,321)	-8.1%

Note: The beginning Net Position for Governmental and Business-Type Activities was restated due to the implementation of GASB 87. Also, the State restated beginning Net Position for Governmental Activities for the inclusion of Arts and Historical Collections as part of their fixed assets.

State of Connecticut

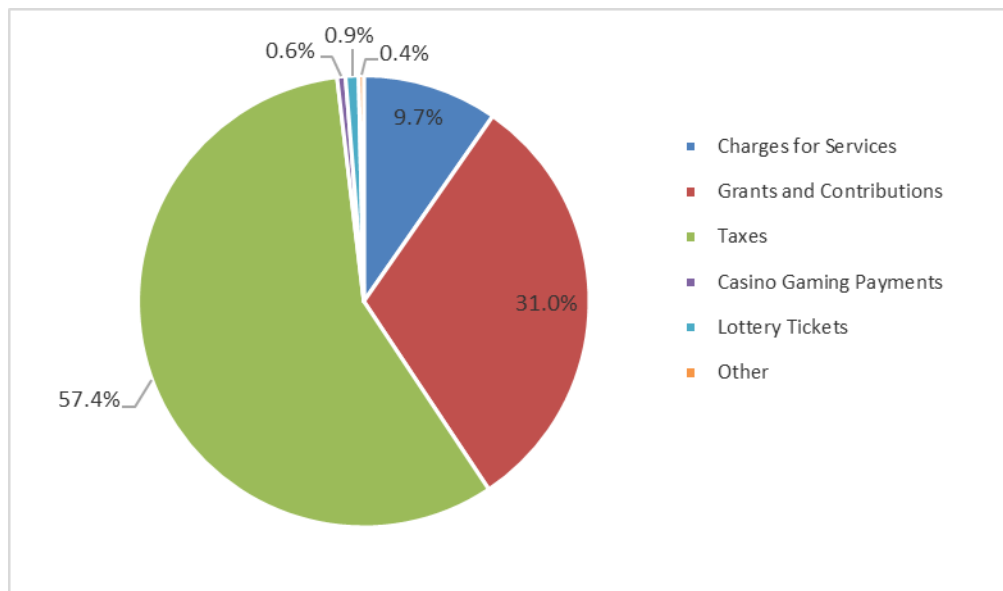
Changes in Net Position

This year the State's governmental activities received 57.4 percent of its revenue from taxes and 31.0 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 54.2 percent and grants and contributions were 35.6 percent of total revenues. Charges for services such as licenses, permits, and fees, rents and fines, and other miscellaneous collections comprised 11.6 percent of total revenue in fiscal year 2022, compared to 10.23 percent in fiscal year 2021.

Governmental Activities

The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$2.9 billion, or 7.6 percent. This increase is primarily due to an increase of \$2.9 billion in taxes.

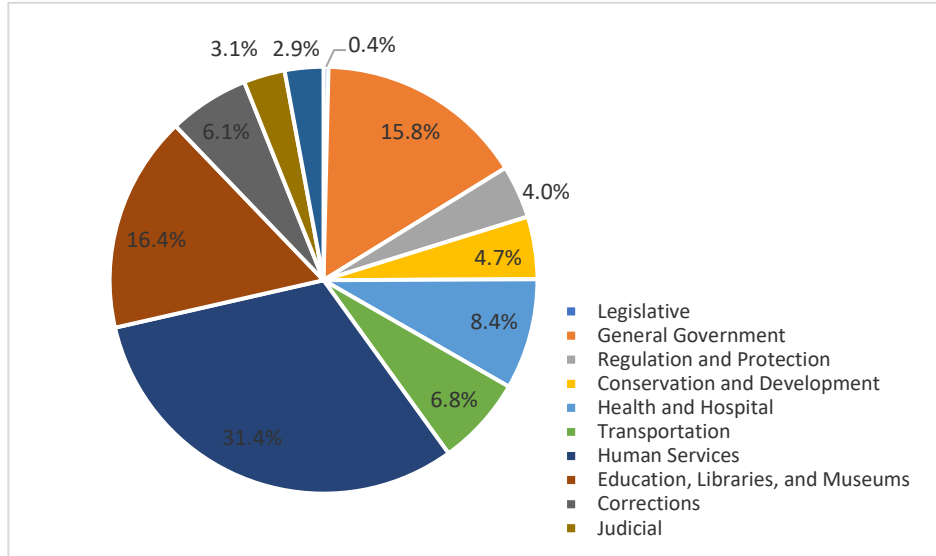
**Revenue by Source – Governmental Funds
Fiscal Year 2022**



State of Connecticut

The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by \$3.0 billion, or 8.0 percent.

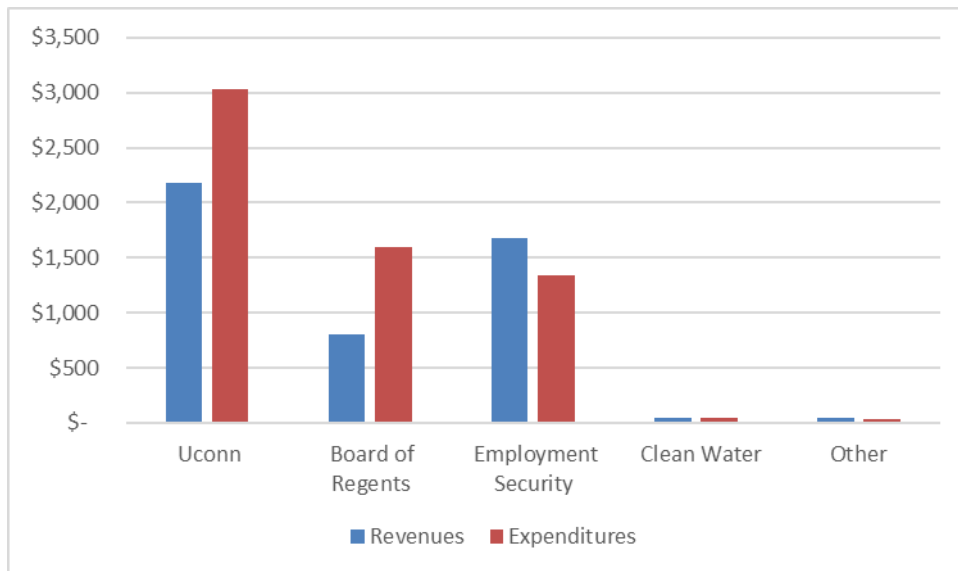
**Expenses by Type – Governmental Funds
Fiscal Year 2022**



Business-Type Activities

Net position of business-type activities increased by \$709.3 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.

**Business-Type Activities
Program Revenues and Expenses
For the Fiscal Year June 30, 2022
(Dollars in Millions)**



State of Connecticut

During the year, total revenues of business-type activities decreased 32.8 percent or \$2.3 billion, while total expenses decreased 36.1 percent or \$3.4 billion. In comparison, last year total revenues increased 76.0 percent, while total expenses increased 62.6 percent. The decrease in total expenses of \$3.4 billion was due mainly to a decrease in Employment Security expenses of \$3.9 billion or 74.2 percent. Although total expenses exceeded total revenues by \$1.3 billion, this deficiency was reduced by transfers of \$2.0 billion, resulting in an increase in net position of \$709.3 million. The decrease in Employment Security was the result of fewer unemployment expenses related to the COVID-19 pandemic.

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 \$11.9 billion, an increase of \$415.0 million over the prior year ending fund balances. Of the total governmental fund balances, \$7.9 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$244.0 million represents fund balance that is non-spendable and \$4.5 billion represents fund balance that is committed or assigned for specific purposes. A negative \$753.0 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 of \$3.7 billion, an increase of \$411.4 million in comparison with the prior year. Of this total fund balance, \$4.5 billion represents non-spendable fund balance, committed or assigned for specific purposes, leaving a deficit of \$752.2 million in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Non-spendable fund balance increased by \$17.4 million or 22.6 percent.
- Committed fund balance increased by \$277.2 million or 7.2 percent. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund.
- Assigned fund balance increased by \$208.2 million.
- Unassigned fund balance deficit increased by \$91.5 million.

At the end of fiscal year 2022, General Fund revenues were 14.1 percent, or \$3.2 billion, higher than fiscal year 2021 revenues. This change in revenue results from increases of \$3.3 billion primarily attributable to taxes (\$2.7 billion), licenses, permits, and fees (\$45.2 million), casino gaming payments (\$19.8 million), and federal grants (443.7 million), and other revenue (\$94.0 million). These increases were offset by decreases of \$62.8 million primarily attributable to, lottery tickets (\$17.7 million), and fines, forfeits, and rents (\$43.8 million), and other revenues (\$1.3 million).

At the end of fiscal year 2022, General Fund expenditures were 10.5 percent, or \$2.2 billion, higher than fiscal year 2021. This was primarily attributable to increases in general government (\$1.2 billion), human services (\$656 million), and health and hospitals (\$114.4 million).

Debt Service Fund

At the end of fiscal year 2022, the Debt Service Fund had a fund balance of \$1.1 billion, all of which was restricted, an increase of \$42.2 million in comparison with the prior year.

Transportation Fund

The State's Transportation Fund had a fund balance of \$614.1 million at the end of fiscal 2022. Of this amount, \$30.9 million was in non-spendable form and \$583.2 million was restricted or committed for specific purposes. Fund balance increased by \$290.4 million during the current fiscal year.

At the end of fiscal year 2022, Transportation Fund revenues increased by \$253.8 million, or 14.3 percent, and expenditures decreased by \$53.3 million, or 5.1 percent. The increase in revenue was primarily due to an increase in taxes.

State of Connecticut

Restricted Grants and Accounts Fund

At the end of fiscal year 2022, the Restricted Grants and Accounts Fund had a fund balance of \$3.3 billion, all of which was restricted for specific purposes, a decrease of \$235.9 million in comparison with the prior year.

Total revenues were 4.9 percent, or \$612.7 million, lower than in fiscal year 2021. Overall, total expenditures were 9.7 percent, or \$1.1 billion, higher than fiscal year 2021.

Grant and Loan Programs

As of June 30, 2022, the Grant and Loan Programs Fund had a fund balance of \$873.6 million, all of which was restricted for specific purposes, an increase of \$7.2 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, a Fiduciary Component Unit, an Investment Trust fund, a Private-Purpose Trust fund, and Custodial Funds. The net positions of the State's Fiduciary funds totaled \$49.6 billion, an increase of \$735.5 million when compared to the prior year ending net position.

Budget Highlights - General and Special Transportation Funds

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

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

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

The General Fund ended Fiscal Year 2022 with a surplus of \$1,261,300,893 on the statutory basis of accounting. In a typical year, once the audit is completed, the surplus would be transferred to the Budget Reserve Fund (BRF). However, the balance in the BRF has reached the statutory limit of 15 percent of current year net General Fund appropriations. Therefore, a separate provision of the Connecticut General Statutes (CGS) will apply as described below.

In FY 2022, for the fifth consecutive year, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2022, the cap was just over \$3.5 billion for estimated and final income tax payments and revenue from the Pass-through Entity Tax. At year-end, a volatility transfer of \$3.05 billion was made to the BRF.

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Prior to the close of FY 2022, the balance of the BRF was just over \$3.11 billion. Adding the \$3.05 billion volatility transfer brought the BRF total to \$6.16 billion, or 27.9 percent of net General Fund appropriations for FY 2022. As a result, the BRF was \$2.85 billion above the statutory 15 percent cap. According to CGS Section 4-30a (c)(1)(A), no further transfers will be made to BRF. Instead, the State Treasurer transfers any remaining General Fund surplus, as he determines to be in the state's best interest, as follows:

1. first to reduce the State Employees Retirement Fund's (SERF) unfunded liability by up to 5%,
2. next to reduce the Teachers' Retirement Fund's (TRF) unfunded liability by up to 5%, and
3. third to make additional payments towards the SERF.

In September the State Treasurer elected to transfer \$903.6 million to TRF, with the remaining balance of \$1,942.4 million going to SERF. The General Fund surplus of \$1,261.3 million has also been transferred to SERF to reduce unfunded pension liability.

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

The FY 2022 budget plan as initially formulated included a built-in General Fund surplus of \$274.9 million. Unlike the previous fiscal year, the General Fund never had a projected deficit in FY 2022. Surplus estimates improved from the original budget plan due to a combination of stronger than expected revenue growth and lower than anticipated spending. In April, surplus projections that had grown to approximately \$2.1 billion were reduced due to Public Act No. 22-118, the FY 2023 budget bill. Certain provisions affected FY 2022 including: 1) eliminating the use of Federal American Rescue Plan funds for General Fund revenue replacement, 2) transferring General Fund revenue from FY 2022 to FY 2023 to support Child Tax Credit payments, 3) using FY 2022 lapsing funds to support the cost of the labor agreement, and 4) using FY 2022 lapsing funds to support spending in FY 2023. In other words, amounts that would have lapsed at year-end were instead continued into FY 2023 and earmarked for specific purposes.

In FY 2022 General Fund expenditures totaled \$20,655,130,552 on the statutory basis of accounting. This represented an increase of \$1.2 billion, or 6.3 percent above FY 2021 spending levels. Several appropriations saw large spending increases that accounted for much of the growth in FY 2022. The largest were contributions to state pension plans. The employer contribution to the Teacher's Retirement Fund grew by \$194 million, or 15.5 percent, over FY 2021. The General Fund employer contribution to the State Employee Retirement Fund (SERF) increased by \$145 million or 11% over FY 2021, primarily due to an increase in payments toward unfunded pension liability.

The second largest category of growth can be attributed to GAAP-based budgeting accruals (for salary & wages, accounts payable, and Medicaid) that work to align expenditures more closely to the year they were incurred and mitigate growth in the so-called GAAP deficit. FY 2022 net changes in GAAP accruals were \$178.5 million greater than FY 2021 amounts. The primary cost driver was the salary & wage accrual, which included employee bonuses, retroactive payments and associated fringe benefits for amounts earned in FY 2022 but paid out in FY 2023. General Fund salary and wage costs (from all appropriations) totaled \$2.88 billion in FY 2022, which was \$54.7 million higher than FY 2021 and represented a nominal growth rate of 1.9 percent. However, the salary and wage accrual added an additional \$10.4 million in salaries charged in FY 2022 for a real growth rate of 5.2 percent.

These categories were followed by a \$123.4 million increase in expenditures in support of higher education, a \$109.6 million increase in debt service, a \$106.5 million increase in aid to municipalities, and a \$104.5 million increase in Medicaid. Together these large spending items explained 80% of the growth in FY 2022. The most significant reduction in General Fund accounts was a \$14 million decrease in the Retiree Health Insurance spending due to the implementation of the Medicare advantage program, which achieved year-over-year savings despite higher enrollment in the plan.

On the statutory basis of accounting, realized revenues totaled \$21,990,856,849, which represented an increase of \$1.5 billion or 7.1 percent above the FY 2022 budget plan. Collections in the six largest tax categories all ended the year above

State of Connecticut

their budget targets. The strongest performer was the Pass-Through Entity Tax (PET) which is levied on Partnerships and S-Corporations. PET receipts ended the year \$821.8 million or 55 percent above the budget plan. Estimated and Final Income Tax collections finished the year \$1.3 billion or 42 percent over target. Withholding finished \$514.3 million or 7% over its budget target. Compared with prior year realized amounts, FY 2022 withholding receipts increased by \$642.4 million or 8.9 percent. A strong stock market, continued job growth, and increased wages contributed to increased

collections. Due in part to increased consumer demand and high inflation, the Sales and Use Tax came in \$543.5 million or 13% above the budget plan.

On a statutory basis of accounting, Special Transportation Fund (STF) spending totaled \$1,723,890,015 in FY 2022, increasing by \$25.4 million or 1.5 percent compared with the prior fiscal year. The largest category of growth was debt service, which grew by \$79 million or 11.9 percent above FY 2021 levels. GAAP-based budgeting accruals, mostly salary and wages, attributed to a \$21.1 million increase over FY 2021. The Transportation Fund employer contribution to SERF increased by \$15.6 million or 11.4 percent over FY 2021, largely due to an increase in payments toward the unfunded pension liability. Personal Services, the primary account for salaries, grew by \$14.8 million or 6.4 percent.

The Transportation Fund had revenue of \$2,000,854,493 on the statutory basis of accounting, which was \$111.2 million or 5.9 percent above the budget plan for FY 2022. The Oil Companies Tax outperformed the budget target by \$136.7 million or 54.6 percent due to higher fuel prices and increased consumption post COVID-19. The Sales Tax – DMV outperformed the budget target by \$28 million or 30 percent. In contrast, the Motor Fuels Tax came in 18.8 percent or \$90.5 million below its budget target due to the suspension of the excise tax on gasoline from April 1, 2022.

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, 2022, totaled \$22.8 billion (net of accumulated depreciation). This investment in capital assets includes land, art & historical collections, buildings, improvements other than buildings, equipment, right-to-use assets, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$287 million.

Major capital asset events for governmental activities during the fiscal year include additions to land, art & historical collections, right-to use assets, infrastructure, and construction in progress of \$380 million and depreciation expense of \$840.3 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)						<u>% change 22-21</u>
	Governmental		Business-Type		Total		
	Activities		Activities		Primary Government		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Land	\$ 1,970	\$ 1,946	\$ 80	\$ 79	\$ 2,051	2,025	1.3%
Art & Historical Collections	225	222	57	57	282	279	1.1%
Buildings	2,843	2,945	4,041	4,046	6,884	6,991	-1.5%
Improvements Other Than Buildings	25	44	393	406	418	450	-7.1%
Equipment	44	46	260	278	304	324	-6.4%
Right-to-use Assets	63	2	187	206	250	208	20.3%
Infrastructure	6,116	5,848	-	-	6,116	5,848	4.6%
Construction in Progress	6,148	6,124	384	300	6,531	6,424	1.7%
Total	<u>\$ 17,434</u>	<u>\$ 17,177</u>	<u>\$ 5,402</u>	<u>\$ 5,372</u>	<u>\$ 22,836</u>	<u>\$ 22,549</u>	1.3%

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

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Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$29.7 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 18,364	\$ 18,563	\$ -	\$ -	\$ 18,364	\$ 18,563
Direct Borrowings & Direct Placement	263	268	-	-	263	268
Transportation Related Bonds	7,054	6,959	-	-	7,054	6,959
Revenue Bonds	-	-	1,371	1,449	1,371	1,449
Premiums and Deferred Amounts	<u>2,553</u>	<u>2,354</u>	<u>161</u>	<u>177</u>	<u>2,714</u>	<u>2,531</u>
Total	<u>\$ 28,234</u>	<u>\$ 28,144</u>	<u>\$ 1,532</u>	<u>\$ 1,626</u>	<u>\$ 29,766</u>	<u>\$ 29,770</u>

The State's total bonded debt decreased by \$4 million (0.013 percent) during the current fiscal year. This decrease resulted mainly from a decrease in General Obligation bonds of \$199 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 February 2022 the State had a debt incurring margin of \$5.7 billion.

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability	\$ 36,133	\$ 42,551	\$ -	\$ -	\$ 36,133	\$ 42,551
Net OPEB Liability	20,916	26,040	-	-	20,916	26,040
Compensated Absences	523	578	199	213	722	791
Workers Compensation	813	813	-	-	813	813
Nonexchange Financial Guarantee	419	453	-	-	419	453
Lease Liability	58	17	179	186	238	203
Federal Loan	-	-	175	6	175	6
Other	<u>63</u>	<u>74</u>	<u>282</u>	<u>270</u>	<u>345</u>	<u>344</u>
Total	<u>\$ 58,926</u>	<u>\$ 70,526</u>	<u>\$ 836</u>	<u>\$ 675</u>	<u>\$ 59,761</u>	<u>\$ 71,201</u>

The State's other long-term obligations decreased by \$11.4 billion (16.1 percent) during the fiscal year. This decrease was due mainly to a decrease in the Net Pension Liability and Net OPEB Liability (Governmental activities) of \$11.5 billion or 16.2 percent. Additional information on the State's long-term debt can be found in Notes 16 and 17 of this report.

State of Connecticut

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Connecticut's budget results are ultimately dependent upon the performance of the national and state economies. FY 2022 continued the rapid recovery from the COVID-19 recession and was characterized by record high inflation, a tight labor market, and a hot housing market. Robust job growth, wage growth and record corporate profits contributed to strong tax collections for the state that continued into FY 2023. Important fiscal safeguards allowed the state to maximize the Budget Reserve Fund and make historic payments to reduce unfunded liability.

In the beginning of the fiscal year, Connecticut's unemployment rate stood at 6.3%. This was down by almost half just a year and half after the deepest layoffs the state had seen since the great recession. According to the State Department of Labor, nonfarm payroll employment totaled 1,626,600 while 117,700 residents remained unemployed. By the end of the fiscal year, Connecticut's unemployment rate dropped to 4% with 76,000 people remaining unemployed. Over the course of the fiscal year the state added 25,700 nonfarm jobs and by June the state recovered 83.4% of the 292,400 jobs lost in March and April of 2020. Seven industry sectors experienced annual growth while one remained flat and two declined. Leisure and hospitality, the industry most affected by the pandemic, had the greatest net change in employment while information and government declined. Government sector declines were in line with a large wave of retirements due to policy changes encouraging early retirement. Over the fiscal year, three industry sectors gained jobs above pre-pandemic levels: construction, professional and business services, and trade, transportation, and utilities.

While labor market conditions improved drastically from March and April of 2020, Connecticut's labor force participation declined significantly post pandemic. Many left the labor market due to early retirement, fear of the virus, and childcare issues. People slowly returned to the labor market but there are still many job openings that need to be filled in the state. In June of 2022, there were 113,000 jobs open with only 76,000 people actively looking for work. Part of the problem is slowed population growth which is not a problem unique to Connecticut. In order to address these issues, the state is ramping up training, apprenticeship, and workforce development programs to better align residents with job opportunities.

On a national level, over the course of FY 2022, the U.S. added 5.5 million jobs and the unemployment rate fell from 5.4% to 3.6%. According to the U.S. Department of Labor, the total number of unemployed persons fell from 8.7 million to 5.9 million, a decrease of 2.8 million. Job growth over this period was very strong with the U.S. recovering 100% of the 22 million jobs lost in March and April of 2020. All industry sectors grew over FY 2022, and notable job gains occurred in leisure and hospitality, professional and business services, and trade, transportation, and utilities.

Inflation rose steeply in FY 2022, reaching highs last seen during the 1980s. The Consumer Price Index peaked at 9% in June 2022 and has slowly decreased into FY 2023. Prices across the board grew with high gas prices, groceries, and rent hurting households across the country. Price growth was due to increased demand coupled with supply-chain issues, scarcity of materials, and labor shortages. The Federal Reserve raised interest rates several times throughout FY22 bringing rates above zero for the first time since the pandemic. This shift in monetary policy is expected to cool demand and bring down inflation over time.

After a major plunge in March of 2020, the stock market quickly rallied and shifted to a bull market, erasing most losses by August 2020. Expansionary fiscal policy in response to the pandemic encouraged spending and investing, while Federal Reserve monetary policy kept interest rates low, making it cheaper to borrow. Throughout the first half of the fiscal year, the stock market reached all-time highs peaking in January. The second half of the fiscal year saw dramatic stock market declines as news of the Russian invasion of Ukraine, high inflation, negative GDP, and shifting monetary policy rattled investors.

FY 2022 saw the continued boom of the housing market both nationally and in Connecticut due to work-from-home requirements, increased household balance sheets, low-interest rates, and an exodus from cities to suburbs. A trend emerged of low inventory and high prices reducing overall sales. Over the fiscal year in Connecticut, sales of all property types decreased 20%, according to Berkshire Hathaway Home Services while the median sales price increased 7%. Average days on the market decreased from 37 days to 27 days. At the same time, the average sales price of properties sold in Connecticut was higher than the list price. While this was good news for existing homeowners, rapidly increasing prices excluded many first-time homebuyers from the market.

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According to the Bureau of Economic Analysis, the third and fourth quarters of 2021 saw growth in U.S. Gross Domestic Product (GDP) while the first and second quarters of 2022 saw declines in GDP. Discussions of whether the U.S. was in a recession occurred due to the two consecutive quarters of decline, however a strong labor market held economists back from labeling an official recession. Connecticut mostly followed national GDP trends, growing 2.2% in the third quarter of 2021, 4.3% in the fourth quarter of 2021, by 5.5% in the first quarter of 2022, and declining 4.7% in the second quarter of 2022. GDP contracted mostly due to the trade deficit, reductions in business inventory, and slowed consumer demand.

Connecticut has traditionally ranked among the wealthiest states in the nation. BEA reported that in 2021, Connecticut had a per capita personal income (PCPI) of \$83,294. This PCPI ranked second in the United States and was 129.9% of the national average of \$64,143. The United States 2021 PCPI reflected an increase of 7.3% from 2020, while Connecticut's increase was only 2.8%. Connecticut's income growth in the previous decade was also slower than the national average. In 2011, the PCPI of Connecticut was \$63,132 and ranked first in the United States. However, the state's 2011-2021 compound annual growth rate of PCPI was 2.8% compared with 4.1% for the nation.

Connecticut's high level of income and quality of life can be attributed to the educational achievement of its residents, as well as the innovation and productivity of its workforce. According to the U.S. Census Bureau, 40% of Connecticut's population age 25 and over has a bachelor's degree or higher, compared to 32.9% nationally, and 90% of Connecticut residents are a High School graduate or higher. Connecticut ranked first in college readiness and third for pre-k education according to U.S. News and World Report. Connecticut also has the best community college system in the country and second-best overall school system according to WalletHub.

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

- Connecticut ranked second in the U.S. Prosperity Index by the Legatum Institute.
- Connecticut ranks third in the U.S. for the most fully vaccinated population (82%) according to the Center for Disease Control and Prevention.
- Connecticut ranked third best state for healthcare access, quality, and public health by U.S. News and World Report.
- Connecticut ranked fifth for public safety by U.S. News and World Report.
- Connecticut has the fifth highest minimum wage in the country at \$14.00.
- Connecticut ranked sixth for lowest crime and incarceration according to U.S. News and World Report.
- Connecticut ranked seventh best state for gender equality according to U.S. News and World Report.
- Connecticut is home to 44 top colleges and universities.

Connecticut also continues to be a leader in the field of high-tech manufacturing, producing submarines, helicopters, jet engines and parts, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military and the outlook for Connecticut's defense industry remains strong. According to the state's Office of Military Affairs (OMA), Connecticut ranked sixth overall in total defense spending, third in defense spending as a percentage of state gross domestic product (GDP), and second in defense spending per capita. OMA's Annual Report for Fiscal Year 2020-2021 notes that contracts awarded to Connecticut defense manufacturers was the fourth highest since 2007, totaling \$18.3 billion. The largest was a \$9.5 billion contract to Electric Boat for construction of the lead and second Columbia-class submarines. Electric Boat is the prime contractor for design and construction of the twelve Columbia-class submarines, which will replace the aging Ohio-class ballistic missile submarines.

Halfway through FY 2023, Connecticut is starting to experience the national economic slowdown induced by the Federal Reserve to bring down inflation but remains resilient. As of December 2022, the state has recovered almost 91% of the 292,400 jobs lost in March and April 2020 due to the COVID-19 lockdown, and the unemployment rate is hovering around 4%. However, job growth is slowing, and the number of unemployment claims is creeping up.

The most recent consensus revenue forecast for FY 2023 on January 17 showed continued improvement in each of the State's major tax categories. Current forecasts show the General Fund is on track to end FY 2023 with a surplus of \$1.34 billion. This positive fiscal position is a tribute to smart long-term planning, the resilience of Connecticut's people, and the strength of its economy. However, Connecticut continues to face challenges as fixed costs and debt service related to state pension and retirement healthcare systems represent a growing share of the state budget. It remains critical to exercise fiscal restraint, execute responsible long-term planning, and support economic growth to maintain future budget stability.

State of Connecticut

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

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



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STATEMENTS*

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FINANCIAL
STATEMENTS*

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State of Connecticut

STATEMENT OF NET POSITION

June 30, 2022

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 13,809,806	\$ 1,058,743	\$ 14,868,549	\$ 439,107
Deposits with U.S. Treasury	-	84,885	84,885	-
Investments	118,510	67,139	185,649	677,863
Receivables, (Net of Allowances)	4,826,623	704,157	5,530,780	102,551
Due from Primary Government	-	-	-	6,420
Inventories	59,914	19,726	79,640	5,869
Restricted Assets	-	195,228	195,228	2,228,620
Internal Balances	(123,433)	123,433	-	-
Other Current Assets	19,278	40,431	59,709	23,270
Total Current Assets	<u>18,710,698</u>	<u>2,293,742</u>	<u>21,004,440</u>	<u>3,483,700</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	690,603	690,603	-
Due From Component Units	58,297	-	58,297	-
Investments	-	50,118	50,118	255,257
Receivables, (Net of Allowances)	1,015,921	1,003,300	2,019,221	234,545
Restricted Assets	1,146,699	285,953	1,432,652	5,119,779
Right-to-use Assets	63,150	187,015	250,165	9,225
Capital Assets, (Net of Accumulated Depreciation)	17,370,425	5,215,346	22,585,771	1,067,944
Other Noncurrent Assets	11	18,191	18,202	101,795
Total Noncurrent Assets	<u>19,654,503</u>	<u>7,450,526</u>	<u>27,105,029</u>	<u>6,788,545</u>
Total Assets	<u>\$ 38,365,201</u>	<u>\$ 9,744,268</u>	<u>\$ 48,109,469</u>	<u>\$ 10,272,245</u>
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ -	\$ 5,799
Unamortized Losses on Bond Refundings	26,020	4,133	30,153	72,244
Related to Pensions & OPEB	14,416,492	-	14,416,492	118,839
Other Deferred Outflows	-	4,762	4,762	2,317
Total Deferred Outflows of Resources	<u>\$ 14,442,512</u>	<u>\$ 8,895</u>	<u>\$ 14,451,407</u>	<u>\$ 199,199</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 5,404,287	\$ 498,694	\$ 5,902,981	\$ 327,590
Due to Component Units	6,421	-	6,421	-
Due to Primary Government	-	-	-	58,297
Due to Other Governments	500,358	1,094	501,452	-
Due to Trustee	-	-	-	-
Current Portion Leases	15,088	11,955	27,043	520
Current Portion of Long-Term Obligations	2,598,299	162,536	2,760,835	584,491
Amount Held for Institutions	-	-	-	570,768
Unearned Revenue	12,923	53,400	66,323	4,866
Medicaid Liability	689,086	-	689,086	-
Liability for Escheated Property	530,353	-	530,353	-
Other Current Liabilities	134,071	114,739	248,810	33,998
Total Current Liabilities	<u>9,890,886</u>	<u>842,418</u>	<u>10,733,304</u>	<u>1,580,530</u>
Noncurrent Liabilities:				
Non-Current Portion of Leases	43,095	168,296	211,391	6,197
Non-Current Portion of Long-Term Obligations	84,503,196	2,023,316	86,526,512	5,567,547
Total Noncurrent Liabilities	<u>84,546,291</u>	<u>2,191,612</u>	<u>86,737,903</u>	<u>5,573,744</u>
Total Liabilities	<u>\$ 94,437,177</u>	<u>\$ 3,034,030</u>	<u>\$ 97,471,207</u>	<u>\$ 7,154,274</u>
Deferred Inflows of Resources				
Related to Pensions & OPEB	\$ 10,393,831	\$ -	\$ 10,393,831	\$ 131,015
Leases	-	12,316	12,316	56,201
Other Deferred Inflows	-	3,423	3,423	27,385
Total Deferred Inflows of Resources	<u>\$ 10,393,831</u>	<u>\$ 15,739</u>	<u>\$ 10,409,570</u>	<u>\$ 214,601</u>
Net Position				
Net Investment in Capital Assets	\$ 6,505,809	\$ 3,198,422	\$ 9,704,231	\$ 656,013
Restricted For:				
Transportation	443,698	-	443,698	-
Debt Service	1,145,285	1,179,340	2,324,625	6,973
Federal Grants and Other Accounts	3,415,033	-	3,415,033	-
Capital Projects	754,635	31,692	786,327	80,736
Grant and Loan Programs	888,019	-	888,019	-
Clean Water and Drinking Water Projects	-	837,135	837,135	-
Bond Indenture Requirements	-	-	-	1,011,119
Loans	-	2,066	2,066	-
Permanent Investments or Endowments:	-	-	-	-
Expendable	-	-	-	15,805
Nonexpendable	122,223	16,745	138,968	749,699
Other Purposes	601,376	168,505	769,881	321,609
Unrestricted (Deficit)	(65,899,373)	1,269,489	(64,629,884)	260,615
Total Net Position (Deficit)	<u>\$ (52,023,295)</u>	<u>\$ 6,703,394</u>	<u>\$ (45,319,901)</u>	<u>\$ 3,102,569</u>

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

State of Connecticut

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	\$ 128,476	\$ 2,641	\$ 0	\$ -
General Government	5,455,304	1,658,030	(125,836)	-
Regulation and Protection	1,383,688	833,789	583,082	-
Conservation and Development	1,635,316	329,553	536,865	-
Health and Hospitals	2,895,633	808,285	402,699	-
Transportation	2,329,548	84,862	-	915,605
Human Services	10,826,565	112,471	8,576,313	-
Education, Libraries, and Museums	5,668,457	30,208	1,529,840	-
Corrections	2,107,535	11,292	309,233	-
Judicial	1,078,980	122,097	38,933	-
Interest and Fiscal Charges	1,008,433	-	-	-
Total Governmental Activities	<u>34,517,935</u>	<u>3,993,227</u>	<u>11,851,129</u>	<u>915,605</u>
Business-Type Activities:				
University of Connecticut & Health Center	3,037,625	1,869,754	313,393	1,976
Board of Regents	1,596,579	737,353	69,298	-
Employment Security	1,343,276	702,724	975,741	-
Clean Water	45,165	31,394	15,407	-
Other	38,282	34,747	6,010	-
Total Business-Type Activities	<u>6,060,927</u>	<u>3,375,972</u>	<u>1,379,849</u>	<u>1,976</u>
Total Primary Government	<u>\$ 40,578,862</u>	<u>\$ 7,369,199</u>	<u>\$ 13,230,978</u>	<u>\$ 917,581</u>
Component Units				
Connecticut Housing Finance Authority (12/31/21)	\$ 164,088	\$ 143,886	\$ -	\$ -
Connecticut Lottery Corporation	1,608,843	1,604,061	-	-
Connecticut Airport Authority	105,990	145,317	-	28,303
Other Component Units	273,267	354,385	18,492	151,767
Total Component Units	<u>\$ 2,152,188</u>	<u>\$ 2,247,649</u>	<u>\$ 18,492</u>	<u>\$ 180,070</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
Sports Wagering

Unrestricted Investment Earnings

Transfers Out Fiduciary Funds

Transfers-Internal Activities

Total General Revenues, Contributions,
and Transfers

Change in Net Position

Net Position (Deficit)- Beginning (as restated see Note 21)

Net Position (Deficit)- Ending

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

State of Connecticut

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (125,835)	\$ -	\$ (125,835)	\$ -
(3,923,111)	-	(3,923,111)	-
33,183	-	33,183	-
(768,898)	-	(768,898)	-
(1,684,650)	-	(1,684,650)	-
(1,329,081)	-	(1,329,081)	-
(2,137,781)	-	(2,137,781)	-
(4,108,408)	-	(4,108,408)	-
(1,787,011)	-	(1,787,011)	-
(917,950)	-	(917,950)	-
(1,008,433)	-	(1,008,433)	-
(17,757,974)	-	(17,757,974)	-
-	(852,502)	(852,502)	-
-	(789,928)	(789,928)	-
-	335,189	335,189	-
-	1,636	1,636	-
-	2,475	2,475	-
-	(1,303,130)	(1,303,130)	-
(17,757,974)	(1,303,130)	(19,061,104)	-
-	-	-	(20,202)
-	-	-	(4,782)
-	-	-	67,630
-	-	-	251,378
-	-	-	294,024
10,862,647	-	10,862,647	-
3,948,139	-	3,948,139	-
4,910,773	-	4,910,773	-
2,368,374	-	2,368,374	-
787,139	-	787,139	-
809,288	-	809,288	-
248,686	-	248,686	-
136,585	-	136,585	-
389,646	-	389,646	-
2,440	-	2,440	-
8,454	7,742	16,196	(30,844)
(1,639,307)	-	(1,639,307)	-
(2,005,055)	2,004,655	(400)	400
20,827,809	2,012,397	22,840,206	(30,444)
3,069,835	709,267	3,779,102	263,580
(55,093,130)	5,994,127	(49,099,003)	2,838,989
\$ (52,023,295)	\$ 6,703,394	\$ (45,319,901)	\$ 3,102,569

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*FUND FINANCIAL
STATEMENTS*

State of Connecticut

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2022

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 7,994,290	\$ -	\$ 378,984	\$ 3,175,363	\$ 598,830	\$ 1,650,232	\$ 13,797,699
Investments	-	-	-	-	-	118,510	118,510
Securities Lending Collateral	-	-	-	-	-	18,973	18,973
Receivables:							
Taxes, Net of Allowances	2,761,698	-	257,373	-	-	-	3,019,071
Accounts, Net of Allowances	499,068	-	44,569	149,575	15,123	57,477	765,812
Loans, Net of Allowances	3,412	-	-	137,247	284,766	590,496	1,015,921
From Other Governments	189,498	-	-	776,613	-	47,342	1,013,453
Interest	-	1,478	575	-	-	-	2,053
Due from Other Funds	63,769	-	2,892	6,348	-	37,260	110,269
Due from Component Units	57,484	-	-	348	-	465	58,297
Inventories	21,706	-	30,911	-	-	-	52,617
Restricted Assets	-	1,146,699	-	-	-	-	1,146,699
Total Assets	<u>\$ 11,590,925</u>	<u>\$ 1,148,177</u>	<u>\$ 715,304</u>	<u>\$ 4,245,494</u>	<u>\$ 898,719</u>	<u>\$ 2,520,755</u>	<u>\$ 21,119,374</u>
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 490,823	\$ -	\$ 51,801	\$ 301,179	\$ 10,380	\$ 151,664	\$ 1,005,847
Due to Other Funds	4,223,219	2,892	-	3,923	26	79,179	4,309,239
Due to Component Units	485	-	-	5,935	-	-	6,420
Due to Other Governments	495,028	-	-	5,331	-	-	500,359
Unearned Revenue	5,579	-	-	-	-	7,344	12,923
Medicaid Liability	246,698	-	-	442,388	-	-	689,086
Liability For Escheated Property	530,353	-	-	-	-	-	530,353
Securities Lending Obligation	-	-	-	-	-	18,973	18,973
Other Liabilities	68,248	-	-	46,851	-	-	115,099
Total Liabilities	<u>6,060,433</u>	<u>2,892</u>	<u>51,801</u>	<u>805,607</u>	<u>10,406</u>	<u>257,160</u>	<u>7,188,299</u>
Deferred Inflows of Resources							
Receivables to be Collected in Future Periods	1,832,262	-	49,433	95,385	14,717	33,376	2,025,173
Fund Balances							
Nonspendable:							
Inventories/Long-Term Receivables	94,631	-	30,911	-	-	-	125,542
Permanent Fund Principal	-	-	-	-	-	118,461	118,461
Restricted For:							
Debt Service	-	1,145,285	-	-	-	-	1,145,285
Transportation Programs	-	-	426,842	-	-	-	426,842
Federal Grant and State Programs	-	-	-	3,344,502	-	-	3,344,502
Grants and Loans	-	-	-	-	872,878	-	872,878
Other	-	-	-	-	-	2,078,011	2,078,011
Committed For:							
Continuing Appropriations	834,261	-	156,317	-	-	-	990,578
Budget Reserve Fund	3,313,380	-	-	-	-	-	3,313,380
Assigned To:							
Surplus Transfer to Fiscal Year 2022-2023	208,200	-	-	-	-	-	208,200
Grants and Loans	-	-	-	-	718	-	718
Other	-	-	-	-	-	34,464	34,464
Unassigned (Deficit)	(752,242)	-	-	-	-	(717)	(752,959)
Total Fund Balances	<u>3,698,230</u>	<u>1,145,285</u>	<u>614,070</u>	<u>3,344,502</u>	<u>873,596</u>	<u>2,230,219</u>	<u>11,905,902</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 11,590,925</u>	<u>\$ 1,148,177</u>	<u>\$ 715,304</u>	<u>\$ 4,245,494</u>	<u>\$ 898,719</u>	<u>\$ 2,520,755</u>	<u>\$ 21,119,374</u>

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

State of Connecticut

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

June 30, 2022

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 11,925,151

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

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

Right-to-use assets	73,774	
Cost of capital assets, (excluding internal service funds)	35,351,057	
Less: Accumulated depreciation (excluding internal service funds)	(18,024,531)	
Less: Accumulated depreciation right-to-use assets	(10,624)	
Net capital assets		17,389,676

Some assets such as receivables, are not available soon enough to pay for current period's expenditures and thus, are offset by unavailable revenue in the governmental funds. 2,025,173

Deferred losses on refundings are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds. 26,020

Deferred outflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13). 14,416,492

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

General obligation bonds payable	(18,363,522)	
Transportation bonds payable	(7,054,415)	
Direct Borrowings & Direct Placements	(262,635)	
Unamortized premiums	(2,553,371)	
Accrued interest payable	(309,043)	
Net long-term debt		(28,542,986)

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

Net pension liability	(36,132,877)	
Net OPEB liability	(20,916,477)	
Obligations for worker's compensation	(813,349)	
Leases	(58,183)	
Compensated absences (excluding internal service funds)	(521,244)	
Claims and judgments payable	(35,006)	
Landfill postclosure care	(27,768)	
Nonexchange Financial guarantee	(418,775)	
Total other liabilities		(58,923,679)

Deferred inflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13). (10,393,831)

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. 54,689

Total Net Position - Governmental Activities \$ (52,023,295)

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Revenues							
Taxes	\$ 21,542,955	\$ -	\$ 1,587,177	\$ -	\$ -	\$ -	\$ 23,130,132
Licenses, Permits, and Fees	370,538	-	357,751	15,290	-	201,931	945,510
Tobacco Settlement	-	-	-	-	-	136,585	136,585
Federal Grants and Aid	3,257,816	-	10,913	9,385,521	-	112,484	12,766,734
Assessments	715	-	-	-	-	-	715
Lottery Tickets	389,646	-	-	-	-	-	389,646
Charges for Services	22,812	-	41,156	2,804	-	856	67,628
Fines, Forfeits, and Rents	53,412	-	16,651	-	-	33	70,096
Casino Gaming Payments	248,686	-	-	-	-	-	248,686
Investment Earnings	20,607	(17,307)	3,304	10,033	5,989	(14,618)	8,008
Interest on Loans	-	-	-	-	-	446	446
Sports Wagering	-	-	-	-	-	2,440	2,440
Miscellaneous	316,386	-	7,534	2,413,855	28,285	145,579	2,911,639
Total Revenues	<u>26,223,573</u>	<u>(17,307)</u>	<u>2,024,486</u>	<u>11,827,503</u>	<u>34,274</u>	<u>585,736</u>	<u>40,678,265</u>
Expenditures							
Current:							
Legislative	131,009	-	-	2,295	-	32	133,336
General Government	4,152,666	-	9,474	1,094,540	427,083	72,505	5,756,268
Regulation and Protection	531,168	-	87,471	611,827	7,547	207,182	1,445,195
Conservation and Development	305,522	-	3,814	918,601	344,102	151,888	1,723,927
Health and Hospitals	1,891,522	-	-	1,070,054	15,217	84,560	3,061,353
Transportation	-	-	895,105	896,308	31,094	-	1,822,507
Human Services	6,027,505	-	-	5,429,331	147	1,990	11,458,973
Education, Libraries, and Museums	4,376,935	-	-	1,583,524	14,925	2,001	5,977,385
Corrections	2,067,654	-	-	136,990	2,718	1,967	2,209,329
Judicial	1,028,146	-	-	51,113	-	54,335	1,133,594
Capital Projects	-	-	-	-	-	982,421	982,421
Debt Service:							
Principal Retirement	1,634,199	378,845	-	-	-	-	2,013,044
Interest and Fiscal Charges	748,013	337,522	539	152,247	2,687	5,263	1,246,271
Total Expenditures	<u>22,894,339</u>	<u>716,367</u>	<u>996,403</u>	<u>11,946,830</u>	<u>845,520</u>	<u>1,564,144</u>	<u>38,963,603</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,329,234</u>	<u>(733,674)</u>	<u>1,028,083</u>	<u>(119,327)</u>	<u>(811,246)</u>	<u>(978,408)</u>	<u>1,714,662</u>
Other Financing Sources (Uses)							
Bonds Issued (Retired)	-	-	-	-	815,740	1,211,444	2,027,184
Premiums on Bonds Issued	-	116,126	-	-	85,443	226,882	428,451
Transfers In	3,716,736	780,600	7,235	147,357	-	76,237	4,728,165
Transfers Out	(6,635,453)	(5,280)	(748,633)	(263,961)	(82,755)	(636,445)	(8,372,527)
Refunding Bonds Issued	-	934,315	-	-	-	-	934,315
Payment to Refunded Bond Escrow Agent	-	(1,049,840)	-	-	-	-	(1,049,840)
Total Other Financing Sources (Uses)	<u>(2,918,717)</u>	<u>775,921</u>	<u>(741,398)</u>	<u>(116,604)</u>	<u>818,428</u>	<u>878,118</u>	<u>(1,304,252)</u>
Net Change in Fund Balances	<u>410,517</u>	<u>42,247</u>	<u>286,685</u>	<u>(235,931)</u>	<u>7,182</u>	<u>(100,290)</u>	<u>410,410</u>
Fund Balances - Beginning (restated)	3,286,847	1,103,038	323,655	3,580,433	866,414	2,330,509	11,490,896
Change in Reserve for Inventories	866	-	3,730	-	-	-	4,596
Fund Balances - Ending	<u>\$ 3,698,230</u>	<u>\$ 1,145,285</u>	<u>\$ 614,070</u>	<u>\$ 3,344,502</u>	<u>\$ 873,596</u>	<u>\$ 2,230,219</u>	<u>\$ 11,905,902</u>

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 429,660

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

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

In the current period, these amounts consist of

Debt issued or incurred:

Bonds issued	(2,027,184)	
Refunding bonds issued	(934,315)	
Premium on bonds issued	(428,451)	
Accretion on Capital Appreciation Bonds	25,483	

Principal repayment:

Principal Retirement	2,013,044	
Payments to refunded bond escrow agent	1,032,920	
Lease payments	7,211	

Net debt adjustments		(311,292)
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Some capital assets acquired this year were financed with 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

(48,883)

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

Capital outlays (including construction-in-progress)	1,093,094	
Depreciation expense (excluding internal service funds)	(833,822)	
Net capital outlay adjustments		259,272

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

4,596

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

Increase in accrued interest	(7,355)	
Amortization of bond premium	229,274	
Amortization of loss on debt refunding's	(8,339)	
Decrease in Net OPEB Liability & Net pension liability	11,542,334	
Increase in net deferred inflows related to OPEB & pensions	(8,002,669)	
Decrease in net deferred outflows related to OPEB & pensions	(1,671,648)	
Decrease in compensated absences	55,058	
Increase in workers compensation	(704)	
Decrease in claims and judgments	9,002	
Decrease in landfill post closure cost	1,819	
Decrease in non-exchange financial guarantees	34,410	

Net expense accruals		2,181,182
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Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.

553,864

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

1,436

Change in net position - governmental activities \$ 3,069,835

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

State of Connecticut

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2022

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds					Total	Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds		Internal Service Funds
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ 643,534	\$ 359,541	\$ -	\$ 1,367	\$ 54,301	\$ 1,058,743	\$ 12,108
Deposits with U.S. Treasury	-	-	84,885	-	-	84,885	-
Investments	589	66,550	-	-	-	67,139	-
Receivables:							
Accounts, Net of Allowances	168,105	67,877	180,138	460	6,175	422,755	173
Loans, Net of Allowances	1,712	-	-	219,189	31,783	252,684	-
Leases	2,746	1,961	-	-	-	4,707	-
Interest	-	-	-	5,486	421	5,907	-
From Other Governments	-	11,837	5,981	-	286	18,104	-
Due from Other Funds	43,463	123,721	1,979	-	-	169,163	4,965
Inventories	19,726	-	-	-	-	19,726	7,297
Restricted Assets	195,228	-	-	-	-	195,228	-
Other Current Assets	32,432	7,989	-	-	10	40,431	305
Total Current Assets	<u>1,107,535</u>	<u>639,476</u>	<u>272,983</u>	<u>226,502</u>	<u>92,976</u>	<u>2,339,472</u>	<u>24,848</u>
Noncurrent Assets:							
Cash and Cash Equivalents	-	154,771	-	425,284	110,548	690,603	-
Investments	18,232	30,887	-	999	-	50,118	-
Receivables:							
Loans, Net of Allowances	2,661	4,406	-	808,192	180,086	995,345	-
Leases	7,955	-	-	-	-	7,955	-
Restricted Assets	816	-	-	245,748	39,389	285,953	-
Capital Assets, Net of Accumulated Depreciation	3,458,787	1,943,574	-	-	-	5,402,361	43,899
Other Noncurrent Assets	18,100	91	-	-	-	18,191	10
Total Noncurrent Assets	<u>3,506,551</u>	<u>2,133,729</u>	<u>-</u>	<u>1,480,223</u>	<u>330,023</u>	<u>7,450,526</u>	<u>43,909</u>
Total Assets	<u>\$ 4,614,086</u>	<u>\$ 2,773,205</u>	<u>\$ 272,983</u>	<u>\$ 1,706,725</u>	<u>\$ 422,999</u>	<u>\$ 9,789,998</u>	<u>\$ 68,757</u>
Deferred Outflows of Resources							
Unamortized Losses on Bond Refundings	\$ -	\$ -	\$ -	\$ 4,032	\$ 101	\$ 4,133	\$ -
Other Deferred Outflows	124	4,638	-	-	-	4,762	-
Total Deferred Outflows of Resources	<u>\$ 124</u>	<u>\$ 4,638</u>	<u>\$ -</u>	<u>\$ 4,032</u>	<u>\$ 101</u>	<u>\$ 8,895</u>	<u>\$ -</u>
Liabilities							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 293,916	\$ 186,554	\$ 35	\$ 10,268	\$ 7,921	\$ 498,694	\$ 242
Due to Other Funds	44,851	350	529	-	-	45,730	11,770
Due to Other Governments	1,053	-	41	-	-	1,094	-
Current Portion of Long-Term Obligations	72,263	34,011	-	49,549	6,713	162,536	82
Lease Payable	9,717	2,238	-	-	-	11,955	-
Unearned Revenue	-	53,400	-	-	-	53,400	-
Other Current Liabilities	101,060	13,679	-	-	-	114,739	-
Total Current Liabilities	<u>522,860</u>	<u>290,232</u>	<u>605</u>	<u>59,817</u>	<u>14,634</u>	<u>888,148</u>	<u>12,094</u>
Noncurrent Liabilities:							
Noncurrent Portion of Long-Term Obligations	671,032	404,800	170,227	802,297	143,256	2,191,612	1,974
Total Noncurrent Liabilities	<u>671,032</u>	<u>404,800</u>	<u>170,227</u>	<u>802,297</u>	<u>143,256</u>	<u>2,191,612</u>	<u>1,974</u>
Total Liabilities	<u>\$ 1,193,892</u>	<u>\$ 695,032</u>	<u>\$ 170,832</u>	<u>\$ 862,114</u>	<u>\$ 157,890</u>	<u>\$ 3,079,760</u>	<u>\$ 14,068</u>
Deferred Inflows of Resources							
Other Deferred Inflows	\$ 3,423	\$ -	\$ -	\$ -	\$ -	\$ 3,423	\$ -
Deferred Inflows-Leases	10,350	1,966	-	-	-	12,316	-
Total Deferred Inflows of Resources	<u>\$ 13,773</u>	<u>\$ 1,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,739</u>	<u>\$ -</u>
Net Position (Deficit)							
Net Investment in Capital Assets	\$ 1,524,276	\$ 1,674,146	\$ -	\$ -	\$ -	\$ 3,198,422	\$ 43,909
Restricted For:							
Debt Service	1,179,340	-	-	-	-	1,179,340	-
Clean and Drinking Water Projects	-	-	-	640,430	196,705	837,135	-
Capital Projects	31,692	-	-	-	-	31,692	-
Nonexpendable Purposes	16,187	558	-	-	-	16,745	-
Loans	2,066	-	-	-	-	2,066	-
Other Purposes	23,484	145,021	-	-	-	168,505	-
Unrestricted (Deficit)	629,500	261,120	102,151	208,213	68,505	1,269,489	10,780
Total Net Position	<u>\$ 3,406,545</u>	<u>\$ 2,080,845</u>	<u>\$ 102,151</u>	<u>\$ 848,643</u>	<u>\$ 265,210</u>	<u>\$ 6,703,394</u>	<u>\$ 54,689</u>

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
Operating Revenues							
Charges for Sales and Services (Net of allowances & discounts \$334,949)	\$ 1,389,813	\$ 418,333	\$ -	\$ -	\$ -	\$ 1,808,146	\$ 50,335
Assessments	-	-	678,232	-	28,769	707,001	-
Federal Grants, Contracts, and Other Aid	245,296	32,705	966,650	-	-	1,244,651	-
State Grants, Contracts, and Other Aid	17,871	25,993	9,091	-	-	52,955	-
Private Gifts and Grants	50,226	10,600	-	-	-	60,826	-
Interest on Loans	-	-	-	21,519	3,899	25,418	-
Lease Revenue	2,712	-	-	-	-	2,712	-
Other	152,948	12,467	24,492	-	626	190,533	110
Total Operating Revenues	<u>1,858,866</u>	<u>500,098</u>	<u>1,678,465</u>	<u>21,519</u>	<u>33,294</u>	<u>4,092,242</u>	<u>50,445</u>
Operating Expenses							
Salaries, Wages, and Administrative	2,731,722	1,455,699	-	568	10,215	4,198,204	34,510
Unemployment Compensation	-	-	1,343,276	-	-	1,343,276	-
Claims Paid	-	-	-	-	18,714	18,714	-
Depreciation and Amortization	206,849	102,598	-	-	-	309,447	16,234
Other	89,119	29,142	-	6,687	3,013	127,961	-
Total Operating Expenses	<u>3,027,690</u>	<u>1,587,439</u>	<u>1,343,276</u>	<u>7,255</u>	<u>31,942</u>	<u>5,997,602</u>	<u>50,744</u>
Operating Income (Loss)	<u>(1,168,824)</u>	<u>(1,087,341)</u>	<u>335,189</u>	<u>14,264</u>	<u>1,352</u>	<u>(1,905,360)</u>	<u>(299)</u>
Nonoperating Revenue (Expenses)							
Interest and Investment Income	1,976	2,146	-	3,114	506	7,742	1,735
Interest and Fiscal Charges	(9,935)	(9,140)	-	(37,910)	(6,340)	(63,325)	-
Other - Net	324,281	306,553	-	9,875	1,453	642,162	-
Total Nonoperating Revenues (Expenses)	<u>316,322</u>	<u>299,559</u>	<u>-</u>	<u>(24,921)</u>	<u>(4,381)</u>	<u>586,579</u>	<u>1,735</u>
Income (Loss) Before Capital Contributions, Grants, and Transfers	<u>(852,502)</u>	<u>(787,782)</u>	<u>335,189</u>	<u>(10,657)</u>	<u>(3,029)</u>	<u>(1,318,781)</u>	<u>1,436</u>
Capital Contributions	1,976	-	-	-	-	1,976	-
Federal Capitalization Grants	-	-	-	15,407	6,010	21,417	-
Transfers In	1,144,433	852,868	-	25	15,152	2,012,478	-
Transfers Out	-	-	(7,823)	-	-	(7,823)	-
Change in Net Position	293,907	65,086	327,366	4,775	18,133	709,267	1,436
Total Net Position (Deficit) - Beginning (as restated)	<u>3,112,638</u>	<u>2,015,759</u>	<u>(225,215)</u>	<u>843,868</u>	<u>247,077</u>	<u>5,994,127</u>	<u>53,253</u>
Total Net Position (Deficit) - Ending	<u>\$ 3,406,545</u>	<u>\$ 2,080,845</u>	<u>\$ 102,151</u>	<u>\$ 848,643</u>	<u>\$ 265,210</u>	<u>\$ 6,703,394</u>	<u>\$ 54,689</u>

State of Connecticut

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other	Totals	Internal Service Funds
Cash Flows from Operating Activities							
Receipts from Customers	\$ 1,646,664	\$ 376,815	\$ 673,191	\$ 162,016	\$ 45,373	\$ 2,904,059	\$ 49,674
Payments to Suppliers	(842,610)	(408,478)	-	(6,686)	(3,013)	(1,260,787)	(25,566)
Payments to Employees	(1,635,935)	(1,033,975)	-	(458)	(10,003)	(2,680,371)	(11,874)
Other Receipts (Payments)	247,738	96,277	(561,186)	(109,461)	(43,200)	(369,832)	(1,445)
Net Cash Provided by (Used in) Operating Activities	(584,143)	(969,361)	112,005	45,411	(10,843)	(1,406,931)	10,789
Cash Flows from Noncapital Financing Activities							
Retirement of Bonds and Annuities Payable	(35,564)	-	-	(46,020)	(6,965)	(88,549)	-
Interest on Bonds and Annuities Payable	(21,957)	-	-	(37,510)	(6,409)	(65,876)	-
Transfers In	650,790	737,861	-	25	15,152	1,403,828	-
Transfers Out	-	(336)	(7,823)	-	-	(8,159)	-
Other Receipts (Payments)	262,384	309,945	-	-	-	121,665	1,735
Net Cash Flows from Noncapital Financing Activities	855,653	1,047,470	(458,487)	(83,505)	1,778	1,362,909	1,735
Cash Flows from Capital and Related Financing Activities							
Additions to Property, Plant, and Equipment	(288,109)	(110,607)	-	-	-	(398,716)	(13,940)
Proceeds from Capital Debt	247,000	-	-	-	-	247,000	-
Principal Paid on Capital Debt	(100,630)	(19,532)	-	-	-	(120,162)	-
Interest Paid on Capital Debt	(81,410)	(10,285)	-	-	-	(91,695)	-
Transfer In	146,989	102,552	-	-	-	249,541	-
Federal Capitalization Grants	-	-	-	15,407	6,124	21,531	-
Lease Revenue	2,712	-	-	-	-	2,712	-
Payments on leases, net	(15,914)	-	-	-	-	(15,914)	-
Transfer from State	20,000	-	-	-	-	20,000	-
Other Receipts (Payments)	6,608	-	(104,182)	-	-	(97,574)	-
Net Cash Flows from Capital and Related Financing Activities	(62,754)	(37,872)	(104,182)	15,407	6,124	(183,277)	(13,940)
Cash Flows from Investing Activities							
Proceeds from Sales and Maturities of Investments	-	51,148	-	-	-	51,148	-
Purchase of Investment Securities	(2,023)	(29,805)	-	-	-	(31,828)	-
Interest on Investments	1,311	2,044	-	3,212	532	7,099	-
(Increase) Decrease in Restricted Assets	-	-	-	(14,625)	-	(14,625)	-
Other Receipts (Payments)	-	-	-	30,177	4,087	34,264	-
Net Cash Flows from Investing Activities	(712)	23,387	-	18,764	4,619	46,058	-
Net Increase (Decrease) in Cash and Cash Equivalents	208,044	63,624	-	(3,923)	1,678	(181,241)	(1,416)
Cash and Cash Equivalents - Beginning of Year	631,534	450,688	-	5,290	52,623	1,140,135	13,524
Cash and Cash Equivalents - End of Year	\$ 839,578	\$ 514,312	\$ -	\$ 1,367	\$ 54,301	\$ 958,894	\$ 12,108
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating Income (Loss)	\$ (1,168,824)	\$ (1,086,870)	\$ 335,189	\$ 14,264	\$ 1,352	\$ (1,904,889)	\$ (299)
Adjustments not Affecting Cash:							
Depreciation and Amortization	211,687	102,598	-	-	-	314,285	16,234
Other	341,755	-	-	-	-	341,755	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivables, Net	(9,905)	(23,345)	(220,490)	31,147	(10,939)	(233,532)	(13)
(Increase) Decrease in Due from Other Funds	(605)	(19,119)	(702)	-	-	(20,426)	(651)
(Increase) Decrease in Inventories and Other Assets	(26,880)	(331)	-	-	(10)	(27,221)	(1,554)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	52,568	55,740	(316)	-	(1,246)	106,746	(2,928)
Increase (Decrease) in Due to Other Funds	16,061	-	(1,676)	-	-	14,385	-
Increase (Decrease) Deferred Inflows Leases	-	1,966	-	-	-	1,966	-
Total Adjustments	584,681	117,509	(223,184)	31,147	(12,195)	497,958	11,088
Net Cash Provided by (Used In) Operating Activities	\$ (584,143)	\$ (969,361)	\$ 112,005	\$ 45,411	\$ (10,843)	\$ (1,406,931)	\$ 10,789
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets							
Cash and Cash Equivalents - Current	\$ 643,534	\$ 359,541					
Cash and Cash Equivalents - Noncurrent	-	154,771					
Cash and Cash Equivalents - Noncurrent Restricted	816	-					
Cash and Cash Equivalents - Current Restricted	195,228	-					
	\$ 839,578	\$ 514,312					
Noncash Investing, Capital, and Financing Activities:							
Proceeds from refunding bonds	\$ -						
Amortization of premiums, discounts, and net loss on debt refunding's	21,969						
Acquisition of software license under long term purchase contract	2,643						
Acquisition of right-to-use assets under lease contracts	1,921						
Acquisition of equipment under install purchase agreement	267	9,526					
Capital assets acquired through gifts	487						
Unrealized gain (loss) on investment	(3,984)						
Loss on disposal of capital assets	(2,346)						
Mortgage proceeds held by Trustee in construction escrow account	-						
In kind Coronavirus relief donation	-						
Change in endowment	-						

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

State of Connecticut

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2022

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Fiduciary Component Unit Paid Family Medical Leave Authority	Custodial Funds	Total
Assets						
Current:						
Cash and Cash Equivalents	\$ 366,025	\$ -	\$ -	\$ 389,842	\$ 413,007	\$ 1,168,874
Receivables:						
Accounts, Net of Allowances	44,629	-	-	109,204	651	154,484
From Other Governments	48	-	-	-	-	48
From Other Funds	4,109,920	-	-	438	-	4,110,358
Interest	403	2,409	-	-	265	3,077
Inventories	-	-	-	-	944	944
Investments (See Note 3)	41,549,964	2,477,582	-	-	-	44,027,546
Securities Lending Collateral	3,326,718	-	-	-	-	3,326,718
Other Assets	-	7	-	91	329,492	329,590
Noncurrent:						
Due From Employers	12,114	-	-	-	-	12,114
Capital Assets, Net of Accumulated Depreciation	-	-	-	6,035	-	6,035
Other Assets	-	-	9,046	-	-	9,046
Total Assets	<u>\$ 49,409,821</u>	<u>\$ 2,479,998</u>	<u>\$ 9,046</u>	<u>\$ 505,610</u>	<u>\$ 744,359</u>	<u>\$ 53,148,834</u>
Deferred Outflows of Resources						
Related to Pensions & Other Postemployment Benefits	\$ -	\$ -	\$ -	\$ 11,384	\$ -	\$ 11,384
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,384</u>	<u>\$ -</u>	<u>\$ 11,384</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 25,506	\$ 2,339	\$ -	\$ 47,174	\$ 58,804	133,823
Securities Lending Obligation	3,326,718	-	-	-	-	3,326,718
Compensated Absences	-	-	-	469	-	469
Due to Other Funds	28,016	-	-	-	-	28,016
Other Current Liabilities	-	-	-	1,254	-	1,254
Total Current Liabilities	<u>3,380,240</u>	<u>2,339</u>	<u>-</u>	<u>48,897</u>	<u>58,804</u>	<u>3,490,280</u>
Noncurrent Liabilities:						
Pension & OPEB Liability	-	-	-	10,493	-	10,493
Noncurrent Portion of Long-Term Obligations	-	-	-	16,020	-	16,020
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,513</u>	<u>-</u>	<u>26,513</u>
Total Liabilities	<u>\$ 3,380,240</u>	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ 75,410</u>	<u>\$ 58,804</u>	<u>\$ 3,516,793</u>
Other Deferred Inflows						
Related to Pensions & Other Postemployment Benefits	\$ -	\$ -	\$ -	\$ 1,647	\$ -	\$ 1,647
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647</u>	<u>\$ -</u>	<u>\$ 1,647</u>
Net Position						
Restricted for:						
Pension Benefits	\$ 43,578,125	\$ -	\$ -	\$ -	\$ -	\$ 43,578,125
Other Postemployment Benefits	2,451,456	-	-	-	-	2,451,456
Pool Participants	-	2,477,659	-	-	-	2,477,659
Individuals, Organizations, and Other Governments	-	-	9,046	439,937	685,555	1,134,538
Total Net Position	<u>\$ 46,029,581</u>	<u>\$ 2,477,659</u>	<u>\$ 9,046</u>	<u>\$ 439,937</u>	<u>\$ 685,555</u>	<u>\$ 49,641,778</u>

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Pension & Other Employee Benefit <u>Trust Funds</u>	Investment <u>Trust Fund</u> External Investment <u>Pool</u>	Private- Purpose <u>Trust Fund</u> Escheat <u>Securities</u>	Fiduciary Component <u>Unit</u> Paid Family Medical Leave <u>Authority</u>	Custodial <u>Funds</u>	<u>Total</u>
Additions						
Contributions:						
Plan Members	\$ 870,627	\$ -	\$ -	\$ -	\$ -	\$ 870,627
State	6,097,997	-	-	-	-	6,097,997
Municipalities	135,649	-	-	-	-	135,649
Participant Contributions	-	-	-	415,122	-	415,122
Total Contributions	<u>7,104,273</u>	<u>-</u>	<u>-</u>	<u>415,122</u>	<u>-</u>	<u>7,519,395</u>
Investment Income	(3,983,227)	7,891	-	981	264	(3,974,091)
Less: Investment Expense	(43,164)	(238)	-	-	-	(43,402)
Net Investment Income	<u>(4,026,391)</u>	<u>7,653</u>	<u>-</u>	<u>981</u>	<u>264</u>	<u>(4,017,493)</u>
Insurance Securities	-	-	-	-	317,843	317,843
Escheat Securities Received	-	-	39,904	-	-	39,904
Pool's Share Transactions	-	722,612	-	-	-	722,612
Transfer In	1,639,307	-	-	-	-	1,639,307
Other	1,650,924	-	-	-	226,383	1,877,307
Total Additions	<u>6,368,113</u>	<u>730,265</u>	<u>39,904</u>	<u>416,103</u>	<u>544,490</u>	<u>8,098,875</u>
Deductions						
Administrative Expense	44,369	-	-	171,794	104,763	320,926
Benefit Payments and Refunds	5,581,450	-	-	-	-	5,581,450
Escheat Securities Returned or Sold	-	-	42,073	-	-	42,073
Distributions to Pool Participants	-	7,653	-	-	-	7,653
Depreciation & Amortization	-	-	-	2,600	-	2,600
Other	1,077,758	-	4,373	305	326,275	1,408,711
Total Deductions	<u>6,703,577</u>	<u>7,653</u>	<u>46,446</u>	<u>174,699</u>	<u>431,038</u>	<u>7,363,413</u>
Change in Net Position Held In Trust For:						
Pension and Other Employee Benefits	(335,464)	-	-	-	-	(335,464)
Individuals, Organizations, and Other Governments	-	722,612	(6,542)	241,404	113,452	1,070,926
Net Position - Beginning	<u>46,365,045</u>	<u>1,755,047</u>	<u>15,588</u>	<u>198,533</u>	<u>572,103</u>	<u>48,906,316</u>
Net Position - Ending	<u>\$ 46,029,581</u>	<u>\$ 2,477,659</u>	<u>\$ 9,046</u>	<u>\$ 439,937</u>	<u>\$ 685,555</u>	<u>\$ 49,641,778</u>

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

State of Connecticut

**STATEMENT OF NET POSITION
COMPONENT UNITS**

June 30, 2022

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12-31-21)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Total
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 24,116	\$ 171,714	\$ 243,277	\$ 439,107
Investments	-	4,159	-	673,704	677,863
Receivables:					
Accounts, Net of Allowances	-	27,711	12,040	32,588	72,339
Loans, Net of Allowances	-	-	-	2,927	2,927
Interest Receivable	-	946	-	1,641	2,587
Due From Other Governments	-	-	19,131	-	19,131
Due From Primary Government	-	-	5,345	1,075	6,420
Restricted Assets	1,388,817	-	3,156	836,647	2,228,620
Leases Receivable	-	-	2,281	3,286	5,567
Inventories	-	-	-	5,869	5,869
Other Current Assets	-	3,588	890	18,792	23,270
Total Current Assets	1,388,817	60,520	214,557	1,819,806	3,483,700
Noncurrent Assets:					
Investments	-	119,032	-	136,225	255,257
Accounts, Net of Allowances	-	-	-	56,481	56,481
Loans, Net of Allowances	-	-	-	130,547	130,547
Leases Receivable	-	-	11,356	36,161	47,517
Restricted Assets	4,753,883	-	104,283	261,613	5,119,779
Capital Assets, Net of Accumulated Depreciation	3,309	461	558,720	514,679	1,077,169
Other Noncurrent Assets	-	5,147	-	96,648	101,795
Total Noncurrent Assets	4,757,192	124,640	674,359	1,232,354	6,788,545
Total Assets	\$ 6,146,009	\$ 185,160	\$ 888,916	\$ 3,052,160	\$ 10,272,245
Deferred Outflows of Resources					
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ 5,799	\$ -	\$ 5,799
Unamortized Losses on Bond Refundings	71,070	-	1,174	-	72,244
Related to Pensions & Other Postemployment Benefits	28,660	29,445	35,421	25,313	118,839
Other	-	-	-	2,317	2,317
Total Deferred Outflows of Resources	\$ 99,730	\$ 29,445	\$ 42,394	\$ 27,630	\$ 199,199
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 165,764	\$ 11,183	\$ 40,083	\$ 110,560	\$ 327,590
Current Portion of Long-Term Obligations	546,192	4,914	6,555	26,830	584,491
Due To Primary Government	-	-	348	57,949	58,297
Unearned Revenue	-	-	-	4,866	4,866
Leases Payable	-	-	-	520	520
Amount Held for Institutions	-	-	-	570,768	570,768
Other Liabilities	-	27,011	6,913	74	33,998
Total Current Liabilities	711,956	43,108	53,899	771,567	1,580,530
Noncurrent Liabilities:					
Pension & OPEB Liability	142,211	106,096	139,909	92,569	480,785
Noncurrent Portion of Long-Term Obligations	4,325,666	119,117	231,966	416,210	5,092,959
Total Noncurrent Liabilities	4,467,877	225,213	371,875	508,779	5,573,744
Total Liabilities	\$ 5,179,833	\$ 268,321	\$ 425,774	\$ 1,280,346	\$ 7,154,274
Other Deferred Inflows					
Related to Pensions & Other Postemployment Benefits	\$ 26,796	\$ 29,922	\$ 44,589	\$ 29,708	\$ 131,015
Other Deferred Inflows	26,850	-	-	535	27,385
Deferred Inflows Leases	-	-	13,245	42,956	56,201
Total Deferred Inflows of Resources	\$ 53,646	\$ 29,922	\$ 57,834	\$ 73,199	\$ 214,601
Net Position					
Net Investment in Capital Assets	\$ 3,309	\$ 461	\$ 344,731	\$ 307,512	\$ 656,013
Restricted:					
Debt Service	-	-	6,973	-	6,973
Bond Indentures	1,008,951	-	2,168	-	1,011,119
Expendable Endowments	-	-	-	15,805	15,805
Nonexpendable Endowments	-	-	-	749,699	749,699
Capital Projects	-	-	80,736	-	80,736
Other Purposes	-	-	-	321,609	321,609
Unrestricted (Deficit)	-	(84,099)	13,094	331,620	260,615
Total Net Position (Deficit)	\$ 1,012,260	\$ (83,638)	\$ 447,702	\$ 1,726,245	\$ 3,102,569

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

State of Connecticut

**STATEMENT OF ACTIVITIES
COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/21)	\$ 164,088	\$ 143,886	\$ -	\$ -
Connecticut Lottery Corporation	1,608,843	1,604,061	-	-
Connecticut Airport Authority	105,990	145,317	-	28,303
Other Component Units	<u>273,267</u>	<u>354,385</u>	<u>18,492</u>	<u>151,767</u>
Total Component Units	<u>\$ 2,152,188</u>	<u>\$ 2,247,649</u>	<u>\$ 18,492</u>	<u>\$ 180,070</u>

General Revenues:
 Investment Income
 Transfer In
 Total General Revenues
 Change in Net Position
 Net Position (Deficit)-Beginning (as restated)
 Net Position (Deficit)-Ending

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

State of Connecticut

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

Connecticut Housing Finance Authority (12-31-21)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Totals
\$ (20,202)	\$ -	\$ -	\$ -	\$ (20,202)
-	(4,782)	-	-	(4,782)
-	-	67,630	-	67,630
-	-	-	251,378	251,378
(20,202)	(4,782)	67,630	251,378	294,024
(11,447)	5,448	504	(25,349)	(30,844)
-	-	-	400	400
(11,447)	5,448	504	(24,949)	(30,444)
(31,649)	666	68,134	226,429	263,580
1,043,909	(84,304)	379,568	1,499,816	2,838,989
\$ 1,012,260	\$ (83,638)	\$ 447,702	\$ 1,726,245	\$ 3,102,569

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Note 1

Summary of Significant Accounting Policies

a. Basis of Presentation

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

b. Reporting Entity

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

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

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

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

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

The Connecticut Airport Authority and the Connecticut Port Authority are reported as component units because the nature and significance of their relationship with the State are such that it would be misleading to exclude the authorities from the State's reporting entity.

The State's major and nonmajor component units are:

Connecticut Housing Finance Authority (CHFA)

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ended on December 31, 2021.

Connecticut Airport Authority (CAA)

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

Materials Innovation and Recycling Authority (MIRA)

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

Connecticut Higher Education Supplemental Loan Authority (CHESLA)

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

Connecticut Health and Educational Facilities Authority (CHEFA)

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

Connecticut Student Loan Foundation (CSLF)

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

Capital Region Development Authority (CRDA)

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

Connecticut Innovations, Incorporated (CI)

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

Connecticut Green Bank (CGB)

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

Connecticut Lottery Corporation (CLC)

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

Connecticut Port Authority (CPA)

CPA was established to grow Connecticut's maritime economy and create jobs by strategically investing in the state's three deep water ports and small harbors.

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

University of Connecticut Foundation, Incorporated

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

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues. Even though Internal Service funds are part of the proprietary reporting, for government-wide reporting they are included within the governmental activities because these services are rendered primarily for the benefit of activities within the governmental funds.

Fund Financial Statements

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

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

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

In addition, the State reports the following fund types:

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

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

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

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

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

Fiduciary Component Unit (Connecticut Paid Family Medical Leave Authority-PFMLA) – PFMLA was established pursuant to Public Act No 19-25. The main objective of the Authority is to establish and administer a paid leave program to eligible employees funded by the employees under the Connecticut Paid Family and Medical Leave Insurance Act.

The Family and Medical Leave Insurance Trust Fund is a non-lapsing fund held by the State Treasurer to hold all contributions and other amounts intended for the Trust. The amounts in the Trust shall not constitute property of the State and the trust is not a department, institution, or agency of the State. The State has no obligation to pay obligations of the Trust and all amounts to be paid from the Trust are limited to amounts in the Trust. In accordance with paragraph 8 of GASB 84 *Fiduciary Activities* PFMLA has been classified as a Fiduciary Component Unit.

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

d. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

Governmental Fund Financial Statements

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

e. Assets and Liabilities

Cash and Cash Equivalents (see Note 3)

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

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

Investments (see Note 3)

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

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

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

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

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

Inventories

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

Capital Assets and Depreciation

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

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

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

The State also records right-to-use lease assets and lease liabilities for building space and equipment for which the State is the lessee with an initial individual cost of more than \$300,000. These assets and liabilities are initially recorded at the present value of payments expected to be made over the lease term. The right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset using the effective interest rate, and the liability is reduced by the principal portion of lease payments made.

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

Buildings	40 years
Improvements Other than Buildings	10-20 years
Machinery and Equipment	5-30 years
Software	2-6 years
Infrastructure	20-28 years

Securities Lending Transactions (see Note 3)

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

Escheat Property

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

Deferred Outflows of Resources

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

Unearned Revenues

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

Long-term Obligations

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

Capital Appreciation Bonds

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

Compensated Absences

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

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

f. Derivative Instruments

The State's derivative instruments consist of interest rate swap agreements, all of which have been determined by the State to be effective cash flow hedges. Accumulated decreases in the fair value of some of the swaps are reported as deferred outflows of resources in the Statement of Net Position.

g. Deferred Inflows of Resources

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

h. Interfund Activities

The effect of interfund activities has been eliminated from the government-wide statements, the exceptions to this general rule are interfund activities between the general fund and fiduciary funds. In the fund financial statements, interfund activities are reported as follows:

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

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

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

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

i. Endowments

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

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

j. Supplemental Nutrition Assistance Program (SNAP)

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

k. External Investment Pool

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

I. Upcoming Accounting Pronouncements

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

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership (PPP’s). This Statement is effective for fiscal years beginning after June 15, 2022. The State is currently evaluating the impact this standard will have on its financial statements.

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

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

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 12, 2023. The State is currently evaluation the impact this standard will have on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primarily objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2023. The State is currently evaluating the impact this standard will have on its financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. The State is currently evaluating the impact this standard will have on its financial statements.

m. Use of Estimates

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

Note 2

Nonmajor Fund Deficits

The following funds have deficit fund/net position balances at June 30, 2022, none of which constitutes a violation of statutory provisions (amounts in thousands).

<u>Capital Projects</u>		
Transportation	\$	718
<u>Special Revenue</u>		
Regional Market	\$	340

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

The Regional Market fund deficit was carried forward from prior years and should be eliminated in the future.

Note 3**Cash Deposits and Investments**

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

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

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

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

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

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

Primary Government

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

Short-Term Investment Fund (STIF)

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

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

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

As of June 30, 2022, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund			
		Investment	
		Maturities	
		(in years)	
	Amortized	Less	
<u>Investment Type</u>	<u>Cost</u>	<u>Than 1</u>	<u>1-5</u>
Treasury Securities	\$ 75,042	\$ 75,042	\$ -
Federal Agency Securities	2,250,976	2,250,976	-
Bank Commercial Paper	2,427,268	2,427,268	-
Repurchase Agreements	2,030,000	2,030,000	-
Money Market Funds	2,186,219	2,186,219	-
Total Investments	\$ 8,969,505	\$ 8,969,505	\$ -

Interest Rate Risk

STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2022, the weighted average maturity of STIF was 29 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2022, the amount of STIF's investments in variable-rate securities was \$1.935 billion.

Credit Risk

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

As of June 30, 2022, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

<u>Credit Quality Ratings</u>	<u>Amortized</u>	
	<u>Cost</u>	<u>Percentage of Amortized Cost</u>
A-1+	\$ 1,822,465	20.3%
A-1	1,784,803	19.9%
A-2	850,000	9.5%
AAAm	2,186,219	24.4%
U.S. Government Agency Securities	2,250,976	25.1%
United States Treasury Securities	75,042	0.8%
Total	<u>\$ 8,969,505</u>	<u>100.0%</u>

Concentration of Credit Risk

STIF reduces its exposure to this risk by ensuring that at least 60 percent of fund assets will be invested in securities rated "A-1+" or equivalent. In addition, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAm) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 15 percent. As of June 30, 2022, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

<u>Investment Issuer</u>	<u>Cost</u>
Federal Home Loan Bank	\$ 1,307,937

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

STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificates of deposit must be issued from commercial banks whose short-term debt is rated at least "A-1" by Standard and Poor's and "F-1" by Fitch and whose long-term debt is rated at least "A-" or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2022, \$8,250,792 of the bank balance of STIF's deposits of \$8,501,087 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,250,792
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	-
Total	<u>\$ 8,250,792</u>

Combined Investment Funds (CIFS)

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

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

	Primary Government		
	Governmental	Business-Type	Fiduciary
	Activities	Activities	Funds
Equity in the CIFS	\$ 118,460	\$ 589	\$ 44,415,018
Other Investments	50	66,550	19
Total Investments-Current	\$ 118,510	\$ 67,139	\$ 44,415,037

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

As of June 30, 2022, the CIFS had the following investments (amounts in thousands):

Fair Value Measurements				
Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents	\$ 842,617	\$ -	\$ 842,617	\$ -
Asset Backed Securities	290,012	-	290,012	-
Government Securities	5,054,561	-	5,054,561	-
Government Agency Securities	1,325,006	-	1,325,006	-
Mortgage Backed Securities	463,960	-	463,960	-
Corporate Debt	4,472,836	-	4,457,391	15,445
Convertible Securities	152,366	3,464	148,902	-
Derivatives	7,394	-	7,394	-
Common Stock	16,148,059	16,124,351	23,607	101
Preferred Stock	89,851	87,939	1,912	-
Real Estate Investment Trust	586,456	585,739	717	-
Mutual Fund	410,342	410,342	-	-
Total	\$ 29,843,460	\$ 17,211,835	\$ 12,616,079	\$ 15,546
Investments Measured by Net Asset Value (NAV)				
		Unfunded	Redemption	Redemption
		Commitments	Frequency	Notice Period
Limited Partnerships	12,000,319	7,472,438	Illiquid	N/A
Total	12,000,319	\$ 7,472,438		
Total Investments in Securities at Fair Value	\$ 41,843,779			

Investments are stated at fair value for each of the CIF as described below. For the Alternative Investment, Real Assets, Private Credit and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, are shown at values that are carried at the general partner's June 30, 2022 fair value, or net asset value ("NAV") equivalent. The CIF's assets are fair valued quarterly by the General Partner and at such other times as determined by the General Partner and are based on Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures". The fair value the General Partner assigned to these investments is based upon available information and does not represent necessarily the amount that ultimately might be realized upon sale or maturity. Because of the inherent uncertainty of the fair valuation process, this estimated fair value presented by the General Partner may differ significantly from the fair value that would have been used had a ready market for the security existed, and the difference could be material. The General Partner is responsible for coordination and oversight of all investment valuations.

Interest Rate Risk

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

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

Combined Investment Funds					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 842,617	\$ 842,617	\$ -	\$ -	\$ -
Asset Backed Securities	290,012	357	56,186	74,771	158,698
Government Securities	5,054,561	204,239	1,894,514	1,643,712	1,312,096
Government Agency Securities	1,325,006	25,229	3,106	16,978	1,279,693
Mortgage Backed Securities	463,960	5,466	9,057	45,507	403,930
Corporate Debt	4,472,836	463,386	1,470,551	1,907,043	631,856
Convertible Debt	152,366	6,223	124,943	19,638	1,562
	<u>\$ 12,601,358</u>	<u>\$ 1,547,517</u>	<u>\$ 3,558,357</u>	<u>\$ 3,707,649</u>	<u>\$ 3,787,835</u>

Credit Risk

The CIFS minimize exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2022, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds								
	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt
A	\$ 633,614	\$ -	\$ 2,614	\$ 104,172	\$ -	\$ 1,334	\$ 522,373	\$ 3,121
Aa	223,232	-	7,931	146,122	-	9,407	59,473	299
Aaa	5,129,177	-	99,075	3,459,449	1,325,006	194,564	51,083	-
B	1,011,349	-	2,676	97,837	-	-	906,819	4,017
Ba	1,041,502	-	1,346	229,299	-	63	808,294	2,500
Baa	1,245,557	-	5,647	254,080	-	2,075	977,767	5,988
C	1,849	-	-	1,285	-	-	564	-
Ca	27,788	-	3,736	10,697	-	569	12,768	18
Caa	409,996	-	1,915	42,317	-	773	361,771	3,220
Not Rated	2,877,294	842,617	165,072	709,303	-	255,175	771,924	133,203
	<u>\$ 12,601,358</u>	<u>\$ 842,617</u>	<u>\$ 290,012</u>	<u>\$ 5,054,561</u>	<u>\$ 1,325,006</u>	<u>\$ 463,960</u>	<u>\$ 4,472,836</u>	<u>\$ 152,366</u>

Foreign Currency Risk

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

As of June 30, 2022, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds										
Foreign Currency	Total	Cash	Cash Equivalent Collateral	Fixed Income Securities				Equities		Real Estate Investment Trust Fund
				Government Securities	Corporate Debt	Asset Backed	Convertible Bonds	Common Stock	Preferred Stock	
Argentine Peso	\$ 893	\$ 723	\$ -	\$ 170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	264,948	1,629	-	2,567	4,806	-	-	244,831	-	11,115
Brazilian Real	294,962	2,403	-	103,193	6,608	(820)	-	135,237	48,341	-
Canadian Dollar	63,424	1,072	-	-	-	-	-	61,506	-	846
Chilean Peso	29,500	210	-	28,919	-	371	-	-	-	-
Colombian Peso	71,846	842	-	59,562	8,722	2,720	-	-	-	-
Costa Rican Colon	362	-	-	362	-	-	-	-	-	-
Czech Koruna	16,631	(781)	-	12,501	-	(490)	-	5,401	-	-
Danish Krone	153,103	560	-	-	4,232	-	-	148,311	-	-
Dominican Peso	4,443	-	-	4,443	-	-	-	-	-	-
Egyptian Pound	1,012	823	-	-	189	-	-	-	-	-
Euro Currency	1,607,559	2,368	-	54,100	15,227	3,849	17,256	1,493,004	15,743	6,012
Hong Kong Dollar	751,821	895	-	368	-	-	5,335	736,263	-	8,960
Hryvnia	7,941	(933)	-	6,475	2,399	-	-	-	-	-
Hungarian Forint	21,803	785	(2,691)	19,118	76	(537)	-	5,052	-	-
Indonesian Rupee	9,383	-	-	-	9,513	(130)	-	-	-	-
Indonesian Rupiah	146,303	1,589	-	56,166	30,752	-	-	57,796	-	-
Japanese Yen	771,680	8,261	-	-	-	-	5,069	742,338	-	16,012
Kazakhstan Tenge	6,577	-	-	-	6,577	-	-	-	-	-
Malaysian Ringgit	61,806	(14)	-	58,068	-	7	-	3,745	-	-
Mexican Peso	129,900	1,027	-	83,869	2,883	125	-	41,996	-	-
New Israeli Sheqel	52,889	153	-	1,902	-	-	-	50,658	-	176
New Zealand Dollar	7,818	131	-	-	-	-	-	7,066	-	621
Norwegian Krone	40,564	55	-	-	-	-	-	40,509	-	-
Philippine Peso	3,682	-	-	2,087	-	-	-	1,595	-	-
Polish Zloty	42,524	(28)	-	18,462	-	398	-	23,692	-	-
Pound Sterling	990,723	2,878	-	-	242	-	913	789,310	186,932	10,448
Romanian Leu	12,881	(2)	-	12,883	-	-	-	-	-	-
Russian Ruble	14,093	1,258	-	10,562	862	-	-	1,411	-	-
Singapore Dollar	36,611	287	-	861	-	433	186	28,281	-	6,563
Peruvian Sol	38,421	415	-	34,342	3,664	-	-	-	-	-
South African Rand	230,221	(37)	-	98,390	6,549	(456)	-	125,775	-	-
South Korean Won	348,749	1	-	-	-	(370)	-	329,544	19,574	-
Swedish Krona	106,574	895	-	-	-	-	-	105,636	43	-
Swiss Franc	475,486	3,172	-	-	-	-	317	471,997	-	-
Thailand Baht	80,279	(303)	-	17,485	-	(31)	-	63,128	-	-
Turkish Lira	3,521	452	-	182	-	-	-	2,887	-	-
Uganda Shilling	1,309	142	-	1,167	-	-	-	-	-	-
Uruguayan Peso	26,010	(150)	-	26,160	-	-	-	-	-	-
Uzbekistan Sum	3,150	-	-	3,150	-	-	-	-	-	-
Yuan Renminbi	7,617	5,718	-	-	1,736	163	-	-	-	-
Yuan Renminbi (Offshore)	(5,564)	(5,564)	-	-	-	-	-	-	-	-
Zambian Kwacha	3,073	53	-	1,186	1,834	-	-	-	-	-
	\$ 6,936,528	\$ 30,985	\$ (2,691)	\$ 718,700	\$ 106,871	\$ 5,232	\$ 29,076	\$ 5,716,969	\$ 270,633	\$ 60,753

Derivatives

As of June 30, 2022, the CIFS held the following derivative investments (amounts in thousands):

	2022	2021
	<u>Fair Value</u>	<u>Fair Value</u>
Adjustable Rate Securities	\$ 1,085,158	\$ 631,503
Asset Backed Securities	286,282	177,628
Mortgage Backed Securities	463,959	392,400
Forward Mortgage Backed Securities (TBA's)	433,856	536,957
Interest Only	11,131	14,358
Total	<u>\$ 2,280,386</u>	<u>\$ 1,752,846</u>

The Core Fixed Income Fund held futures with a negative notional cost of \$316,137,147. The Emerging Market Debt Fund held futures with a negative notional cost of \$27,517,571. Also, the Developed Market International Stock held futures with a notional cost of \$29,088,316. Futures with a notional cost of \$61,333,864 were held for the Emerging Markets International Stock Fund. In addition, the Real Assets Fund held futures with a notional cost of \$752,306.

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, 2022, the fair value of contracts to buy and contracts to sell was \$932.5 million and \$928.9 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, 2022, the CIFS had deposits with a bank balance of \$82.8 million which was uninsured and uncollateralized.

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

Other Investments

The University of Connecticut measures and records its investments using fair value measurement guidelines. These guidelines have a three tiered fair value hierarchy, as follows: Level 1; Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs. As of June 30, 2022, UConn had the following recurring fair value measurements. (amounts in thousands):

Fair Value Measurements				
Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents	\$ 1,494	\$ 1,494	\$ -	\$ -
Fixed Income Securities	1,855	1,855	-	-
Equity Securities	12,290	12,290	-	-
Total	<u>\$ 15,639</u>	<u>\$ 15,639</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured by Net Asset Value (NAV)		Unfunded	Redemption	Redemption
		Commitments	Frequency	Notice Period
Private Capital Partnerships	\$ 426	\$ 112	N/A	N/A
Private Real Estate Partnerships	8	35	N/A	N/A
Natural Resource Partnerships	288	36	N/A	N/A
Long/Short Equities	1	-	N/A	N/A
Relative Value	1,155	-	N/A	N/A
Other	715	-	N/A	N/A
Total	<u>2,593</u>	<u>\$ 183</u>		
Total Investments in Securities at Fair Value	<u>\$ 18,232</u>			

As of June 30, 2022, the State had other investments and maturities as follows (amounts in thousands):

Other Investments				
Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
State Bonds	\$ 1,681	\$ 50	\$ 1,631	\$ -
U.S. Government and Agency Securities	259,087	82,872	7,017	169,198
Guaranteed Investment Contracts	54,013	6,167	19,967	27,879
Money Market Funds	63,441	63,441	-	-
Total Debt Investments	378,222	<u>\$ 152,530</u>	<u>\$ 28,615</u>	<u>\$ 197,077</u>
Endowment Pool	17,517			
Corporate Stock	228			
Other Investments	11,527			
Total Investments	<u>\$ 407,494</u>			

Credit Risk

As of June 30, 2022, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Other Investments					
Investment Type	Fair Value	Quality Ratings			
		AA	A	BBB	Unrated
State Bonds	\$ 1,681	\$ 682	\$ 999	\$ -	\$ -
U.S. Government and Agency Securities	176,215	176,215	-	-	-
Guaranteed Investment Contracts	54,013	14,566	32,479	-	6,968
Money Market Funds	63,441	-	-	-	63,441
Total	<u>\$ 295,350</u>	<u>\$ 191,463</u>	<u>\$ 33,478</u>	<u>\$ -</u>	<u>\$ 70,409</u>

Connecticut State Universities had \$82.9 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

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

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2022, \$165,595 of the bank balance of the Primary Government of \$188,577 was exposed to custodial credit risk as follows

Uninsured and uncollateralized	\$ 99,373
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	66,222
Total	<u>\$ 165,595</u>

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2021 and June 30, 2022, respectively (amounts in thousands):

Major Component Units					
Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 459	\$ -	\$ 85	\$ -	\$ 374
GNMA & FNMA Program Assets	2,199,619	-	423	12,611	2,186,585
Money Market	8,074	8,074	-	-	-
Municipal Bonds	46,556	440	1,748	2,300	42,068
STIF	1,140,450	1,140,450	-	-	-
MBS's	160	3	10	147	-
Structured Securities	270	-	-	270	-
U.S. Government Agency Securities	866	-	-	-	866
VRDN's	89,000	-	-	48,545	40,455
Total Debt Investments	3,485,454	\$ 1,148,967	\$ 2,266	\$ 63,873	\$ 2,270,348
Annuity Contracts	123,191				
Total Investments	\$ 3,608,645				

The CHFA and the CLC own 96.6 percent and 3.4 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

Interest Rate Risk**CHFA**

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

Credit Risk**CHFA**

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

CHFA's investments were rated as of December 31, 2021 as follows (amounts in thousands):

Component Units						
Investment Type	Fair Value	Quality Ratings				
		AAA	AA	CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 459	\$ 374		\$ -	\$ -	\$ 85
GNMA & FNMA Program Assets	2,199,619	2,199,619		-	-	-
Money Market	8,074	6,994		-	-	1,080
Municipal Bonds	46,556	8,300		-	-	38,256
STIF	1,140,450	1,140,450		-	-	-
MBS's	160	160		-	-	-
Structured Securities	270	-		270	-	-
U.S. Government Agency Securities	866	866		-	-	-
VRDN's	89,000	54,660	34,340	-	-	-
Total	\$ 3,485,454	\$ 3,411,423	\$ 34,340	\$ 270	\$ -	\$ 39,421

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, 2021, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

Security Lending Transactions

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

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

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit risk exposure to borrowers because the fair value of the collateral held and the fair value of securities on loan were \$5,258.6 million and \$5,145.6 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 5.55 days and an average weighted maturity of 37.48 days.

Note 4

Receivables-Current

As of June 30, 2022, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 3,291,495	\$ -	\$ -
Accounts	1,458,097	537,818	80,914
Loans-Current Portion	-	252,684	2,927
Leases-Current Portion	-	4,707	5,568
Other Governments	1,013,941	18,103	19,131
Interest	2,053	6,367	2,584
Other	26,061	-	-
Total Receivables	5,791,646	819,679	111,125
Allowance for			
Uncollectibles	(965,023)	(115,522)	(8,574)
Receivables, Net	\$ 4,826,623	\$ 704,157	\$ 102,551

Note 5

Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2022 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 1,212,533	\$ -	\$ 1,212,533
Income Taxes	1,065,835	-	1,065,835
Corporations	230,504	-	230,504
Gasoline and Special Fuel	-	257,673	257,673
Various Other	524,949	-	524,949
Total Taxes Receivable	3,033,821	257,673	3,291,494
Allowance for Uncollectibles	(272,123)	(300)	(272,423)
Taxes Receivable, Net	\$ 2,761,698	\$ 257,373	\$ 3,019,071

Note 6

Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2022, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 56,481
Loans	1,090,344	996,044	152,049
Leases	-	7,955	47,518
Total Receivables	1,090,344	1,003,999	256,048
Allowance for Uncollectibles	(74,422)	(699)	(21,503)
Receivables, Net	\$ 1,015,921	\$ 1,003,300	\$ 234,545

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 development agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten-year period with rates ranging from 2 percent to 4 percent.

Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20-year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$808.2 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 3.75 percent to 5.99 percent. At year end, the noncurrent portion of loans receivable was \$92.1 million.

Note 7

Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2022, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	\$ 1,146,699	\$ -	\$ -	\$ -	\$ 1,146,699
Total Governmental Activities	\$ 1,146,699	\$ -	\$ -	\$ -	\$ 1,146,699
Business-Type Activities:					
UConn/Health Center	\$ 196,044	\$ -	\$ -	\$ -	\$ 196,044
Clean Water	166,938	78,810	-	-	245,748
Other Proprietary	36,942	2,447	-	-	39,389
Total Business-Type Activities	\$ 399,924	\$ 81,257	\$ -	\$ -	\$ 481,181
Component Units:					
CHFA	\$ 285	\$ 3,485,454	\$ 2,598,606	\$ 58,355	\$ 6,142,700
CAA	102,295	3,156	-	1,988	107,439
Other Component Units	224,630	637,217	228,538	7,875	1,098,260
Total Component Units	\$ 327,210	\$ 4,125,827	\$ 2,827,144	\$ 68,218	\$ 7,348,399

Note 8

Current Liabilities

Accounts Payable and Accrued Liabilities

As of June 30, 2022, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Leases	Other	Total Payables & Accrued Liabilities
Governmental Activities:						
General	\$ 138,414	\$ 352,408	\$ -	\$ -	\$ -	\$ 490,822
Transportation	21,390	30,410	-	-	-	51,800
Restricted Accounts	278,739	22,440	-	-	-	301,179
Grants and Loans	6,091	133	-	-	4,157	10,381
Other Governmental	136,446	15,218	-	-	-	151,664
Internal Service	(222)	462	-	-	3	243
Reconciling amount from fund financial statements to government-wide financial statements	-	-	309,043	15,088	4,108,403	4,432,534
Total-Governmental Activities	\$ 580,858	\$ 421,071	\$ 309,043	\$ 15,088	\$ 4,112,563	\$ 5,438,623
Business-Type Activities:						
UConn/Health Center	\$ 99,793	\$ 144,394	\$ -	\$ 9,717	\$ 49,729	\$ 303,633
Board of Regents	25,718	159,088	1,636	2,238	112	188,792
Other Proprietary	5,254	-	12,151	-	819	18,224
Total-Business-Type Activities	\$ 130,765	\$ 303,482	\$ 13,787	\$ 11,955	\$ 50,660	\$ 510,649
Component Units:						
CHFA	\$ -	\$ -	\$ 14,901	\$ -	\$ 150,863	\$ 165,764
Connecticut Lottery Corporation	10,237	-	946	-	-	11,183
Connecticut Airport Authority	25,333	6,219	3,784	-	4,746	40,082
Other Component Units	35,805	1,362	520	520	72,874	111,081
Total-Component Units	\$ 71,375	\$ 7,581	\$ 20,151	\$ 520	\$ 228,483	\$ 328,110

Note 9**Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,945,507	\$ 24,866	\$ -	\$ 1,970,373
Construction in Progress	6,124,019	1,133,055	1,109,251	6,147,823
Art & Historical Collections	221,803	2,994	-	224,797
Total capital assets not being depreciated	8,291,329	1,160,915	1,109,251	8,342,993
Other capital assets:				
Buildings	4,899,539	20,020	1,423	4,918,136
Improvements other than buildings	482,096	5,181	1,448	485,829
Equipment	2,671,917	200,901	65,560	2,807,258
Right-to-use assets	1,590	73,880	1,696	73,774
Infrastructure	18,212,408	745,400	-	18,957,808
Total other capital assets at historical cost	26,267,550	1,045,382	70,127	27,242,805
Less accumulated depreciation for:				
Buildings	1,954,072	122,953	1,423	2,075,602
Improvements other than buildings	438,138	24,595	1,448	461,285
Equipment	2,625,510	203,407	65,560	2,763,357
Right-to-use assets	-	12,320	1,696	10,624
Infrastructure	12,364,352	477,004	-	12,841,356
Total accumulated depreciation	17,382,072	840,279	70,127	18,152,224
Other capital assets, net	8,885,478	205,103	-	9,090,581
Governmental activities capital assets, net	<u>\$ 17,176,807</u>	<u>\$ 1,366,018</u>	<u>\$ 1,109,251</u>	<u>\$ 17,433,574</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative	\$ 5,621
General Government	32,057
Regulation & Protection	33,845
Conservation & Development	12,716
Health & Hospitals	11,479
Transportation	646,661
Human Services	2,292
Education, Libraries & Museums	32,472
Corrections	37,613
Judicial	19,066
Capital assets held by the government's internal service funds are charged to various functions based on the usage of the assets	6,457
TOTAL	<u>\$ 840,279</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 78,819	\$ 1,416	\$ -	\$ 80,235
Construction in Progress	300,025	268,622	185,072	383,575
Art & Historical Collections	56,768	433	42	57,159
Total Capital Assets not being Depreciated	435,612	270,471	185,114	520,969
Capital Assets being Depreciated:				
Buildings	7,026,245	218,909	26,637	7,218,517
Improvements Other Than Buildings	703,755	9,335	3,580	709,510
Equipment	1,048,108	72,252	85,097	1,035,263
Right-to-use Assets	205,825	17,700	4,435	219,090
Total Other Capital Assets at Historical Cost	8,983,933	318,196	119,749	9,182,380
Less: Accumulated Depreciation For:				
Buildings	2,980,274	209,714	12,752	3,177,236
Improvements Other Than Buildings	297,610	21,474	2,922	316,162
Equipment	769,517	61,595	55,597	775,515
Right-to-use Assets	-	32,075	-	32,075
Total Accumulated Depreciation	4,047,401	324,858	71,271	4,300,988
Other Capital Assets, Net	4,936,532	(6,662)	48,478	4,881,392
Business-Type Activities, Capital Assets, Net	<u>\$ 5,372,144</u>	<u>\$ 263,809</u>	<u>\$ 233,592</u>	<u>\$ 5,402,361</u>

Component Units and Fiduciary Component Unit

Capital assets of the component units and the fiduciary component unit consisted of the following as of June 30, 2022 (amounts in thousands):

Land	\$	60,125
Buildings		1,012,762
Improvements other than Buildings		389,673
Machinery and Equipment		436,077
Right-to-use Assets		11,451
Construction in Progress		364,296
Total Capital Assets		2,274,383
Accumulated Depreciation		1,191,179
Capital Assets, Net	\$	1,083,204

Note 10

State Retirement Systems

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

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

Special Funding Situation

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

a. Plan Descriptions and Funding Policy

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

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Inactive Members or their Beneficiaries receiving benefits	53,699	39,341	303
Inactive Members Entitled to but not yet Receiving Benefits	2,086	11,303	6
Active Members	48,014	52,200	184

State Employees' Retirement System

Plan Description

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

Funding Policy

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

Teachers' Retirement System**Plan Description**

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

Funding Policy

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

Judicial Retirement System**Plan Description**

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

Funding Policy

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

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2021.

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
Domestic Equity Fund	20.0%	5.4%	20.0%	5.6%	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%	11.0%	6.0%	11.0%	6.4%
Emerging Markets Intl. Stock Fund	9.0%	8.6%	9.0%	7.9%	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%	16.0%	2.1%	13.0%	0.8%
Inflation Linked Bond Fund	0.0%	0.0%	5.0%	1.1%	0.0%	0.0%
Emerging Market Debt Fund	5.0%	3.8%	5.0%	2.7%	5.0%	3.8%
High Yield Bonds	3.0%	3.4%	6.0%	4.0%	3.0%	3.4%
Real Estate Fund	19.0%	5.2%	10.0%	4.5%	19.0%	5.2%
Private Equity	10.0%	9.4%	10.0%	7.3%	10.0%	9.4%
Private Credit	5.0%	6.5%	0.0%	0.0%	5.0%	6.5%
Alternative Investments	3.0%	3.1%	7.0%	2.9%	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%	1.0%	0.4%	2.0%	-0.4%

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

Rate of Return: For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was -7.63 percent, -7.63 percent, and -7.73 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability

The components of the net pension liability as of the measurement June 30, 2021 were as follows (amounts in millions):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Total Pension Liability	\$ 38,344,444	\$ 38,043,351	\$ 490,710
Fiduciary Net Position	<u>17,080,640</u>	<u>23,117,088</u>	<u>301,995</u>
Net Pension Liability	<u>\$ 21,263,804</u>	<u>\$ 14,926,263</u>	<u>\$ 188,715</u>
Ratio of Fiduciary Net Position to Total Pension Liability	44.55%	60.77%	61.54%

Deferred Retirement Option Program (DROP)

Section 10-183v of the General Statute authorizes that a TRS member teacher receiving retirement benefits from the system may be reemployed for up to one full school year by a local board of education, the State Board of Education or by a constituent unit of the state system of higher education in a position (1) designated by the Commissioner of Education as a subject shortage area, or (2) at a school located in a school district identified as a priority school district, or (3) reemployed as a teacher in a district designated as an alliance district pursuant to section 10-262u. Such reemployment may be extended for an additional school year, by written request for approval to the Teachers' Retirement Board.

As of June 30, 2022, the balance held for the DROP was not available from the Teachers' Retirement Board.

Discount Rate

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

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

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

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

	1% Decrease in <u>Rate</u>	Current Discount <u>Rate</u>	1% Increase in <u>Rate</u>
SERS Net Pension Liability	\$ 25,542	\$ 21,018	\$ 17,245
TRS Net Pension Liability	\$ 19,751	\$ 14,926	\$ 10,920
JRS Net Pension Liability	\$ 238	\$ 189	\$ 146
Component Units	\$ 299	\$ 246	\$ 202

*c. GASB Statement 68 Employer Reporting
Employer Contributions*

The following table presents the primary government's and component units' contributions recognized by the pension plans at the reporting date June 30, 2022 (amounts in thousands):

	<u>SERS</u>	<u>TRS</u>	<u>IRS</u>	<u>Total</u>
Primary Government	\$ 2,826,428	\$ 2,347,299	\$ 33,170	\$ 5,206,897
Component Units	22,753	-	-	22,753
Total Employer Contributions	<u>\$ 2,849,181</u>	<u>\$ 2,347,299</u>	<u>\$ 33,170</u>	<u>\$ 5,229,650</u>

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

As of the measurement date June 30, 2021, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Proportionate Share of the Net Pension Liability		
State Employees' Retirement System	\$ 21,017,899	\$ 245,905
Net Pension Liability		
Teachers' Retirement System	14,926,263	-
Judicial Retirement System	188,715	-
Total Net Pension Liability	<u>\$ 36,132,877</u>	<u>\$ 245,905</u>

The primary government's and component units' proportions of the collective net pension liability for the State Employees' Retirement System as of the measurement date June 30, 2021 as follows:

	<u>Primary Government</u>	<u>Component Units</u>
State Employees' Retirement System		
Proportion-June 30, 2021	98.84%	1.16%

For the measurement June 30, 2021, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Pension Expense		
State Employees' Retirement System	\$ 1,691,359	\$ 17,043
Teachers' Retirement System	963,525	-
Judicial Retirement System	15,493	-
	<u>\$ 2,670,377</u>	<u>\$ 17,043</u>

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' Retirement System				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ 1,482,014	\$ -	17,340
Difference Between Expected and Actual Experience	1,454,191	-	17,013	-
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	-	-	17,706	20,382
Change in Assumptions	-	38,736	-	454
Employer Contributions Subsequent to Measurement Date	2,825,319	-	23,862	-
Total	<u>\$ 4,279,510</u>	<u>\$ 1,520,750</u>	<u>\$ 58,581</u>	<u>\$ 38,176</u>
Teachers' Retirement System				
Differences Between Expected and Actual Experience	\$ -	\$ 400,096		
Change in Assumptions	3,028,417	-		
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,935,806		
Employer Contributions Subsequent to Measurement Date	2,347,299	-		
Total	<u>\$ 5,375,716</u>	<u>\$ 2,335,902</u>		
Judicial Retirement System				
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ -	\$ 27,093		
Differences Between Expected and Actual Experience	6,754	6,356		
Change in Assumptions	-	699		
Employer Contributions Subsequent to Measurement Date	33,170	-		
Total	<u>\$ 39,924</u>	<u>\$ 34,148</u>		

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

<u>State Employees' Retirement System</u>		<u>Primary</u>	<u>Component</u>
<u>Year</u>		<u>Government</u>	<u>Units</u>
1		\$ 140,168	\$ 1,695
2		122,197	958
3		(52,489)	(2,275)
4		(318,004)	(4,788)
5		44,243	955
		<u>\$ (63,885)</u>	<u>\$ (3,455)</u>

<u>Teachers' Retirement System</u>		<u>Primary</u>
<u>Year</u>		<u>Government</u>
1		\$ 490,179
2		245,773
3		208,773
4		(297,987)
5		45,777
6		-
		<u>\$ 692,515</u>

<u>Judges' Retirement System</u>		<u>Primary</u>
<u>Year</u>		<u>Government</u>
1		\$ (2,913)
2		(8,749)
3		(7,080)
4		(8,652)
5		-
		<u>\$ (27,394)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Valuation Date	6/30/2021	6/30/2021	6/30/2021
Inflation	2.50%	2.50%	2.50%
Salary Increases	3%-11.5%	3%-6.5%	4.00%
Investment Rate of Return	6.90%	6.90%	6.90%

The actuarial assumptions used in the June 30, 2021 SERS reported mortality rates based on Pub-2020 mortality tables with scale MP-2020. For non-hazardous duty service retirees-General, Above-Median, Healthy Retiree, disabled retirees – General, Disabled Retiree, beneficiaries-General, Above-Median, Employee. Hazardous duty service retirees – Public Safety, Above-Median, Healthy Retiree, disabled retirees – Public Safety, Disabled Retiree, beneficiaries – Public Safety, Above-Median Contingent Annuitant, active employees – Public Safety, Above-Median, Employee.

The actuarial assumptions used in the June 30, 2021 TRS actuarial report were based on the Pub T-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The Pub T-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The Pub T-2010 Contingent Survivor Table used for projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub T-2010 Employee Table projected generationally with MP-2019 was used for active members.

The actuarial assumptions used in the June 30, 2021 JRS reported mortality rates based on Pub-2010 Above Median Mortality Tables (amount weighted) projected generationally with the MP-2020 improvement scale, and assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2021 (amounts in thousands):

Total Pension Liability	SERS	TRS	JRS
Service Cost	\$ 396,602	\$ 599,484	\$ 9,289
Interest	2,474,161	2,486,930	32,743
Benefit Changes	-	-	-
Difference between expected and actual experience	778,249	-	(9,271)
Changes of assumptions	(48,241)	-	(1,020)
Benefit payments	-	(2,171,063)	(31,116)
Refunds of Contributions	(2,227,463)	-	(6)
Net change in total pension liability	1,373,308	915,351	619
Total pension liability - beginning (a)	36,971,136	37,128,000	490,091
Total pension liability - ending (c)	\$ 38,344,444	\$ 38,043,351	\$ 490,710
Plan fiduciary net position			
Contributions - employer	\$ 2,568,591	\$ 2,153,478	\$ 31,893
Contributions - member	194,775	323,306	1,570
Net investment income	3,301,219	4,528,666	59,881
Benefit payments	(2,227,463)	(2,171,063)	(31,116)
Administrative Expense	(568)	-	-
Refunds of Contributions	-	-	(6)
Other	-	(791)	-
Net change in plan fiduciary net position	3,831,152	4,835,178	62,222
Plan net position - beginning (b)	13,249,488	18,281,910	239,773
Plan net position - ending (d)	\$ 17,080,640	\$ 23,117,088	\$ 301,995
Net pension liability - beginning (a)-(b)	\$ 23,721,648	\$ 18,846,090	\$ 250,318
Net pension liability - ending (c)-(d)	\$ 21,263,804	\$ 14,926,263	\$ 188,715

d. Defined Contribution Plan

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

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$32.3 million and \$41.9 million, respectively.

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

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

a. Plan Descriptions and Funding Policy

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

	<u>MERS</u>	<u>CPJERS</u>
Retirees and beneficiaries		
receiving benefits	8,227	370
Terminated plan members entitled		
to but not receiving benefits	1,546	97
Active plan members	<u>9,612</u>	<u>323</u>
Total	<u>19,385</u>	<u>790</u>
Number of participating employers	187	1

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

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

Funding Policy

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary, per PA 19-124 contribution rate will increase by 3% over 6 years. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

b. Investments

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

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

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

c. GASB Statement 68 Employer Reporting
Net Pension Liability of Participating Employers

The components of the net pension liability for MERS as June 30, 2021 were as follows (amounts in thousands):

	<u>MERS</u>
Total Pension Liability	\$ 4,077,804
Fiduciary Net Position	<u>3,367,803</u>
Net Pension Liability	<u>\$ 710,001</u>
Ratio of Fiduciary Net Position to Total Pension Liability	82.59%

Discount Rate

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

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

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

	<u>1%</u> <u>Decrease in</u> <u>Rate</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase in</u> <u>Rate</u>
Net Pension Liability	\$ 1,197,270	\$ 710,001	\$ 287,796

Deferred outflows and deferred inflows of resources

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

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Municipal Employees Retirement System		
Difference Between Expected and Actual Experience	\$ 64,738	\$ 43,102
Changes in actuarial assumptions	85,977	-
Net Difference Between Projected and Actual Investment Earnings on Plan Investments	-	289,913
Employer Contributions Subsequent to Measurement Date	<u>134,628</u>	<u>-</u>
	<u>\$ 285,343</u>	<u>\$ 333,015</u>

State contributions subsequent to the measurement date will be recognized by a reduction of the net pension liability reported in the following year:

<u>Year</u>	<u>MERS</u>
1	\$ 40,612
2	(66,159)
3	(66,232)
4	<u>(88,521)</u>

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2021 (amounts in thousands):

Total Pension Liability MERS	
Service Cost	\$ 87,646
Interest on the total pension liability	263,242
Difference between expected and actuary experience	67,307
Benefit payments	(200,471)
Refunds of contributions	(1,520)
Net change in total pension	216,203
Total pension liability - beginning	3,861,601
Total pension liability - ending (a)	\$ 4,077,804
Plan net position	
Contributions - employer	115,452
Contributions - member	32,662
Net investment income	672,837
Benefit payments	(200,471)
Refunds of contributions	(1,520)
Other	290
Net change in plan net position	619,250
Plan net position - beginning	\$ 2,748,553
Plan net position - ending (b)	\$ 3,367,803
Net pension liability - ending (a) - (b)	\$ 710,001

Actuarial Assumptions

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

Inflation	2.50%
Salary increase	3.50-10 percent, including inflation
Long-Term investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

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

Funding

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

Pension Liability

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

Note 12

Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2022, the Fiduciary Fund financial statements were as follows (amounts in thousands):

Statement of Fiduciary Net Position (thousands)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Current:							
Cash and Cash Equivalents	\$ -	\$ 5,105	\$ 108	\$ 3,369	\$ 64	\$ 465	\$ 9,111
Receivables:							
Accounts, Net of Allowances	13,031	12,902	8	18,683	5	-	44,629
From Other Governments	-	48	-	-	-	-	48
From Other Funds	3,203,864	903,677	-	25	-	1	4,107,567
Interest	222	172	-	8	-	-	402
Investments	15,412,697	20,632,472	276,266	2,985,829	125,249	2,485	39,434,998
Securities Lending Collateral	1,224,747	1,663,662	22,095	240,646	10,126	198	3,161,474
Noncurrent:							
Due From Employers	-	-	-	12,114	-	-	12,114
Total Assets	\$ 19,854,561	\$ 23,218,038	\$ 298,477	\$ 3,260,674	\$ 135,444	\$ 3,149	\$ 46,770,343
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 28	\$ 2,700	\$ -	\$ -	\$ -	\$ -	\$ 2,728
Securities Lending Obligation	1,224,747	1,663,662	22,095	240,646	10,126	198	3,161,474
Due to Other Funds	26,061	1,955	-	-	-	-	28,016
Total Liabilities	\$ 1,250,836	\$ 1,668,317	\$ 22,095	\$ 240,646	\$ 10,126	\$ 198	\$ 3,192,218
Net Position							
Held in Trust For Employee							
Pension Benefits	\$ 18,603,725	\$ 21,549,721	\$ 276,382	\$ 3,020,028	\$ 125,318	\$ 2,951	\$ 43,578,125
Total Net Position	\$ 18,603,725	\$ 21,549,721	\$ 276,382	\$ 3,020,028	\$ 125,318	\$ 2,951	\$ 43,578,125
Statement of Changes in Fiduciary Net Position (thousands)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	\$ 202,270	\$ 392,913	\$ 1,643	\$ 32,894	\$ 245	\$ 28	\$ 629,993
State	2,849,181	2,347,299	33,170	-	-	-	5,229,650
Municipalities	-	-	-	134,628	-	-	134,628
Total Contributions	3,051,451	2,740,212	34,813	167,522	245	28	5,994,271
Investment Income	(1,497,293)	(2,003,293)	(27,103)	(293,877)	(12,292)	(243)	(3,834,101)
Less: Investment Expenses	(16,024)	(21,443)	(290)	(3,144)	(132)	(3)	(41,036)
Net Investment Income	(1,513,317)	(2,024,736)	(27,393)	(297,021)	(12,424)	(246)	(3,875,137)
Transfer In	735,664	903,643	-	-	-	-	1,639,307
Other	1,631,796	-	1	-	3,022	22	1,634,841
Total Additions	3,905,594	1,619,119	7,421	(129,499)	(9,157)	(196)	5,393,282
Deductions							
Administrative Expense	-	-	-	-	-	-	-
Benefit Payments and Refunds	2,382,509	2,227,080	33,034	218,276	6,655	-	4,867,554
Other	-	959,406	-	-	-	-	959,406
Total Deductions	2,382,509	3,186,486	33,034	218,276	6,655	-	5,826,960
Changes in Net Assets	1,523,085	(1,567,367)	(25,613)	(347,775)	(15,812)	(196)	(433,678)
Net Position Held in Trust For Employee Pension Benefits:							
Beginning of Year	17,080,640	23,117,088	301,995	3,367,803	141,130	3,147	44,011,803
End of Year	\$ 18,603,725	\$ 21,549,721	\$ 276,382	\$ 3,020,028	\$ 125,318	\$ 2,951	\$ 43,578,125

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

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

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

a. Plan Descriptions and Funding Policy

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Inactive Members or their		
Beneficiaries receiving benefits	79,870	27,431
Inactive Members Entitled to but		
not yet Receiving Benefits	385	10,687
Active Members	49,927	50,951

State Employee OPEB Plan**Plan Description**

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

Funding Policy

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

Retired Teacher Healthcare Plan**Plan Description**

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

Funding Policy

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

b. Investments

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

through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2021, the measurement date.

<u>Asset Class</u>	<u>SEOPEBP</u>		<u>RTHP</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Expected 10 year Geometric Real Rate of Return</u>
Domestic Equity Fund	20.0%	5.4%	0.00%	0.00%
Developed Market International Stock Fund	11.0%	6.4%	0.00%	0.00%
Emerging Markets International Stock Fund	9.0%	8.6%	0.00%	0.00%
Core Fixed Income	13.0%	0.8%	0.00%	0.00%
Emerging Market Debt Fund	5.0%	3.8%	0.00%	0.00%
High Yield Bonds	3.0%	3.4%	0.00%	0.00%
Real Estate Fund	19.0%	5.2%	0.00%	0.00%
Private Equity	10.0%	9.4%	0.00%	0.00%
Private Credit	5.0%	6.5%	0.00%	0.00%
Alternative Investment	3.0%	3.1%	0.00%	0.00%
Liquidity Fund	2.0%	-0.4%	0.00%	0.00%
U. S. Treasuries (Cash Equivalents)	0.0%	0.0%	100.00%	2.00%

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

Net OPEB Liability

The components of the net OPEB liability as of June 30, 2021, the measurement date, were as follows (amounts in thousands):

	<u>Total Primary Government</u>	
	<u>SEOPEBP</u>	<u>RTHP</u>
Total OPEB Liability	\$ 21,726,989	\$ 1,732,104
Fiduciary Net Position	2,199,545	105,915
Net OPEB Liability	<u>\$ 19,527,444</u>	<u>\$ 1,626,189</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	10.12%	6.11%

Actuarial Assumptions

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Payroll growth rate	3.00%	0.50%
Salary increase	3.00-11.50%	3.00-6.50%
Discount Rate	2.31%	2.17%
Investment rate of return	6.90%	3.00%, net of OPEB plan investment expense including price inflation
Healthcare cost trend rates	6.0% for drug cost graded to 4.5% over 6 years 6.0% for medical graded to 4.5% over 6 years 3.0% for dental 4.5% for Part B 3.0% for administrative expense	5.125%, decreasing to ultimate rate of 4.5% by 2023

Mortality rates for healthy State Employees OPEB Plan were based on the Pub-2010 General, above-median, employee, retiree, disabled retiree, and contingent annuitant headcount-weighted mortality table projected generationally using Scale MP-2020

Mortality rates for the State Teachers Retirement System were based on the Pub-T-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above) projected generationally with MP-2019 for the period after service retirement. The Pub-T-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub-T2010 Employee Table projected generationally with MP-2019 was used for active members.

Discount Rate

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 2.31 and 2.17 percent. The projection of cash flows used to determine the discount was performed in accordance with GASB 74.

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

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

	<u>SEOPEBP</u>		
	1% Decrease in Discount Rate <u>1.31%</u>	Current Discount Rate <u>2.31%</u>	1% Increase in Discount Rate <u>3.31%</u>
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 22,896,982	\$ 19,290,288	\$ 16,426,133
Component Units Net OPEB Liability	281,497	237,156	201,944
	1% Decrease in Discount Rate <u>1.17%</u>	Current Discount Rate <u>2.17%</u>	1% Increase in Discount Rate <u>3.17%</u>
RTHP Net OPEB Liability	\$ 1,990,399	\$ 1,626,189	\$ 1,342,297

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

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

	<u>SEOPEBP</u>		
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rates
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 16,215,085	\$ 19,290,288	\$ 23,270,778
Component Units Net OPEB Liability	199,349	237,156	286,092
	1% Decrease in Trend Rates <u>4.125%</u>	Current Trend Rate <u>5.125%</u>	1% Increase in Trend Rates <u>6.125%</u>
RTHP Net OPEB Liability	\$ 1,362,021	\$ 1,626,189	\$ 1,987,432

*c. GASB Statement 75 Employer Reporting
Employer Contributions*

The following table presents the primary government's and component units' contributions recognized by the OPEB plans at the reporting date June 30, 2022 (amounts in thousands):

	<u>SEOPEBP</u>	<u>RTHP</u>	<u>Total</u>
Primary Government	\$ 824,066	\$ 20,419	\$ 844,485
Component Units	23,862	-	23,862
Total Employer Contributions	<u>\$ 847,928</u>	<u>\$ 20,419</u>	<u>\$ 868,347</u>

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

As of the measurement date June 30, 2021, the primary government and component units reported net OPEB liabilities for the following plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Proportionate Share of the Net OPEB Liability		
State Employees' OPEB Plan	\$ 19,290,289	\$ 237,155
Net OPEB Liability		
Retired Teachers' Health Plan	1,626,189	-
Total Net OPEB Liability	<u>\$ 20,916,478</u>	<u>\$ 237,155</u>

The primary government's and component units' proportions of the collective net OPEB liability for the State Employees' OPEB Plan as of the measurement date June 30, 2021 as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
State Employees' OPEB Plan		
Proportion-June 30, 2021	98.79%	1.21%

For the measurement date June 30, 2021, the primary government and component units recognized OPEB expense (income) for the following OPEB plan administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
OPEB Expense (Income)		
State Employees' OPEB Plan	\$ 1,434,269	\$ 9,509
Retired Teachers' Health Plan	(60,050)	-
	<u>\$ 1,374,219</u>	<u>\$ 9,509</u>

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' OPEB Plan				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ -	\$ 179,675	\$ -	\$ 2,209
Net Difference Between Expected and Actual Experience in the Total OPEB Liability	310,020	380,632	3,811	4,679
Change in Assumptions	2,792,120	4,157,694	34,327	51,115
Change in Proportion	50,161	16,816	18,391	51,737
Employer Contributions Subsequent to Measurement Date	824,066	-	23,862	-
Total	<u>\$ 3,976,367</u>	<u>\$ 4,734,817</u>	<u>\$ 80,391</u>	<u>\$ 109,740</u>
Retired Teachers' Health Plan				
Difference Between Expected and Actual Experience	\$ 148,909	\$ (1,469,166)		
Change in Assumptions	575,647	(235,321)		
Differences between projected and actual earnings on plan investments	-	(63,727)		
Employer Contributions Subsequent to Measurement Date	20,419	-		
Total	<u>\$ 744,975</u>	<u>\$ (1,768,214)</u>		

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

<u>State Employees' OPEB Plan</u>	Primary Government	Component Units
Year		
1	\$ (162,255)	\$ (10,152)
2	(49,897)	(7,389)
3	(398,622)	(16,630)
4	(833,163)	(16,630)
5	(138,579)	(2,409)
	<u>\$ (1,582,516)</u>	<u>\$ (53,210)</u>
Retired Teachers' Health Plan		
Year	Primary Government	
1	\$ (192)	
2	(192)	
3	(191)	
4	(146)	
5	(133)	
Thereafter	(190)	
	<u>\$ (1,044)</u>	

Changes in Net OPEB Liability

The following schedule presents changes in the State's OPEB liability and fiduciary net position for each plan for the measurement date June 30, 2021 (amounts in thousands):

Total OPEB Liability	SEOPEBP	RTHP
Service Cost	\$ 1,214,728,098	\$ 121,535
Interest	618,230,971	64,951
Benefit Changes	-	-
Difference between expected and actual experience	389,271,363	(1,218,425)
Changes of assumptions	(4,936,120,254)	12,750
Benefit payments	(637,220,792)	(131,543)
Net change in total OPEB liability	(3,351,110,614)	(1,150,732)
Total OPEB liability - beginning	25,078,100,032	2,882,836
Total OPEB liability - ending (a)	\$ 21,726,989,418	\$ 1,732,104
Plan fiduciary net position		
Contributions - employer	\$ 868,069,824	\$ 29,411
Contributions - member	147,037,865	54,058
Net investment income	389,771,722	82,256
Benefit payments	(637,220,792)	(131,543)
Administrative expense	-	(117)
Other	(105,307,115)	(91)
Net change in plan fiduciary net position	662,351,504	33,974
Plan fiduciary net position - beginning	\$ 1,537,193,620	\$ 71,941
Plan fiduciary net position - ending (b)	\$ 2,199,545,124	\$ 105,915
Net OPEB liability - ending (a)-(b)	\$ 19,527,444,294	\$ 1,626,189

d. Other OPEB Plan

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

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of the most recent actuarial report there were 7 municipalities participating in the plan with a total membership of 671 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

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

Note 14

OPEB Trust Funds Financial Statements

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

	Statement of Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
Assets				
Cash and Cash Equivalents	\$ 191,165	\$ 165,690	\$ 59	\$ 356,914
Receivables:				
From Other Funds	350	2,003	-	2,353
Interest	-	-	1	1
Investments	2,071,264	-	43,702	2,114,966
Securities Lending Collateral	161,759	-	3,485	165,244
Total Assets	<u>\$ 2,424,538</u>	<u>\$ 167,693</u>	<u>\$ 47,247</u>	<u>\$ 2,639,478</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 22,641	\$ 137	\$ -	\$ 22,778
Securities Lending Obligation	161,759	-	3,485	165,244
Total Liabilities	<u>\$ 184,400</u>	<u>\$ 137</u>	<u>\$ 3,485</u>	<u>\$ 188,022</u>
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	\$ 2,240,138	\$ 167,556	\$ 43,762	\$ 2,451,456
Total Net Position	<u>\$ 2,240,138</u>	<u>\$ 167,556</u>	<u>\$ 43,762</u>	<u>\$ 2,451,456</u>
	Statement of Changes in Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
Additions				
Contributions:				
Plan Members	\$ 145,475	\$ 94,440	\$ 719	\$ 240,634
State	847,928	20,419	-	868,347
Municipalities	-	-	1,021	1,021
Total Contributions	<u>993,403</u>	<u>114,859</u>	<u>1,740</u>	<u>1,110,002</u>
Investment Income	(194,449)	49,586	(4,263)	(149,126)
Less: Investment Expenses	(2,082)	-	(46)	(2,128)
Net Investment Income	<u>(196,531)</u>	<u>49,586</u>	<u>(4,309)</u>	<u>(151,254)</u>
Other	-	16,083	-	16,083
Total Additions	<u>796,872</u>	<u>180,528</u>	<u>(2,569)</u>	<u>974,831</u>
Deductions				
Administrative Expense	-	44,369	-	44,369
Benefit Payments and Refunds	637,979	74,518	1,399	713,896
Other	118,300	-	52	118,352
Total Deductions	<u>756,279</u>	<u>118,887</u>	<u>1,451</u>	<u>876,617</u>
Changes in Net Assets	40,593	61,641	(4,020)	98,214
Net Position Held in Trust For Other Postemployment Benefits:				
Beginning of Year	2,199,545	105,915	47,782	2,353,242
End of Year	<u>\$ 2,240,138</u>	<u>\$ 167,556</u>	<u>\$ 43,762</u>	<u>\$ 2,451,456</u>

Note 15

Leases

For the year 2022, the State implemented the requirements of Government Accounting Standards Board Statement No. 87 – *Leases*.

State as Lessee

The State leases office space, buildings, software, and equipment. Lease asset and accumulated amortization as of June 30, 2022, is as follows:

<u>Classification</u>	<u>Net Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Gross Asset Balance</u>
Governmental Activities	\$58,022	(\$15,752)	\$73,774
Business-Type Activities	\$187,015	(\$32,075)	\$219,090
Component Units	\$9,225	(\$2,227)	\$11,451

For purposes of the present value calculation, the State uses the incremental discount rate based on the interest rate it would pay to borrow lease payments during the lease term. The discount rates applicable to the lease agreements ranged from 0.632 to 3.23 percent.

The following table presents lease principal and interest payments to maturity (amounts in thousands):

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$15,088	\$156	\$ 12,102	\$ 5,617	\$ 848	\$ 82
2024	11,761	116	11,085	4,942	1,011	70
2025	10,785	84	10,565	4,627	905	63
2026	6,964	56	9,652	4,338	942	56
2027	4,418	36	8,264	4,096	976	48
2028 to 2032	7,450	68	28,740	17,737	4,421	103
2033 to 2037	1,459	15	16,588	14,509	-	-
2038 to 2042	259	2	11,880	12,457	-	-
2043 to 2047	-	-	14,280	10,680	-	-
2048 to 2052	-	-	17,386	8,445	-	-
2053 to 2057	-	-	22,658	5,622	-	-
2058 to 2062	-	-	27,652	-	-	-
2063 to 2067	-	-	516	-	-	-
Total	\$ 58,184	\$ 533	\$ 191,368	\$ 93,070	\$ 9,103	\$ 422

There are no significant residual payments excluded from the measurement of the lease liabilities. There are no significant outflows of resources recognized in Fiscal Year 2022 for residual payments, including residual value guarantees or termination penalties. There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

State as Lessor

The State leases buildings, space, land, and equipment to private individuals. The State reported leases receivable and related deferred inflows and resources and lease revenue, and interest revenues related to leases as of June 30, 2022, as follows:

<u>Classification</u>	<u>Deferred Inflows of</u>			<u>Lease Interest</u>
	<u>Lease Receivable</u>	<u>Resources</u>	<u>Lease Revenue</u>	<u>Revenue</u>
Business-Type Activities	\$ 12,662	\$ 12,316	\$ 3,275	\$ 426
Component Units	\$ 53,084	\$ 52,480	\$ 6,493	\$ 1,189

Future principal and interest payment requirements in relation to the State of Connecticut State's lease receivable as of June 30, 2022 are as follows (amounts in thousands):

Fiscal Year(s)	Business-Type Activities		Component Units	
	Principal	Interest	Principal	Interest
2023	\$ 3,092	\$ 330	\$ 5,567	\$ 1,046
2024	3,093	231	4,896	948
2025	2,841	132	4,237	858
2026	697	39	3,191	808
2027	724	66	3,176	769
2028 to 2032	1,705	164	16,169	3,252
2033 to 2037	283	84	8,245	2,207
2038 to 2042	133	40	1,183	1,728
2043 to 2047	93	6	1,504	1,408
2048 to 2052	1	-	2,309	941
2053 to 2057	-	-	2,607	303
Total	\$ 12,662	\$ 1,092	\$ 53,084	\$ 14,268

There are no significant leases with options for the lessee to terminate the lease or abate payments if the State issues debt for which the principal and interest payments are secured by the lease payments. There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities considered to be a principal and ongoing operation of the State.

Note 16

Long-Term Liabilities

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2022 (amounts in thousands):

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Bonds:					
General Obligation	\$ 18,562,830	\$ 2,317,310	\$ 2,516,618	\$ 18,363,522	\$ 1,763,971
Direct Borrowings and Direct Placements	268,425	-	5,790	262,635	15,790
Transportation	6,959,265	644,190	549,040	7,054,415	412,415
	25,790,520	2,961,500	3,071,448	25,680,572	2,192,176
Plus (Less) Premiums	2,354,396	428,451	229,476	2,553,371	239,461
Total Bonds	28,144,916	3,389,951	3,300,924	28,233,943	2,431,637
Other L/T Liabilities:¹					
Net Pension Liability (Note 10)	42,551,461	6,783,545	13,202,129	36,132,877	-
Net OPEB Liability (Note 10)	26,040,227	2,513,797	7,637,547	20,916,477	-
Compensated Absences	577,841	540	55,785	522,596	42,110
Workers' Compensation	812,645	14,994	14,290	813,349	73,255
Leases	16,511	48,883	7,211	58,183	15,088
Claims and Judgments	44,008	-	9,002	35,006	14,008
Landfill Post Closure Care	29,587	-	1,820	27,767	1,819
Contracts Payable & Other	705	-	-	705	-
Non-exchange Financial Guarantees	453,185	-	34,41	418,775	35,470
Total Other Liabilities	70,526,170	9,361,759	20,962,193	58,925,735	181,750
Governmental Activities Long-Term Liabilities	\$ 98,671,086	\$ 12,751,710	\$ 24,263,117	\$ 87,159,678	\$ 2,613,387
¹ In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,448,975	\$ -	\$ 78,055	\$ 1,370,920	\$ 85,965
Plus/(Less) Premiums and Discounts	176,639	-	15,340	161,299	1,784
Total Revenue Bonds	1,625,614	-	93,395	1,532,219	87,749
Compensated Absences	213,196	42,041	56,346	198,891	53,762
Federal Loan	6,293	953,035	784,041	175,287	1,053
Leases	185,692	3,625	9,879	179,438	10,289
Other	270,479	34,206	22,701	281,984	23,354
Total Other Liabilities	675,660	1,032,907	872,967	835,600	88,458
Business-Type Long-Term Liabilities	\$ 2,301,274	\$ 1,032,907	\$ 966,362	\$ 2,367,819	\$ 176,207
Primary Government Long-Term Liabilities	\$ 100,972,360	\$ 13,784,617	\$ 25,229,479	\$ 89,527,498	\$ 2,789,594

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$26.2 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, 2022, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2022	Amounts due within year
Bonds Payable (includes premiums/discounts)	\$ 5,175,786	\$ 530,201
Escrow Deposits	204,585	48,599
Annuities Payable	119,032	4,914
Rate Swap Liability	124,735	-
Net Pension Liability	245,904	-
Net Post Employment Liability	251,915	-
Lease Liability	6,450	520
Other	47,382	777
Total	\$ 6,175,789	\$ 585,011

Not all component units report net pension liabilities and OPEB liabilities; therefore, the notes show a higher liability for the net pension liability of \$8,671 and a higher net OPEB liability of \$8,363 than the financial statements.

Landfill Closure and Postclosure Care

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

By the end of the year ended June 30, 2015, all work associated with the closure of the five landfills was completed. Going forward DEEP is required to reimburse the authority for all postclosure care obligations as the five landfills are now certified as closed. All landfill expense reimbursements paid by DEEP totaled \$1,819.5 in FY 2022.

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

Note 17

Long-Term Notes and Bonded Debt

a. 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 are supported by the full faith and credit of the State. General Obligation bonds outstanding and bonds authorized but unissued as June 30, 2022, were as follows (amounts in thousands):

Purpose of Bonds	Final Dates	Original Rates	Outstanding	Authorized But Unissued
Capital Improvements	2022-2042	.45-5.632%	\$ 4,206,653	\$ 664,093
School Construction	2022-2042	2.00-5.632%	4,372,120	253,003
Municipal & Other				
Grants & Loans	2022-2036	.31-5.632%	2,923,304	1,306,428
Housing Assistance	2022-2035	1.89-5.350%	804,614	40,260
Elimination of Water Pollution	2022-2038	3.00-5.09%	445,377	34
General Obligation Refunding	2022-2038	1.50-5.00%	2,928,175	-
GAAP Conversion	2022-2027	4.00-5.00%	302,665	-
Pension Obligation	2023-2032	5.69-6.27%	2,160,976	-
Miscellaneous	2023-2034	3.50-5.00%	33,014	71,170
			18,176,898	\$ 2,334,988
Accretion-Various Capital Appreciation Bonds			186,624	
		Total	\$ 18,363,522	

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding as June 30, 2022, were as follows (amounts in thousands):

Year Ending	Principal	Interest	Total
June 30,			
2023	\$ 1,763,971	\$ 845,931	\$ 2,609,902
2024	1,630,219	807,000	2,437,219
2025	1,572,212	741,836	2,314,048
2026	1,549,850	589,456	2,139,306
2027	1,508,120	519,270	2,027,390
2028-2032	6,467,040	1,616,684	8,083,724
2033-2037	2,813,280	468,690	3,281,970
2038-2042	872,205	76,220	948,425
Total	\$ 18,176,898	\$ 5,665,088	\$ 23,841,985

Direct Borrowing and Direct Placements

On June 28, 2017, the State issued direct placement debt raising cash from a non-public offering based on a contractual agreement. The State entered into the agreement to take advantage of various favorable terms and at a substantially lower cost than if the State used a traditional public offering. Direct placement debt outstanding as of June 30, 2022 is as follows:

Type of debt	Final Maturity Dates	Original Interest Rates	Amount Outstanding
Direct Placements	2041	2.45%	\$ 262,635

Future amounts required to pay principal and interest on direct borrowings and direct placements outstanding as June 30, 2022 were as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2023	\$ 15,790	\$ 9,495	\$	25,285
2024	15,790	8,935		24,725
2025	15,790	8,341		24,131
2026	15,790	7,782		23,572
2027	15,790	7,211		23,001
2028-2032	118,155	22,219		140,374
2033-2037	65,530	6,376		71,906
Total	\$ 262,635	\$ 70,359	\$	332,994

GO Demand Bonds

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

Under the Standby Bond Purchase Agreement, the Bank would purchase the put bonds and hold them until they were remarketed. The Bank Bonds would bear a base rate for a period up to 270 days and base rate plus 1.0 percent thereafter. The State is required to pay the standby bond purchase provider a quarterly fee of .37 percent of the principal and interest commitment.

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

Term out funding would commence on the 271st day following the bank purchase date. The outstanding bank bonds would be amortized on a quarterly basis for a three-year period as shown below. The interest on the bonds would be calculated at a rate determined per the Standby Bond Purchase Agreement (base rate plus 1 percent). For example, at the end of fiscal year 2022, the calculated rate was 6.0 percent, based on the terms of the agreement. The standby bond purchase agreement expires on June 13, 2022. The agreement could be terminated at an earlier date if certain termination events described in the agreement were to occur. As of June 30, 2022, the amount of demand bonds outstanding was \$241,465,000. The table below shows the debt service requirements should the bond holders exercise their option in the full amount of the outstanding demand bonds.

Fiscal Year	Beginning			Ending	
	Banked Bonds Outstanding	Principal	Interest	Total Debt Service	Bank Bonds Outstanding
First	\$ 241,465,000	\$ 80,488,333	\$ 12,676,913	\$ 93,165,246	\$ 160,976,667
Second	160,976,667	80,488,333	7,847,613	88,335,946	80,488,334
Third	89,335,000	80,488,333	3,018,313	83,506,646	8,846,667

Transportation Related Bonds

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

Transportation Related bonds outstanding and bonds authorized but unissued as June 30, 2022, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure				
Improvements	2022-2041	1.75-5.740%	\$ 6,561,455	\$ 5,139,937
STO Refunding	2022-2032	3.00-5.00%	492,960	-
			7,054,415	\$ 5,139,937
Accretion-Various Capital Appreciation Bonds			-	
		Total	\$ 7,054,415	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2022, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2023	\$ 412,415	\$ 340,826	\$ 753,241
2024	428,245	319,176	747,421
2025	439,400	297,686	737,086
2026	434,255	275,094	709,349
2027	438,275	253,072	691,347
2028-2032	2,247,140	922,204	3,169,344
2033-2037	1,877,015	401,224	2,278,239
2038-2042	777,670	72,102	849,772
	<u>\$ 7,054,415</u>	<u>\$ 2,881,384</u>	<u>\$ 9,935,799</u>

b. Primary Government – Business–Type Activities

Revenue Bonds

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

Enterprise funds' revenue bonds outstanding as June 30, 2022, were as follows (amounts in thousands):

Funds	Dates	Rates	(000's)
UConn	2023-2052	1.5-5.25%	\$ 194,904
Board of Regents	2023-2040	.35-5.00%	300,750
Clean Water	2023-2039	1.0-5.0%	747,473
Drinking Water	2023-2039	1.0-5.0%	127,793
Total Revenue Bonds			1,370,920
Plus/(Less) premiums and discounts:			
UConn			23,310
Board of Regents			12,563
Clean Water			104,374
Drinking Water			21,052
Revenue Bonds, net			<u>\$ 1,532,219</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 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

Future amounts needed to pay principal and interest on revenue bonds outstanding as June 30, 2022, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2023	\$ 85,965	\$ 60,235	\$ 146,200
2024	93,130	56,459	149,589
2025	99,810	52,062	151,872
2026	96,335	47,572	143,907
2027	95,036	43,014	138,050
2028-2032	445,100	152,692	597,792
2033-2037	317,845	68,576	386,421
2038-2042	90,590	19,612	110,202
2043-2047	38,200	7,524	45,724
2048-2052	8,909	234	9,144
Total	<u>\$ 1,370,920</u>	<u>\$ 507,980</u>	<u>\$ 1,878,901</u>

c. Component Units

Component Units' revenue bonds outstanding as June 30, 2022, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding (000's)
CT Housing Finance Authority	2021-2065	0.0-6.274%	\$ 4,491,684
CT Student Loan Foundation	2046	0.01-1.655%	102,275
CT Higher Education Supplemental Loan Authority	2025-2038	1.65-5.00%	136,850
CT Airport Authority	2023-2050	2.8-5%	229,750
CT Regional Development Authority	2023-2034	1.00-5.0%	62,955
UConn Foundation	2023-2025	1.9-2.92%	4,109
CT Green Bank	2023-2042	.23-7.04%	82,989
Total Revenue Bonds			5,110,612
Plus/(Less) premiums and discounts:			
CHFA			56,964
CSLF			(149)
CHESLA			4,036
CAA			2,972
UConn Foundation			(36)
CRDA			1,387
Revenue Bonds, net			<u>\$ 5,175,786</u>

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

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated September 27, 1972; a special needs indenture dated September 25, 1995, and other bond resolutions dated October 2009. As of December 31, 2021, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$4,427.7 million, \$64.9 million, and \$56.0 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 \$364.0 million per the resolution and \$5.1 million per the indenture as of December 31, 2021. As of December 31, 2021, the Authority has entered into interest rate swap agreements for \$915.0 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

Capital Reserves

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

The Capital Region Development Authority revenue bonds are issued to provide sufficient funds for carrying out its purposes. The bonds are not debt of the State of Connecticut. However, the Authority and the State have entered a contract for financial assistance,

pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed \$9.0 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees.

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding as June 30, 2022, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2023	\$ 287,051	\$ 137,582	\$ 424,633
2024	197,123	131,551	328,674
2025	213,418	125,655	339,073
2026	204,568	119,201	323,769
2026	196,506	113,436	309,942
2028-2032	977,273	486,341	1,463,614
2033-2037	950,307	343,029	1,293,336
2038-2042	789,850	222,272	1,012,122
2043-2047	809,339	120,502	929,841
2048-2052	377,515	31,650	409,165
2053-2057	67,307	13,620	80,927
2058-2062	40,355	2,489	42,844
	\$ 5,110,612	\$ 1,847,328	\$ 6,957,940

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, 2022 were \$255.4 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 as of June 30, 2022, were \$8,597.9 million, of which \$300.8 million was secured by special capital reserve funds.

d. Debt Refundings

During the fiscal year the State issued General Obligation and Special Tax Obligation bonds of \$934 million at an average coupon interest rate of 5.00 percent to refund \$1,033 million of General Obligation and Special Tax Obligation bonds. The State reduced its fund level debt service payments by \$143 million over the next 11 years.

Upon the issuance of the refunding bonds, the State entered into escrow agreements with escrow holders, to provide for the redemption of the refunded bonds. The refunding proceeds were deposited in an escrow holder's account and used to purchase U.S. Treasury Obligations and the State's Short-Term Investment Fund until needed for redemption of the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

e. Nonexchange Financial Guarantee

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

obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State of Connecticut began making contract assistance payments for the City of Hartford's then outstanding \$540 million general obligation debt. During fiscal year 2022, the State of Connecticut has paid \$34,410,000 in principal and \$20,267,710 in interest on the guarantee.

The liability recognized for nonexchange financial guarantees by the State of Connecticut at June 30, 2022 is as follows (amounts in thousands):

Beginning of Year	Increases	Decreases	End of Year
\$ 453,185	\$ -	\$ 34,410	\$ 418,775

Note 18 Risk Management

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

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

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

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

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are identified under UConn Health's incident reporting

system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years.

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

	<u>Governmental</u> <u>Activities</u> <u>Workers'</u> <u>Compensation</u>	<u>Business-Type</u> <u>Activities</u> <u>Medical</u> <u>Malpractice</u>
Balance 6-30-20	\$ 797,164	\$ 9,355
Incurred claims	119,940	37,289
Paid claims	<u>(104,459)</u>	<u>(4,974)</u>
Balance 6-30-21	812,645	41,670
Incurred claims	14,994	2,424
Paid claims	<u>(14,290)</u>	<u>(1,636)</u>
Balance 6-30-22	<u>\$ 813,349</u>	<u>\$ 42,458</u>

Note 19 Interfund Receivables and Payables

Interfund receivable and payable balances as June 30, 2022, were as follows (amounts in thousands):

	<u>General</u>	<u>Transportation</u>	<u>Grants & Accounts</u>	<u>Other Governmental</u>	<u>UConn</u>	<u>Board of Regents</u>	<u>Employment Security</u>	<u>Internal Services</u>	<u>Fiduciary</u>	<u>Component Units</u>	<u>Total</u>
Balance due from fund(s)											
General	\$ -	\$ -	\$ 6,348	\$ 1,737	\$ 38,904	\$ 60,883	\$ 1,979	\$ 4,965	\$ 4,108,403	\$ 485	\$ 4,223,704
Debt Service	-	2,892	-	-	-	-	-	-	-	-	2,892
Restricted Grants & Accounts	3,923	-	-	-	-	-	-	-	-	5,935	9,858
Grant & Loan Programs	26	-	-	-	-	-	-	-	-	-	26
Other Governmental	2,849	-	-	8,933	4,559	62,838	-	-	-	-	79,179
UConn	44,851	-	-	-	-	-	-	-	-	-	44,851
Board of Regents	350	-	-	-	-	-	-	-	-	-	350
Employment Security	-	-	-	529	-	-	-	-	-	-	529
Internal Services	11,770	-	-	-	-	-	-	-	-	-	11,770
Fiduciary	-	-	-	26,061	-	-	-	-	1,955	-	28,016
Component Units	57,484	-	348	465	-	-	-	-	-	-	58,297
Total	<u>\$ 121,253</u>	<u>\$ 2,892</u>	<u>\$ 6,696</u>	<u>\$ 37,725</u>	<u>\$ 43,463</u>	<u>\$ 123,721</u>	<u>\$ 1,979</u>	<u>\$ 4,965</u>	<u>\$ 4,110,358</u>	<u>\$ 6,420</u>	<u>4,459,472</u>

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

Note 20

Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2022, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)										Total
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	Board of Regents	Clean Water & Drinking Water	Component Units	Fiduciary Funds	
<u>Amount transferred from fund(s)</u>											
General	3,047,204	\$ -	\$ 2,675	\$ -	\$ 62,914	\$ 1,131,433	\$ 751,520	\$ -	\$ 400	\$ 1,639,307	\$ 6,635,453
Debt Service	-	-	4,560	720	-	-	-	-	-	-	5,280
Transportation	-	743,133	-	-	5,500	-	-	-	-	-	748,633
Restricted Grants & Accounts	263,961	-	-	-	-	-	-	-	-	-	263,961
Grants and Loans	-	-	-	82,755	-	-	-	-	-	-	82,755
Other Governmental	405,571	37,467	-	63,882	-	13,000	101,348	15,177	-	-	636,445
Fiduciary	-	-	-	-	-	-	-	-	-	-	-
Employment Security	-	-	-	-	7,823	-	-	-	-	-	7,823
Total	\$ 3,716,736	\$ 780,600	\$ 7,235	\$ 147,357	\$ 76,237	\$ 1,144,433	\$ 852,868	\$ 15,177	\$ 400	\$ 1,639,307	\$ 8,380,350

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 21

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

Restatement of Net Position

Due to the implementation of GASB 87 *Leases* the State's beginning net position on the Government-wide-statements was restated by \$1.5 million. The State also began reporting Arts and Historical Collections in 2022 this resulted in a restatement of beginning net position of \$221.8 million.

In fiscal year 2022, Connecticut Lottery Corporation, a major Component Unit restated their beginning fund balance by \$(161,696) this was the result of a restatement of capital assets. Other Nonmajor Component Units beginning net position has been restated by \$3.9 million, this is the result of the implementation of GASB 87 *Leases*.

During the year the University of Connecticut, a Major Proprietary fund restated the prior year beginning net position by \$(1.7) million this was a result of the implementation of GASB87 *Leases*.

The Internal Service Fund Correction Industries beginning net position was restated by \$(204) thousand, this was a result of the agency restating prior year capital assets.

Fund Balance – Restricted and Assigned

As of June 30, 2022, restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	Restricted Purposes	Assigned Purposes
Capital Projects	\$ 756,056	\$ -
Environmental Programs	69,100	-
Housing Programs	661,201	-
Employment Security Administration	53,290	-
Banking	27,233	-
Other	511,131	34,464
Total	\$ 2,078,011	\$ 34,464

Restricted Net Position

As of June 30, 2022, the government-wide statement of net position reported \$9,605.8 million of restricted net position, of which \$720.8 million was restricted by enabling legislation.

Note 22**Tax Abatements**

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

Film, Television, and Digital Media Tax Program

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

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

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

An eligible production company shall apply to the Department of Economic and Community Development (DECD) for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses are incurred in the production of a qualified production and will provide with the application information that DECD may require to determine if the company is eligible to claim a credit.

Urban and Industrial Sites Reinvestment Tax Program

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

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

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

Insurance Reinvestment Fund Program

The purpose of the Insurance Reinvestment Fund Program is to capitalize on the base of local insurance expertise and help people laid off after the massive restructuring of the insurance industry. The program was also intended to encourage small insurance startups and

specialty insurance businesses in Connecticut companies engaged in the insurance business or providing services to insurance companies.

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

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

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

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

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

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

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

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

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

Research and Development Expenditures

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

or governmental entity other than the taxpayer unless such other person is included in a combined return with the person paying or incurring such expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Enterprise Zone Property Tax Reimbursement Program

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

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

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

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

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

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

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

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

Tax Abatement Program	Amount of Taxes Abated
The Film, Television, and Digital Media Tax Program	
<i>Corporate Income Tax (as of 6/30/2022)</i>	42,152,992
<i>Insurance Companies (as of 6/30/2022)</i>	41,289,619
<i>Public Service Tax (as of 6/30/2022)</i>	-
The Urban and Industrial Sites Reinvestment Tax Program	
<i>Corporate Income Tax (as of 6/30/2022)</i>	4,024,284
<i>Insurance Companies (as of 6/30/2022)</i>	3,509,625
<i>Public Service Tax (as of 6/30/2022)</i>	10,600,000
The Insurance Reinvestment Fund Program	
<i>Insurance Companies (as of 6/30/2022)</i>	28,416,877
The Connecticut Neighborhood Assistance Act Credit Program	
<i>Corporate Income Tax (as of 6/30/2022)</i>	1,473,886
<i>Insurance Companies (as of 6/30/2022)</i>	671,915
<i>Public Service Tax (as of 6/30/2022)</i>	17,101,441
Historic Structures Rehabilitation	
<i>Corporate Income Tax (as of 6/30/2022)</i>	1,297,041
<i>Public Service Tax (as of 6/30/2022)</i>	-
Historic Preservation	
<i>Public Service Tax (as of 6/30/2022)</i>	41,540
Historic Rehabilitation	
<i>Corporate Income Tax (as of 6/30/2022)</i>	4,500,000
<i>Public Service Tax (as of 6/30/2022)</i>	10,880,383
Research and Development Expenditures	
<i>Corporate Income Tax (as of 6/30/2022)</i>	8,274,251
Manufacturing Facility Credit	
<i>Corporate Income Tax (as of 6/30/2022)</i>	454,316
Enterprise Zone Property Tax Reimbursement Program	
<i>Property Tax (6/30/2022)</i>	-

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

Note 23

Asset Retirement Obligations

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

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

Note 24

Related Organizations

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

Note 25

Adoption of New Accounting Pronouncements

The State implemented the following statements issued by the Governmental Accounting Standards Board (“GASB”). During the fiscal year 2022, the State adopted the following new accounting standards issued by GASB.

GASB Statement No. 87, Leases – This Statement establishes standards of accounting and financial reporting for leases. The implementation of this statement has resulted in reporting of leases as part of the government-wide statements. The State records right-to-use lease assets and lease liabilities for building space and equipment for which the State is the lessee with an initial individual cost of more than \$300,000. These assets and liabilities are initially recorded at the present value of payments expected to be made over the lease term. The right-to-use lease asset is amortized on a straight-line basis over its useful life, and the liability is reduced by the principal portion of lease payments made. UConn and component units recognize lease receivables and deferred inflows of resource based on the present value of expected receipts over the lease term. The implementation of this standard resulted in a change to beginning net position as of July 1, 2021, as discussed in Note 21.

The following GASB statements were implemented and had little or no effect on the State’s financial statements: **GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, GASB Statement No. 92, Omnibus 2020, GASB Statement No. 93, Replacement of Interbank Offered Rates, GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Review Code Section 457 Deferred Compensation Plans, and GASB Statement No. 99, Omnibus 2022** paragraphs 26-32.

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, 2022, the State had contractual commitments as follows (amounts in millions):

Infrastructure & Other Transportation Programs	\$1,192
Construction Programs	79
School Construction and Alteration Grant Program	2,460
Clean and Drinking Water Loan Programs	777
Various Programs and Services	5,019

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

Component Units

As of December 31, 2021, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$168.3 million.

b. Contingent Liabilities

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

As of June 30, 2022, the State reported an escheat liability of \$530.4 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 \$197.0 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 and its officers and employees are parties to numerous legal proceedings, many of which normally occur in government operations. The final outcomes of most of these legal proceedings are not, in the opinion of the Attorney General, either individually or in the aggregate likely exceed to \$58,000,000.

There are, however, several legal proceedings which, if decided adversely against the State, either individually or in the aggregate may require the State to make material future expenditures or may impair revenue sources. Among these proceedings, an adverse judgment in the matters described below, in the opinion of the Attorney General, individually could have a fiscal impact on the State of \$58 million or more.

Sheff v. O'Neill is an action originally brought in 1989, on behalf of school children in the Hartford public school system, alleging racial and ethnic segregation. The State Supreme Court directed the legislature to develop appropriate remedial measures, and in 1997, the General Assembly enacted Public Act No. 97-290, An Act Enhancing Educational Choices and Opportunities, in response to the Supreme Court's decision. The plaintiffs filed subsequent motions to require the State to adhere to the Supreme Court ruling and the parties entered into various settlement agreements through the years.

Specifically, the parties reached a settlement agreement which was deemed approved by the General Assembly and approved by the Superior Court in March 2003. That agreement obliged the State over a four year period to institute a number of measures and programs designed to advance integration for Hartford students. The March 2003 agreement expired in June 2007, but the State and the plaintiffs subsequently negotiated a number of follow-on agreements obligating the State to programming and other efforts designed to promote achievement of specified integration goals. In January 2020, the parties reached an interim agreement, which the Superior Court approved, and which resulted in additional capacity for Hartford students, as well as significant improvements in the school application process for Hartford region families. That agreement called for further negotiation toward a final settlement to meet demand by Hartford families for integrated schooling, and an eventual end to court jurisdiction. In total, the final agreement commits \$1.24 million in additional magnet school funding for Fiscal Year 2022, with commitments increasing to \$32 million annually by Fiscal Year 2032. Capital costs associated with renovation of the new magnet schools are estimated at \$48.7 million. The agreement was approved by the General Assembly and reapproved by the Superior Court.

State Employees Bargaining Agent Coalition ("SEBAC") v. Rowland is a Federal District Court case in which a class of approximately 50,000 laid off State employees sued the Governor and the Secretary of OPM alleging that they were laid off in violation of their constitutional rights. The parties reached a settlement that provides for cash payments payable over several fiscal years, pension adjustments, and vacation and personal time accruals. The overall value of the settlement, inclusive of attorneys' fees, is estimated at \$175 million to \$210 million. The damages for approximately 49,750 class members have been settled and accounted for in the State's financial statements and budget. The parties are still in the process of calculating economic damages for the remaining approximately 100 class members who sustained economic damages as a result of the layoffs.

American Indian Tribes. It is possible that land claims could be brought by American Indian groups who have petitioned the Federal Government for federal recognition. In any of the land claims matters, irrespective of whether federal recognition is granted, denied or upheld, a particular tribe could institute or renew land claims against the State or others, or press the claims it has already asserted. The federal Bureau of Indian Affairs ("BIA") has adopted new regulations for the federal recognition of tribes under relaxed standards. As enacted, those regulations do not allow for previously denied petitioners, such as the Schaghticoke Tribal Nation, Golden Hill Paugussett Tribe and the Eastern Pequot Tribal Nation, to seek recognition under the new regulations. However, courts in litigation with other tribes have held that the prohibition on re-petitioning is invalid. In 2022, the BIA promulgated new rulemaking on this issue to address the district courts' concerns and bolster the long-standing prohibition on re-petitioning. Connecticut, along with other interested parties in Connecticut, submitted comments in support of the new rulemaking. As of January 2023, the BIA has not yet issued any decision on the rulemaking.

In October, 2016, the Schaghticoke Tribal Nation (STN) initiated a lawsuit against the State and the Commissioner of the Department of Energy and Environmental Protection seeking approximately \$610.5 million for the alleged unconstitutional taking of reservation lands in the nineteenth and early twentieth centuries. The suit alleges that from 1801 to 1918, state-appointed overseers sold portions of the Schaghticoke Tribal Nation reservation and used the proceeds of those sales to lend monies to State residents in the form of mortgages and loans and not for the benefit of the Schaghticoke Tribal Nation. It further alleges that these actions were in violation of the federal and state constitutional prohibitions against taking property without just compensation and in breach of the State's fiduciary duties. It seeks money damages and declaratory and injunctive relief to account for the funds allegedly due, and to make the

Schaghticoke Tribal Nation whole. In December 2017, the trial court dismissed the plaintiff's takings claim as to reservation lands because the plaintiff lacked a property interest in those lands, but ordered supplemental briefing on the remainder of plaintiff's claims. In May 2019, the trial court dismissed the remainder of the plaintiff's claims and the plaintiffs have appealed. In September 2022, the Appellate Court upheld the dismissal because it concluded STN did not possess a sufficient ownership interest in the land to overcome the bar of sovereign immunity. The appellate court dismissed STN's reliance on federal Indian law as it relates to a 'right of occupancy' and performed its own analysis of the 1752 resolve. Ultimately, the appellate court agreed that the trial court properly concluded that the plain text of the 1752 resolve granted the tribe no more than a right to occupy the land which the state could revoke at any time. The Connecticut Supreme Court recently denied STN's petition for certification to appeal the appellate court's decision.

In and around March 2022, the Schaghticoke Indian Tribe (SIT) filed a petition for acknowledgement with the BIA. The State opposed that petition in July 2022 on the grounds that, inter alia, SIT does not meet the requirements for a continuous tribal nation and, moreover, SIT is not a stand alone tribe but is instead a splinter offshoot of STN and therefore is not entitled to recognition on its own. That petition and the State's and other entities opposition remain pending and the process will have several additional phases before any decision is reached.

D.J. v. Conn. State Board of Education is a federal court case brought by a special education student and a purported class of similarly situated special education students. Plaintiffs allege that state law violates the Individuals with Disabilities in Education Act ("IDEA") by terminating the obligation of local school districts to provide special education at the end of the school year in which a special education student turns 21. Plaintiffs' allegations are premised on the fact that Connecticut provides education services to non-special education students beyond the age of 21 and that such a distinction is not permitted under the IDEA. Plaintiffs seek a declaration that Connecticut violates the IDEA by limiting public schools' obligation to provide education services to all special education students before the end of the school year of their 22nd birthday. The plaintiffs further seek compensatory education for the class which is made up of all special education students deprived of special education services after reaching the age of 21 for the two years before the action was filed and during the pendency of the case. If plaintiffs are successful, the State could be ordered to ensure the provision of a one year extension of current duration of services for all special education students. The State filed a motion for summary judgment and an objection to certification of the class. The plaintiffs' motion for summary judgment was granted and the State's motion for summary judgment was denied by the District Court. The State appealed the District Court's decision, which was affirmed by the U.S. Court of Appeals for the Second Circuit in July 2021, and judgment entered for the plaintiffs. The District Court certified a class of students: non-graduating special education students whose services were terminated prior to their 22nd birthday for the school years 2014-15 through present. This action means that a to be determined number of former Connecticut public school special education students will be entitled to "compensatory education" for the amount of school they missed (i.e., the portion of a school year until they would have turned 22). The State has been ordered to work with the plaintiffs and a magistrate judge to determine the number education. The number of affected children has not yet been determined of students affected and provide them with their compensatory.

Note 27

COVID-19 Pandemic

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut because of the COVID-19 outbreak. By agreement with the General Assembly, the declaration expired February 15, 2022.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provided aid to the state. The State received \$1.382 billion to cover costs associated with the response to COVID-19. The resources are intended to be broadly available and flexible to respond to direct and indirect costs associated with addressing COVID-19 and are not counted toward revenues of the General Fund and cannot be used to offset budgetary deficits caused by a reduction of revenue. The State's practice in using federal grant funds, expenditures are not authorized through the General Fund.

On March 11, 2021, the United States Congress enacted the American Rescue Plan Act of 2021 (ARP Act) that provides additional relief to individuals, grants to businesses, and support to state and local governments. The State of Connecticut received approximately \$2.8 billion to respond to the impacts of the COVID-19 pandemic. On April 26, 2021, Governor Lamont presented his proposal on the usage of the ARP Act funds for the State. Sections 306 and 207 of Public Act No. 21-2 of the June Special Session outline the legislature's approved allocation of the ARPA funds awarded to the State. All allocations are subject to the United States Treasury's regulations and guidance regarding allowable uses.

The State's expenditures of these federal funds are subject to audit by the federal government to ensure they were spent in accordance with the CARES act and ARP act.

Note 28

Opioid Settlement

The State of Connecticut has participated and continues to participate in Opioids litigation and negotiation in matters brought by states and local political subdivisions against multiple companies to resolve legal claims related to the companies' role in the opioid crisis.

In fiscal year 2022, Connecticut received \$6.27 million as part of a nationwide settlement with McKinsey & Company. From that settlement, Connecticut received another \$321 thousand in fiscal year 2023 and will receive another approximately \$321 thousand in subsequent fiscal years.

In fiscal year 2023, Connecticut has received the first \$25.5 million of an approximately \$240 million total as part of a nationwide settlement with the three largest pharmaceutical companies: McKesson, Cardinal Health and AmerisourceBergen. Connecticut will receive the remainder in subsequent fiscal years.

In fiscal year 2023, Connecticut has also received \$42.7 million of Connecticut's total share of \$59 million settlement as part of a nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc., and its parent company Johnson and Johnson. Connecticut will receive the remainder in subsequent fiscal years.

Pending and future opioid negotiations and litigation will likely result in additional settlements, and each agreement or judgement will likely have unique terms governing payment amounts, timing, and duration.

These payments must be used to support any of a wide variety of strategies to fight the opioid crisis. 15% of each settlement payment amount allocated to Connecticut (as described above) is paid directly to cities and towns by the settlement administrator, with the remaining 85% paid to the state by the administrator.

Actual amounts paid will be dependent on a number of factors, including participation by states and municipalities and companies' continuing ability to pay.

Note 29

Subsequent Events

In preparing the financial statements, the State has evaluated events and transactions for potential recognition or disclosure in its financial statement footnotes. The effect of this evaluation led the State to report the following events which took place after the date of the State's fiscal year end through to the date these financial statements were issued. The subsequent information regarding the Connecticut Housing Finance Authority includes events which took place after their fiscal year end of December 31, 2021.

In September and December of 2022, the State made transfers in the amount of \$2,846.0 billion and \$1,261.3 billion from the Budget Reserve Fund (BRF) and the General Fund, respectively to the State Employee Retirement Fund (SERF) and the Teacher's Retirement Fund. This transfer was the result of the Budget Reserve Fund exceeding the statutory cap of 15 percent of General Fund appropriations. According to CGS Section 4-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead, the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). The State Treasurer determined this year to transfer \$1,942.4 million to SERF and \$903.6 million to TRS. The \$1,261.2 billion transfer from the General Fund represented the General Fund surplus in fiscal year 2022, normally this amount is transferred to the Budget Reserve Fund, but because the BRF reached the 15 percent cap the transfer was made to SERF to reduce the pension liability.

In November 2022, the State issued \$1,143.5 billion Special Tax Obligation Infrastructure Purposes 2022 Series A and 2022 Series B refunding bonds. The bonds were issued for various transportation infrastructure projects. The bonds mature in 2043 and bear interest rates ranging from 4.25 to 5.25 percent.

In December 2022, the State issued \$912.4 million of General Obligation bonds Series E, F and G. The bonds were issued for various projects of the State. The bonds mature in 2042 or 2032 (optional redemption) and bear interest rate of 5 percent.

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

On March 24, 2022, the Authority issued \$103.9 million 2022 Series A Housing Mortgage Finance Program Bonds (Social Bonds) consisted of \$75 million 2022 Series A-1, \$8.9 million 2022 Series A-2, and \$20 million Series A-3 variable rate bonds. The bond proceeds along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or

replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for the financing of Home Mortgage Loans and Agency Securities and to pay certain costs of issuance.

On March 24, 2022, the Authority issued \$100.0 million 2022 Series A-4 Housing Mortgage Program Bonds (FRN Rate) (Social Bonds). The bond proceeds along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption.

On May 10, 2022, the Authority issued \$84.4 million 2022 Series B Housing Mortgage Finance Program Bonds (Sustainability Bonds), consisted of \$78 million 2022 Series B-1 and \$6.4 million 2022 Series B-2. The proceeds along with other available monies are expected to be used to provide monies for financing of Multifamily Mortgage Loans, and to pay certain costs of issuance.

On July 21, 2022, the Authority issued \$100.0 million 2022 Series C Housing Mortgage Finance Program Bonds (Social Bonds) consisted of \$48.5 million 2022 Series C-1, \$20 million Series C-2 variable rate bonds, and \$31.5 million private placement bonds with the Bank of America. The bond proceeds along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, provide new monies for the financing of Home Mortgage Loans and Agency Securities and to pay certain costs for issuance.

On July 21, 2022, the Authority issued \$100 million 2022 Series C-4 Housing Mortgage Finance Program Bonds (FRN Rate) (Social Bonds). The proceeds along with other available monies are expected to be used to provide monies are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption.

On November 2, 2022, the Authority issued \$55.2 million 2022 Series D Housing Mortgage Finance Program Bonds (Sustainability Bonds) consisted of \$25.2 million 2022 Series D-1 and \$30 million Series D-2. The proceeds along with other available monies are expected to be used to provide monies for financing of Multifamily Mortgage Loans, and to pay certain costs of issuance.

On November 10, 2022, the Authority issued \$147.8 million Housing Mortgage Finance Program Bonds (Social Bonds) consisted of \$117.8 million 2022 Series E-1 and \$30 million 2022 Series E-2 variable rate bonds. The bond proceeds along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, provide new monies for the financing of Home Mortgage Loans and Agency Securities and to pay certain costs for issuance.

On December 8, 2022, the Authority remarketed \$44.8 million 2017 Series F-3 Housing Mortgage Finance Program Bonds and \$31.3 million 2020 Series A-3 Housing Mortgage Finance Program Bonds. The reoffered bonds of each series are subject to mandatory tender and remarketing on the remarketing date. Upon such remarketing the current liquidity facility for the remarketed reoffered bonds of each series will be replaced with an alternate liquidity facility.

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*REQUIRED
SUPPLEMENTARY
INFORMATION*

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REQUIRED SUPPLEMENTARY INFORMATION BUDGET

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

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

Notes to Required Supplementary Information: Statutory Reporting

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	General Fund			Variance with Final Budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Budgeted:				
Taxes, Net of Refunds	\$ 17,882,850	\$ 21,358,900	\$ 21,481,411	\$ 122,511
Indian Gaming Payments	246,000	248,700	248,686	(14)
Licenses, Permits, and Fees	352,100	365,500	368,612	3,112
Other	825,300	927,500	932,020	4,520
Federal Grants	1,851,900	1,964,400	1,934,869	(29,531)
Refunds of Payments	(72,600)	(74,700)	(74,708)	(8)
Operating Transfers In	126,200	126,200	126,200	-
Operating Transfers Out	-	-	-	-
Transfer to BRF - Volatility Adjustment	(969,200)	(3,044,200)	(3,047,454)	(3,254)
Transfer to/from the Resources of the General Fund	778,785	73,100	21,221	(51,879)
Total Revenues	<u>21,021,335</u>	<u>21,945,400</u>	<u>21,990,857</u>	<u>45,457</u>
Expenditures				
Budgeted:				
Legislative	89,536	85,536	75,577	9,959
General Government	888,674	816,923	750,847	66,076
Regulation and Protection	329,240	336,269	303,683	32,586
Conservation and Development	262,025	265,071	233,098	31,973
Health and Hospitals	1,287,682	1,299,520	1,276,378	23,142
Transportation	-	-	-	-
Human Services	4,665,455	4,553,024	4,444,984	108,040
Education, Libraries, and Museums	5,631,928	5,739,112	5,697,708	41,404
Corrections	1,418,869	1,345,005	1,305,228	39,777
Judicial	630,751	634,178	608,935	25,243
Non Functional	6,005,370	6,170,168	5,958,694	211,474
Total Expenditures	<u>21,209,530</u>	<u>21,244,806</u>	<u>20,655,132</u>	<u>589,674</u>
Appropriations Lapsed	<u>53,923</u>	<u>195,116</u>	<u>-</u>	<u>(195,116)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(134,272)</u>	<u>895,710</u>	<u>1,335,725</u>	<u>(739,333)</u>
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	409,214	409,214	758,445	349,231
Appropriations Continued to Fiscal Year 2023	-	-	(834,261)	(834,261)
Miscellaneous Adjustment	-	129	1,391	1,262
Total Other Financing Sources (Uses)	<u>409,214</u>	<u>409,343</u>	<u>(74,425)</u>	<u>(483,768)</u>
Net Change in Fund Balance	<u>\$ 274,942</u>	<u>\$ 1,305,053</u>	<u>1,261,300</u>	<u>\$ (1,223,101)</u>
Budgetary Fund Balances - July 1			1,430,518	
Changes in Reserves			<u>(191,851)</u>	
Budgetary Fund Balances - June 30			<u>\$ 2,499,967</u>	

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

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Transportation Fund

Budget		Actual		Variance with Final Budget positive (negative)
Original	Final	Actual	Actual	(negative)
\$ 1,479,100	\$ 1,596,500	\$ 1,586,157	\$	(10,343)
-	-	-	-	-
405,000	408,500	407,658	-	(842)
5,100	4,400	5,029	-	629
11,000	11,000	10,913	-	(87)
(5,000)	(6,100)	(6,078)	-	22
-	-	2,675	-	2,675
(5,500)	(5,500)	(5,500)	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,889,700</u>	<u>2,008,800</u>	<u>2,000,854</u>	<u></u>	<u>(7,946)</u>
-	-	-	-	-
14,518	15,593	18,208	-	(2,615)
76,729	77,488	67,352	-	10,136
2,890	2,890	2,890	-	-
-	-	-	-	-
732,263	738,541	613,959	-	124,582
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,047,999</u>	<u>1,048,006</u>	<u>1,023,808</u>	<u></u>	<u>24,198</u>
1,874,399	1,882,518	1,726,217	-	156,301
<u>31,700</u>	<u>37,915</u>	<u>-</u>	<u></u>	<u>(37,915)</u>
-	-	-	-	-
<u>47,001</u>	<u>164,197</u>	<u>274,637</u>	<u></u>	<u>110,440</u>
40,607	40,607	38,307	-	(2,300)
-	-	(156,317)	-	(156,317)
-	-	-	-	-
<u>40,607</u>	<u>40,607</u>	<u>(118,010)</u>	<u></u>	<u>(158,617)</u>
<u>\$ 87,608</u>	<u>\$ 204,804</u>	156,627	<u>\$</u>	<u>(48,177)</u>
		279,441		
		118,010		
		<u>\$ 554,078</u>		

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

STATUTORY REPORTING

A. Budgeting Process

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

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

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

B. Reconciliation of Budget/GAAP Reporting Differences

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

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

The following table presents a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2022. Amounts are expressed in thousands.

	General Fund	Transportation Fund
Net change in fund balances (statutory basis)	\$ 1,261,300	\$ 156,627
Volatility Deposit Budget Reserve Fund	3,047,454	-
Increase (Decrease) Statutory Surplus Reserve	208,200	-
Prior year transfers to SERS & TRS	(1,618,306)	-
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	296,195	19,930
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(2,937,644)	(15,766)
Salaries and Fringe Benefits Payable	77,504	8,755
Increase (Decrease) in Continuing Appropriations	75,816	118,010
Fund Reclassification-Bus Operations	-	(870)
Net change in fund balances (GAAP basis)	<u>\$ 410,519</u>	<u>\$ 286,686</u>

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

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

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

In fiscal year 2022, for the fifth consecutive year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2022, the cap was just over \$3.5 billion for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$3.05 billion was made to the Budget Reserve Fund.

Prior to the close of FY 2022, the balance of the BRF was just over \$3.11 billion. Adding the \$3.05 billion volatility transfer brought the BRF total to \$6.16 billion, or 27.9 percent of net General Fund appropriations for FY 2023. As a result, the BRF was \$2.85 billion

State of Connecticut

above the statutory 15 percent cap. According to CGS Section 4-30a (c)(1)(A), no further transfers will be made to BRF. Instead, the State Treasurer transfers any remaining General Fund surplus, as he determines to be in the state's best interest, as follows:

1. first to reduce the State Employees Retirement Fund's (SERF) unfunded liability by up to 5%,
2. next to reduce the Teachers' Retirement Fund's (TRS) unfunded liability by up to 5%, and
3. third to make additional payments towards the SERF.

In September the State Treasurer elected to transfer \$903.6 million to TRS, with the remaining balance of \$1,942.4 million going to SERF. Based on the State Treasurer's decision, the General Fund surplus of \$1,261.3 million has now been transferred to SERF to reduce unfunded pension liability.

Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut. Due to fiscal discipline and hard work, our state is in a much stronger position to provide critical services to those in need and to weather the public health and fiscal crisis brought on by the COVID-19 pandemic. According to the plan's actuaries, through these actions Connecticut will save taxpayers \$11.5 billion over the coming decades.



REQUIRED SUPPLEMENTARY INFORMATION PENSION PLANS

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

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

- Schedule of Changes in the Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Schedule of Investment Returns

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**REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last Seven Fiscal Years*

(Expressed in Thousands)

SERS

Total Pension Liability	2021	2020	2019	2018	2017	2016	2015
Service Cost	\$ 396,602	\$ 388,671	\$ 391,941	\$ 429,321	\$ 480,350	\$ 322,114	\$ 310,472
Interest	2,474,161	2,416,577	2,290,633	2,212,890	2,255,533	2,105,947	2,052,651
Benefit Changes	-	-	-	-	(1,444,220)	-	-
Difference between expected and actual experience	778,249	208,138	1,224,344	482,904	-	772,762	-
Changes of assumptions	(48,241)	-	-	-	-	4,959,705	-
Benefit payments	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Refunds of contributions	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Net change in total pension liability	1,373,308	883,198	1,873,775	1,161,471	(564,024)	6,424,249	705,534
Total pension liability - beginning	36,971,136	36,087,938	34,214,163	33,052,692	33,616,716	27,192,467	26,486,933
Total pension liability - ending (a)	\$ 38,344,444	\$ 36,971,136	\$ 36,087,938	\$ 34,214,163	\$ 33,052,692	\$ 33,616,716	\$ 27,192,467

Plan net position

Contributions - employer	\$ 2,563,189	\$ 1,616,312	\$ 1,578,323	\$ 1,443,053	\$ 1,542,298	\$ 1,501,805	\$ 1,371,651
Contributions - member	194,775	192,716	489,099	193,942	132,557	135,029	187,339
Net investment income	3,301,219	295,737	710,861	875,944	1,509,862	(100)	294,412
Benefit payments	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Administrative expense	(568)	(782)	(693)	(391)	(674)	(651)	-
Refunds of contributions	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Other	-	-	3,704	(3,139)	(371)	85,608	-
Net change in plan net position	3,831,152	(26,205)	748,151	545,765	1,327,985	(14,588)	195,813
Plan net position - beginning	13,249,488	13,275,693	12,527,542	11,981,777	10,653,792	10,668,380	10,472,567
Plan net position - ending (b)	\$ 17,080,640	\$ 13,249,488	\$ 13,275,693	\$ 12,527,542	\$ 11,981,777	\$ 10,653,792	\$ 10,668,380

Ratio of plan net position

to total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%
Net pension liability - ending (a) - (b)	\$ 21,263,804	\$ 23,721,648	\$ 22,812,245	\$ 21,686,621	\$ 21,070,915	\$ 22,962,924	\$ 16,524,087
Covered-employee payroll	\$ 3,847,146	\$ 3,672,443	\$ 3,686,365	\$ 3,428,068	\$ 3,850,978	\$ 3,720,751	\$ 3,618,361
Net pension liability as a percentage of covered-employee payroll	552.72%	645.94%	618.83%	632.62%	547.16%	617.16%	456.67%

TRS

Total Pension Liability	2021	2020	2019	2018	2017	2016	2015
Service Cost	\$ 599,484	\$ 616,370	\$ 463,997	\$ 465,207	\$ 450,563	\$ 419,616	\$ 404,449
Interest	2,486,930	2,379,886	2,406,206	2,371,168	2,308,693	2,228,958	2,162,174
Benefit Changes	-	-	(224,281)	28,036	-	-	-
Difference between expected and actual experience	-	(306,400)	-	(396,067)	-	(375,805)	-
Changes of assumptions	-	1,022,137	3,875,996	-	-	2,213,190	-
Benefit payments	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	(50,329)
Net change in total pension liability	915,351	1,561,825	4,455,277	474,252	796,723	2,747,828	742,886
Total pension liability - beginning	37,128,000	35,566,175	31,110,898	30,636,646	29,839,923	27,092,095	26,349,209
Total pension liability - ending (a)	\$ 38,043,351	\$ 37,128,000	\$ 35,566,175	\$ 31,110,898	\$ 30,636,646	\$ 29,839,923	\$ 27,092,095

Plan net position

Contributions - employer	\$ 1,249,835	\$ 1,209,573	\$ 1,292,672	\$ 1,272,277	\$ 1,012,162	\$ 975,578	\$ 984,110
Contributions - member	323,306	318,217	309,333	312,150	288,251	293,493	228,100
Net investment income	4,528,666	410,311	1,012,089	1,224,931	2,199,895	(18,473)	452,942
Benefit payments	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	(50,329)
Other	904,434	522	(837)	(2,753)	1,679	(37,648)	57,749
Net change in plan net position	4,835,178	(211,545)	546,616	812,513	1,539,454	(525,181)	(100,836)
Plan net position - beginning	18,281,910	18,493,455	17,946,839	17,134,326	15,594,872	16,120,053	16,220,889
Plan net position - ending (b)	\$ 23,117,088	\$ 18,281,910	\$ 18,493,455	\$ 17,946,839	\$ 17,134,326	\$ 15,594,872	\$ 16,120,053

Ratio of plan net position

to total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%
Net pension liability - ending (a) - (b)	\$ 14,926,263	\$ 18,846,090	\$ 17,072,720	\$ 13,164,059	\$ 13,502,320	\$ 14,245,051	\$ 10,972,042
Covered-employee payroll	\$ 4,500,666	\$ 4,352,967	\$ 4,389,654	\$ 4,321,593	\$ 4,279,755	\$ 4,125,066	\$ 4,078,367
Net pension liability as a percentage of covered-employee payroll	331.65%	432.95%	388.93%	304.61%	315.49%	345.33%	269.03%

State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last Seven Fiscal Years*

(Expressed in Thousands)

JRS	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 9,289	\$ 9,813	\$ 10,834	\$ 11,352	\$ 10,159	\$ 8,508	\$ 8,142
Interest	32,743	31,815	29,559	29,954	29,062	28,251	27,240
Difference between expected and actual experience	(9,271)	2,474	22,095	(18,528)	-	(9,380)	-
Changes of assumptions	(1,020)	-	-	-	-	64,604	-
Benefit payments	(31,116)	(30,200)	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)
Refunds of contributions	(6)	-	-	-	-	-	-
Net change in total pension liability	619	13,902	33,102	(4,838)	14,322	68,989	12,841
Total pension liability - beginning	490,091	476,189	443,087	447,925	433,603	364,614	351,773
Total pension liability - ending (a)	\$ 490,710	\$ 490,091	\$ 476,189	\$ 443,087	\$ 447,925	\$ 433,603	\$ 364,614
Plan net position							
Contributions - employer	\$ 31,893	\$ 27,011	\$ 27,427	\$ 25,458	\$ 19,164	\$ 18,259	\$ 17,731
Contributions - member	1,570	1,575	1,694	1,663	1,689	1,831	1,791
Net investment income	59,881	5,461	13,383	13,178	24,452	1,440	4,781
Benefit payments	(31,116)	(30,200)	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)
Refunds of contributions	(6)	-	-	-	-	-	-
Other	-	-	-	-	(39)	1,680	-
Net change in plan net position	62,222	3,847	13,118	12,683	20,367	216	1,762
Plan net position - beginning	239,773	235,926	222,808	210,125	189,758	189,542	187,780
Plan net position - ending (b)	\$ 301,995	\$ 239,773	\$ 235,926	\$ 222,808	\$ 210,125	\$ 189,758	\$ 189,542
Ratio of plan net position to total pension liability	61.54%	48.92%	49.54%	50.29%	46.91%	43.76%	51.98%
Net pension liability - ending (a) - (b)	\$ 188,715	\$ 250,318	\$ 240,263	\$ 220,279	\$ 237,800	\$ 243,845	\$ 175,072
Covered-employee payroll	\$ 31,438	\$ 31,495	\$ 34,643	\$ 34,970	\$ 36,467	\$ 34,897	\$ 34,972
Net pension liability as a percentage of covered-employee payroll	600.28%	794.79%	693.54%	629.91%	652.10%	698.76%	500.61%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Ten Fiscal Years

(Expressed in Thousands)

<u>SERS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution	\$ 1,806,708	\$ 1,616,302	\$ 1,574,537	\$ 1,443,110
Actual employer contributions	<u>1,786,903</u>	<u>1,616,312</u>	<u>1,578,323</u>	<u>1,443,053</u>
Annual contributions deficiency excess	<u>\$ 19,805</u>	<u>\$ (10)</u>	<u>\$ (3,786)</u>	<u>\$ 57</u>
Covered Payroll	\$ 3,847,146	\$ 3,672,443	\$ 3,686,365	\$ 3,428,068
Actual contributions as a percentage of covered-employee payroll	46.45%	44.01%	42.82%	42.10%
 <u>TRS</u>				
Actuarially determined employer contribution	\$ 1,249,835	\$ 1,208,819	\$ 1,292,314	\$ 1,272,277
Actual employer contributions	<u>1,249,835</u>	<u>1,208,819</u>	<u>1,292,314</u>	<u>1,272,277</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,500,666	\$ 4,352,967	\$ 4,389,654	\$ 4,321,593
Actual contributions as a percentage of covered-employee payroll	27.77%	27.77%	29.44%	29.44%
 <u>JRS</u>				
Actuarially determined employer contribution	\$ 31,893	\$ 27,011	\$ 27,427	\$ 25,458
Actual employer contributions	<u>31,893</u>	<u>27,011</u>	<u>27,427</u>	<u>25,458</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 31,438	\$ 31,495	\$ 34,643	\$ 34,970
Actual contributions as a percentage of covered-employee payroll	101.45%	85.76%	79.17%	72.80%

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2021.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	SERS 26.8 years
	TRS 30 years
	JRS 12 years
Asset Valuation Method	SERS & JRS 5 year smoothed market
	TRS 4 year smoothed market value
Investment Rate of Return	6.90%
Salary Increases	3.25%-19.50% percent, including inflation
Cost-of-Living Adjustments	2.0%-7.5%
Inflation	2.50%
Social Security Wage Base	SERS 3.5%

State of Connecticut

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,569,142	\$ 1,514,467	\$ 1,379,189	\$ 1,268,935	\$ 1,059,652	\$ 926,372
<u>1,542,298</u>	<u>1,501,805</u>	<u>1,371,651</u>	<u>1,268,890</u>	<u>1,058,113</u>	<u>926,343</u>
<u>\$ 26,844</u>	<u>\$ 12,662</u>	<u>\$ 7,538</u>	<u>\$ 45</u>	<u>\$ 1,539</u>	<u>\$ 29</u>
\$ 3,850,978	\$ 3,720,751	\$ 3,618,361	\$ 3,487,577	\$ 3,480,483	\$ 3,354,682
40.05%	40.36%	37.91%	36.38%	30.40%	27.61%
\$ 1,012,162	\$ 975,578	\$ 984,110	\$ 948,540	\$ 787,536	\$ 757,246
<u>1,012,162</u>	<u>975,578</u>	<u>984,110</u>	<u>948,540</u>	<u>787,536</u>	<u>757,246</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,279,755	\$ 4,125,066	\$ 4,078,367	\$ 3,930,957	\$ 4,101,750	\$ 3,943,990
23.65%	23.65%	24.13%	24.13%	19.20%	19.20%
\$ 19,164	\$ 18,259	\$ 17,731	\$ 16,298	\$ 16,006	\$ 15,095
<u>19,164</u>	<u>18,259</u>	<u>17,731</u>	<u>16,298</u>	<u>16,006</u>	<u>15,095</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 36,467	\$ 34,897	\$ 34,972	\$ 33,386	\$ 31,748	\$ 30,308
52.55%	52.32%	50.70%	48.82%	50.42%	49.81%

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS**

Last Nine Fiscal Years*

Annual money-weighted rates of return net of investment expense	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Employees' Retirement Fund	-7.63%	24.36%	1.86%	5.88%	7.30%	14.32%	0.23%	2.83%	15.62%
Teachers' Retirement Fund	-7.63%	24.28%	1.85%	5.85%	7.04%	14.37%	0.17%	2.82%	15.67%
State Judges' Retirement Fund	-7.73%	24.37%	2.10%	6.12%	6.24%	13.04%	1.11%	2.57%	13.66%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available.



REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS

Required supplementary information for other postemployment benefits provides information on funding progress and employer contributions.

The following schedules are included in the Required Supplementary Information for Other Postemployment Benefits:

- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Employer Contributions
- Schedule of Investment Returns

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State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

Last Four Fiscal Year

(Expressed in Thousands)

SEOPEBP

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 1,214,728	\$ 969,674	\$ 848,198	\$ 901,698
Interest	618,231	806,906	737,298	680,154
Differences between expected and actual experience	389,271	(179,538)	(645,590)	-
Changes of assumptions	(4,936,120)	2,225,764	3,417,609	(724,140)
Benefit payments	<u>(637,221)</u>	<u>(623,104)</u>	<u>(593,403)</u>	<u>(648,347)</u>
Net change in total OPEB liability	(3,351,111)	3,199,702	3,764,112	209,365
Total OPEB liability - beginning	<u>25,078,100</u>	<u>21,878,399</u>	<u>18,114,287</u>	<u>17,904,922</u>
Total OPEB liability - ending (a)	\$ 21,726,989	\$ 25,078,101	\$ 21,878,399	\$ 18,114,287
Plan fiduciary net position				
Contributions - employer	\$ 868,070	\$ 867,222	\$ 752,941	\$ 801,893
Contributions - member	147,038	159,377	116,539	116,814
Net investment income	389,771	33,373	68,847	37,001
Benefit payments	(637,221)	(623,104)	(593,403)	(648,347)
Other	<u>(105,307)</u>	<u>(95,682)</u>	<u>1,194</u>	<u>186</u>
Net change in plan fiduciary net position	662,351	341,186	346,118	307,547
Plan fiduciary net position - beginning	<u>1,537,194</u>	<u>1,196,008</u>	<u>849,889</u>	<u>542,342</u>
Plan fiduciary net position - ending (b)	\$ 2,199,545	\$ 1,537,194	\$ 1,196,007	\$ 849,889
Plan fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.47%	4.69%
Net OPEB liability - ending (a) -(b)	\$ 19,527,444	\$ 23,540,907	\$ 20,682,392	\$ 17,264,398
Covered-employee payroll	\$ 3,649,211	\$ 3,745,802	\$ 3,619,133	\$ 3,875,035
Net OPEB liability as a percentage of covered-employee payroll	535.11%	628.46%	571.47%	445.53%

RTHP

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 121,535	\$ 93,324	\$ 87,313	\$ 132,392
Interest	64,951	97,264	105,702	133,597
Benefit Changes	-	-	(339,076)	(1,044,628)
Difference between expected and actual experience	(1,218,425)	(586,004)	66,502	217,853
Changes of assumptions	12,750	626,595	182,438	(196,049)
Benefit payments	<u>(131,543)</u>	<u>(67,383)</u>	<u>(55,154)</u>	<u>(110,622)</u>
Net change in total OPEB liability	(1,150,732)	163,796	47,725	(867,457)
Total OPEB liability - beginning	<u>2,882,836</u>	<u>2,719,040</u>	<u>2,671,315</u>	<u>3,538,772</u>
Total OPEB liability - ending (a)	\$ 1,732,104	\$ 2,882,836	\$ 2,719,040	\$ 2,671,315
Plan fiduciary net position				
Contributions - employer	\$ 29,411	\$ 29,173	\$ 35,320	\$ 35,299
Contributions - member	54,058	53,221	51,944	51,484
Net investment income	82,256	849	1,090	411
Benefit payments	(131,543)	(67,383)	(55,154)	(110,622)
Administrative expense	(117)	(372)	(383)	(264)
Other	<u>(91)</u>	<u>-</u>	<u>(16,100)</u>	<u>-</u>
Net change in plan fiduciary net position	33,974	15,488	16,717	(23,692)
Plan fiduciary net position - beginning	<u>71,941</u>	<u>56,453</u>	<u>39,736</u>	<u>63,428</u>
Plan fiduciary net position - ending (b)	\$ 105,915	\$ 71,941	\$ 56,453	\$ 39,736
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%
Net OPEB liability - ending (a) -(b)	\$ 1,626,189	\$ 2,810,895	\$ 2,662,587	\$ 2,631,579
Covered-employee payroll	\$ 4,438,394	\$ 4,438,394	\$ 4,389,554	\$ 4,075,939
Net OPEB liability as a percentage of covered-employee payroll	36.64%	63.33%	60.66%	64.56%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Ten Fiscal Years

(Expressed in Thousands)

<u>SEOPEBP</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution	\$ 1,338,541	\$ 1,287,059	\$ 1,203,406	\$ 1,157,121
Actual employer contributions	<u>868,070</u>	<u>867,222</u>	<u>752,941</u>	<u>801,893</u>
Annual contributions deficiency excess	<u>\$ 470,471</u>	<u>\$ 419,837</u>	<u>\$ 450,465</u>	<u>\$ 355,228</u>
Covered Payroll	\$ 3,745,802	\$ 3,619,133	\$ 3,619,133	\$ 3,875,035
Actual contributions as a percentage of covered-employee payroll	23.17%	23.96%	20.80%	20.69%
<u>RTHP</u>				
Actuarially determined employer contribution	\$ 120,299	\$ 173,273	\$ 167,819	\$ 172,223
Actual employer contributions	<u>29,411</u>	<u>29,173</u>	<u>35,320</u>	<u>35,299</u>
Annual contributions deficiency excess	<u>\$ 90,888</u>	<u>\$ 144,100</u>	<u>\$ 132,499</u>	<u>\$ 136,924</u>
Covered Payroll	\$ 4,438,394	\$ 4,438,394	\$ 4,389,654	\$ 4,075,939
Actual contributions as a percentage of covered-employee payroll	0.66%	0.66%	0.80%	0.87%

Note:

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	SEOPEBP- Entry Age Normal RTHP-Entry Age
Amortization Method	SEOPEBP- Level percent of growing payroll, closed, 30 years RTHP-Level Percent of Payroll over an open period
Remaining Amortization Period	SEOPEBP- 16 years RTHP-30 years
Asset Valuation Method	Market Value
Investment Rate of Return	SEOPEBP-6.9% RTHP-3.0%
Salary Increases	SEOPEBP-3.5% RTHP-3.00%-6.5%
Inflation	RTHP-2.5%
Claims Trend Assumption	3.0%-6.00%

State of Connecticut

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,043,143	\$ 1,443,716	\$ 1,513,336	\$ 1,525,371	\$ 1,271,279	\$ 1,354,738
<u>667,401</u>	<u>608,593</u>	<u>546,284</u>	<u>514,696</u>	<u>542,615</u>	<u>541,262</u>
<u>\$ 375,742</u>	<u>\$ 835,123</u>	<u>\$ 967,052</u>	<u>\$ 1,010,675</u>	<u>\$ 728,664</u>	<u>\$ 813,476</u>
\$ 3,743,995	\$ 3,895,100	\$ 3,539,800	\$ 3,539,728	\$ 3,539,728	\$ 3,902,248
17.83%	15.62%	15.43%	14.54%	15.33%	13.87%
\$ 166,802	\$ 130,331	\$ 125,620	\$ 187,227	\$ 180,460	\$ 184,145
<u>19,922</u>	<u>19,960</u>	<u>25,145</u>	<u>25,955</u>	<u>27,040</u>	<u>49,486</u>
<u>\$ 146,880</u>	<u>\$ 110,371</u>	<u>\$ 100,475</u>	<u>\$ 161,272</u>	<u>\$ 153,420</u>	<u>\$ 134,659</u>
\$ 4,279,755	\$ 3,949,900	\$ 3,831,600	\$ 3,831,600	\$ 3,652,500	\$ 3,652,500
0.47%	0.51%	0.66%	0.68%	0.74%	1.35%

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS**

Last Nine Fiscal Years*

Annual money-weighted rates of return

<u>net of investment expense</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB Fund	-7.4%	24.61%	2.13%	6.62%	5.85%	11.83%	2.44%	3.44%	11.80%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of this measurement date (one year before the most recent fiscal year end).



*COMBINING FUND
STATEMENTS
AND
SCHEDULES
NONMAJOR FUNDS*

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*NONMAJOR
GOVERNMENTAL
FUNDS*

State of Connecticut

**BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2022

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 720,141	\$ 925,935	\$ 4,156	\$ 1,650,232
Investments	50	-	118,460	118,510
Securities Lending Collateral	-	-	18,973	18,973
Receivables:				
Accounts, Net of Allowances	57,477	-	-	57,477
Loans, Net of Allowances	590,496	-	-	590,496
From Other Governments	47,342	-	-	47,342
Due From Component Units	465	-	-	465
From Other Funds	9,326	27,927	7	37,260
Total Assets	<u>\$ 1,425,297</u>	<u>\$ 953,862</u>	<u>\$ 141,596</u>	<u>\$ 2,520,755</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 21,658	\$ 129,992	\$ 14	\$ 151,664
Due to Other Funds	10,261	68,532	386	79,179
Unearned Revenue	7,344	-	-	7,344
Securities Lending Obligation	-	-	18,973	18,973
Total Liabilities	<u>39,263</u>	<u>198,524</u>	<u>19,373</u>	<u>257,160</u>
Deferred Inflows of Resources				
Receivables to be Collected in Future Periods	<u>33,376</u>	<u>-</u>	<u>-</u>	<u>33,376</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	-	-	118,461	118,461
Restricted	1,318,194	756,056	3,761	2,078,011
Assigned	34,464	-	-	34,464
Unassigned	<u>-</u>	<u>(718)</u>	<u>1</u>	<u>(717)</u>
Total Fund Balances	<u>1,352,658</u>	<u>755,338</u>	<u>122,223</u>	<u>2,230,219</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,425,297</u>	<u>\$ 953,862</u>	<u>\$ 141,596</u>	<u>\$ 2,520,755</u>

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Licenses, Permits, and Fees	\$ 201,414	\$ -	\$ 517	\$ 201,931
Tobacco Settlement	136,585	-	-	136,585
Federal Grants and Aid	112,484	-	-	112,484
Charges for Services	856	-	-	856
Fines, Forfeits, and Rents	33	-	-	33
Investment Earnings	2,676	(87)	(17,207)	(14,618)
Interest on Loans	446	-	-	446
Sports Wagering	2,440	-	-	2,440
Miscellaneous	144,719	857	3	145,579
Total Revenues	601,653	770	(16,687)	585,736
Expenditures				
Current:				
Legislative	32	-	-	32
General Government	69,974	-	2,531	72,505
Regulation and Protection	207,182	-	-	207,182
Conservation and Development	151,028	-	860	151,888
Health and Hospitals	84,560	-	-	84,560
Human Services	1,990	-	-	1,990
Education, Libraries, and Museums	1,996	-	5	2,001
Corrections	1,967	-	-	1,967
Judicial	54,335	-	-	54,335
Capital Projects	-	982,421	-	982,421
Debt Service:				
Interest and Fiscal Charges	917	4,346	-	5,263
Total Expenditures	573,981	986,767	3,396	1,564,144
Excess (Deficiency) of Revenues Over Expenditures	27,672	(985,997)	(20,083)	(978,408)
Other Financing Sources (Uses)				
Bonds Issued	172,011	1,039,433	-	1,211,444
Premium on Bonds Issued	27,446	199,436	-	226,882
Transfers In	76,204	-	33	76,237
Transfers Out	(186,592)	(449,621)	(232)	(636,445)
Total Other Financing Sources (Uses)	89,069	789,248	(199)	878,118
Net Change in Fund Balances	116,741	(196,749)	(20,282)	(100,290)
Fund Balances - Beginning (restated)	1,235,917	952,087	142,505	2,330,509
Fund Balances - Ending	\$ 1,352,658	\$ 755,338	\$ 122,223	\$ 2,230,219

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NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for and report the collection of money that is restricted or committed for specified purposes.

The following are included in the nonmajor special revenue funds:

- Workers' Compensation Administration
- Banking
- Consumer Counsel and Public Utility Control
- Insurance
- Criminal Injuries Compensation
- Regional Market
- Mashantucket Pequot and Mohegan
- Soldiers', Sailors', and Marines
- Employment Security Administration
- Environmental Programs
- Housing Programs
- Tourism
- Other

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2022

(Expressed in Thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>
Assets					
Cash and Cash Equivalents	\$ 14,831	\$ 29,061	\$ 14,356	\$ 30,945	\$ 3,678
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	-	249	19,309	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	-
Due From Component Units	-	-	-	-	-
From Other Funds	66	-	-	985	7
Total Assets	<u>\$ 14,897</u>	<u>\$ 29,061</u>	<u>\$ 14,605</u>	<u>\$ 51,239</u>	<u>\$ 3,685</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 980	\$ 1,570	\$ 1,583	\$ 5,503	\$ 69
Unearned Revenue	-	-	7,344	-	-
Due to Other Funds	158	258	257	470	-
Total Liabilities	<u>1,138</u>	<u>1,828</u>	<u>9,184</u>	<u>5,973</u>	<u>69</u>
Deferred Inflows of Resources					
Receivables to be Collected in Future Periods	-	-	114	1,279	-
Fund Balances					
Restricted (Deficit)	13,759	27,233	5,307	43,987	3,616
Assigned	-	-	-	-	-
Total Fund Balances (Deficit)	<u>13,759</u>	<u>27,233</u>	<u>5,307</u>	<u>43,987</u>	<u>3,616</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 14,897</u>	<u>\$ 29,061</u>	<u>\$ 14,605</u>	<u>\$ 51,239</u>	<u>\$ 3,685</u>

State of Connecticut

Mashantucket									
Pequot and Mohegan Fund	Regional Market	Soldiers', Sailors', & Marines'	Employment Security Administration	Environmental Programs	Housing Programs	Other	Tourism	Total	
\$ 105	\$ -	\$ -	\$ 11,894	\$ 51,956	\$ 88,235	\$ 472,644	\$ 2,436	\$ 720,141	
-	-	-	-	50	-	-	-	50	
-	-	-	-	22	29,110	6,079	2,708	57,477	
-	-	-	-	17,780	572,716	-	-	590,496	
-	-	-	47,342	-	-	-	-	47,342	
-	-	-	-	-	465	-	-	465	
-	-	7,841	170	-	-	257	-	9,326	
<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 59,406</u>	<u>\$ 69,808</u>	<u>\$ 690,526</u>	<u>\$ 478,980</u>	<u>\$ 5,144</u>	<u>\$ 1,425,297</u>	
\$ -	\$ -	\$ -	\$ 5,374	\$ 630	\$ 213	\$ 5,726	\$ 10	\$ 21,658	
-	-	-	-	-	-	-	-	7,344	
-	340	7,841	742	56	3	136	-	10,261	
-	340	7,841	6,116	686	216	5,862	10	39,263	
-	-	-	-	22	29,109	2,852	-	33,376	
105	(340)	-	53,290	69,100	661,201	435,802	5,134	1,318,194	
-	-	-	-	-	-	34,464	-	34,464	
<u>105</u>	<u>(340)</u>	<u>-</u>	<u>53,290</u>	<u>69,100</u>	<u>661,201</u>	<u>470,266</u>	<u>5,134</u>	<u>1,352,658</u>	
<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 59,406</u>	<u>\$ 69,808</u>	<u>\$ 690,526</u>	<u>\$ 478,980</u>	<u>\$ 5,144</u>	<u>\$ 1,425,297</u>	

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer</u> <u>Public Utility</u> <u>Counsel</u> <u>Control</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>
Revenues					
Licenses, Permits, and Fees	\$ -	\$ 42,004	\$ 16	\$ 148,731	\$ 605
Tobacco Settlement	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-
Charges for Services	8	-	-	-	-
Fines, Forfeits, and Rents	-	-	-	-	30
Investment Earnings	97	-	-	1,292	11
Interest on Loans	-	-	-	-	-
Sports Wagering	-	-	-	-	-
Miscellaneous	21,290	105	31,947	3,221	1,339
Total Revenues	<u>21,395</u>	<u>42,109</u>	<u>31,963</u>	<u>153,244</u>	<u>1,985</u>
Expenditures					
Current:					
Legislative	-	-	-	-	-
General Government	778	14	213	1,523	-
Regulation and Protection	21,560	25,953	2,697	33,937	-
Conservation and Development	-	670	26,104	150	-
Health and Hospitals	-	-	-	79,896	-
Human Services	1,441	-	-	40	-
Education, Libraries, and Museums	-	-	-	-	-
Corrections	-	-	-	-	-
Judicial	-	1,993	-	-	2,368
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>23,779</u>	<u>28,630</u>	<u>29,014</u>	<u>115,546</u>	<u>2,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,384)</u>	<u>13,479</u>	<u>2,949</u>	<u>37,698</u>	<u>(383)</u>
Other Financing Sources (Uses)					
Bonds Issued	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Transfers In	-	-	-	388	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>388</u>	<u>-</u>
Net Change in Fund Balances	(2,384)	13,479	2,949	38,086	(383)
Fund Balances (Deficit) - Beginning	16,143	13,754	2,358	5,901	3,999
Fund Balances (Deficit) - Ending	<u>\$ 13,759</u>	<u>\$ 27,233</u>	<u>\$ 5,307</u>	<u>\$ 43,987</u>	<u>\$ 3,616</u>

State of Connecticut

Mashantucket							
Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Tourism</u>	<u>Total</u>
\$ -	\$ -	\$ 3,733	\$ 1,255	\$ -	\$ 5,070	\$ -	\$ 201,414
-	-	-	-	-	136,585	-	136,585
-	-	112,484	-	-	-	-	112,484
-	-	-	-	-	848	-	856
-	-	-	-	-	3	-	33
-	-	55	191	-	1,030	-	2,676
-	-	-	-	-	446	-	446
-	-	-	-	-	2,440	-	2,440
-	-	100	276	995	72,306	13,140	144,719
-	-	116,372	1,722	995	218,728	13,140	601,653
-	-	-	-	-	32	-	32
51,473	-	-	2,337	4,532	9,104	-	69,974
-	-	108,854	-	-	14,181	-	207,182
-	-	-	44,564	57,312	1,294	20,934	151,028
-	-	-	1,161	-	3,503	-	84,560
-	-	-	-	-	509	-	1,990
-	-	-	-	-	1,996	-	1,996
-	-	-	-	-	1,967	-	1,967
-	-	-	-	-	49,974	-	54,335
-	-	-	64	716	137	-	917
51,473	-	108,854	48,126	62,560	82,697	20,934	573,981
(51,473)	-	7,518	(46,404)	(61,565)	136,031	(7,794)	27,672
-	-	-	16,330	135,681	20,000	-	172,011
-	-	-	2,720	18,896	5,830	-	27,446
51,500	-	7,823	-	-	5,500	10,993	76,204
-	-	-	(17,833)	(18,180)	(150,579)	-	(186,592)
51,500	-	7,823	1,217	136,397	(119,249)	10,993	89,069
27	-	15,341	(45,187)	74,832	16,782	3,199	116,741
78	(340)	37,949	114,287	586,369	453,484	1,935	1,235,917
\$ 105	\$ (340)	\$ 53,290	\$ 69,100	\$ 661,201	\$ 470,266	\$ 5,134	\$ 1,352,658

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NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities. They are financed principally by debt proceeds.

The following are included in the nonmajor capital projects funds:

- State Facilities
- Infrastructure
- Other Transportation

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2022

(Expressed in Thousands)

	State			
	Facilities	Infrastructure	Transportation	Total
Assets				
Cash and Cash Equivalents	\$ 339,306	\$ 586,629	\$ -	\$ 925,935
Receivables:				
Due From Other Funds	<u>27,927</u>	<u>-</u>	<u>-</u>	<u>27,927</u>
Total Assets	<u>\$ 367,233</u>	<u>\$ 586,629</u>	<u>\$ -</u>	<u>\$ 953,862</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 73,037	\$ 56,955	\$ -	\$ 129,992
Due To Other Funds	<u>67,446</u>	<u>368</u>	<u>718</u>	<u>68,532</u>
Total Liabilities	<u>140,483</u>	<u>57,323</u>	<u>718</u>	<u>198,524</u>
Fund Balances				
Restricted	226,750	529,306	-	756,056
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances (Deficit)	<u>226,750</u>	<u>529,306</u>	<u>(718)</u>	<u>755,338</u>
Total Liabilities and Fund Balances	<u>\$ 367,233</u>	<u>\$ 586,629</u>	<u>\$ -</u>	<u>\$ 953,862</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Revenues				
Investment Earnings	\$ (87)	\$ -	\$ -	\$ (87)
Miscellaneous	857	-	-	857
Total Revenues	<u>770</u>	<u>-</u>	<u>-</u>	<u>770</u>
Expenditures				
Capital Projects	179,845	802,576	-	982,421
Debt Service:				
Interest and Fiscal Charges	<u>2,174</u>	<u>2,172</u>	<u>-</u>	<u>4,346</u>
Total Expenditures	<u>182,019</u>	<u>804,748</u>	<u>-</u>	<u>986,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(181,249)</u>	<u>(804,748)</u>	<u>-</u>	<u>(985,997)</u>
Other Financing Sources (Uses)				
Bonds Issued	539,433	500,000	-	1,039,433
Premium on Bonds Issued	72,194	127,242	-	199,436
Transfer Out	<u>(411,553)</u>	<u>(38,068)</u>	<u>-</u>	<u>(449,621)</u>
Total Other Financing Sources	<u>200,074</u>	<u>589,174</u>	<u>-</u>	<u>789,248</u>
Net Change in Fund Balances	18,825	(215,574)	-	(196,749)
Fund Balances (Deficit) - Beginning	<u>207,925</u>	<u>744,880</u>	<u>(718)</u>	<u>952,087</u>
Fund Balances (Deficit) - Ending	<u>\$ 226,750</u>	<u>\$ 529,306</u>	<u>\$ (718)</u>	<u>\$ 755,338</u>

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NONMAJOR PERMANENT FUNDS

Permanent funds are used to account for and report the principal and interest earned on investments for the benefit of its citizenry.

The following are included in the nonmajor permanent funds:

Soldiers', Sailors', and Marines'
Connecticut Arts Endowment
Other

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS**

June 30, 2022

(Expressed in Thousands)

	Soldiers', Sailors', & Marines'	Connecticut Arts Endowment	Other	Total
Assets				
Cash and Cash Equivalents	\$ -	\$ 1	\$ 4,155	\$ 4,156
Investments	78,353	20,436	19,671	118,460
Securities Lending Collateral	13,252	2,336	3,385	18,973
Due From Other Funds	-	-	7	7
Total Assets	<u>\$ 91,605</u>	<u>\$ 22,773</u>	<u>\$ 27,218</u>	<u>\$ 141,596</u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 14	\$ 14
Due To Other Funds	-	-	386	386
Securities Lending Obligation	13,252	2,336	3,385	18,973
Total Liabilities	<u>13,252</u>	<u>2,336</u>	<u>3,785</u>	<u>19,373</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	78,353	20,436	19,672	118,461
Restricted	-	-	3,761	3,761
Unassigned	-	1	-	1
Total Fund Balances	<u>78,353</u>	<u>20,437</u>	<u>23,433</u>	<u>122,223</u>
Total Liabilities and Fund Balances	<u>\$ 91,605</u>	<u>\$ 22,773</u>	<u>\$ 27,218</u>	<u>\$ 141,596</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR PERMANENT FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	<u>Soldiers', Sailors', & Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ -	\$ 517	\$ 517
Investment Earnings	(11,132)	(3,249)	(2,826)	(17,207)
Miscellaneous	-	-	3	3
Total Revenues	(11,132)	(3,249)	(2,306)	(16,687)
Expenditures				
General Government	1,475	47	1,009	2,531
Conservation and Development	-	860	-	860
Education, Libraries, and Museums	-	-	5	5
Total Expenditures	1,475	907	1,014	3,396
Excess (Deficiency) of Revenues Over Expenditures	(12,607)	(4,156)	(3,320)	(20,083)
Other Financing Sources (Uses)				
Transfers In	-	-	33	33
Transfers Out	-	-	(232)	(232)
Total Other Financing Sources (Uses)	-	-	(199)	(199)
Net Change in Fund Balances	(12,607)	(4,156)	(3,519)	(20,282)
Fund Balances - Beginning (as restated)	90,960	24,593	26,952	142,505
Fund Balances - Ending	\$ 78,353	\$ 20,437	\$ 23,433	\$ 122,223

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account and report activities for which a fee is charged in exchange for goods or services.

The following are included in the nonmajor enterprise funds:

Second Injury and Compensation Insurance
Drinking Water

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2022

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Drinking Water	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 49,802	\$ 4,499	\$ 54,301
Accounts Receivable, Net of Allowances	6,175	-	6,175
Loans, Net of Allowances	-	31,783	31,783
Interest Receivable	-	421	421
From Other Governments	-	286	286
Other	10	-	10
Total Current Assets	55,987	36,989	92,976
Noncurrent Assets:			
Cash and Cash Equivalents	-	110,548	110,548
Receivables:			
Loans, Net of Allowances	-	180,086	180,086
Restricted Assets	-	39,389	39,389
Total Noncurrent Assets	-	330,023	330,023
Total Assets	\$ 55,987	\$ 367,012	\$ 422,999
Deferred Outflows of Resources			
Unamortized Losses on Bond Refundings	\$ -	\$ 101	\$ 101
Total Deferred Outflows of Resources	\$ -	\$ 101	\$ 101
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 6,038	\$ 1,883	\$ 7,921
Current Portion of Long-Term Debt	382	6,331	6,713
Total Current Liabilities	6,420	8,214	14,634
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	742	142,514	143,256
Total Noncurrent Liabilities	742	142,514	143,256
Total Liabilities	\$ 7,162	\$ 150,728	\$ 157,890
Net Position (Deficit)			
Restricted for:			
Drinking Water Projects	\$ -	\$ 196,705	\$ 196,705
Unrestricted (Deficit)	48,825	19,680	68,505
Total Net Position (Deficit)	\$ 48,825	\$ 216,385	\$ 265,210

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Drinking Water	Total
Operating Revenues			
Assessments	\$ 28,769	\$ -	\$ 28,769
Interest on Loans	-	3,899	3,899
Miscellaneous	626	-	626
Total Operating Revenues	29,395	3,899	33,294
Operating Expenses			
Salaries, Wages, and Administrative	7,154	3,061	10,215
Claims Paid	18,714	-	18,714
Other	-	3,013	3,013
Total Operating Expenses	25,868	6,074	31,942
Operating Income (Loss)	3,527	(2,175)	1,352
Nonoperating Revenues (Expenses)			
Interest and Investment Income	142	364	506
Interest and Fiscal Charges	-	(6,340)	(6,340)
Other	-	1,453	1,453
Total Nonoperating Income (Expense)	142	(4,523)	(4,381)
Income (Loss) Before Grants and Transfers	3,669	(6,698)	(3,029)
Federal Capitalization Grants	-	6,010	6,010
Transfers In	-	15,152	15,152
Change in Net Position	3,669	14,464	18,133
Total Net Position (Deficit) - Beginning (as restated)	45,156	201,921	247,077
Total Net Position (Deficit) - Ending	\$ 48,825	\$ 216,385	\$ 265,210

State of Connecticut

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Drinking Water	Totals
Cash Flows from Operating Activities			
Receipts from Customers	\$ 28,414	\$ 16,959	\$ 45,373
Payments to Suppliers	-	(3,013)	(3,013)
Payments to Employees	(7,539)	(2,464)	(10,003)
Other Receipts (Payments)	(19,584)	(23,616)	(43,200)
Net Cash Provided by (Used in) Operating Activities	<u>1,291</u>	<u>(12,134)</u>	<u>(10,843)</u>
Cash Flows from Capital and Related Financing Activities			
Federal Capitalization Grants	-	6,124	6,124
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>6,124</u>	<u>6,124</u>
Cash Flows from Noncapital and Related Financing Activities			
Repayment of bonds payable	-	(6,965)	(6,965)
Interest paid on bonds payable	-	(6,409)	(6,409)
Transfers In	-	15,152	15,152
Net Cash Flows from Noncapital and Related Financing Activities	<u>-</u>	<u>1,778</u>	<u>1,778</u>
Cash Flows from Investing Activities			
Interest on Investments	142	390	532
Other Receipts (Payments)	-	4,087	4,087
Net Cash Flows from Investing Activities	<u>142</u>	<u>4,477</u>	<u>4,619</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,433	245	1,678
Cash and Cash Equivalents - Beginning of Year	48,369	4,254	52,623
Cash and Cash Equivalents - End of Year	<u>\$ 49,802</u>	<u>\$ 4,499</u>	<u>\$ 54,301</u>
Reconciliation of Operating Income (Loss) to Net Cash			
Operating Income (Loss)	\$ 3,527	\$ (2,175)	\$ 1,352
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	(980)	(9,959)	(10,939)
(Increase) Decrease in Inventories and Other Assets	(10)	-	(10)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(1,246)	-	(1,246)
Total Adjustments	<u>(2,236)</u>	<u>(9,959)</u>	<u>(12,195)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,291</u>	<u>\$ (12,134)</u>	<u>\$ (10,843)</u>



NONMAJOR INTERNAL SERVICE FUNDS

The internal service funds are used to account for and report the operations of state agencies whose exclusive or nearly exclusive purpose is to provide goods or services to other state agencies on a cost-reimbursement basis.

The following are included in the nonmajor internal service funds:

Correction Industries
Administrative Services
Information Technology

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2022

(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	\$ 8,700	\$ 3,408	\$ -	\$ 12,108
Receivables, Net of Allowances	8	122	43	173
Due From Other Funds	764	2,333	1,868	4,965
Inventories	7,200	-	97	7,297
Other Current Assets	14	-	291	305
Total Current Assets	16,686	5,863	2,299	24,848
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	622	-	43,277	43,899
Other Noncurrent Assets	-	-	10	10
Total Noncurrent Assets	622	-	43,287	43,909
Total Assets	\$ 17,308	\$ 5,863	\$ 45,586	\$ 68,757
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 110	\$ 129	\$ 3	\$ 242
Due To Other Funds	-	-	11,770	11,770
Compensated Absences-Current Portion	47	14	21	82
Total Current Liabilities	157	143	11,794	12,094
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	670	225	374	1,269
Total Noncurrent Liabilities	670	930	374	1,974
Total Liabilities	\$ 827	\$ 1,073	\$ 12,168	\$ 14,068
Net Position				
Investment in Capital Assets	\$ 622	\$ -	\$ 43,287	\$ 43,909
Unrestricted (Deficit)	15,859	4,790	(9,869)	10,780
Total Net Position	\$ 16,481	\$ 4,790	\$ 33,418	\$ 54,689

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 22,682	\$ 4,918	\$ 22,735	\$ 50,335
Miscellaneous	110	-	-	110
Total Operating Revenues	<u>22,792</u>	<u>4,918</u>	<u>22,735</u>	<u>50,445</u>
Operating Expenses				
Salaries, Wages, and Administrative	21,859	4,510	8,141	34,510
Depreciation and Amortization	1,245	-	14,989	16,234
Total Operating Expenses	<u>23,104</u>	<u>4,510</u>	<u>23,130</u>	<u>50,744</u>
Operating Income	<u>(312)</u>	<u>408</u>	<u>(395)</u>	<u>(299)</u>
Nonoperating Revenue (Expenses)				
Other Nonoperating Revenue (Expense)	1,735	-	-	1,735
Total Nonoperating Revenue (Expense)	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>1,735</u>
Change in Net Position	1,423	408	(395)	1,436
Total Net Position - Beginning	<u>15,058</u>	<u>4,382</u>	<u>33,813</u>	<u>53,253</u>
Total Net Position - Ending	<u>\$ 16,481</u>	<u>\$ 4,790</u>	<u>\$ 33,418</u>	<u>\$ 54,689</u>

State of Connecticut

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	<u>Correction</u> <u>Industries</u>	<u>Information</u> <u>Technology</u>	<u>Administrative</u> <u>Services</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Receipts from Customers	\$ 22,282	\$ 4,903	\$ 22,489	\$ 49,674
Payments to Suppliers	(19,634)	(1,511)	(4,421)	(25,566)
Payments to Employees	(3,600)	(3,466)	(4,808)	(11,874)
Other Receipts (Payments)	(1,379)	-	(66)	(1,445)
Net Cash Provided by (Used in) Operating Activities	<u>(2,331)</u>	<u>(74)</u>	<u>13,194</u>	<u>10,789</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	(746)	-	(13,194)	(13,940)
Net Cash Flows from Capital and Related Financing Activities	<u>(746)</u>	<u>-</u>	<u>(13,194)</u>	<u>(13,940)</u>
Cash Flows from Noncapital Financing Activities				
Other Receipts (Payments)	1,735	-	-	1,735
Net Cash Flows from Noncapital Financing Activities	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>1,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,342)	(74)	-	(1,416)
Cash and Cash Equivalents - Beginning of Year	10,042	3,482	-	13,524
Cash and Cash Equivalents - End of Year	<u>\$ 8,700</u>	<u>\$ 3,408</u>	<u>\$ -</u>	<u>\$ 12,108</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income	\$ (312)	\$ 408	\$ (395)	\$ (299)
Adjustments Not Affecting Cash:				
Depreciation	1,245	-	14,989	16,234
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(4)	(22)	13	(13)
(Increase) Decrease in Due From Other Funds	(397)	6	(260)	(651)
(Increase) Decrease in Inventories and Other Assets	(1,488)	-	(66)	(1,554)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(1,375)	(466)	(1,087)	(2,928)
Total Adjustments	<u>(2,019)</u>	<u>(482)</u>	<u>13,589</u>	<u>11,088</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (2,331)</u>	<u>\$ (74)</u>	<u>\$ 13,194</u>	<u>\$ 10,789</u>



PENSION AND (OTHER EMPLOYEE BENEFIT) TRUST FUNDS

The pension and other employee benefit trust funds are used to account for and report the money that has been contributed by both the employer and the employee for pension benefits. A trustee administers the funds and invests the money, collects the earnings and interest and distributes the benefits.

The following are included in the pension and (other employee benefit) trust funds:

- State Employees
- State Teachers
- Judicial
- Connecticut Municipal Employees
- Probate Judges
- State Employee OPEB Plan
- Retired Teacher Healthcare Plan
- Policemen, Firemen, and Survivors' Benefits
- Other

State of Connecticut

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

June 30, 2022

(Expressed in Thousands)

	Pension Trust			Connecticut Municipal Employees'
	State Employees'	State Teachers'	Judicial	
Assets				
Current:				
Cash and Cash Equivalents	\$ -	\$ 5,105	\$ 108	\$ 3,369
Receivables:				
Accounts, Net of Allowances	13,031	12,902	8	18,683
From Other Governments	-	48	-	-
From Other Funds	3,203,864	903,677	-	25
Interest	222	172	-	8
Investments	15,412,697	20,632,472	276,266	2,985,829
Securities Lending Collateral	1,224,747	1,663,662	22,095	240,646
Noncurrent:				
Due From Employers	-	-	-	12,114
Total Assets	<u>\$ 19,854,561</u>	<u>\$ 23,218,038</u>	<u>\$ 298,477</u>	<u>\$ 3,260,674</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 28	\$ 2,700	\$ -	\$ -
Securities Lending Obligation	1,224,747	1,663,662	22,095	240,646
Due to Other Funds	26,061	1,955	-	-
Total Liabilities	<u>\$ 1,250,836</u>	<u>\$ 1,668,317</u>	<u>\$ 22,095</u>	<u>\$ 240,646</u>
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	<u>\$ 18,603,725</u>	<u>\$ 21,549,721</u>	<u>\$ 276,382</u>	<u>\$ 3,020,028</u>
Total Net Position	<u>\$ 18,603,725</u>	<u>\$ 21,549,721</u>	<u>\$ 276,382</u>	<u>\$ 3,020,028</u>

State of Connecticut

<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>
\$ 64	\$ 465	\$ 165,690	\$ 59	\$ 191,165		\$ 366,025
5	-	-	-	-		44,629
-	-	-	-	-		48
-	1	2,003	-	350		4,109,920
-	-	-	1	-		403
125,249	2,485	-	43,702	2,071,264		41,549,964
10,126	198	-	3,485	161,759		3,326,718
-	-	-	-	-		12,114
<u>\$ 135,444</u>	<u>\$ 3,149</u>	<u>\$ 167,693</u>	<u>\$ 47,247</u>	<u>\$ 2,424,538</u>		<u>\$ 49,409,821</u>
\$ -	\$ -	\$ 137	\$ -	\$ 22,641		\$ 25,506
10,126	198	-	3,485	161,759		3,326,718
-	-	-	-	-		28,016
<u>\$ 10,126</u>	<u>\$ 198</u>	<u>\$ 137</u>	<u>\$ 3,485</u>	<u>\$ 184,400</u>		<u>\$ 3,380,240</u>
<u>\$ 125,318</u>	<u>\$ 2,951</u>	<u>\$ 167,556</u>	<u>\$ 43,762</u>	<u>\$ 2,240,138</u>		<u>\$ 46,029,581</u>
<u>\$ 125,318</u>	<u>\$ 2,951</u>	<u>\$ 167,556</u>	<u>\$ 43,762</u>	<u>\$ 2,240,138</u>		<u>\$ 46,029,581</u>

State of Connecticut

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Pension Trust			
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'
Additions				
Contributions:				
Plan Members	\$ 202,270	\$ 392,913	\$ 1,643	\$ 32,894
State	2,849,181	2,347,299	33,170	-
Municipalities	-	-	-	134,628
Total Contributions	<u>3,051,451</u>	<u>2,740,212</u>	<u>34,813</u>	<u>167,522</u>
Investment Income	(1,497,293)	(2,003,293)	(27,103)	(293,877)
Less: Investment Expenses	(16,024)	(21,443)	(290)	(3,144)
Net Investment Income	<u>(1,513,317)</u>	<u>(2,024,736)</u>	<u>(27,393)</u>	<u>(297,021)</u>
Transfer In	735,664	903,643	-	-
Other	1,631,796	-	1	-
Total Additions	<u>3,905,594</u>	<u>1,619,119</u>	<u>7,421</u>	<u>(129,499)</u>
Deductions				
Administrative Expense	-	-	-	-
Benefit Payments and Refunds	2,382,509	2,227,080	33,034	218,276
Other	-	959,406	-	-
Total Deductions	<u>2,382,509</u>	<u>3,186,486</u>	<u>33,034</u>	<u>218,276</u>
Changes in Net Position	1,523,085	(1,567,367)	(25,613)	(347,775)
Net Position Held in Trust For				
Pension and Other Employee Benefits				
Beginning of Year	17,080,640	23,117,088	301,995	3,367,803
End of Year	<u>\$ 18,603,725</u>	<u>\$ 21,549,721</u>	<u>\$ 276,382</u>	<u>\$ 3,020,028</u>

State of Connecticut

<u>Pension Trust</u>		<u>Other Employee Benefits</u>			
<u>Probate Judges'</u>	<u>Other</u>	<u>Retired Teachers' Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employees' OPEB Plan</u>	<u>Total</u>
\$ 245	\$ 28	\$ 94,440	\$ 719	\$ 145,475	\$ 870,627
-	-	20,419	-	847,928	6,097,997
-	-	-	1,021	-	135,649
<u>245</u>	<u>28</u>	<u>114,859</u>	<u>1,740</u>	<u>993,403</u>	<u>7,104,273</u>
(12,292)	(243)	49,586	(4,263)	(194,449)	(3,983,227)
<u>(132)</u>	<u>(3)</u>	<u>-</u>	<u>(46)</u>	<u>(2,082)</u>	<u>(43,164)</u>
<u>(12,424)</u>	<u>(246)</u>	<u>49,586</u>	<u>(4,309)</u>	<u>(196,531)</u>	<u>(4,026,391)</u>
-	-	-	-	-	1,639,307
<u>3,022</u>	<u>22</u>	<u>16,083</u>	<u>-</u>	<u>-</u>	<u>1,650,924</u>
<u>(9,157)</u>	<u>(196)</u>	<u>180,528</u>	<u>(2,569)</u>	<u>796,872</u>	<u>6,368,113</u>
-	-	44,369	-	-	44,369
6,655	-	74,518	1,399	637,979	5,581,450
-	-	-	52	118,300	1,077,758
<u>6,655</u>	<u>-</u>	<u>118,887</u>	<u>1,451</u>	<u>756,279</u>	<u>6,703,577</u>
<u>(15,812)</u>	<u>(196)</u>	<u>61,641</u>	<u>(4,020)</u>	<u>40,593</u>	<u>(335,464)</u>
<u>141,130</u>	<u>3,147</u>	<u>105,915</u>	<u>47,782</u>	<u>2,199,545</u>	<u>46,365,045</u>
<u>\$ 125,318</u>	<u>\$ 2,951</u>	<u>\$ 167,556</u>	<u>\$ 43,762</u>	<u>\$ 2,240,138</u>	<u>\$ 46,029,581</u>

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CUSTODIAL FUNDS

Custodial funds account for and report resources held by the State for which the state has custodial responsibility for the flow of assets.

The following are included in the agency funds:

- Fringe Benefit Clearing
- Receipts Pending Distribution
- Insurance Companies' Securities
- State Institution Activity
- Other

State of Connecticut

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

June 30, 2022

(Expressed in Thousands)

	<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	\$ 108,515	\$ -	\$ 42,829	\$ 261,663	\$ 413,007
Receivables:					
Accounts, Net of Allowances	643	-	8	-	651
Interest	-	-	32	233	265
Inventories	-	-	944	-	944
Other Assets	-	317,843	22	11,627	329,492
Total Assets	<u>\$ 109,158</u>	<u>\$ 317,843</u>	<u>\$ 43,835</u>	<u>\$ 273,523</u>	<u>\$ 744,359</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 58,564	\$ -	\$ 29	\$ 211	\$ 58,804
Total Liabilities	<u>\$ 58,564</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 211</u>	<u>\$ 58,804</u>
Net Position					
Restricted for:					
Individuals, Organizations, and Other Governments	\$ 50,594	\$ 317,843	\$ 43,806	\$ 273,312	\$ 685,555
Total Net Position	<u>\$ 50,594</u>	<u>\$ 317,843</u>	<u>\$ 43,806</u>	<u>\$ 273,312</u>	<u>\$ 685,555</u>

State of Connecticut

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Fringe Benefit Clearing	Receipts Pending Distribution	Insurance Companies' Securities	State Institution Activity	Other	Total
Additions						
Insurance Securities	\$ -	\$ -	\$ 317,843	\$ -	\$ -	\$ 317,843
Investment Income	-	-	-	32	232	264
Other	-	-	-	25,723	200,660	226,383
Total Additions	<u>-</u>	<u>-</u>	<u>317,843</u>	<u>25,755</u>	<u>200,892</u>	<u>544,490</u>
Deductions						
Administrative Expense	1,184	94,702	-	3,804	5,073	104,763
Other	-	-	326,275	-	-	326,275
Total Deductions	<u>1,184</u>	<u>94,702</u>	<u>326,275</u>	<u>3,804</u>	<u>5,073</u>	<u>431,038</u>
Change in Net Position Held In Trust For:						
Individuals, Organizations, and Other Governments	(1,184)	(94,702)	(8,432)	21,951	195,819	113,452
Net Position Held in Trust For						
Pension and Other Employee Benefits						
Net Position - Beginning	<u>1,184</u>	<u>145,296</u>	<u>326,275</u>	<u>21,855</u>	<u>77,493</u>	<u>572,103</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 50,594</u>	<u>\$ 317,843</u>	<u>\$ 43,806</u>	<u>\$ 273,312</u>	<u>\$ 685,555</u>

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NONMAJOR COMPONENT UNITS

The component units listed below are legally separate organizations for which the State is financially accountable.

The following are included in the nonmajor component units:

- Connecticut Higher Education Supplemental Loan Authority
- Connecticut Health and Educational Facilities Authority
- Connecticut Student Loan Foundation
- Materials, Innovations, and Recycling Authority
- Connecticut Innovations, Incorporated
- UConn Foundation
- Capital Region Development Authority
- Connecticut Green Bank
- Connecticut Port Authority

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS**

June 30, 2022

(Expressed in Thousands)

	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health and Educational Facilities Authority	Connecticut Student Loan Foundation	Materials, Innovations, and Recycling Authority	Connecticut Innovations, Incorporated
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 35	\$ 578	\$ 148	\$ 56,440	\$ 89,382
Investments	10,582	8,219	752	-	2,063
Receivables:					
Accounts, Net of Allowances	48	1,210	-	14,170	9
Loans, Net of Allowances	275	256	-	-	2,374
Interest Receivable	21	-	-	-	457
Due From Primary Government	-	-	-	-	591
Restricted Assets	61,602	570,768	18,160	343	-
Leases Receivable	-	-	-	-	-
Inventories	-	-	-	5,869	-
Other Current Assets	58	120	11	2,331	140
Total Current Assets	<u>72,621</u>	<u>581,151</u>	<u>19,071</u>	<u>79,153</u>	<u>95,016</u>
Noncurrent Assets:					
Investments	-	-	-	-	135,313
Accounts, Net of Allowances	-	-	-	-	-
Loans, Net of Allowances	2,376	263	-	-	12,275
Lease Receivable	-	-	-	-	-
Restricted Assets	108,126	6,632	106,940	-	12,320
Capital Assets, Net of Accumulated Depreciation	2	683	-	30,219	1,781
Other Noncurrent Assets	-	-	-	-	66
Total Noncurrent Assets	<u>110,504</u>	<u>7,578</u>	<u>106,940</u>	<u>30,219</u>	<u>161,755</u>
Total Assets	<u>\$ 183,125</u>	<u>\$ 588,729</u>	<u>\$ 126,011</u>	<u>\$ 109,372</u>	<u>\$ 256,771</u>
Deferred Outflows of Resources					
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -	\$ 13,701
Other	-	-	-	-	-
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,701</u>
Liabilities					
Current Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 608	\$ 436	\$ 901	\$ 13,492	\$ 7,173
Current Portion of Long-Term Obligations	3,445	-	-	-	-
Due To Primary Government	-	-	-	-	465
Unearned Revenue	-	-	-	-	-
Leases Payable	-	266	-	71	-
Amounts Held for Institutions	-	570,768	-	-	-
Other Liabilities	-	-	-	-	-
Total Current Liabilities	<u>4,053</u>	<u>571,470</u>	<u>901</u>	<u>13,563</u>	<u>7,638</u>
Noncurrent Liabilities:					
Pension Liability & OPEB Liability	-	-	-	-	50,779
Noncurrent Portion of Long-Term Obligations	137,441	2,302	102,126	-	312
Total Noncurrent Liabilities	<u>137,441</u>	<u>2,302</u>	<u>102,126</u>	<u>-</u>	<u>51,091</u>
Total Liabilities	<u>\$ 141,494</u>	<u>\$ 573,772</u>	<u>\$ 103,027</u>	<u>\$ 13,563</u>	<u>\$ 58,729</u>
Deferred Inflows of Resources					
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -	\$ 14,589
Other Deferred Inflows	500	35	-	-	-
Deferred Inflows Leases	-	-	-	3,721	-
Total Deferred Inflows of Resources	<u>\$ 500</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 3,721</u>	<u>\$ 14,589</u>
Net Position					
Net Investment in Capital Assets	\$ 2	\$ 330	\$ -	\$ 30,148	\$ 1,781
Restricted:					
Expendable Endowments	-	-	-	-	-
Nonexpendable Endowments	-	-	-	-	-
Other Purposes	28,387	4,375	2,875	10	11,223
Unrestricted	<u>12,742</u>	<u>10,217</u>	<u>20,109</u>	<u>61,930</u>	<u>184,150</u>
Total Net Position	<u>\$ 41,131</u>	<u>\$ 14,922</u>	<u>\$ 22,984</u>	<u>\$ 92,088</u>	<u>\$ 197,154</u>

State of Connecticut

<u>UConn Foundation</u>	<u>Capital Region Development Authority</u>	<u>Connecticut Green Bank</u>	<u>Connecticut Port Authority</u>	<u>Total</u>
\$ 28,166	\$ 14,341	\$ 52,277	\$ 1,910	\$ 243,277
645,482	6,606	-	-	673,704
10,030	867	6,252	2	32,588
-	22	-	-	2,927
-	-	1,163	-	1,641
-	-	-	484	1,075
-	20,011	-	165,763	836,647
-	2,299	987	-	3,286
-	-	-	-	5,869
-	495	15,596	41	18,792
<u>683,678</u>	<u>44,641</u>	<u>76,275</u>	<u>168,200</u>	<u>1,819,806</u>
-	-	912	-	136,225
56,481	-	-	-	56,481
-	115,633	-	-	130,547
-	19,880	16,281	-	36,161
-	5,950	21,645	-	261,613
3,108	273,140	76,165	129,581	514,679
<u>1,326</u>	<u>2,039</u>	<u>93,217</u>	<u>-</u>	<u>96,648</u>
<u>60,915</u>	<u>416,642</u>	<u>208,220</u>	<u>129,581</u>	<u>1,232,354</u>
<u>\$ 744,593</u>	<u>\$ 461,283</u>	<u>\$ 284,495</u>	<u>\$ 297,781</u>	<u>\$ 3,052,160</u>
\$ -	\$ -	\$ 11,612	\$ -	\$ 25,313
-	-	2,317	-	2,317
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,929</u>	<u>\$ -</u>	<u>\$ 27,630</u>
\$ 13,042	\$ 26,714	\$ 14,575	\$ 33,619	\$ 110,560
3,166	4,887	15,332	-	26,830
-	57,484	-	-	57,949
-	178	-	4,688	4,866
-	-	-	183	520
-	-	-	-	570,768
-	-	-	74	74
<u>16,208</u>	<u>89,263</u>	<u>29,907</u>	<u>38,564</u>	<u>771,567</u>
-	-	41,790	-	92,569
<u>20,611</u>	<u>64,256</u>	<u>83,414</u>	<u>5,748</u>	<u>416,210</u>
<u>20,611</u>	<u>64,256</u>	<u>125,204</u>	<u>5,748</u>	<u>508,779</u>
<u>\$ 36,819</u>	<u>\$ 153,519</u>	<u>\$ 155,111</u>	<u>\$ 44,312</u>	<u>\$ 1,280,346</u>
\$ -	\$ -	\$ 15,119	\$ -	\$ 29,708
-	-	-	-	535
-	22,179	17,056	-	42,956
<u>\$ -</u>	<u>\$ 22,179</u>	<u>\$ 32,175</u>	<u>\$ -</u>	<u>\$ 73,199</u>
\$ -	\$ 146,512	\$ 5,516	\$ 123,223	\$ 307,512
15,805	-	-	-	15,805
691,969	-	57,730	-	749,699
-	129,190	16,865	128,684	321,609
-	9,883	31,027	1,562	331,620
<u>\$ 707,774</u>	<u>\$ 285,585</u>	<u>\$ 111,138</u>	<u>\$ 253,469</u>	<u>\$ 1,726,245</u>

State of Connecticut

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 7,541	\$ 16,393	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	7,038	7,667	-	-
Connecticut Student Loan Foundation	6,035	4,806	-	-
Materials, Innovations, and Recycling Authority	63,299	80,709	-	-
Connecticut Innovations, Incorporated	28,923	12,848	-	-
UConn Foundation	59,859	68,743	-	-
Capital Region Development Authority	59,158	49,997	18,492	26,767
Connecticut Green Bank	39,214	60,715	-	-
Connecticut Port Authority	2,200	52,507	-	125,000
Total Nonmajor Component Units	\$ 273,267	\$ 354,385	\$ 18,492	\$ 151,767

General Revenues:

Investment Income
Transfer In
Total General Revenues
Change in Net Position
Total Net Position - Beginning (as restated)
Total Net Position - Ending

State of Connecticut

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

Connecticut									
Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Connecticut Student Loan Foundation	Materials, Innovations, and Recycling Authority	Connecticut Innovations, Incorporated	UConn Foundation	Capital Region Development Authority	Connecticut Green Bank	Connecticut Port Authority	Totals
\$ 8,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,852
-	629	-	-	-	-	-	-	-	629
-	-	(1,229)	-	-	-	-	-	-	(1,229)
-	-	-	17,410	-	-	-	-	-	17,410
-	-	-	-	(16,075)	-	-	-	-	(16,075)
-	-	-	-	-	8,884	-	-	-	8,884
-	-	-	-	-	-	36,099	-	-	36,099
-	-	-	-	-	-	-	21,501	-	21,501
-	-	-	-	-	-	-	-	175,307	175,307
<u>\$ 8,852</u>	<u>\$ 629</u>	<u>\$ (1,229)</u>	<u>\$ 17,410</u>	<u>\$ (16,075)</u>	<u>\$ 8,884</u>	<u>\$ 36,099</u>	<u>\$ 21,501</u>	<u>\$ 175,307</u>	<u>\$ 251,378</u>
(220)	10	10	272	5,466	(31,859)	616	142	214	(25,349)
-	-	-	-	-	-	-	-	400	400
<u>(220)</u>	<u>10</u>	<u>10</u>	<u>272</u>	<u>5,466</u>	<u>(31,859)</u>	<u>616</u>	<u>142</u>	<u>614</u>	<u>(24,949)</u>
8,632	639	(1,219)	17,682	(10,609)	(22,975)	36,715	21,643	175,921	226,429
32,499	14,283	24,203	74,406	207,763	730,749	248,870	89,495	77,548	1,499,816
<u>\$ 41,131</u>	<u>\$ 14,922</u>	<u>\$ 22,984</u>	<u>\$ 92,088</u>	<u>\$ 197,154</u>	<u>\$ 707,774</u>	<u>\$ 285,585</u>	<u>\$ 111,138</u>	<u>\$ 253,469</u>	<u>\$ 1,726,245</u>

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Index to Statistical Section

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

FINANCIAL TRENDS INFORMATION

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

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

State of Connecticut

NET POSITION BY COMPONENT

Fiscal Years 2013 through 2022

(Expressed in Thousands)

	2022	2021	2020
Governmental Activities:			
Net Invested in Capital Assets	\$ 6,505,809	\$ 6,341,592	\$ 6,195,235
Restricted	7,370,269	7,488,657	5,245,213
Unrestricted	<u>(65,899,373)</u>	<u>(68,731,765)</u>	<u>(65,947,359)</u>
Total Governmental Activities Net Position	<u>\$ (52,023,295)</u>	<u>\$ (54,901,516)</u>	<u>\$ (54,506,911)</u>
Business-Type Activities:			
Net Invested in Capital Assets	\$ 3,198,422	\$ 4,193,263	\$ 4,301,811
Restricted	2,235,483	1,085,061	953,206
Unrestricted	<u>1,269,489</u>	<u>717,518</u>	<u>1,530,392</u>
Total Business-Type Activities Net Position	<u>\$ 6,703,394</u>	<u>\$ 5,995,842</u>	<u>\$ 6,785,409</u>
Primary Government:			
Net Invested in Capital Assets	\$ 9,704,231	\$ 10,534,855	\$ 10,497,046
Restricted	9,605,752	8,573,718	6,198,419
Unrestricted	<u>(64,629,884)</u>	<u>(68,014,247)</u>	<u>(64,416,967)</u>
Total Primary Government Net Position	<u>\$ (45,319,901)</u>	<u>\$ (48,905,674)</u>	<u>\$ (47,721,502)</u>

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

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

State of Connecticut

2019	2018	2017	2016	2015	2014	2013
\$ 4,508,124	\$ 4,321,358	\$ 4,568,371	\$ 4,530,912	\$ 4,957,690	\$ 5,776,818	\$ 5,824,691
3,690,050	3,026,254	2,887,909	1,977,196	1,884,897	1,795,757	2,282,900
<u>(61,669,809)</u>	<u>(61,949,017)</u>	<u>(52,826,131)</u>	<u>(50,635,847)</u>	<u>(47,667,704)</u>	<u>(24,943,380)</u>	<u>(23,199,567)</u>
<u>\$ (53,471,635)</u>	<u>\$ (54,601,405)</u>	<u>\$ (45,369,851)</u>	<u>\$ (44,127,739)</u>	<u>\$ (40,825,117)</u>	<u>\$ (17,370,805)</u>	<u>\$ (15,091,976)</u>
\$ 4,261,844	\$ 4,287,451	\$ 4,126,277	\$ 3,794,464	\$ 3,448,779	\$ 3,169,151	\$ 3,029,092
1,087,127	1,098,547	1,017,929	1,089,692	1,154,457	1,065,211	898,180
1,906,729	1,651,057	1,564,985	1,384,932	895,770	546,492	391,597
<u>\$ 7,255,700</u>	<u>\$ 7,037,055</u>	<u>\$ 6,709,191</u>	<u>\$ 6,269,088</u>	<u>\$ 5,499,006</u>	<u>\$ 4,780,854</u>	<u>\$ 4,318,869</u>
\$ 8,769,968	\$ 8,608,809	\$ 8,694,648	\$ 8,325,376	\$ 8,406,469	\$ 8,945,969	\$ 8,853,783
4,777,177	4,124,801	3,905,838	3,066,888	3,039,354	2,860,968	3,181,080
<u>(59,763,080)</u>	<u>(60,297,960)</u>	<u>(51,261,146)</u>	<u>(49,250,915)</u>	<u>(46,771,934)</u>	<u>(24,396,888)</u>	<u>(22,807,970)</u>
<u>\$ (46,215,935)</u>	<u>\$ (47,564,350)</u>	<u>\$ (38,660,660)</u>	<u>\$ (37,858,651)</u>	<u>\$ (35,326,111)</u>	<u>\$ (12,589,951)</u>	<u>\$ (10,773,107)</u>

State of Connecticut

CHANGES IN NET POSITION

Fiscal Years 2013 through 2022

(Expressed in Thousands)

	2022	2021	2020	2019
Expenses				
Governmental Activities:				
Legislative	\$ 128,476	\$ 139,468	\$ 131,224	\$ 106,749
General Government	5,455,304	5,653,974	2,790,722	2,780,984
Regulation and Protection	1,383,688	1,207,579	986,106	841,025
Conservation and Development	1,635,316	1,478,657	1,189,914	1,177,440
Health and Hospital	2,895,633	3,502,081	3,082,633	2,629,522
Transportation	2,329,548	2,530,536	2,282,401	2,119,877
Human Services	10,826,565	11,914,912	10,834,398	9,735,805
Education, Libraries, and Museums	5,668,457	6,189,985	5,491,866	5,050,799
Corrections	2,107,535	2,739,688	2,523,584	2,114,693
Judicial	1,078,980	1,208,207	1,134,815	973,088
Interest and Fiscal Charges	1,008,433	968,304	943,366	978,034
Total Governmental Activities Expenses	<u>34,517,935</u>	<u>37,533,391</u>	<u>31,391,029</u>	<u>28,508,016</u>
Business-Type Activities:				
University of Connecticut and Health Center	3,037,625	2,765,468	2,651,491	2,485,461
Board of Regents	1,596,579	1,431,493	1,425,439	1,397,779
Employment Security	1,343,276	5,201,294	1,667,837	619,685
Clean Water	45,165	41,606	53,790	42,635
Other	38,282	43,127	49,578	65,075
Total Business-Type Activities Expenses	<u>6,060,927</u>	<u>9,482,988</u>	<u>5,848,135</u>	<u>4,610,635</u>
Total Primary Government Expenses	<u>40,578,862</u>	<u>\$ 47,016,379</u>	<u>\$ 37,239,164</u>	<u>\$ 33,118,651</u>
Program Revenues				
Governmental Activities:				
Charges for Services, Fees, Fines, and Forfeitures	3,993,227	\$ 3,105,817	\$ 3,163,453	\$ 3,189,819
Operating Grants and Contributions	11,851,129	12,660,102	9,578,513	7,882,770
Capital Grants and Contributions	915,605	986,644	781,968	695,772
Total Governmental Activities Program Revenues	<u>16,759,961</u>	<u>16,752,563</u>	<u>13,523,934</u>	<u>11,768,361</u>
Business-Type Activities:				
Charges for Services, Fees, Fines, and Forfeitures	3,375,972	2,929,241	3,427,808	2,991,126
Operating Grants and Contributions	1,379,849	4,116,183	565,614	364,687
Capital Grants and Contributions	1,976	11,640	2,276	3,907
Total Business-Type Activities Program Revenues	<u>4,757,797</u>	<u>7,057,064</u>	<u>3,995,698</u>	<u>3,359,720</u>
Total Primary Government Program Revenues	<u>\$ 21,517,758</u>	<u>\$ 23,809,627</u>	<u>\$ 17,519,632</u>	<u>\$ 15,128,081</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (17,757,974)	\$ (20,780,828)	\$ (17,867,095)	\$ (16,739,655)
Business-Type Activities	<u>(1,303,130)</u>	<u>(2,425,924)</u>	<u>(1,852,437)</u>	<u>(1,250,915)</u>
Total Primary Government Net Expense	<u>\$ (19,061,104)</u>	<u>\$ (23,206,752)</u>	<u>\$ (19,719,532)</u>	<u>\$ (17,990,570)</u>

State of Connecticut

2018	2017	2016	2015	2014	2013
\$ 116,070	\$ 128,659	\$ 139,916	\$ 107,629	\$ 122,679	\$ 106,349
2,481,551	2,281,216	2,544,489	1,712,498	2,060,294	2,036,173
878,505	976,521	968,289	1,028,126	905,310	868,187
1,037,446	1,220,870	1,103,531	921,859	997,092	665,365
2,635,718	2,713,513	2,772,452	2,172,348	2,623,687	2,540,349
1,935,845	1,593,860	2,237,773	1,761,500	1,985,288	1,572,755
9,738,882	9,470,826	9,115,540	6,736,623	8,272,895	7,471,625
5,206,329	5,185,450	5,315,342	4,396,212	4,638,713	4,490,144
2,177,116	2,211,201	2,307,516	1,820,490	2,142,788	1,976,657
985,561	1,073,970	1,135,055	873,879	1,004,610	893,860
888,410	877,822	829,246	796,727	922,110	779,515
<u>28,081,433</u>	<u>27,733,908</u>	<u>28,469,149</u>	<u>22,327,891</u>	<u>25,675,466</u>	<u>23,400,979</u>
2,402,077	2,310,348	2,255,211	2,154,599	2,050,529	1,872,131
1,365,312	1,360,029	1,362,522	1,319,274	1,231,024	1,154,913
696,456	725,609	686,494	750,573	1,059,631	1,514,674
44,267	36,234	38,369	35,125	39,841	50,194
57,810	66,328	65,757	69,099	72,674	58,989
<u>4,565,922</u>	<u>4,498,548</u>	<u>4,408,353</u>	<u>4,328,670</u>	<u>4,453,699</u>	<u>4,650,901</u>
<u>\$ 32,647,355</u>	<u>\$ 32,232,456</u>	<u>\$ 32,877,502</u>	<u>\$ 26,656,561</u>	<u>\$ 30,129,165</u>	<u>\$ 28,051,880</u>
\$ 2,641,840	\$ 3,037,950	\$ 1,997,571	\$ 1,902,257	\$ 1,726,200	\$ 1,575,556
7,562,834	7,367,882	7,179,312	7,095,874	6,496,625	5,992,403
650,615	863,002	778,909	717,358	610,274	767,793
<u>10,855,289</u>	<u>11,268,834</u>	<u>9,955,792</u>	<u>9,715,489</u>	<u>8,833,099</u>	<u>8,335,752</u>
2,947,238	2,886,663	2,819,354	2,599,678	2,546,840	2,484,561
350,209	367,287	594,260	676,418	780,137	1,172,820
5,099	1,388	6,026	32,807	27,807	51,614
<u>3,302,546</u>	<u>3,255,338</u>	<u>3,419,640</u>	<u>3,308,903</u>	<u>3,354,784</u>	<u>3,708,995</u>
<u>\$ 14,157,835</u>	<u>\$ 14,524,172</u>	<u>\$ 13,375,432</u>	<u>\$ 13,024,392</u>	<u>\$ 12,187,883</u>	<u>\$ 12,044,747</u>
\$ (17,226,144)	\$ (16,465,074)	\$ (18,513,357)	\$ (12,612,402)	\$ (16,842,367)	\$ (15,065,227)
(1,263,376)	(1,243,210)	(988,713)	(1,019,767)	(1,098,915)	(941,906)
<u>\$ (18,489,520)</u>	<u>\$ (17,708,284)</u>	<u>\$ (19,502,070)</u>	<u>\$ (13,632,169)</u>	<u>\$ (17,941,282)</u>	<u>\$ (16,007,133)</u>

Note: In fiscal year 2014, Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2104, disclosed in this and the next page, have been restated to reflect this change.

continued

State of Connecticut

CHANGES IN NET POSITION (Continued)

Fiscal Years 2013 through 2022

(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Personal Income	\$ 11,158,328	\$ 9,147,622	\$ 7,933,135	\$ 8,377,644	\$ 9,729,298
Corporate Income	3,652,458	2,925,675	2,161,686	957,031	791,301
Sales and Use	4,910,773	4,779,902	4,237,564	4,332,195	4,219,398
Other	2,368,374	2,612,691	1,973,608	3,550,946	2,352,951
Restricted for Transportation Purposes:					
Motor Fuel	787,139	698,146	709,425	827,816	1,135,660
Other	809,288	588,312	443,637	425,828	80,163
Casino Gaming Payments	248,686	228,883	164,141	255,239	272,957
Tobacco Settlement	136,585	133,121	118,761	124,508	116,850
Lottery Tickets	389,646	407,353	337,599	360,996	336,239
Sports Wagering	2,440	-	-	-	-
Unrestricted Investment Earnings	8,454	35,316	99,915	127,543	48,663
Special Items:					
Statutory Payment from Component Units	-	-	-	-	-
Transfers Out Fiduciary Funds	(1,639,307)	-	-	-	-
Transfers-Internal Activities	(2,005,055)	(1,649,959)	(1,347,652)	(1,470,321)	(1,562,226)
Total Governmental Activities	<u>20,827,809</u>	<u>19,907,062</u>	<u>16,831,819</u>	<u>17,869,425</u>	<u>17,521,254</u>
Business-Type Activities					
Unrestricted Investment Earnings	7,742	5,754	34,696	44,318	29,014
Transfers-Internal Activities	2,004,655	1,649,463	1,347,652	1,470,321	1,562,226
Total Business-Type Activities	<u>2,012,397</u>	<u>1,655,217</u>	<u>1,382,348</u>	<u>1,514,639</u>	<u>1,591,240</u>
Total Primary Government	<u>\$ 22,840,206</u>	<u>\$ 21,562,279</u>	<u>\$ 18,214,167</u>	<u>\$ 19,384,064</u>	<u>\$ 19,112,494</u>
Changes in Net Position					
Governmental Activities	\$ 3,069,835	\$ (873,766)	\$ (1,035,276)	\$ 1,129,770	\$ 295,110
Business-Type Activities	709,267	(770,707)	(470,089)	263,724	327,864
Total Primary Government	<u>\$ 3,779,102</u>	<u>\$ (1,644,473)</u>	<u>\$ (1,505,365)</u>	<u>\$ 1,393,494</u>	<u>\$ 622,974</u>
Other Changes in Net Position					
Governmental Activities:					
Prior-Year Adjustments	\$ 223,393	\$ -	\$ -	\$ -	\$ (9,526,666)
Total Governmental Activities	<u>223,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,526,666)</u>
Business-Type Activities:					
Prior-Year Adjustments	(1,715)	-	-	-	-
Total Business-Type Activities	<u>(1,715)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 221,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,526,666)</u>

State of Connecticut

2017	2016	2015	2014	2013
\$ 8,065,612	\$ 9,091,156	\$ 8,186,946	\$ 7,752,553	\$ 7,743,804
968,438	778,917	687,347	627,100	558,287
4,226,788	4,224,989	4,167,054	4,116,012	3,953,768
1,882,498	1,231,783	1,735,788	1,796,678	2,327,754
907,641	877,371	846,062	882,107	693,444
90,199	69,752	83,868	82,216	79,000
269,906	265,907	267,986	279,873	296,396
123,360	120,448	118,988	197,138	123,745
326,415	335,387	319,700	319,500	312,100
-	-	-	-	-
29,061	16,535	22,091	27,313	3,942
-	-	-	31,000	-
-	-	-	-	-
<u>(1,666,956)</u>	<u>(1,746,295)</u>	<u>(1,726,281)</u>	<u>(1,547,952)</u>	<u>(1,088,125)</u>
<u>15,222,962</u>	<u>15,265,950</u>	<u>14,709,549</u>	<u>14,563,538</u>	<u>15,004,115</u>
16,357	12,500	11,638	12,948	16,742
<u>1,666,956</u>	<u>1,746,295</u>	<u>1,726,281</u>	<u>1,547,952</u>	<u>1,088,125</u>
<u>1,683,313</u>	<u>1,758,795</u>	<u>1,737,919</u>	<u>1,560,900</u>	<u>1,104,867</u>
<u>\$ 16,906,275</u>	<u>\$ 17,024,745</u>	<u>\$ 16,447,468</u>	<u>\$ 16,124,438</u>	<u>\$ 16,108,982</u>
\$ (1,242,112)	\$ (3,247,407)	\$ 2,097,147	\$ (2,278,829)	\$ (61,112)
440,103	770,082	718,152	461,985	162,961
<u>(802,009)</u>	<u>(2,477,325)</u>	<u>2,815,299</u>	<u>(1,816,844)</u>	<u>101,849</u>
\$ -	\$ (55,368,000)	\$ (25,551,459)	\$ -	\$ -
-	(55,368,000)	(25,551,459)	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ (55,368,000)</u>	<u>\$ (25,551,459)</u>	<u>\$ -</u>	<u>\$ -</u>

Notes: In fiscal year 2012 the sales tax increased from 6% to 6.35%. Starting in fiscal year 2013, due to the change in fund classification reported on the previous page, lottery ticket sales were reported as general revenue, rather than as "transfer-internal activities" under the governmental activities section reported above. Transfers-internal activities for fiscal years prior to 2013 have been restated to reflect this change. Other changes in Net Position are direct adjustments to the beginning balance of Net Position (See Note 21).

State of Connecticut

FUND BALANCES, GOVERNMENTAL FUNDS

Fiscal Years 2013 through 2022

(Expressed in Thousands)

	2022	2021	2020	2019	2018
General Fund					
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 4,450,472	\$ 3,947,596	\$ 3,365,030	\$ 2,892,430	\$ 1,392,115
Unreserved/Unassigned	(752,242)	(660,749)	(1,072,246)	(771,444)	(241,072)
Total General Fund	\$ 3,698,230	\$ 3,286,847	\$ 2,292,784	\$ 2,120,986	\$ 1,151,043
All Other Governmental Funds					
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 8,208,389	\$ 8,204,764	\$ 6,023,741	\$ 4,382,543	\$ 3,690,199
Unreserved/Unassigned	-	-	-	-	-
Transportation Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	(9)
Capital Projects Funds	(718)	(718)	(718)	(718)	(718)
Permanent Funds	1	3	1	3	2
Total All Other Governmental Funds	\$ 8,207,672	\$ 8,204,049	\$ 6,023,024	\$ 4,381,828	\$ 3,689,474

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Fiscal Years 2013 through 2022

(Expressed in Thousands)

	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 23,130,132	\$ 20,143,021	\$ 17,521,135	\$ 18,382,036	\$ 18,249,121
Assessments	715	1,997	-	-	-
Licenses, Permits, and Fees	945,510	887,583	763,434	781,002	747,129
Tobacco Settlement	136,585	133,121	118,761	124,508	116,850
Federal & State Grants and Aid	12,766,734	13,646,746	10,360,481	8,578,543	8,214,067
Lottery Tickets	389,646	407,353	337,599	360,996	336,239
Charges for Services	67,628	63,219	83,421	95,072	99,795
Fines, Forfeits, and Rents	70,096	113,886	99,148	167,443	124,776
Casino Gaming Payments	248,686	228,883	164,141	255,239	272,957
Investment Earnings	8,008	35,245	93,951	127,529	48,663
Interest on Loans	446	71	5,964	-	-
Sports Wagering	2,440	-	-	-	-
Miscellaneous	2,911,639	2,147,308	2,136,046	2,050,751	1,720,864
Total Revenues	40,678,265	37,808,433	31,684,081	30,923,119	29,930,461
Expenditures					
Legislative	133,336	119,554	117,076	105,300	107,257
General Government	5,756,268	4,959,124	2,526,875	2,714,220	2,337,022
Regulation and Protection	1,445,195	1,048,896	886,502	825,305	817,417
Conservation and Development	1,723,927	1,295,361	1,077,267	1,149,354	974,122
Health and Hospital	3,061,353	3,076,972	2,798,231	2,563,398	2,483,960
Transportation	1,822,507	1,933,422	1,763,114	1,555,584	1,582,562
Human Services	11,458,973	10,488,537	9,849,084	9,481,636	9,191,401
Education, Libraries, and Museums	5,977,385	5,432,381	4,978,421	4,927,828	4,894,536
Corrections	2,209,329	2,390,756	2,282,261	2,067,546	2,042,182
Judicial	1,133,594	1,053,352	1,024,440	952,070	922,390
Capital Projects	982,421	988,692	952,934	955,637	879,431
Debt Service:					
Principal	2,013,044	1,870,416	1,889,636	1,383,952	1,882,457
Interest	1,246,271	1,176,218	1,161,426	1,524,947	1,066,183
Total Expenditures	38,963,603	35,833,681	31,307,267	30,206,777	29,180,920
Revenue Over (Under) Expenditure	1,714,662	1,974,752	376,814	716,342	749,541
Other Financing Sources (Uses) and Special Items					
Bonds Issued	2,027,184	2,432,955	2,450,000	2,174,786	2,576,076
Premiums on Bonds Issued	428,451	443,605	383,481	305,873	243,026
Transfers In	4,728,165	2,316,338	1,647,391	2,401,745	2,422,870
Transfers Out	(8,372,527)	(3,966,297)	(2,995,816)	(3,888,167)	(3,980,096)
Refunding Bonds Issued	934,315	300,045	434,494	803,985	368,668
Payment to Refunded Bond Escrow	(1,049,840)	(333,044)	(492,675)	(861,512)	(402,721)
Capital Lease Obligations	-	5,646	5,632	6,639	3,774
Special Items:					
Payment from Component Units	-	-	-	-	-
Other	-	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	(1,304,252)	1,199,248	1,432,507	943,349	1,231,597
Net Change in Fund Balances	\$ 410,410	\$ 3,174,000	\$ 1,809,321	\$ 1,659,691	\$ 1,981,138
Debt Service as a Percentage of Noncapital Expenditures	8.58%	8.81%	10.15%	10.03%	10.57%

NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

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

State of Connecticut

2017	2016	2015	2014	2013
\$ 326,716	\$ 384,683	\$ 603,309	\$ 686,017	\$ 628,429
(821,134)	(998,872)	(793,158)	(727,209)	(1,217,051)
<u>\$ (494,418)</u>	<u>\$ (614,189)</u>	<u>\$ (189,849)</u>	<u>\$ (41,192)</u>	<u>\$ (588,622)</u>
\$ 2,871,951	\$ 2,466,765	\$ 2,307,993	\$ 2,146,103	\$ 2,592,926
-	-	-	-	-
-	-	29	-	-
(718)	(718)	(718)	(718)	(718)
(7,836)	(7,959)	(8,042)	(7,070)	(5,812)
<u>\$ 2,863,397</u>	<u>\$ 2,458,088</u>	<u>\$ 2,299,262</u>	<u>\$ 2,138,315</u>	<u>\$ 2,586,396</u>
<hr/>				
2017	2016	2015	2014	2013
\$ 16,079,037	\$ 16,164,452	\$ 15,714,900	\$ 15,222,023	\$ 15,395,003
-	-	-	-	-
697,210	733,939	680,820	692,028	617,132
123,360	120,448	118,988	197,138	123,745
8,230,884	7,957,998	7,813,232	7,106,897	6,760,196
326,415	335,387	319,700	319,500	312,100
104,620	109,130	100,465	107,970	103,622
208,948	35,491	20,821	97,815	74,552
269,906	265,907	267,986	279,873	296,396
29,061	24,484	17,857	26,121	3,042
-	-	-	-	-
-	-	-	-	-
1,956,915	1,068,575	1,108,994	853,389	804,558
<u>28,026,356</u>	<u>26,815,811</u>	<u>26,163,763</u>	<u>24,902,754</u>	<u>24,490,346</u>
118,345	124,797	120,879	116,344	109,635
2,112,926	2,307,262	1,943,795	1,952,284	1,996,036
900,509	869,166	1,165,741	858,450	883,063
1,129,857	1,003,171	1,054,591	945,552	668,303
2,618,119	2,535,805	2,499,833	2,488,749	2,472,142
1,573,774	1,680,900	1,643,229	1,482,632	1,508,262
8,781,882	8,345,715	7,762,916	7,835,677	7,213,996
4,802,130	4,845,487	5,041,968	4,509,914	4,226,319
2,044,824	2,086,630	2,069,663	2,030,842	1,958,289
992,433	1,030,324	998,193	956,164	893,276
998,917	1,202,184	934,452	955,785	757,001
-	-	-	-	-
-	-	-	-	-
1,737,396	1,636,512	1,421,518	1,323,303	1,515,283
1,009,785	954,549	904,935	893,737	888,243
<u>28,820,897</u>	<u>28,622,502</u>	<u>27,561,713</u>	<u>26,349,433</u>	<u>25,089,848</u>
(794,541)	(1,806,691)	(1,397,950)	(1,446,679)	(599,502)
3,111,200	2,961,510	2,820,167	2,761,025	1,802,290
427,324	442,332	386,856	390,556	216,795
1,430,325	1,009,021	1,023,698	1,058,913	953,198
(3,095,031)	(2,755,316)	(2,749,979)	(2,606,865)	(2,041,323)
761,545	721,635	709,210	1,280,710	194,890
(821,708)	(841,226)	(780,530)	(1,378,119)	(224,910)
4,174	3,034	3,036	8,828	3,556
-	-	-	31,000	-
-	-	-	-	-
1,817,829	1,540,990	1,412,458	1,546,048	904,496
<u>\$ 1,023,288</u>	<u>\$ (265,701)</u>	<u>\$ 14,508</u>	<u>\$ 99,369</u>	<u>\$ 304,994</u>
10.22%	9.61%	8.89%	8.94%	10.40%

State of Connecticut

PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

Calendar Years 2009 and 2021

(Expressed in Thousands)

<u>Income Level</u>	<u>Calendar Year 2009</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	806,699	54.2%	\$ 331,603,879	5.7%
\$50,001 - \$100,000	381,396	25.6%	1,115,293,454	19.1%
\$100,001 - \$200,000	217,119	14.6%	1,386,232,882	23.7%
\$200,001 - \$500,000	62,700	4.2%	880,016,698	15.1%
\$500,001 - \$2,000,000	16,887	1.1%	750,355,759	12.8%
\$2,000,000 and up	<u>2,897</u>	<u>0.2%</u>	<u>1,378,170,739</u>	<u>23.6%</u>
Total	<u>1,487,698</u>	<u>100.0%</u>	<u>\$ 5,841,673,411</u>	<u>100.0%</u>

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

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2021 is the most recent year for which the data is available.

Source: Department of Revenue Services reporting for fiscal year ending June 30, 2022.

State of Connecticut

Calendar Year 2021

Number <u>of Filers</u>	Percentage <u>of Total</u>	Personal	
		Income Tax <u>Liability</u>	Percentage <u>of Total</u>
988,324	50.5%	\$ 363,765,154	3.5%
441,057	22.5%	1,286,849,243	12.3%
319,684	16.3%	2,057,915,678	19.7%
147,187	7.5%	1,997,380,812	19.1%
47,882	2.4%	1,871,838,617	17.9%
<u>13,307</u>	<u>0.7%</u>	<u>2,893,332,521</u>	<u>27.6%</u>
<u>1,957,441</u>	<u>100.0%</u>	<u>\$ 10,471,082,025</u>	<u>100.0%</u>

State of Connecticut

PERSONAL INCOME BY MAJOR COMPONENT

Calendar Years 2013 through 2022

(Expressed in Thousands)

Description	<u>2022</u>	<u>2021</u>	<u>2020</u>
Income by place of residence (seasonally adjusted)			
Personal income	\$ 300,323,500	\$ 294,142,000	\$ 286,780,000
Average Effective Rate for Personal Income (note 1)	3.51%	2.96%	2.78%
Derivation of personal income:			
Earnings by place of work	185,239,900	189,711,954	177,246,000
Less: Contributions for government social insurance (note 2):			
Employee and self-employed contributions for government social insurance	10,427,500	10,669,856	9,899,000
Employer contributions for government social insurance	8,442,700	9,142,224	8,422,000
Plus: Adjustment for residence (note 3)	<u>23,599,400</u>	<u>20,334,322</u>	<u>18,475,000</u>
Equals: Net earnings by place of residence	189,969,100	190,234,196	177,401,000
Plus: Dividends, interest, and rent (note 4 & 7)	59,295,500	57,603,256	59,574,000
Plus: Personal current transfer receipts	51,058,900	46,304,500	49,805,000
Components of earnings by place of work:			
Wages and salaries	127,670,300	131,295,479	120,550,000
Supplements to wages and salaries:			
Employer contributions for employee pension and insurance funds (note 5 & 8)	27,285,400	28,048,410	26,312,000
Employer contributions for government social insurance	8,442,700	9,142,224	8,422,000
Proprietors' income (note 6 & 9):			
Farm proprietors' income	32,700	70,586	185,000
Nonfarm proprietors' income	30,251,400	30,297,479	30,200,000

Notes:

- 1/ Nonfarm personal income is total personal income less farm income.
 - 2/ Farm income is farm earnings less farm employer contributions for government social insurance.
 - 3/ Mid quarter population estimates by state are derived by BEA based on unpublished Census Bureau estimates of beginning of month population. Quarterly estimates for 2011-2018 reflect unpublished monthly population estimates available as of February 2018.
 - 4/ Per capita personal income is total personal income divided by total midyear population.
 - 5/ Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they excluded from net earnings by place of.
 - 6/ The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.
 - 7/ Rental income of persons includes the capital consumption adjustment.
 - 8/ Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.
 - 9/ Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.
- Note-- All dollar estimates are in current dollars (not adjusted for inflation).
- (NA) Data not available for this year.
- Last updated: September 25, 2018-- new estimates for 2018:Q2; revised estimates for 1998:Q1-2018:Q1.
- (NA) Data not available for this year.

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

State of Connecticut

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	284,033,700	\$ 265,637,000	\$ 256,225,149	\$ 252,249,206	\$ 246,709,339	\$ 239,829,273	\$ 230,614,799
	3.08%	3.69%	3.06%	3.23%	3.33%	3.27%	3.24%
	182,436,100	172,127,000	169,971,596	168,342,395	164,941,621	160,754,656	155,343,894
	9,949,500	9,412,000	8,965,858	8,829,408	8,665,734	8,440,527	8,122,502
	8,316,900	8,139,000	7,868,874	7,788,722	7,707,569	7,504,621	7,331,676
	<u>18,508,200</u>	<u>16,622,000</u>	<u>15,103,892</u>	<u>14,818,234</u>	<u>14,271,664</u>	<u>13,158,832</u>	<u>12,662,206</u>
	182,678,000	171,198,000	168,240,756	166,542,499	162,839,982	157,968,340	152,551,922
	63,566,700	59,736,000	54,525,505	52,952,710	52,179,464	51,244,356	48,198,709
	37,789,000	34,702,000	33,458,888	32,753,997	31,689,893	30,616,577	29,864,168
	121,097,300	117,067,000	114,685,688	114,057,180	112,326,830	109,039,641	105,486,854
	27,639,700	26,024,000	17,338,397	17,392,404	17,036,521	16,701,290	16,521,067
	8,316,900	8,139,000	7,868,874	7,788,722	7,707,569	7,504,621	7,331,676
	2,070	(23,000)	(17,080)	(8,148)	(9,627)	(12,648)	15,905
	3,367,840	29,059,000	30,095,717	29,112,237	27,880,328	27,521,752	25,988,392

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State of Connecticut

PERSONAL INCOME TAX RATES

Calendar Years 2011 through 2022

(Expressed in Thousands)

For taxable years commencing on or after January 1, 2015: ^[1]

5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.19%
5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.19%
6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.19%
6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.19%
6.90%	\$250,000 - \$500,000	\$500,000 - \$1,000,000	\$400,000 - \$800,000	3.19%
6.99%	greater than \$500,000	greater than \$1,000,000	greater than \$800,000	3.19%

For taxable years commencing prior to January 1, 2015:

6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	1.97%
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Notes:

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

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

The average effective rate equals the fiscal year's net tax collections divided by prior-year total personal income based on 'statistics provided 'by the U. S. Bureau of Economic Analysis.

Source: Department of Revenue Services - Annual Report.

State of Connecticut

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Estimated General Fund Tax Receipts	\$ 17,882,850	\$ 17,406,700	\$ 17,033,400	\$ 15,862,300
Statutory Multiplier	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Statutory Debt Limit for Debt Incurred	28,612,560	27,850,720	27,253,440	25,379,680
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	<u>22,874,998</u>	<u>22,530,745</u>	<u>21,797,324</u>	<u>21,934,383</u>
Legal Debt Margin	<u>\$ 5,737,562</u>	<u>\$ 5,319,975</u>	<u>\$ 5,456,116</u>	<u>\$ 3,445,297</u>
Legal Debt Margin as a percentage of the debt limit	<u>20.05%</u>	<u>19.10%</u>	<u>20.02%</u>	<u>13.58%</u>
Date Calculation was made	<u>2/1/22</u>	<u>2/1/21</u>	<u>5/1/20</u>	<u>2/1/19</u>

Source: State of Connecticut General Obligation Bonds Offering Statement

State of Connecticut

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 15,862,300	\$ 15,519,900	\$ 15,519,900	\$ 15,711,565	\$ 14,334,000	\$ 14,334,000
<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
25,379,680	24,831,840	24,831,840	25,138,504	22,934,400	22,934,400
<u>22,661,976</u>	<u>21,206,270</u>	<u>21,886,034</u>	<u>21,520,230</u>	<u>18,456,323</u>	<u>18,970,659</u>
<u>\$ 2,717,704</u>	<u>\$ 3,625,570</u>	<u>\$ 2,945,806</u>	<u>\$ 3,618,274</u>	<u>\$ 4,478,077</u>	<u>\$ 3,963,741</u>
<u>10.71%</u>	<u>14.60%</u>	<u>11.86%</u>	<u>14.39%</u>	<u>19.53%</u>	<u>17.28%</u>
<u>7/1/18</u>	<u>2/15/17</u>	<u>7/1/16</u>	<u>7/1/15</u>	<u>12/15/13</u>	<u>7/1/13</u>

State of Connecticut

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Expressed in Thousands)

	2022	2021	2020	2019
Governmental Activities				
General Obligation Bonds	\$ 18,363,522	\$ 18,562,830	\$ 18,480,218	\$ 18,368,713
Transportation Obligation Bonds	7,054,415	6,959,265	6,424,705	5,957,640
Direct Borrowings and Direct Placements	262,635	268,425	329,080	374,080
Long-Term Notes	-	-	-	-
Leases	58,183	16,511	15,132	27,997
Total Governmental Activities	<u>25,738,755</u>	<u>25,807,031</u>	<u>25,249,135</u>	<u>24,728,430</u>
Business-Type Activities				
Revenue Bonds	<u>1,532,218</u>	<u>1,625,614</u>	<u>1,792,376</u>	<u>1,455,935</u>
Total Business-Type Activities	<u>1,532,218</u>	<u>1,625,614</u>	<u>1,792,376</u>	<u>1,455,935</u>
Total Primary Government	<u>\$ 27,270,973</u>	<u>\$ 27,432,645</u>	<u>\$ 27,041,511</u>	<u>\$ 26,184,365</u>
Debt as a Percentage of Personal Income	9.08%	9.33%	9.43%	9.22%
Amount of Debt Per Capita	\$ 7,675	\$ 7,721	\$ 7,602	\$ 7,339

Notes: Details regarding the State's debt can be found in Note 17 of the financial statements.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Expressed in Thousands)

	2022	2021	2020	2019
General Obligation Bonds	\$ 18,363,522	\$ 18,562,830	\$ 18,480,218	\$ 18,368,713
Transportation Obligation Bonds	7,054,415	6,959,265	6,424,705	5,957,640
Direct Borrowings and Direct Placements	262,635	268,425	329,080	374,080
Debt Service Fund Balance	-	-	(1,024,577)	(991,788)
Net General Obligation Bonded Debt	<u>\$ 25,680,572</u>	<u>\$ 25,790,520</u>	<u>\$ 24,209,426</u>	<u>\$ 23,708,645</u>
Net General Obligation Debt as a Percentage of Personal Income	8.55%	8.77%	8.44%	8.35%
Amount of Net GO Debt Per Capita	\$ 7,228	\$ 7,259	\$ 6,806	\$ 6,645

Notes: Details regarding the State's debt can be found in Note 17 of the financial statements.

State of Connecticut

2018	2017	2016	2015	2014	2013
\$ 18,763,228	\$ 18,398,554	\$ 17,394,622	\$ 16,402,537	\$ 15,281,579	\$ 14,228,228
5,540,495	5,041,840	4,519,690	4,089,540	3,771,260	3,461,875
-	-	-	-	-	-
-	177,120	352,585	520,275	580,775	573,365
27,576	30,900	32,342	35,368	37,820	38,218
<u>24,331,299</u>	<u>23,648,414</u>	<u>22,299,239</u>	<u>21,047,720</u>	<u>19,671,434</u>	<u>18,301,686</u>
1,494,355	1,442,805	1,246,681	1,356,779	1,212,681	1,376,698
<u>1,494,355</u>	<u>1,442,805</u>	<u>1,246,681</u>	<u>1,356,779</u>	<u>1,212,681</u>	<u>1,376,698</u>
\$ 25,825,654	\$ 25,091,219	\$ 23,545,920	\$ 22,404,499	\$ 20,884,115	\$ 19,678,384
9.72%	9.79%	9.33%	9.08%	8.71%	8.42%
\$7,228	\$7,020	\$6,579	\$6,244	\$5,809	\$5,474

2018	2017	2016	2015	2014	2013
\$ 18,763,228	\$ 18,398,554	\$ 17,394,622	\$ 16,402,537	\$ 15,281,579	\$ 14,228,228
5,540,495	5,041,840	4,519,690	4,089,540	3,771,260	3,461,875
-	-	-	-	-	-
(901,920)	(827,125)	(738,240)	(668,426)	(659,543)	(660,113)
<u>\$ 23,401,803</u>	<u>\$ 22,613,269</u>	<u>\$ 21,176,072</u>	<u>\$ 19,823,651</u>	<u>\$ 18,393,296</u>	<u>\$ 17,029,990</u>
8.81%	8.83%	8.39%	8.04%	7.67%	7.29%
\$6,550	\$6,327	\$5,917	\$5,525	\$5,116	\$4,737

State of Connecticut

PLEGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
University of Connecticut and Health Center				
Gross Revenues	\$ 3,331,532	\$ 2,808,885	\$ 2,481,709	\$ 2,551,167
Operating Expenses	<u>2,820,841</u>	<u>2,568,279</u>	<u>2,451,375</u>	<u>2,284,170</u>
Net Available Revenues	<u>\$ 510,691</u>	<u>\$ 240,606</u>	<u>\$ 30,334</u>	<u>\$ 266,997</u>
Debt Service:				
Principal	\$ 100,630	\$ 108,465	\$ 75,682	\$ 112,471
Interest	<u>81,410</u>	<u>68,533</u>	<u>136,527</u>	<u>69,543</u>
Total	<u>\$ 182,040</u>	<u>\$ 176,998</u>	<u>\$ 212,209</u>	<u>\$ 182,014</u>
Coverage	2.81	1.36	0.14	1.47
Board of Regents				
Gross Revenues	\$ 1,652,525	\$ 1,482,910	\$ 1,372,586	\$ 1,394,279
Operating Expenses	<u>1,484,841</u>	<u>1,319,951</u>	<u>1,316,422</u>	<u>1,290,482</u>
Net Available Revenues	<u>\$ 167,684</u>	<u>\$ 162,959</u>	<u>\$ 56,164</u>	<u>\$ 103,797</u>
Debt Service:				
Principal	\$ 19,532	\$ 18,345	\$ 19,520	\$ 18,940
Interest	<u>10,285</u>	<u>11,372</u>	<u>14,213</u>	<u>11,456</u>
Total	<u>\$ 29,817</u>	<u>\$ 29,717</u>	<u>\$ 33,733</u>	<u>\$ 30,396</u>
Coverage	5.62	5.48	1.66	3.41
Clean Water				
Gross Revenues	\$ 49,940	\$ 53,390	\$ 76,503	\$ 68,286
Operating Expenses	<u>7,255</u>	<u>801</u>	<u>1,028</u>	<u>1,017</u>
Net Available Revenues	<u>\$ 42,685</u>	<u>\$ 52,589</u>	<u>\$ 75,475</u>	<u>\$ 67,269</u>
Debt Service:				
Principal	\$ 46,020	\$ 90,284	\$ 58,363	\$ 53,831
Interest	<u>37,510</u>	<u>41,579</u>	<u>39,726</u>	<u>37,497</u>
Total	<u>\$ 83,530</u>	<u>\$ 131,863</u>	<u>\$ 98,089</u>	<u>\$ 91,328</u>
Coverage	0.51	0.40	0.77	0.74
Bradley Parking Garage				
Gross Revenues	\$ -	\$ -	\$ 34,633	\$ 32,462
Operating Expenses	<u>-</u>	<u>-</u>	<u>8,664</u>	<u>24,320</u>
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,969</u>	<u>\$ 8,142</u>
Debt Service:				
Principal	\$ -	\$ -	\$ 2,267	\$ 2,935
Interest	<u>-</u>	<u>-</u>	<u>4,273</u>	<u>1,267</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,540</u>	<u>\$ 4,202</u>
Coverage	0.00	0.00	3.97	1.94
Drinking Water				
Gross Revenues	\$ 11,726	\$ 17,010	\$ 14,423	\$ 18,616
Operating Expenses	<u>12,414</u>	<u>12,528</u>	<u>11,577</u>	<u>10,075</u>
Net Available Revenues	<u>\$ (688)</u>	<u>\$ 4,482</u>	<u>\$ 2,846</u>	<u>\$ 8,541</u>
Debt Service:				
Principal	\$ 6,965	\$ 11,701	\$ 7,587	\$ 7,119
Interest	<u>6,409</u>	<u>6,916</u>	<u>6,174</u>	<u>5,128</u>
Total	<u>\$ 13,374</u>	<u>\$ 18,617</u>	<u>\$ 13,761</u>	<u>\$ 12,247</u>
Coverage	-0.05	0.24	0.21	0.70

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

State of Connecticut

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,595,639	\$ 2,629,793	\$ 2,465,794	\$ 2,463,391	\$ 2,236,397	\$ 1,814,856
2,231,347	2,153,495	2,134,537	2,015,393	1,915,644	1,738,237
<u>\$ 364,292</u>	<u>\$ 476,298</u>	<u>\$ 331,257</u>	<u>\$ 447,998</u>	<u>\$ 320,753</u>	<u>\$ 76,619</u>
\$ 101,963	\$ 90,618	\$ 105,525	\$ 17,764	\$ 17,810	\$ 61,905
63,197	50,552	68,696	55,306	50,069	52,254
<u>\$ 165,160</u>	<u>\$ 141,170</u>	<u>\$ 174,221</u>	<u>\$ 73,070</u>	<u>\$ 67,879</u>	<u>\$ 114,159</u>
2.21	3.37	1.90	6.13	4.73	0.67
\$ 1,361,263	\$ 1,364,895	\$ 1,473,844	\$ 835,169	\$ 815,596	\$ 722,893
1,256,357	1,222,393	1,368,422	709,352	651,797	603,660
<u>\$ 104,906</u>	<u>\$ 142,502</u>	<u>\$ 105,422</u>	<u>\$ 125,817</u>	<u>\$ 163,799</u>	<u>\$ 119,233</u>
\$ 20,055	\$ 7,493	\$ 20,247	\$ 42,791	\$ 18,052	\$ 16,211
13,943	13,467	12,158	14,064	11,654	10,300
<u>\$ 33,998</u>	<u>\$ 20,960</u>	<u>\$ 32,405</u>	<u>\$ 56,855</u>	<u>\$ 29,706</u>	<u>\$ 26,511</u>
3.09	6.80	3.25	2.21	5.51	4.50
\$ 69,928	\$ 52,818	\$ 46,135	\$ 49,684	\$ 56,751	\$ 77,527
1,242	579	925	1,291	3,093	10,971
<u>\$ 68,686</u>	<u>\$ 52,239</u>	<u>\$ 45,210</u>	<u>\$ 48,393</u>	<u>\$ 53,658</u>	<u>\$ 66,556</u>
\$ 53,891	\$ 61,232	\$ 73,802	\$ 70,351	\$ 70,603	\$ 70,578
38,327	32,628	33,811	29,717	32,582	33,057
<u>\$ 92,218</u>	<u>\$ 93,860</u>	<u>\$ 107,613</u>	<u>\$ 100,068</u>	<u>\$ 103,185</u>	<u>\$ 103,635</u>
0.74	0.56	0.42	0.48	0.52	0.64
\$ 30,207	\$ 27,289	\$ 26,702	\$ 25,578	\$ 24,640	\$ 23,029
23,767	22,866	19,778	9,254	8,828	9,140
<u>\$ 6,440</u>	<u>\$ 4,423</u>	<u>\$ 6,924</u>	<u>\$ 16,324</u>	<u>\$ 15,812</u>	<u>\$ 13,889</u>
\$ 2,750	\$ 2,580	\$ 2,415	\$ 2,265	\$ 2,120	\$ 1,990
2,925	2,729	2,442	3,112	2,987	3,218
<u>\$ 5,675</u>	<u>\$ 5,309</u>	<u>\$ 4,857</u>	<u>\$ 5,377</u>	<u>\$ 5,107</u>	<u>\$ 5,208</u>
1.13	0.83	1.43	3.04	3.10	2.67
\$ 17,907	\$ 16,298	\$ 11,882	\$ 16,134	\$ 29,427	\$ 12,786
9,761	9,074	8,257	7,180	8,207	5,601
<u>\$ 8,146</u>	<u>\$ 7,224</u>	<u>\$ 3,625</u>	<u>\$ 8,954</u>	<u>\$ 21,220</u>	<u>\$ 7,185</u>
\$ 6,779	\$ 6,653	\$ 7,343	\$ 5,544	\$ 5,727	\$ 4,952
5,103	3,392	3,199	1,490	1,706	2,163
<u>\$ 11,882</u>	<u>\$ 10,045</u>	<u>\$ 10,542</u>	<u>\$ 7,034</u>	<u>\$ 7,433</u>	<u>\$ 7,115</u>
0.69	0.72	0.34	1.27	2.85	1.01

State of Connecticut

DEMOGRAPHIC AND ECONOMIC STATISTICS POPULATION AND PER CAPITA PERSONAL INCOME

Last Ten Calendar Years

(Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2022	331,894	0.12%	3,606	1.49%
2021	331,501	0.61%	3,553	-0.11%
2020	329,484	0.13%	3,557	-0.31%
2019	329,065	0.60%	3,568	-0.14%
2018	327,096	0.62%	3,573	-0.03%
2017	325,085	0.64%	3,574	-0.14%
2016	323,016	0.67%	3,579	-0.25%
2015	320,878	0.63%	3,588	-0.19%
2014	318,857	0.78%	3,595	0.00%
2013	316,395	0.71%	3,595	0.00%

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			Unemployment
	Civilian Labor Force	Employed	Unemployed	Rate
2022	164,023	158,111	5,912	3.6%
2021	162,052	155,975	6,319	3.9%
2020	160,867	149,806	11,061	6.9%
2019	164,404	158,593	5,811	3.5%
2018	161,776	155,542	6,234	3.9%
2017	160,494	153,513	6,981	4.3%
2016	160,135	151,990	8,144	5.1%
2015	157,037	148,739	8,299	5.3%
2014	155,700	146,247	9,453	6.1%
2013	155,835	144,058	11,777	7.6%

Sources: U.S. Department of Labor

State of Connecticut

Personal Income		Per Capita Personal Income		% Above the United States
United States	Connecticut	United States	Connecticut	
\$21,748,700,000	\$300,323,500	\$64,143	\$83,294	29.9%
\$20,782,827,000	\$294,142,000	\$63,214	\$78,833	24.7%
\$20,386,811,000	\$290,641,000	\$61,875	\$81,606	31.9%
\$18,596,160,000	\$286,780,000	\$56,512	\$74,030	31.0%
\$17,567,300,000	\$265,637,000	\$53,707	\$74,030	37.8%
\$16,384,700,000	\$264,054,000	\$50,401	\$73,882	46.6%
\$15,943,900,000	\$252,249,000	\$49,359	\$70,480	42.8%
\$15,356,000,000	\$252,249,206	\$47,856	\$70,304	46.9%
\$14,792,000,000	\$246,709,339	\$46,391	\$60,906	31.3%
\$14,138,400,000	\$230,614,799	\$44,686	\$64,149	43.6%

Connecticut Labor Force			
Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1,901	1,825	76	4.0%
1,819	1,709	110	6.0%
1,852	1,739	114	6.1%
1,917	1,848	70	3.6%
1,897	1,813	84	4.4%
1,933	1,836	97	5.0%
1,892	1,796	96	5.1%
1,918	1,809	109	5.7%
1,879	1,753	126	6.7%
1,851	1,702	149	8.0%

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State of Connecticut

**DEMOGRAPHIC AND ECONOMIC STATISTICS
TOP TEN NON-GOVERNMENTAL EMPLOYERS**

Current Year and Ten Years Ago

<u>NAME</u>	<u>2022</u>			<u>2013</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>
Hartford HealthCare	33,000	1.8%	1			
Yale New Haven Health Sys	29,486	1.6%	2	12,309	0.7%	4
United Technologies Corp. UTC	19,000	1.0%	3	27,000	1.6%	1
Yale University	15,652	0.9%	4	14,750	0.9%	2
General Dynamics/Electric Boat	12,500	0.7%	5	8,817	0.5%	5
Sikorsky Air/Lockheed Martin Co.	8,588	0.5%	6			
Wal-Mart Stores Inc.	8,454	0.5%	7	8,761	0.5%	6
Mohegan Sun Casino	8,000	0.4%	8	8,200	0.5%	7
The Travelers Cos Inc.	7,000	0.4%	9	7,400	0.4%	10
The Hartford	5,500	0.3%	10	7,700	0.5%	8
Total	147,180	8.1%		94,937	5.6%	

Sources: Businesses websites

State of Connecticut

STATE EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2022	2021	2020	2019
Primary Government				
Legislative	655	766	681	656
General Government	3,470	3,274	3,070	2,929
Regulation and Protection	3,733	3,936	3,822	3,496
Conservation and Development	1,295	1,421	1,396	1,172
Health and Hospital	6,022	6,374	6,584	3,668
Transportation	3,085	3,181	3,256	2,995
Human Services	1,873	2,054	2,089	4,008
Education, Libraries, and Museums	18,592	18,627	24,309	15,911
Corrections	8,416	8,743	9,094	8,599
Judicial	4,905	4,886	4,066	4,106
Total Number of Employees - Primary Government	<u>52,046</u>	<u>53,262</u>	<u>58,367</u>	<u>47,540</u>

Note: Beginning in Fiscal Year 2020 the number of employees includes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary, and part-time employment. The total for the primary government includes the employees of the University of Connecticut, the University of Connecticut Health Center, and the Board of Regents.

State of Connecticut

2018	2017	2016	2015	2014	2013
661	679	715	722	685	705
2,964	3,135	3,289	3,360	3,324	3,107
3,578	3,867	4,074	4,126	4,064	3,945
1,173	1,222	1,269	1,309	1,303	1,324
3,568	3,673	3,814	3,792	3,822	3,857
3,051	3,169	3,179	3,092	3,027	2,986
3,961	4,156	4,690	4,898	4,841	4,618
16,104	17,664	19,392	21,263	20,937	21,203
8,069	8,223	8,750	8,721	8,588	8,628
4,018	4,185	4,548	4,639	4,597	4,605
<u>47,147</u>	<u>49,973</u>	<u>53,720</u>	<u>55,922</u>	<u>55,188</u>	<u>54,978</u>

State of Connecticut

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Legislative</u>			
Office of Legislative Management			
Number of Public and Special Acts	254	14	226
Number of Amendments Drafted	1,497	67	3,527
<u>General Government</u>			
Office of the State Treasurer			
% of Payments made Electronically	88.9%	88.6%	86.6%
Number of Unclaimed Property Claims Paid	24,468	6,851	11,120
<u>Department of Revenue Services</u>			
% of Income Tax Returns Filed Electronically	92.0%	91.0%	91.0%
Revenue Collected per \$1 of Agency Expense	\$369	\$338	\$338
<u>Department of Construction Services</u>			
Number of Construction Contracts Awarded	163	149	170
State Floor Space Owned and Leased	7,278,926	7,279,754	7,023,976
<u>Regulation and Protection</u>			
Department of Emergency Services & Public Protection			
Number of Background Checks - Firearms	90,958	65,940	65,940
Number of Fingerprint Checks for CT/Pd's	55,978	89,719	89,719
<u>Department of Motor Vehicles</u>			
Number of Registered Motor Vehicles	2,945,865	3,010,728	3,010,728
Number of Licensed Drivers	2,606,540	2,608,061	2,608,061
<u>Department of Labor</u>			
Number of Initial Unemployment Claims	344,851	507,033	134,317
Persons Using Employment Service (1)	15,232	11,938	29,135
<u>Conservation and Development</u>			
Department of Energy & Environmental Protection			
Nitrogen Discharged into Long Island Sound (2)	6,660	7,362	7,362
Attained Goal of Open Space (3)	82.0%	82.0%	82.0%
<u>Department of Agriculture</u>			
Connecticut farmers participating in farmers market	224	312	n/a
<u>Health and Hospitals</u>			
Department of Public Health			
Number of Tuberculosis Cases Served (includes active and latent cases)	413	690	690
Number of Licenses Applications - New	27,462	18,532	18,532
Number of Licenses Applications - Renewal	172,453	173,780	173,780

State of Connecticut

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
220	267	244	277	258	311
2,280	2,560	2,587	3,043	2,190	2,756
84.3%	83.6%	81.9%	81.3%	75.0%	69.6%
18,472	16,670	15,758	17,888	20,897	17,852
89.0%	88.0%	87.0%	85.0%	84.0%	82.0%
\$341	\$281	\$264	\$264	\$255	\$256
191	243	231	26	13	n/a
9,311,710	8,751,757	9,311,535	8,999,852	9,282,711	n/a
56,782	57,769	54,944	49,547	61,107	47,745
83,645	82,261	86,588	88,354	100,145	98,216
3,004,859	3,015,047	3,671,652	3,030,510	3,026,823	2,272,537
2,605,612	2,586,994	2,613,244	2,566,673	2,542,588	2,534,090
138,156	143,186	148,336	153,040	245,632	265,700
40,841	20,147	47,711	161,637	191,372	218,879
7,362	7,362	7,562	7,400	7,340	7,500
81.5%	81.0%	81.0%	81.0%	84.0%	81.0%
n/a	n/a	n/a	n/a	n/a	n/a
756	1,067	1,065	1,133	1,236	1,515
20,445	17,696	18,811	18,015	17,716	17,116
191,724	160,546	161,595	155,251	153,328	153,997

State of Connecticut

OPERATING INDICATORS BY FUNCTION (Continued)

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Department of Developmental Services</u>				
Number of Qualified Providers	278	273	270	n/a
Number of Persons Served in Various Programs	17,229	17,178	17,126	n/a
<u>Human Services</u>				
<u>Department of Social Services</u>				
Number of Medicaid Eligible Clients	911,484	838,565	844,373	819,602
Temp Family Assistance Average Caseload	7,662	9,787	10,998	12,797
<u>Education</u>				
<u>Department of Higher Education</u>				
Number of Degrees Conferred - Statewide	46,893	46,336	47,602	46,592
Enrollment - Statewide	180,303	187,840	194,792	189,889
<u>Transportation</u>				
<u>Department of Transportation</u>				
Active Construction Projects	620	600	635	662
Miles of Road Resurfaced	350	330.50	325	302
Estimated Billions of Person trips on Roadways	4.914	4.880	4.841	4.903
<u>Corrections</u>				
<u>Department of Corrections</u>				
Incarcerated Population	9,010	10,194	13,039	13,366
Direct Daily Inmate Expenditures	175.61	131.15	\$128	\$109
<u>Judicial</u>				
<u>Judicial Branch</u>				
Number of Superior Court Cases Filed	210,528	232,811	364,312	378,047
Average Number of Supervised Probationers	30,635	37,327	39,180	39,263

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

(2) Average annual number of tons

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

n/a = statistic not available at time of publication

State of Connecticut

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
800,509	735,008	737,490	656,252	610,527	581,174
14,172	15,602	17,538	18,256	18,506	19,223
47,221	32,499	n/a	n/a	n/a	n/a
198,704	170,597	n/a	n/a	n/a	n/a
589	302	279	268	117	102
316	341	445	355	326	340
4.800	4.903	4.882	4.214	4.185	4.157
14,389	19,271	16,023	16,551	16,674	16,591
\$103	\$73	\$105	\$100	\$95	\$95
381,068	535,158	432,803	443,135	443,135	468,981
41,050	54,315	43,510	48,779	48,779	50,699

State of Connecticut

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

(Expressed in Thousands)

		2022	2021	2020	2019	2018	2017
Legislative	Total	\$ 178,290	\$ 176,974	\$ 176,639	\$ 176,726	\$ 175,639	\$ 175,443
Buildings		157,251	157,242	157,136	158,920	158,920	158,920
Improvements Other than Buildings		1,783	1,783	1,783	-	-	-
Equipment		19,256	17,949	17,720	17,806	16,719	16,523
General Government	Total	\$ 1,362,563	\$ 1,405,263	\$ 1,391,482	\$ 1,369,779	\$ 1,224,216	\$ 1,197,084
Land		191,839	191,825	192,311	195,224	195,144	195,019
Art & Historical Collections		479	-	-	-	-	-
Construction in Progress		165,531	227,281	224,002	334,541	191,777	159,258
Buildings		527,205	526,344	532,528	383,993	386,980	392,715
Improvements Other than Buildings		60,941	58,474	58,544	58,537	58,540	57,845
Equipment		405,610	401,339	384,097	397,484	391,775	392,247
Right-to-use assets		10,958	-	-	-	-	-
Regulation and Protection	Total	719,321	\$ 689,678.00	\$ 706,945.00	\$ 697,432.00	\$ 657,696.00	\$ 644,256.00
Land		9,021	9,021	9,021	9,021	9,021	9,192
Art & Historical Collections		283	-	-	-	-	-
Buildings		372,531	369,681	366,955	366,898	348,866	349,689
Improvements Other than Buildings		31,388	30,327	29,329	29,198	27,838	26,850
Equipment		293,167	280,649	301,640	292,315	271,971	258,525
Right-to-use assets		12,931	-	-	-	-	-
Conservation and Development	Total	741,465	\$ 722,894.00	\$ 712,577.00	\$ 704,745.00	\$ 687,810.00	\$ 680,764.00
Land		467,476	455,897	447,829	436,849	420,982	414,666
Art & Historical Collections		5,784	-	-	-	-	-
Buildings		119,146	118,849	118,299	121,729	121,707	121,711
Improvements Other than Buildings		75,253	74,866	74,299	75,022	74,992	75,717
Equipment		73,786	73,282	72,150	71,145	70,129	68,670
Right-to-use assets		20	-	-	-	-	-
Health and Hospital	Total	321,565	\$ 319,087.00	\$ 323,918.00	\$ 315,223.00	\$ 314,710.00	\$ 314,133.00
Land		6,610	6,610	6,610	6,547	6,547	6,645
Art & Historical Collections		99	-	-	-	-	-
Buildings		237,077	236,431	241,782	236,425	236,997	235,373
Improvements Other than Buildings		19,808	19,735	19,696	19,543	19,383	19,558
Equipment		57,219	56,311	55,830	52,708	51,783	52,557
Right-to-use assets		752	-	-	-	-	-
Transportation	Total	29,214,720	\$ 28,233,802	\$ 27,312,093	\$ 26,275,853	\$ 25,395,835	\$ 24,322,303
Land		1,250,943	1,237,670	1,204,266	1,175,704	1,166,958	1,131,384
Art & Historical Collections		223	-	-	-	-	-
Construction in Progress		5,982,292	5,896,738	5,193,311	5,256,651	4,861,493	4,829,184
Buildings		1,247,080	1,233,145	1,306,441	1,243,715	1,120,371	1,105,084
Improvements Other than Buildings		239,472	240,697	240,697	240,753	236,717	236,741
Equipment		1,533,340	1,413,144	1,407,904	1,392,644	1,402,688	1,421,982
Infrastructure		18,957,809	18,212,408	17,959,474	16,966,386	16,607,608	15,597,928
Right-to-use assets		3,561	-	-	-	-	-
Human Services	Total	29,254	\$ 30,042.00	\$ 31,174.00	\$ 18,122.00	\$ 16,568.00	\$ 18,320.00
Improvements Other than Buildings		919	919	920	919	945	691
Equipment		28,335	29,123	30,254	17,203	15,623	17,629
Education, Libraries, and Museums	Total	1,327,172	\$ 1,113,070	\$ 1,114,373	\$ 1,113,821	\$ 1,111,229	\$ 1,108,499
Land		1,027	1,027	1,027	1,027	1,027	1,027
Art & Historical Collections		215,807	-	-	-	-	-
Buildings		1,018,220	1,018,220	1,018,220	1,018,220	1,018,220	1,015,642
Improvements Other than Buildings		25	220	220	220	220	220
Equipment		90,928	93,603	94,906	94,354	91,762	91,610
Right-to-use assets		1,165	-	-	-	-	-
Corrections	Total	1,088,702	\$ 1,043,898	\$ 1,054,824	\$ 1,053,410	\$ 1,050,917	\$ 1,052,226
Land		9,822	9,822	10,322	10,322	10,322	10,322
Art & Historical Collections		414	-	-	-	-	-
Buildings		763,891	763,891	776,122	776,122	775,896	775,880
Improvements Other than Buildings		50,376	49,840	49,401	49,401	49,426	49,401
Equipment		220,332	220,345	218,979	217,565	215,273	216,623
Right-to-use assets		43,867	-	-	-	-	-
Judicial	Total	602,746	600,778.00	585,625.00	585,608.00	579,264.00	576,661.00
Land		33,634	33,634	27,889	27,889	23,194	20,076
Art & Historical Collections		1,709	-	-	-	-	-
Buildings		475,675	475,675	465,420	465,420	465,369	465,349
Improvements Other than Buildings		5,925	5,296	5,296	5,296	5,269	5,688
Equipment		85,283	86,173	87,020	87,003	85,432	85,548
Right-to-use assets		520	-	-	-	-	-
Total Capital Assets at Historical Cost		\$ 35,585,798	\$ 34,335,486	\$ 33,409,650	\$ 32,310,719	\$ 31,213,884	\$ 30,089,689
Total Accumulated Depreciation		\$ (18,152,224)	\$ (17,382,072)	\$ (16,997,652)	\$ (16,402,528)	\$ (15,781,276)	\$ (15,205,258)
Governmental Activities, Capital Assets, Net		\$ 17,433,574	\$ 16,953,414	\$ 16,411,998	\$ 15,908,191	\$ 15,432,608	\$ 14,884,431

State of Connecticut

2016	2015	2014	2013
\$ 175,558	\$ 171,286	\$ 171,283	\$ 170,552
159,076	157,087	157,087	156,805
-	-	-	-
16,482	14,199	14,196	13,747
\$ 1,201,502	\$ 1,263,226	\$ 1,254,165	\$ 1,259,818
193,582	192,744	190,216	189,192
-	-	-	-
150,531	188,534	233,319	308,902
392,608	392,392	391,840	321,232
54,701	54,016	53,937	53,638
410,080	435,540	384,853	386,854
-	-	-	-
\$ 621,075.00	\$ 582,024.00	\$ 557,330.00	\$ 481,959.00
9,227	9,227	8,775	8,775
-	-	-	-
326,690	326,624	320,719	256,762
27,977	27,496	24,430	19,846
257,181	218,677	203,406	196,576
-	-	-	-
\$ 668,268.00	\$ 652,381.00	\$ 630,730.00	\$ 614,615.00
402,633	389,414	381,167	374,267
-	-	-	-
121,493	121,393	108,731	107,640
75,717	74,992	75,717	72,907
68,425	66,582	65,115	59,801
-	-	-	-
\$ 315,655.00	\$ 365,287.00	\$ 358,066.00	\$ 357,353.00
6,697	6,707	6,752	6,561
-	-	-	-
239,172	289,390	284,411	283,644
19,530	19,013	18,800	18,778
50,256	50,177	48,103	48,370
-	-	-	-
\$ 22,745,027	\$ 21,579,682	\$ 20,444,797	\$ 19,395,070
1,106,967	1,083,450	1,072,625	1,060,109
-	-	-	-
4,393,784	3,476,307	3,231,739	2,690,602
917,872	1,025,616	746,765	576,030
233,234	228,346	211,743	260,263
1,419,842	1,458,601	1,357,277	1,155,032
14,673,328	14,307,362	13,824,648	13,653,034
-	-	-	-
\$ 17,038.00	\$ 17,285.00	\$ 16,841.00	\$ 16,843.00
672	667	667	667
16,366	16,618	16,174	16,176
\$ 1,082,196	\$ 1,052,735	\$ 1,064,712	\$ 977,529
1,027	1,027	1,027	1,027
-	-	-	-
990,879	864,538	890,490	802,713
220	209	209	8,217
90,070	186,961	172,986	165,572
-	-	-	-
\$ 1,039,570	\$ 1,031,119	\$ 1,012,802	\$ 1,007,522
10,322	10,322	10,322	10,305
-	-	-	-
775,294	768,283	762,754	759,122
48,991	52,625	52,162	51,515
204,963	199,889	187,564	186,580
-	-	-	-
505,586.00	462,125.00	462,672.00	456,279.00
17,181	15,601	15,648	15,648
-	-	-	-
398,216	351,219	351,922	351,922
5,663	5,663	5,369	4,675
84,526	89,642	89,733	84,034
-	-	-	-
\$ 28,371,475	\$ 27,177,150	\$ 25,973,398	\$ 24,737,540
\$ (14,665,574)	\$ (14,145,909)	\$ (13,433,773)	\$ (12,750,730)
\$ 13,705,901	\$ 13,031,241	\$ 12,539,625	\$ 11,986,810

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