

State of
CONNECTICUT

*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 1989*

J. EDWARD CALDWELL
STATE COMPTROLLER

STATE OF CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 1989

Prepared By

THE OFFICE OF THE COMPTROLLER

J. EDWARD CALDWELL

State Comptroller

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STATISTICAL SECTION

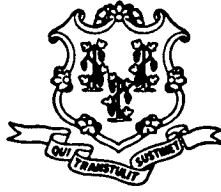
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INTRODUCTORY SECTION

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State of Connecticut

OFFICE OF THE COMPTROLLER

HARTFORD, CONN. 06106

ADDRESS ALL COMMUNICATIONS TO
STATE COMPTROLLER
55 ELM STREET
HARTFORD, CONNECTICUT 06106

EDWARD CALDWELL
Comptroller

LAWRENCE J. CACCIOLA
Deputy Comptroller

February 13, 1990

The Honorable William A. O'Neill, Governor
Members of the General Assembly
Citizens of the State of Connecticut

As Comptroller of the State of Connecticut, I am pleased to transmit the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1989. This report was prepared in conformance with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). As such, it reflects our continuing commitment to excellence in financial reporting.

This report was prepared by the Office of the Comptroller. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial and demographic information have been included.

This report includes an introductory section containing this transmittal letter, a State organizational chart, and a list of selected officials; a financial section containing the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditors' report thereon; and a statistical section containing selected financial and demographic information.

REPORTING ENTITY

This report includes all material funds, account groups and organizations over which the State exercises oversight responsibility as determined by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financial relationships. Based on these criteria, the following are incorporated for financial reporting purposes:

- o Connecticut Development Authority
- o Connecticut Housing Finance Authority
- o Connecticut Resources Recovery Authority
- o Teachers Retirement System
- o Bradley International Airport (Trustee Activities)

STATE OF CONNECTICUT

Connecticut is the most southern of the New England states, located on the northeast coast and bordered by Long Island Sound, New York, Massachusetts and Rhode Island. Connecticut is highly urbanized with an estimated population of 3,246,000 in 1989 and encompassing 5,009 square miles of land area.

ECONOMIC CONDITION AND OUTLOOK

Connecticut has a diversified economy, with manufacturing, services, and wholesale and retail trade accounting for approximately 70% of nonagricultural employment. Since 1979 there has been a gradual decline (14%) in the manufacturing sector, although the ratio of manufacturing employment to total employment still ranks Connecticut ninth in the nation in its dependency on manufacturing and remains its single most important economic activity. Within the manufacturing sector, transportation equipment (primarily aircraft engines, helicopters, and submarines) is the dominant industry, followed by nonelectrical machinery, electrical equipment, and fabricated metals.

The nonmanufacturing sector in Connecticut has experienced strong growth since 1979, with total employment increasing by 38.5%, including a 2.5% increase from 1988 to 1989.

The gradual shift in employment from manufacturing to a more diversified economy has provided for more stable economic growth and moderation in economic cycles. This, coupled with Connecticut's location and a highly educated and skilled population, has resulted in its having among the highest per capita income and lowest unemployment rates in the nation. In fiscal 1989, the estimated per capita income of \$23,866 ranked first among the states, while its average unemployment rate was 3.1% compared with an average of 5.3% for the United States.

Based on current projections, it is anticipated that Connecticut's economy will continue to experience modest growth, with per capita income remaining the highest in the nation and an unemployment rate remaining below the national average, despite a potential slowdown in defense procurement and weakness in the real estate markets.

MAJOR INITIATIVES

During the year, the State was able to continue meeting the needs of its citizens while expanding or maintaining commitments in key areas which will maintain its position as a highly desirable location to live and do business. Examples of these initiatives include:

- o Infrastructure Renewal - Continuation of the ten-year \$7.1 billion transportation infrastructure improvement program begun in 1985. Approximately 55% of the cost of the program is expected to be financed through federal aid.
- o Educational Excellence - State assistance and programs to fund education equalization grants to towns, increased aid for improving teachers' salaries and the retention and attraction of the best teachers possible, and teacher evaluation and mastery testing programs to measure the effectiveness of programs and identify opportunities for improvement.
- o Expansion of commitments in the areas of children, housing, the environment, and criminal justice and public safety.

In order to ensure that the revenue burden is shared equitably a major tax enforcement program entitled F.A.I.R. (for Fair Audits = Increased Revenues) was initiated in 1988-89. This program provided for the hiring of 130 new Department of Revenue Service employees along with funding for automation and other technological improvements. The department estimates that the program raised an additional \$155 million in revenues in 1988-89, exceeding the \$90 million projected at the program's inception.

The fiscal 1989-90 budget enacted by the Legislature maintained past commitments, despite fiscal constraints, while providing funding for several major initiatives. Included were a major management study to improve delivery and efficiency of State services (\$4.0 million), increasing bed capacity in correctional institutions (\$20.0 million), and a major drug enforcement initiative (\$16.5 million).

In addition, anticipating possible cutbacks in the defense budget, the State enacted numerous measures to further help defense-related manufacturers move into civilian markets. A key element in this strategy was the reorganization of the Connecticut Product Development Corporation into Connecticut Innovations, Incorporated. This new entity will specifically emphasize new technology applications and diversification. An additional \$7.5 million was appropriated to aid in this endeavor, raising the total available to \$43.7 million.

STATE GOVERNMENT

Under the State Constitution, Connecticut is formally organized into the Legislative, Executive, and Judicial Departments. The Governor is the chief executive of the State and is generally responsible for administration of the government exclusive of other constitutionally elected officials. The other elected officials are the Lieutenant Governor, Treasurer, Secretary of the State, Comptroller, and Attorney General.

All elective officials of the Executive Department hold office for four-year terms. These officials were last elected at the general election in November 1986, and assumed office in January 1987. The Governor and Lieutenant Governor are elected as a unit.

The legislative power of the State is vested in the General Assembly, composed of the Senate and House of Representatives. Members of the General Assembly serve two year terms with election in November of even numbered years to assume office in January next succeeding their election. The General Assembly meets in annual sessions to enact, amend, or repeal laws and to adopt appropriation bills. The Judicial Department is composed of three principal courts: The Superior Court, the Appellate Court, and the Supreme Court. At June 30, 1989, the State had approximately 52,000 permanent full-time employees.

BUDGETARY AND INTERNAL ACCOUNTING CONTROLS

The State maintains budgetary controls to ensure compliance with annual appropriation acts passed by the General Assembly. Enacted appropriations are subject to allotment by the Governor and encumbrance by the Comptroller upon the request of the responsible State agency. State funds are expended by the Treasurer only upon a warrant, draft, or order of the Comptroller, who is charged with ensuring that such expenditures are within the available balance in a legally authorized appropriation or allotment.

The State's system of internal controls over the accounting system have been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

GENERAL AND TRANSPORTATION FUNDS - BUDGETARY BASIS VS MODIFIED ACCRUAL (GAAP) BASIS

The General and Transportation Funds are the major budgeted funds of the State and, as such, are an important focus in determining the financial condition of the State. As discussed in the accompanying Notes to the Financial Statements, the budget is formulated and controlled using a modified cash basis of accounting while the enclosed statements, under generally accepted accounting principles, utilize a modified accrual basis of accounting for governmental funds.

Under the budgetary basis, the General Fund had an operating deficit for the year of \$28.0 million. Under the modified accrual basis, including accruals and other adjustments required by GAAP, the General Fund deficit was \$212.0 million. The Transportation Fund had a budgetary surplus of \$9.5 million for the year and a GAAP operating deficit of \$18.0 million. The adjustments from budget to GAAP are summarized on the following page (dollars in millions):

	<u>General Fund</u>	<u>Transportation Fund</u>
Budgetary Basis Operating Surplus (Deficit)	\$ (28.0)	\$ 9.5
Increase (Decrease) in Accrued Revenues	(11.3)	.8
(Increase) Decrease in Accrued Expenditures	(36.9)	6.2
Increase (Decrease) in Reserve for Continuing Appropriations	1.0	(29.7)
Appropriation of Prior Year Reserve to Pay Current Year Debt Service	(63.0)	-
Transfer from Budget Reserve Fund Recognized as Revenue	(73.8)	-
Operating Deficit in Other Transportation Related Funds	-	(4.8)
GAAP Basis Operating Deficit	<u><u>\$(212.0)</u></u>	<u><u>\$(18.0)</u></u>

GENERAL AND TRANSPORTATION FUND CONDITION - BUDGETARY BASIS

On a budgetary basis, the General Fund ended the year with an operating deficit of \$28 million compared to a deficit of \$115.6 million in the prior year. During the course of the fiscal year, however, unanticipated expenditure requirements plus revenue shortfalls from the budgeted level had, by March 1989, resulted in a projected deficit for the year of \$244 million, despite a 3% expenditure recision initiated by the Governor in September. This gap was addressed by the Governor and the General Assembly through \$142 million in tax and other revenue increases effective during the remaining three months of the fiscal year, transfer of \$30 million in pension costs for Department of Transportation employees to the Transportation Fund, and a savings of \$20 million resulting from a change in the interest rate assumption (from 8% to 8.5%) for the Teachers Retirement Fund.

The final \$28 million deficit was eliminated by a transfer from the Budget Reserve Fund (Rainy Day Fund), which is a separate fund for statutory accounting purposes. This transfer reduced the balance in the Budget Reserve Fund from \$130.3 million to \$102.3 million as of June 30, 1989.

Under the budgetary basis, the Transportation Fund ended the year with a cumulative unappropriated surplus of \$59.6 million, an increase of \$9.5 million from the June 30, 1988 surplus of \$50.1 million but \$9.0 million less than the \$18.5 million increase in the budget plan for the year. The variance was attributable to \$30 million in pension costs transferred to the Transportation Fund from the General Fund during the year, which was partly offset by higher than anticipated revenues for the year.

GENERAL AND TRANSPORTATION FUND CONDITION - GAAP BASIS

On a GAAP basis, the General Fund on June 30, 1989, had an accumulated unreserved fund balance deficit of \$91.3 million including resources in the Budget Reserve Fund. The Transportation Fund had an accumulated unreserved fund balance of \$50.8 million including resources in the Merritt Parkway and Public Bus Transportation Funds, which are part of the Transportation Fund for GAAP reporting purposes.

Revenues and other financing sources of the General Fund totaled \$5.9 billion and for the Transportation Fund \$621.8 million. The revenues from various sources are shown in the following schedule for 1989 (amounts in thousands):

	General Fund	Percent of Total	Transportation Fund	Percent of Total
<u>Revenues and Other Financing Sources:</u>				
Sales and Use Tax	\$2,097,491	35.5%	\$ -	- %
Corporation Tax	870,028	14.7	-	-
Capital Gains, Dividends and Interest Tax	508,689	8.6	-	-
Motor Fuel Taxes	-	-	315,661	50.8
Other Taxes	760,455	12.9	-	-
Licenses, Permits, Fees	71,834	1.2	221,899	35.7
Intergovernmental	1,148,783	19.5	42,587	6.8
Other Revenue	180,917	3.1	40,706	6.5
Operating Transfers In	255,043	4.3	941	0.2
Other Financing Sources	7,928	0.2	-	-
Total Revenues and Other Financing Sources	<u>\$5,901,168</u>	<u>100.0%</u>	<u>\$ 621,794</u>	<u>100.0%</u>

Expenditures and other financing uses of the General Fund totaled \$6.1 billion and for the Transportation Fund \$639.8 million, as shown in the following schedule for 1989 (amounts in thousands):

	General Fund	Percent of Total	Transportation Fund	Percent of Total
<u>Expenditures and Other Financing Uses</u>				
Expenditures:				
Current:				
Legislative	\$ 38,453	0.6%	\$ -	- %
General Government	384,265	6.3	2,025	0.3
Regulation & Protection	219,354	3.6	-	-
Natural Resources and Recreation	70,923	1.2	-	-
Health and Hospitals	801,165	13.1	-	-
Transportation	50	-	414,743	64.8
Human Services	1,477,041	24.2	-	-
Education, Libraries and Museums	1,442,821	23.6	-	-
Corrections	354,603	5.8	-	-
Judicial	158,852	2.6	-	-
Federal and Other Grants	473,028	7.7	32,295	5.1
Intergovernmental	68,312	1.1	-	-
Debt Service:				
Principal Retirement	122,607	2.0	58,930	9.2
Interest & Fiscal Charges	87,791	1.4	39,961	6.2
Operating Transfers Out				
Higher Education	404,268	6.6	-	-
Debt Service Funds	-	-	91,868	14.4
Other	9,654	0.2	-	-
Totals	<u>\$6,113,187</u>	<u>100.0%</u>	<u>\$639,822</u>	<u>100.0%</u>

CAPITAL PROJECTS FUNDS

Expenditures for 1989 in the capital projects funds totaled \$103 million for general state facilities (excluding enterprise funds and higher education), and \$730 million for highway and other infrastructure projects. These expenditures are financed through the sale of bonds and through federal and other grants.

HIGHER EDUCATION AND UNIVERSITY HOSPITAL FUND TYPE

Connecticut operates a comprehensive system of higher education, including the University of Connecticut, the Connecticut State University system, and statewide systems of community and technical colleges. Higher education activities are reported as a discrete entity using generally accepted accounting principles for colleges and universities. Direct General Fund support for 1989, including federal and other grants, was \$404.3 million, classified as an operating transfer from the General Fund for financial reporting purposes.

EXPENDABLE TRUST FUNDS

The major expendable trust funds are the Employment Security Fund, which accounts for unemployment taxes on employers in the state and the payment of unemployment compensation benefits; and the Local Property Tax Relief Trust Fund, established to provide unrestricted annual grants to municipalities. Expenditures for 1989 were \$229 million and \$49 million, respectively.

PROPRIETARY FUNDS

Operating revenues for the State's enterprise funds totaled \$502 million for 1989, with \$447 million in operating expenses. Included in the enterprise funds are the Connecticut Development, Housing Finance, and Resource Recovery Authorities; Bradley Airport Operations, Rental Housing, and Vocational Education programs.

The State's internal service funds provide motor pool vehicles, supplies, equipment, data processing and other services to agencies and other governmental units. These funds had a combined net income of \$3.4 million and total operating revenues of \$78.4 million for 1989.

DEBT ADMINISTRATION

The State currently enjoys Aa1 and AA+ ratings for General Obligation Bonds from Moody's Investor Service and Standard and Poor's Corporation respectively. Transportation related Special Tax Obligation Bonds are currently rated A1 and AA respectively. These ratings are unchanged from the prior year.

As of June 30, 1989, the aggregate bonds of the State outstanding, excluding debt of authorities or others for which the State is contingently liable, totaled \$3.49 billion, with current year issuances totaling \$1.09 billion, as follows (in thousands):

<u>Bond Type and Funding Source</u>	<u>Issued 1988-89</u>	<u>Outstanding June 30, 1989</u>
General Obligation - General Fund	\$ 712,117	\$1,905,025
General Obligation - Transportation Fund	21,744	360,269
Special Tax Obligation - Transportation Fund	300,000	961,928
General Obligation-Other Sources	53,767	258,890
Total Issued and Outstanding	1,087,628	3,486,112
Accretion on Capital Appreciation Bonds	4,294	4,294
Total Bonded Debt	<u>\$1,091,922</u>	<u>\$3,490,406</u>

The State has no constitutional limit on its power to incur indebtedness other than it may borrow only for public purposes. A statutory debt limit exists equal to 4 1/2 times the General Fund tax receipts of the previous year, excluding Transportation Special Tax obligation bonds, bonds redeemable from other revenue sources, and certain other exclusions and additions. The debt limit so computed was \$19.5 billion as of June 30, 1989.

Bonds outstanding for authorities included in the reporting entity, but for which the State is only contingently or morally liable, were as follows (in thousands):

Connecticut Development Authority	\$1,787,775
Connecticut Housing Finance Authority (12-31-88)	2,342,220
Connecticut Resources Recovery Authority	622,881
Total	<u>\$4,752,876</u>

MAJOR RETIREMENT SYSTEMS FUNDED BY THE STATE

The State Employees Retirement Fund is the largest system maintained by the State, with approximately 57,000 active and 21,000 retired members at June 30, 1989. The State's funding program calls for payment for the normal cost plus full forty-year amortization of the unfunded past service liability, with full funding of such liability scheduled for the year 2026. The General and Transportation Fund contribution for 1989 was \$324 million, with \$288 million budgeted for 1990. The budgeted contributions for 1990 were less than the 1989 contributions due to a change in the actuarial funding method from the Entry Age Normal method to the Projected Unit Credit method. This change reduced the budgeted contribution by \$55 million for fiscal year 1990. Benefit payments and refunds of contributions for 1989 were \$197 million.

The Teachers Retirement Fund provides benefits for teachers and certain other employees in the public school systems of the state. There were approximately 40,000 active participants and 14,000 retired members or former employees entitled to benefits as of June 30, 1988. Contributions to the maintenance of the fund are not made by municipalities but are made by employees and General Fund contributions. The State's current funding program calls for payment of the normal cost plus full forty-year amortization of the unfunded past service liability in the amount of 80% of such cost in fiscal 1989 and increasing by 5% in each succeeding year through commencement of full amortization in fiscal 1993. Full funding of the liability is scheduled for the year 2033. General Fund contributions totaled \$283 million for 1989 with \$322 million budgeted for 1990. The 1990 budgeted amount includes a savings of \$27 million due to a change in the actuarial interest rate assumption from 8% to 8 1/2% mandated by Public Act 89-333. The fiscal 1989 contribution was \$20 million less than the amount originally budgeted for the same reason. Benefit payments and refunds of contributions for 1989 were \$190 million.

Pension systems are explained more fully in Note 9 of the Notes to the Financial Statements.

CASH MANAGEMENT

The State Treasurer continually monitors cash flow in order to maximize the utilization of cash resources. During the year, temporary surpluses are invested in short-term investment funds, combined investment pools consisting of various certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, and student loans with various ranges of maturities. The aggregate investment income and average yield rate for the year for these funds were \$143 million and 9.65%, respectively. By comparison, 90 day Treasury Bills and 90 day certificates of deposit earned 8.18% and 9.09%, respectively, during the same time period. There have been no temporary borrowings for cash flow requirements since fiscal year 1984 and there are currently no plans for short-term borrowing in the 1990 fiscal year. See Note 3 of the Notes to the Financial Statements for additional information on cash deposits and investments.

RISK MANAGEMENT

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

INDEPENDENT AUDIT

The State's Auditors of Public Accounts have performed an independent audit of the GAAP and budgetary basis financial statements contained in this report in accordance with generally accepted auditing standards. Their report is contained in the Financial Section which follows.

ACKNOWLEDGEMENTS

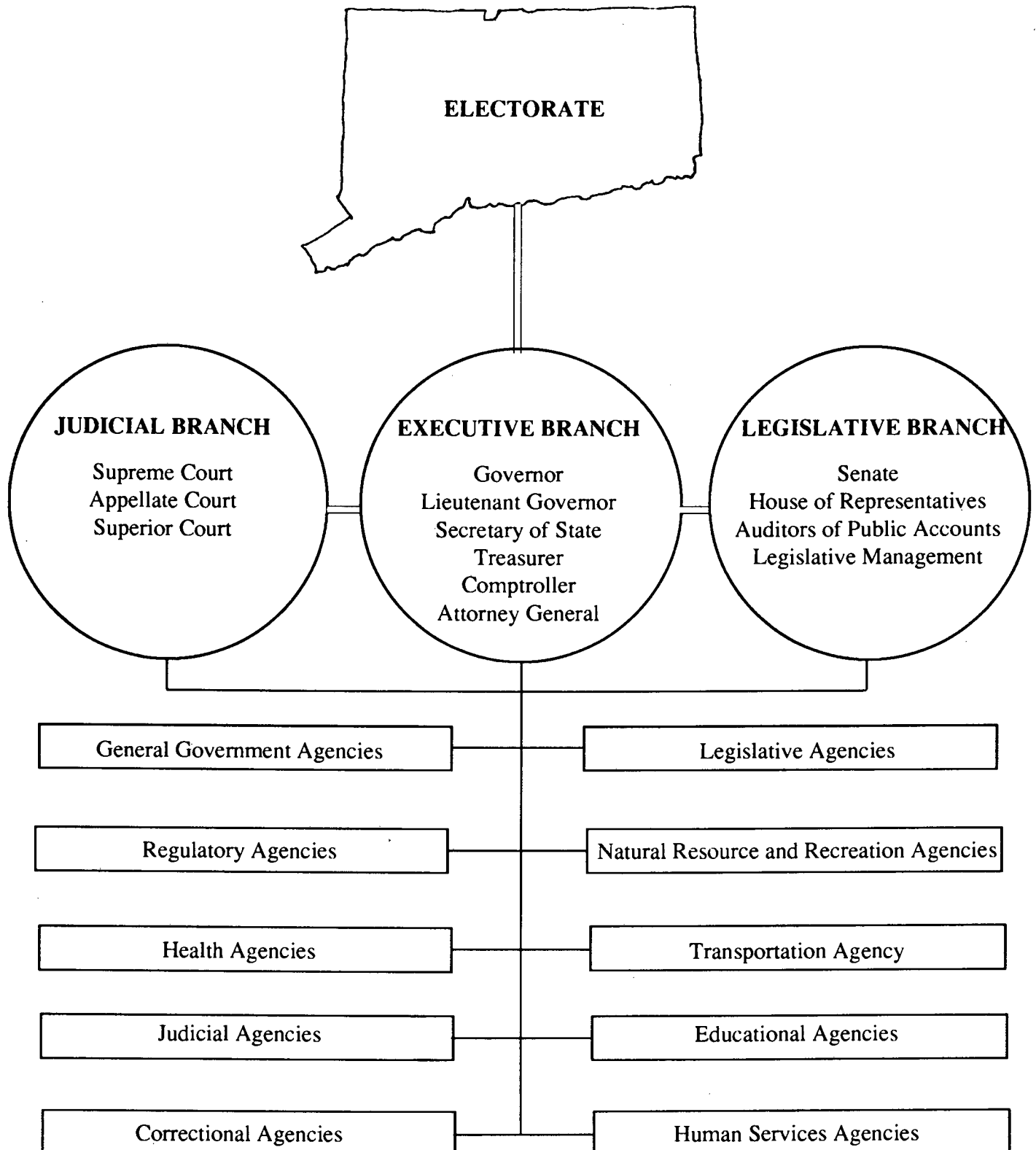
I wish to express my appreciation to the many individuals in all agencies whose cooperation and assistance have made this report possible. In addition, the efforts of the GAAP Reporting Unit and others in our Central Accounting Division deserve special acknowledgement.

Sincerely,


J. Edward Caldwell
State Comptroller

JEC:RJG:hb

STATE OF CONNECTICUT ORGANIZATION CHART



STATE OF CONNECTICUT
SELECTED STATE OFFICIALS
AS OF JUNE 30, 1989

EXECUTIVE

William A. O'Neill
Governor

Joseph J. Fauliso
Lieutenant Governor

Julia H. Tashjian
Secretary of State

Francisco L. Borges
Treasurer

J. Edward Caldwell
Comptroller

Clarine Nardi Riddle
Attorney General

JUDICIAL

Ellen A. Peters
Chief Justice

LEGISLATIVE

John B. Larson
President Pro Tempore of the State Senate
(36 Senators)

Richard J. Balducci
Speaker of the House of Representatives
(151 Representatives)

FINANCIAL SECTION

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

LEO V. DONOHUE

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106

HENRY J. BECKER, JR.

INDEPENDENT AUDITORS' REPORT

Honorable William A. O'Neill, Governor
and
Members of the General Assembly

We have audited the accompanying general purpose financial statements of the State of Connecticut as of June 30, 1989, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Connecticut's financial management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits of the financial records of the State Comptroller and the State Treasurer. We did not audit the financial statements of the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Development Authority, and the Bradley International Airport, which represent 97 percent and 98 percent, respectively, of the assets and revenues of the Enterprise Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Development Authority, and the Bradley International Airport, is based solely upon the reports of the other auditors.

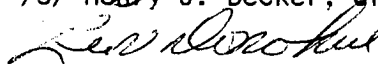
We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform each audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut as of June 30, 1989, and the results of its operations and changes in financial position of its proprietary and similar trust fund types for the year then ended, in conformity with generally accepted accounting principles.

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

AUDITORS OF PUBLIC ACCOUNTS


/s/ Henry J. Becker, Jr.


/s/ Leo V. Donohue

February 13, 1990
Hartford, Connecticut

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF CONNECTICUT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1989
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Cash and Cash Equivalents.....	\$ -	\$149,352	\$114,302	\$ 98,448
Investments.....	-	-	97,614	-
Receivables:				
Taxes.....	380,786	29,282	-	-
Accounts, Net of Allowances.....	141,449	8,588	-	452
Tuition and Patient Services.....	-	-	-	-
Loans, Net of Allowances.....	-	138,321	-	-
Notes.....	-	-	-	-
Interest.....	1,131	3,405	-	165
Due From Other Funds.....	9,821	202,192	-	-
Due From Other Governments.....	121,815	8,364	-	69,027
Non-Federal Grants Receivable.....	328	-	-	-
Advances To Other Funds.....	73,269	-	-	-
Inventories.....	22,319	8,714	-	-
Prepaid Items.....	12,177	-	-	-
Restricted Assets.....	-	-	-	-
Discounts on Bonds Sold.....	-	-	-	-
Property, Plant & Equipment.....	-	-	-	-
Other Assets.....	-	-	-	-
Amount Available in Debt Service Fund.....	-	-	-	-
Amount to be Provided For Debt Retirement.....	-	-	-	-
Total Assets and Other Debits.....	\$763,095	\$548,218	\$211,916	\$168,092
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable and Accrued Liabilities.....	\$285,337	\$ 49,536	\$ -	\$113,951
Due to Other Funds.....	188,246	24,659	941	7,901
Due to Other Governments.....	31,807	163	-	-
Advances Due Other Funds.....	-	33	-	-
Deferred Revenue.....	217,616	26,866	-	606
Escrow Deposits.....	-	-	1,800	-
Notes and Loans Payable.....	-	-	-	-
Deferred Compensation Liability.....	-	-	-	-
Agency Deposit Liabilities.....	-	-	-	-
General Obligation Bonds.....	-	-	-	-
Transportation Related Bonds.....	-	-	-	-
Revenue Bonds.....	-	-	-	-
Capital Leases.....	-	-	-	-
Compensated Absences.....	-	-	-	-
Unfunded Pension Costs.....	-	-	-	-
Workers Compensation Liability.....	-	-	-	-
Total Liabilities.....	723,006	101,257	2,741	122,458
Equity and Other Credits:				
Investment in Fixed Assets.....	-	-	-	-
Contributed Capital.....	-	-	-	-
Retained Earnings:				
Reserved.....	-	-	-	-
Unreserved.....	-	-	-	-
Fund Balances:				
Reserved.....	131,427	251,412	209,175	-
Unreserved, undesignated.....	(91,338)	195,549	-	45,634
Total Equity and Other Credits.....	40,089	446,961	209,175	45,634
Total Liabilities, Equity and Other Credits.....	\$763,095	\$548,218	\$211,916	\$168,092

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Higher Education & University Hospital	Total (Memorandum only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt		
\$ 269,252	\$ 4,188	\$ 940,941	\$ -	\$ -	\$ 178,803	\$ 1,755,286
455,990	-	6,755,653	-	-	11,275	7,320,532
-	-	127	-	-	-	410,195
19,342	1,071	17,509	-	-	37,454	225,865
-	-	-	-	-	254	254
1,926,763	-	11	-	-	24,002	2,089,097
1,734,376	-	-	-	-	13	1,734,389
30,386	-	50,739	-	-	593	86,419
288	6,158	12,230	-	-	2,581	233,270
3,839	-	1	-	-	-	203,046
-	-	-	-	-	-	328
-	-	-	-	-	-	73,269
46	5,517	415	-	-	3,990	41,001
4,034	19	-	-	-	5,494	21,724
590,296	-	-	-	-	-	590,296
24,210	-	-	-	-	-	24,210
370,660	28,827	-	1,693,067	-	912,937	3,005,491
128,155	716	434,046	-	-	-	562,917
-	-	-	-	209,175	-	209,175
-	-	-	-	6,476,179	-	6,476,179
\$5,557,637	\$46,496	\$8,211,672	\$1,693,067	\$6,685,354	\$1,177,396	\$25,062,943
\$ 56,628	\$ 4,600	\$ 10,946	\$ -	\$ -	\$ 33,026	\$ 554,024
1,168	914	7,950	-	-	1,491	233,270
76	-	745	-	-	-	32,791
73,236	-	-	-	-	-	73,269
516	116	440	-	-	17,646	263,806
42,220	-	-	-	-	-	44,020
8,000	129	-	-	-	12,300	20,429
-	-	136,374	-	-	-	136,374
-	-	651,940	-	-	5,595	657,535
-	-	-	-	1,909,748	-	1,909,748
-	-	-	-	1,322,743	-	1,322,743
4,975,506	-	-	-	-	35,285	5,010,791
-	-	-	-	9,104	444	9,548
328	1,945	-	-	135,867	8,615	146,755
-	-	-	-	3,103,618	-	3,103,618
-	-	-	-	204,274	-	204,274
5,157,678	7,704	808,395	-	6,685,354	114,402	13,722,995
-	-	-	1,693,067	-	876,414	2,569,481
60,999	16,802	-	-	-	-	77,801
295,805	-	-	-	-	-	295,805
43,155	21,990	-	-	-	-	65,145
-	-	7,121,720	-	-	81,458	7,795,192
-	-	281,557	-	-	105,122	536,524
399,959	38,792	7,403,277	1,693,067	-	1,062,994	11,339,948
\$5,557,637	\$46,496	\$8,211,672	\$1,693,067	\$6,685,354	\$1,177,396	\$25,062,943

STATE OF CONNECTICUT
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes.....	\$4,236,663	\$ 328,473	\$ -	\$ -
Licences, Permits and Fees.....	71,834	258,968	-	-
Intergovernmental.....	1,148,783	182,480	-	425,170
Charges for Services.....	46,726	18,325	-	-
Fines, Forfeits and Rents.....	14,769	10,408	-	-
Investment Earnings.....	6,328	33,196	5,203	5,463
Lottery and Off Track Betting.....	-	697,672	-	-
Miscellaneous.....	113,094	2,449	-	-
Total Revenues.....	5,638,197	1,531,971	5,203	430,633
Expenditures:				
Current:				
Legislative.....	38,453	-	-	-
General Government.....	384,265	603,590	-	-
Regulation and Protection.....	219,354	93,005	-	-
Natural Resources and Recreation.....	70,923	62,823	-	-
Health and Hospitals.....	801,165	1,490	-	-
Transportation.....	50	421,190	-	-
Human Services.....	1,477,041	11,235	-	-
Education, Libraries and Museums.....	1,442,821	244,198	-	-
Corrections.....	354,603	3,585	-	-
Judicial.....	158,852	1,969	-	-
Federal and Other Grants.....	473,028	58,013	-	-
Intergovernmental.....	68,312	-	-	-
Capital Projects.....	-	-	-	832,561
Debt Service:				
Principal Retirement.....	122,607	58,980	19,615	-
Interest and Fiscal Charges.....	87,791	39,962	55,775	-
Total Expenditures.....	5,699,265	1,600,040	75,390	832,561
Excess (Deficiency) of Revenues Over Expenditures.....	(61,068)	(68,069)	(70,187)	(401,928)
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds.....	-	391,026	-	668,168
Operating Transfers In.....	255,043	55,700	120,501	1,698
Operating Transfers Out.....	(413,922)	(356,630)	(941)	(103,956)
Capital Lease Obligations.....	7,928	-	-	-
Total Other Financing Sources (Uses).....	(150,951)	90,096	119,560	565,910
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(212,019)	22,027	49,373	163,982
Fund Balances (deficit) - July 1 (as adjusted)	244,339	445,154	159,802	(110,326)
Residual Equity Transferred Out.....	-	(21,145)	-	(8,022)
Changes in Inventory and Prepaid Expenses.....	7,769	925	-	-
Fund Balances (deficit) - June 30.....	\$ 40,089	\$ 446,961	\$209,175	\$ 45,634

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

Fiduciary Fund Type	Total (Memorandum only)
Expendable Trust	
\$210,927	\$4,776,063
148	330,950
-	1,756,433
-	65,051
-	25,177
55,292	105,482
-	697,672
50,832	166,375
317,199	7,923,203
-	38,453
88,050	1,075,905
236,773	549,132
-	133,746
-	802,655
-	421,240
-	1,488,276
33	1,687,052
-	358,188
-	160,821
-	531,041
-	68,312
-	832,561
-	201,202
-	183,528
324,856	8,532,112
(7,657)	(608,909)
-	1,059,194
1,101	434,043
(2,907)	(878,356)
-	7,928
(1,806)	622,809
(9,463)	13,900
622,009	1,360,978
(6,651)	(35,818)
-	8,694
\$605,895	\$1,347,754

STATE OF CONNECTICUT
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
General and Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes, Including Interest, Net of Refunds.....	\$4,206,400	\$4,236,806	\$ 30,406
Other Revenues:			
Motor Vehicle Receipts.....	-	-	-
Licences, Permits and Fees.....	70,700	71,938	1,238
Intergovernmental.....	757,450	759,489	2,039
Charges for Services.....	46,900	47,220	320
Fines, Forfeits and Rents.....	14,700	14,769	69
Investment Earnings.....	5,900	5,863	(37)
Miscellaneous.....	371,900	374,477	2,577
Total Revenues.....	5,473,950	5,510,562	36,612
Expenditures:			
Legislative.....	31,772	30,579	1,193
General Government.....	354,929	325,346	29,583
Regulation and Protection.....	182,843	168,731	14,112
Natural Resources and Recreation.....	59,608	56,858	2,750
Health and Hospitals.....	683,290	668,632	14,658
Transportation.....	67	50	17
Human Services.....	1,408,940	1,404,055	4,885
Education, Libraries and Museums.....	1,688,494	1,655,113	33,381
Corrections.....	305,811	296,918	8,893
Judicial.....	119,686	117,700	1,986
Non Functional.....	913,929	873,245	40,684
Appropriations Lapsed.....	(152,141)	-	(152,141)
Total Expenditures.....	5,597,228	5,597,227	1
Excess (Deficiency) of Revenues Over Expenditures.....	(123,278)	(86,665)	36,613
Other Financing Sources (Uses):			
Federal and Other Restricted Sources.....	-	467,802	467,802
Federal and Other Restricted Uses.....	-	(471,256)	(471,256)
Net Restricted Sources (Uses).....	-	(3,454)	(3,454)
Reserve for Debt Service.....	-	-	-
Transfers Between Funds.....	-	-	-
Appropriated Reserve.....	63,027	63,027	-
Miscellaneous Adjustments.....	-	(928)	(928)
Total Other Financing Sources (Uses).....	63,027	58,645	(4,382)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses..	\$ (60,251)	(28,020)	\$ 32,231
Budgetary Fund Balances - July 1.....		379,661	
Changes in Reserves.....		(86,523)	
Statutory Transfer from Budget Reserve.....		28,020	
Budgetary Fund Balances - June 30.....		\$ 293,138	

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

Budgeted Special Revenue Funds			Total(Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 318,400	\$ 315,661	\$ (2,739)	\$4,524,800	\$4,552,467	\$ 27,667
147,300	147,217	(83)	147,300	147,217	(83)
74,700	74,559	(141)	145,400	146,497	1,097
10,300	10,296	(4)	767,750	769,785	2,035
-	-	-	46,900	47,220	320
495	539	44	15,195	15,308	113
33,000	29,335	(3,665)	38,900	35,198	(3,702)
-	-	-	371,900	374,477	2,577
584,195	577,607	(6,588)	6,058,145	6,088,169	30,024
-	-	-	31,772	30,579	1,193
2,894	2,228	666	357,823	327,574	30,249
-	-	-	182,843	168,731	14,112
517	517	-	60,125	57,375	2,750
-	-	-	683,290	668,632	14,658
332,425	318,307	14,118	332,492	318,357	14,135
2,817	2,666	151	1,411,757	1,406,721	5,036
206,713	204,725	1,988	1,895,207	1,859,838	35,369
-	-	-	305,811	296,918	8,893
-	-	-	119,686	117,700	1,986
261,904	223,695	38,209	1,175,833	1,096,940	78,893
(52,981)	-	(52,981)	(205,122)	-	(205,122)
754,289	752,138	2,151	6,351,517	6,349,365	2,152
(170,094)	(174,531)	(4,437)	(293,372)	(261,196)	32,176
-	32,883	32,883	-	500,685	500,685
-	(33,094)	(33,094)	-	(504,350)	(504,350)
-	(211)	(211)	-	(3,665)	(3,665)
(16,478)	(16,478)	-	(16,478)	(16,478)	-
(123)	7,671	7,794	(123)	7,671	7,794
-	-	-	63,027	63,027	-
-	(131)	(131)	-	(1,059)	(1,059)
(16,601)	(9,149)	7,452	46,426	49,496	3,070
<u>\$(186,695)</u>	<u>(183,680)</u>	<u>\$ 3,015</u>	<u>\$ (246,946)</u>	<u>(211,700)</u>	<u>\$ 35,246</u>
	610,912			990,573	
	16,029			(70,494)	
	-			28,020	
	<u>\$ 443,261</u>			<u>\$ 736,399</u>	

STATE OF CONNECTICUT
Combined Statement of Revenues, Expenses and Changes in
Retained Earnings/Fund Balances
All Proprietary Fund Types and Similar Trust Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Total
	Enterprise	Internal Service	Pension Trust	Nonexpendable Trust	(Memorandum only)
Operating Revenues:					
Charges for Services.....	\$118,299	\$78,394	\$ -	\$ -	\$ 196,693
Participants' Contributions.....	-	-	137,228	-	137,228
State Contribution.....	-	-	617,662	-	617,662
Interest on Financing Activities.....	378,236	-	-	-	378,236
Investment Earnings.....	-	-	481,996	4,900	486,896
Non-State Contributions.....	-	-	20,101	-	20,101
Miscellaneous.....	5,365	-	49,814	14	55,193
Total Operating Revenues.....	501,900	78,394	1,306,801	4,914	1,892,009
Operating Expenses:					
Cost of Sales and Services.....	-	28,326	-	-	28,326
Personal Services.....	24,564	18,811	-	-	43,375
Contractual Services.....	58,738	10,455	-	-	69,193
Materials and Supplies.....	1,260	2,467	-	-	3,727
Heat, Light and Power.....	2,153	844	-	-	2,997
Depreciation and Amortization.....	15,438	11,271	-	-	26,709
Benefit Payments and Refunds.....	-	-	408,565	-	408,565
Interest on Financing Activities.....	322,973	-	-	-	322,973
Other Program Expenses.....	21,796	2,766	806	232	25,600
Total Operating Expenses.....	446,922	74,940	409,371	232	931,465
Operating Income (Loss).....	54,978	3,454	897,430	4,682	960,544
Nonoperating Revenues (Expenses):					
Interest and Investment Income.....	10,373	-	-	-	10,373
Other.....	(14,594)	-	-	-	(14,594)
Interest and Fiscal Charges.....	(38,534)	-	-	-	(38,534)
Total Nonoperating Income (Expense).....	(42,755)	-	-	-	(42,755)
Income Before Operating Transfers.....	12,223	3,454	897,430	4,682	917,789
Operating Transfers In (Out):					
Operating Transfers In.....	225	-	-	419	644
Operating Transfers Out.....	(1,303)	(14)	-	(3,506)	(4,823)
Net Income.....	11,145	3,440	897,430	1,595	913,610
Retained Earnings/Fund Balances -					
July 1 (as adjusted).....	300,019	18,550	5,844,174	54,183	6,216,926
Residual Equity Transferred In.....	27,796	-	-	-	27,796
Retained Earnings/Fund Balances - June 30.....	338,960	21,990	6,741,604	55,778	7,158,332
Contributed Capital - July 1 (as adjusted).....	60,217	8,780	-	-	68,997
Intergovernmental Contributions.....	782	-	-	-	782
Residual Equity Transferred In.....	-	8,022	-	-	8,022
Contributed Capital - June 30.....	60,999	16,802	-	-	77,801
Fund Equity - June 30.....	\$399,959	\$38,792	\$6,741,604	\$55,778	\$7,236,133

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

STATE OF CONNECTICUT
Combined Statement of Cash Flows
All Proprietary and Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income (Loss).....	\$ 11,145	\$ 3,440	\$ 1,595	\$ 16,180
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Amortization and Depreciation.....	15,438	11,271	-	26,709
Unrealized loss on investments.....	479	-	-	479
Realized (gain) loss on investments.....	2,544	-	(3,826)	(1,282)
(Increase) decrease in interest and other receivables.....	(3,679)	(1,069)	(138)	(4,886)
(Increase) decrease in due from other funds.....	8,609	2,852	(252)	11,209
(Increase) decrease in due from other governments.....	(259)	39	-	(220)
Increase (decrease) in accounts payable and other accrued liabilities.....	(13,813)	(7,582)	-	(21,395)
Increase (decrease) in due to other funds.....	(5,169)	(2,796)	(182)	(8,147)
Other-net.....	(1,191)	(301)	-	(1,492)
Issuance of loans, notes and installment contracts receivable.....	(444,017)	-	-	(444,017)
Collection of loans, notes and installment contracts receivable.....	340,553	-	-	340,553
Net cash provided by (used in) operating activities.....	(89,360)	5,854	(2,803)	(86,309)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase in escrow deposits.....	5,566	-	-	5,566
Transfer of assets from the State.....	27,796	-	-	27,796
Net proceeds from sale of bonds and notes.....	463,440	-	-	463,440
Retirement of bonds payable.....	(334,763)	-	-	(334,763)
Net cash provided by (used in) noncapital financing activities.....	162,039	-	-	162,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Additions to fixed assets.....	(19,760)	(7,611)	-	(27,371)
Proceeds from sale of bonds and notes.....	173,958	24	-	173,982
Increase in contributed capital.....	782	8,022	-	8,804
Retirement of bonds and notes.....	(7,395)	-	-	(7,395)
Net cash provided by (used in) capital and related financing activities.....	147,585	435	-	148,020
CASH FLOWS FROM INVESTING ACTIVITIES:				
Transfer of notes receivable from State.....	(11,393)	-	-	(11,393)
Proceeds from sales of investment securities.....	416,436	-	-	416,436
Purchases of investment securities.....	(587,217)	-	-	(587,217)
Increase in restricted assets.....	(131,520)	-	-	(131,520)
Decrease in other assets.....	4,068	-	-	4,068
Net cash provided by (used in) investing activities.....	(309,626)	-	-	(309,626)
Increase (decrease) in cash.....	(89,362)	6,289	(2,803)	(85,876)
Cash and cash equivalents, July 1.....	358,614	(2,101)	8,865	365,378
Cash and cash equivalents, June 30.....	\$ 269,252	\$ 4,188	\$ 6,062	\$ 279,502

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

STATE OF CONNECTICUT
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Higher Education and University Hospital Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Current Funds		Hospital	Endowment and	Loan
	Unrestricted	Restricted	Funds	Similar Funds	Funds
Revenues and Other Additions:					
Student Tuition and Fees.....	\$123,016	\$ -	\$ -	\$ -	\$ -
Patient Service Revenue.....	35,827	-	73,971	-	-
Federal Grants and Contracts.....	8,996	45,554	-	-	-
Private Gifts, Grants and Contracts.....	3,320	10,700	-	36	105
Sales and Services.....	82,623	-	-	-	-
Investment Earnings.....	-	538	-	-	45
Endowment Income.....	-	571	-	15	-
Interest on Loans Receivable.....	-	-	-	-	441
Expended for Plant Facilities.....	-	-	-	-	-
Retirement of Indebtedness.....	-	-	-	-	-
Realized Gains on Investments.....	-	-	-	68	-
Miscellaneous.....	18,409	5,563	-	19	600
Total Revenues and Other Additions	272,191	62,926	73,971	138	1,191
Expenditures and Other Deductions:					
Education and General:					
Instruction.....	241,670	16,797	-	-	-
Research.....	9,332	55,014	-	-	-
Public Service.....	9,555	4,182	-	-	-
Academic Support.....	78,716	2,497	-	-	-
Student Services.....	32,168	2,854	-	-	-
Institutional Support.....	99,834	5,859	-	-	-
Independent Operations.....	607	40	-	-	-
Scholarships and Fellowships.....	14,391	5,829	-	-	-
Plant Operations and Maintenance.....	53,417	900	-	-	-
Auxiliary Enterprises.....	60,608	-	-	-	-
Hospital.....	28,757	-	80,501	-	-
Loan Cancellations and Write-offs.....	-	-	-	-	869
Interest on Indebtedness.....	-	-	-	-	-
Capital Expenditures.....	-	-	-	-	-
Disposal of Plant Facilities.....	-	-	-	-	-
Administrative Costs.....	-	-	-	-	154
Retirement of Indebtedness.....	-	-	-	-	-
Other.....	539	691	62	-	9
Total Expenditures and Other Deductions	629,594	94,663	80,563	-	1,032
Transfers Among Funds - Additions (Deductions)					
Mandatory:					
Retirement of Indebtedness.....	(5,285)	-	-	-	-
Work Study Matching Grant.....	(229)	229	-	-	-
Current Funds.....	-	-	-	17	-
Other Interfund Transfers.....	529	(546)	-	-	-
Nonmandatory:					
Other.....	(7,700)	2,387	5,005	-	308
Total Transfers Among Funds	(12,685)	2,070	5,005	17	308
Operating transfers from the State's governmental funds.....	382,357	30,230	-	-	178
Net Increase (Decrease) in Fund Balances	12,269	563	(1,587)	155	645
Fund Balances (deficit), July 1 (as adjusted)	90,518	22,143	3,922	2,661	24,912
Fund Balances (deficit), June 30	\$102,787	\$22,706	\$ 2,335	\$2,816	\$25,557

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

Plant Funds			
Unexpended	Retirement of Indebtedness	Investment in Plant	Total
\$ -	\$ -	\$ -	\$ 123,016
-	-	-	109,798
-	-	-	54,550
-	-	-	14,161
-	-	-	82,623
-	2,135	-	2,718
-	-	-	586
-	-	-	441
-	-	41,110	41,110
-	-	590	590
-	-	-	68
-	19	4,490	29,100
-	2,154	46,190	458,761
-	-	-	258,467
-	-	-	64,346
-	-	-	13,737
-	-	-	81,213
-	-	-	35,022
-	-	-	105,693
-	-	-	647
-	-	-	20,220
-	-	-	54,317
-	-	-	60,608
-	-	-	109,258
-	-	-	969
-	79	2	81
35,699	-	-	35,699
-	-	202	202
-	-	-	154
-	2,488	-	2,488
-	-	23,551	24,852
35,699	2,567	23,755	867,873
-	5,276	9	-
-	-	-	-
-	-	-	17
-	-	-	(17)
-	-	-	-
-	5,276	9	-
35,699	28	-	448,492
-	4,891	22,444	39,380
-	25,488	853,970	1,023,614
\$ -	\$30,379	\$876,414	\$1,062,994

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**STATE OF CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
(Dollars in thousands unless otherwise stated)
JUNE 30, 1989**

Note 1

**SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

A. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The financial statements of the higher education and university hospital funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of Colleges and Universities Business Officers (NACUBO).

B. Financial Reporting Entity

In conformance with generally accepted accounting principles, the accompanying financial statements of the State of Connecticut include all funds, account groups, departments and agencies of the State as well as authorities, commissions and other organizations over which the State exercises oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the State's ability to exercise oversight responsibility. The most significant evidence of this ability is financial interdependency. Other evidence of the ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the State and/or its citizens or is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the State is able to exercise oversight responsibilities.

Based upon these criteria, the following organizations, in addition to those currently included in the State's legal financial report, have been included for financial reporting purposes:

Public Authorities

Connecticut Development Authority, Connecticut Housing Finance Authority and Connecticut Resources Recovery Authority - These authorities are classified as enterprise funds in the financial statements. The Connecticut Housing Finance Authority's financial statement reporting period is for the fiscal year ending December 31, 1988.

Other

Teacher's Retirement System - This retirement system is classified as a pension trust fund in the financial statements. See Note 9 for a detailed description of this system.

Bradley International Airport (Trustee Activities) - The trustee activities of the airport are classified as an enterprise fund in the financial statements.

The following have been excluded from the reporting entity:

Foundations and Organizations of the State's System of Higher Education

Certain independent foundations and organizations of the State system of Higher Education are not included in the State's financial reporting entity. Of these foundations, the largest is the University of Connecticut Foundation, Inc., which is a separately incorporated not-for-profit entity, organized exclusively for the purpose of promoting, encouraging and assisting all forms of education and research at the University of Connecticut. The Foundation solicits and accepts donations and disburses funds derived from these donations in aiding the University. Summarized financial information from the financial statements of the Foundation is shown separately in note 20. The foundation and other organizations of the State system of higher education are excluded from the State's reporting entity because the State does not have the ability to exercise influence over their daily operations, approve budgets or provide funding.

The Connecticut Alternate Retirement Program (CARP)

CARP was established in 1976 and is funded through individually owned annuities issued by the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). TIAA is an insurance company and CREF is an investment company. CARP is excluded from the State's reporting entity because the State does not have the ability to exercise oversight responsibility. The State's only responsibility with respect to CARP is to make contributions as required by statute.

C. Fund Accounting

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

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial reporting purposes, individual funds are classified into four fund categories: governmental funds, proprietary funds, fiduciary funds and higher education and university hospital funds.

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

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

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

Governmental Funds

1. General Fund - The General Fund is the general operating fund of the State. It is used to account for all financial resources obtained and spent for those services normally provided by the State (e.g. health, social assistance, education, etc.), which are not accounted for in other funds.
2. Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, major capital projects and higher education and university hospital sources) that are legally restricted to expenditures for specified purposes. For example, motor fuel taxes levied to fund Department of Transportation costs.
3. Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term bonds.
4. Capital Projects Funds - These funds are used

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

Proprietary Funds

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

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations or other funds. These funds include expendable trust, non-expendable trust, pension trust and agency funds. Non-expendable trust and pension trust funds are accounted for in the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups

1. General Fixed Asset Account Group - This account group includes all the fixed assets (excluding infrastructure) that are not accounted for in the proprietary funds and higher education and university hospital funds.
2. General Long-Term Obligation Account Group - This account group includes the unmatured portion of the long-term general obligation debt which is to be financed from governmental funds. Also included in this group are long-term liabilities resulting from capital lease obligations, unfunded pension obligations,

workers' compensation claims, and accumulated unpaid vacation and sick pay.

Higher Education and University Hospital Funds

The financial activities of the State's higher education institutions and the university hospital are accounted for in these funds. The financial statements of these funds are presented in accordance with generally accepted accounting principles for colleges and universities as prescribed by the National Association of Colleges and University Business Officers (NACUBO). These funds are presented in a separate column within the combined financial statements. The following fund categories are included:

1. Current Funds - These funds are used to account for resources which will be expended in the near future for operating purposes. Included in the current fund category are unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with external restrictions.
2. Hospital Funds - These funds account for the revenues and expenditures relating to the operations of the University hospital and dental clinics.
3. Endowment Funds - These funds account for gifts which are restricted as to principal by the donor.
4. Loan Funds - These funds are used to account for loans to students, faculty or staff and for resources available for such purposes.
5. Plant Funds - These funds account for resources which have been or will be used for institutional property acquisition, renewal and replacement, and resources accumulated for the retirement of debt associated with institutional properties.
6. Agency Funds - These funds account for funds held by an institution as custodian or fiscal agent for others such as student organizations, individual students or faculty members.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus, as described as follows.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. All governmental funds and expendable trust funds are accounted for using a current finan-

cial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual (i.e. both measurable and available). The word "available" means that the revenue is collectible within the current period or soon enough thereafter to pay current period liabilities. Major revenue sources which are treated as susceptible to accrual, under this definition, are taxes including sales and use taxes, capital gain taxes, public service corporation taxes, motor fuel taxes, cigarette taxes, oil company taxes and alcoholic beverage taxes. Revenues from federal grants are recognized when the related expenditure has been incurred.

Expenditures under the modified accrual basis of accounting are recognized when the related liability is incurred. Exceptions to this rule are: (1) principal and interest on general long-term debt which is recognized when due, (2) obligations of an employee's vested annual leave and sick leave which are recorded as expenditures when paid and (3) inventories which may be considered expenditures when purchased.

The accrual basis of accounting with a flow of economic resources measurement focus is utilized in the proprietary funds, non-expendable trust funds, pension trust funds and the higher education and university hospital funds. Under this accounting basis, revenues are recognized when earned and expenses are recognized when incurred. Exceptions to this rule occur in the higher education and university hospital funds. Revenues and expenditures of an academic term which is conducted over a fiscal year should be reported totally within the fiscal year in which the program is predominately conducted and depreciation expense related to plant fund assets is not recorded.

E. Budgeting Process

By statute, the Governor must submit the State budget to the General Assembly in February of each year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next fiscal year and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Soldiers, Sailors and Marines Fund, the Regional Market Operations Fund and the Education Excellence Trust 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 level of line item appropriations by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary since the level of legal control is more detailed than reflected in the CAFR. Before an

agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purposes by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. Expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act is maintained by the allotment process.

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

All funds except fiduciary funds use encumbrance accounting. Using this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and generally, all

appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carry forwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carried-forward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received except, in the General and Transportation Funds, for certain taxes and Federal and other restricted grant revenues which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for all governmental funds for which a budget is legally adopted.

The following schedule reconciles the original budgeted revenue and appropriations to the final adjusted numbers for the General Fund and all budgeted special revenue funds:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Original budgeted revenues	\$5,547,550	\$566,895
Budgetary increases (decreases)	(73,600)	17,300
Revenues, as adjusted	<u>\$5,473,950</u>	<u>\$584,195</u>
Original Appropriation	\$5,610,548	\$745,648
Deficiency appropriation bill	53,996	33,457
Change in estimated lapses	(70,081)	(49,481)
Miscellaneous legally authorized adjustments	2,765	24,665
Appropriations, as adjusted	<u>\$5,597,228</u>	<u>\$754,289</u>

F. Budgetary vs GAAP Basis of Accounting

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

1. Revenues are recorded when received in cash except for certain year-end tax accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis) (see note 1D).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis) (see note 1D).
3. For budgetary reporting purposes, continuing appropriations are included with expenditures to determine the budgetary surplus or deficit, because they are considered uses of spending

authority for the fiscal year. But under the GAAP basis, continuing appropriations are not included as expenditures.

4. For budgetary purposes, the use of a prior year reserved fund balance is considered another financing source.
5. The Budget Reserve Fund, a special revenue fund under the budgetary basis, is reclassified as part of the General Fund under the GAAP basis.
6. Certain special revenue funds are not subject to legal budgets.

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

<u>Financial Statements Fund Types</u>	<u>General</u>	<u>Special Revenue</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budgetary basis)	\$(28,020)	\$(183,680)
Basis Adjustments:		
Increases (decreases) in revenue accruals:		
Governmental Receivables	6,348	(592)
Other Receivables	(17,722)	890
(Increases) decreases in expenditure accruals:		
Accounts Payable	(55,848)	1,971
Salaries and Fringe Benefits Payable	22,575	3,814
Other Liabilities	(3,660)	576
Increase (decrease) in Continuing Appropriations	1,085	(29,707)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)-budgetary classifications	(75,242)	(206,728)
Perspective adjustment:		
To eliminate prior period reserved fund balance used as other financing source	(63,027)	-0-
Entity adjustments:		
To record excess (deficiency) of revenues and other sources over expenditures and other uses for nonbudgeted funds	(73,750)	228,755
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	\$(212,019)	\$ 22,027

G. Assets and Liabilities

Cash and Cash Equivalents

In addition to petty cash and bank accounts, this account includes cash held in highly liquid, short-term investments (see Note No. 3). Short-term investments are carried at cost.

Investments

Investments in the debt service, enterprise, and higher education and university hospital funds are carried at cost or amortized cost. Investments in the trust and agency funds, except for the deferred compensation fund (an agency fund), represent investments in the pension and other trust funds (see Note No. 3). Investments in the deferred compensation fund are carried at market.

Inventories

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

Fixed Assets and Depreciation

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

Fixed assets in the enterprise and internal service funds are carried at cost. Interest costs incurred during construction at Bradley International Airport are capitalized as part of the assets. Depreciation of buildings, land improvements, and machinery and equipment is determined using the straight-line method and is based upon the asset's estimated useful life.

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

Deferred Revenues

This liability account represents cash received by the State before the State has a legal claim to it (e.g. grant monies which are received before the incurrence of the qualifying expenditures). In subsequent years, when the State has a legal claim to this cash, the liability for

deferred revenues is removed from the balance sheet and revenue is recognized.

Capital Appreciation Bonds

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

Other Long-term Obligations

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

Vacation and sick policy is as follows. Employees hired on or before June 30, 1977 can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination, 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, for an amount equal to one-fourth of his accrued sick leave up to a maximum payment equivalent to sixty days.

H. Fund Equity

Contributed Capital

The amount of permanent fund capital in the enterprise and internal service funds which is contributed from general government and other governmental entities.

Reserved Retained Earnings

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

Reserved Fund Balances

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

I. Revenues, Expenditures and Expenses Taxes

Certain major tax revenues are not susceptible to accrual and are recognized as revenue when the cash is collected. These revenues include corporate income taxes, the capital gain, dividend and interest taxes, and the inheritance and estate taxes.

Licenses, Permits and Fees

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

Interfund Transactions

Interfund transactions are recorded as follows:

- (1) Transfers which are from funds that are receiving revenues to funds in which the resources

are to be expended are classified as operating transfers.

- (2) Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are treated similarly by the funds of the State.
- (3) Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and as a reduction of the expenditures or expenses of the reimbursed fund.
- (4) Non-recurring or non-routine transfers of equity between funds and contributions to the capital of proprietary funds are classified as equity transfers.

J. Total Columns on Combined Statements

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

Note 2 FUND DEFICITS

The following funds have deficit balances at June 30, 1989 in either retained earnings or fund balances:

Special Revenue

Education Excellence \$4,242

Capital Projects

Infrastructure \$23,333

Enterprise

Rental Housing \$51,993
Vocational Education \$479

Internal Service

Correction Industries \$3,453

Note 3 CASH DEPOSITS AND INVESTMENTS

Cash deposits

For purposes of this disclosure, cash deposits include bank deposits, certificates of deposit and restricted cash (see note No. 7). As of June 30, 1989, the carrying amount of the State's total cash deposits was \$1,573,627 and the corresponding bank balances were \$1,693,861. Bank deposits were insured in the amount of \$1,057,432 by the Federal Deposit Insurance Corporation and \$636,429 were uninsured and uncollateralized. However, such uninsured and uncollateralized deposits are protected against possible losses by State statute except for certificates of deposit held in out-of-state

banks. This statute requires banks holding public deposits to segregate collateral from its other assets in either the bank's trust department or in such manner as designated by the banking commissioner up to a maximum of 3% of the bank's average public deposits for the preceding four reporting periods.

Investments

As of June 30, 1989, the State's investments include the following:

- short-term investments
- long-term investments
- other investments
- restricted investments

Short-term investments include investments in the following:

- State's short-term pooled investment funds
- Tax exempt proceeds fund (money market fund)
- Repurchase agreements with original maturities of three months or less

The State's short-term pooled investment funds are available for use by the State's funds and agencies, public authorities, and municipalities. The State's statutes authorize these pooled investment funds to be invested in United States government and agency obligations, United States Postal Service obligations, certificates of deposits, commercial paper, corporate bonds, savings accounts, bank acceptances, student loans, and repurchase agreements. These pooled investment funds are not displayed on the combined financial statements except for disclosures made in this note. Instead, each fund type's investment in the pooled investment funds is reported as cash equivalents on the combined balance sheet. Investments in the tax exempt proceeds fund and repurchase agreements are also reported as cash equivalents on the combined balance sheet.

Long-term investments include investments in the State's long-term pooled investment funds. These pooled investment funds are available for use by the pension and other trust funds. State statutes authorize these pooled investment funds to be invested in corporate stock, corporate debt, United States securities, real estate, home mortgages, and other investment instruments. There is a restriction that not more than fifty percent of book value of the pension and other trust fund investment can consist of common stock. These pooled investment funds are not displayed on the combined financial statements except for disclosures

made in this note. Instead, each fund type's equity in the pooled investment funds is reported as investments on the combined balance sheet.

Other investments include investments not held in the State's pooled investment funds. These investments are held by the debt service, enterprise, agency, and the higher education and university hospital funds. These funds are authorized to invest in United States securities, repurchase agreements, mutual funds, and other investment instruments. Other investments are reported as investments on the combined balance sheet. Restricted investments include investments that are restricted by legal or contractual requirements. These investments are held by certain enterprise funds (e.g. public authorities). These enterprise funds are authorized to invest in the State's short-term investment fund, United States securities, repurchase agreements and other investment instruments. Restricted investments are reported as restricted assets on the combined balance sheet.

On the following page is a schedule disclosing the carrying amount and market value of the State's investments, including investments held by the State's pooled investment funds, in total and by investment type as of June 30, 1989. Further, the carrying amount of these investments is categorized by credit risk to indicate the level of risk assumed by the State in holding these investments. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

Carrying Amount

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>	<u>Market Value</u>
Common Stock	\$2,794,715	\$ —	\$ 613	\$2,795,328	\$3,293,317
Corporate Debt	1,241,140	—	635	1,241,775	1,267,778
Repurchase Agreements	451,820	184,824	5,400	642,044	642,044
U.S. Securities	900,601	843,103	—	1,743,704	1,816,449
Mortgages	247,491	—	—	247,491	246,831
Other	86,496	34,376	4,449	125,321	125,529
	<u>\$5,722,263</u>	<u>\$1,062,303</u>	<u>\$11,097</u>	6,795,663	7,391,948

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

Real Estate	934,835	1,053,116
Limited Partnerships	148,996	159,455
Deferred Compensation Plan Mutual Investments	136,374	136,374
Tax Exempt Proceeds Fund	32,358	32,358
Other	<u>33,097</u>	<u>33,097</u>

Total Investments	<u>\$8,081,323</u>	<u>\$8,806,348</u>
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The pension trust funds own approximately 85 percent of the investments that are in category 1 and the enterprise funds (public authorities) own 97 percent of the investments that are in category 2.

balance sheet as cash equivalents and restricted assets, respectively. Therefore, the total carrying amount of investments disclosed on this note is different than the total carrying amount of investments reported on the combined balance sheet.

As explained earlier in this note, short-term and restricted investments are reported on the combined

Following is a reconciliation of the two different investment amounts as of June 30, 1989:

Investments as disclosed in this note	\$8,081,323
Less: Short-term investments reported in the combined balance sheet as cash equivalents	181,888
Restricted investments reported in the combined balance sheet as restricted assets (see Note No. 7)	<u>578,903</u>
Investments as reported on the combined balance sheet	<u>\$7,320,532</u>

Note 4**TAXES RECEIVABLE**

Taxes receivable consisted of the following as of June 30, 1989:

	Funds	
	<u>General</u>	<u>Special Revenue</u>
Sales and Use	\$300,728	\$ —
Capital Gains	22,056	—
Cigarette	7,887	—
Alcoholic Beverage	5,349	—
Public Service Corporations	32,344	—
Inheritance and Estate Tax	4,791	—
Gasoline and Special Fuel Petroleum	7,631	26,647
Motor Carrier	—	2,635
	<u> </u>	<u> </u>
Taxes Receivable	<u>\$380,786</u>	<u>\$29,282</u>

Note 5**LOANS RECEIVABLE**

Loans receivable consisted of the following as of June 30, 1989:

	Funds			
	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>Higher Education and University Hospital</u>
Mortgage	\$ —	\$1,826,087	\$ —	\$ —
Housing	89,579	105,474	—	—
Student	—	—	—	24,952
Other	48,742	—	11	127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Less:				
Allowance For Losses	—	4,798	—	1,077
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loans Receivable Net	<u>\$138,321</u>	<u>\$1,926,763</u>	<u>\$ 11</u>	<u>\$24,002</u>

The mortgage loan program consists of home, multifamily and construction loan mortgages made by the Connecticut Housing Finance Authority. Most loans are insured by the Federal Housing Administration or by private mortgage insurance companies. In addition, home mortgage loans are guaranteed up to certain amounts by the Veterans Administration. Permanent

loans earn interest at rates ranging from 1% to 13.5% and have initial terms of 10 to 40 years. Construction loans earn interest at rates ranging from 8.75% to 10%. Upon completion of each development, the related permanent mortgage loan, which will generally be provided by the Authority, will be payable over 30 to 40 years at annual interest rates ranging from 8.75% to 10%.

Note 6**NOTES RECEIVABLE**

Notes receivable consist of loans made by the Connecticut Development Authority to participant companies within the State to finance the purchase of land, building and equipment. These notes and installment contracts receivable are collateralized by assets acquired from the proceeds of the related loans. These receivables have original terms of 7 to 25 years and earn interest at rates ranging from 3.75% to 14.53%.

As of June 30, 1989 loans in the amount of \$117,369 (including loans of \$7,263 made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of \$13,511 at year end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

Note 7**RESTRICTED ASSETS**

Restricted assets are defined as resources which are restricted by legal or contractual requirements. As of June 30, 1989, restricted assets in the enterprise funds are comprised of the following:

	Bradley Int'l Airport	Connecticut Housing Finance Authority (12-31-88)	Connecticut Resource Recovery Authority	Total
Cash	\$ —	\$ —	\$ 229	\$ 229
Investments	43,746	294,820	240,337	578,903
Interest Receivable	621	4,957	5,586	11,164
TOTAL	<u>\$44,367</u>	<u>\$299,777</u>	<u>\$246,152</u>	<u>\$590,296</u>

Investments are carried at cost except for investments of the Connecticut Housing Finance Authority which are carried at the lowest of face value, cost or market. (See Note 3 for additional deposit and investment disclosures).

Note 8**PROPERTY, PLANT AND EQUIPMENT**

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

	Balance 7/1/88	Additions	Retirements	Completed Construction	Balance 6/30/89
Land	\$ 193,607	\$ 16,841	\$ 932	\$ —	\$ 209,516
Building	598,438	3,156	17,004	45,273	629,863
Improvements					
Other Than Buildings	79,470	15,133	8,708	—	85,895
Machinery and Equipment	504,757	59,636	55,609	—	508,784
Construction in Progress	212,150	92,132	—	(45,273)	259,009
Total	<u>\$1,588,422</u>	<u>\$186,898</u>	<u>\$82,253</u>	<u>\$ —</u>	<u>\$1,693,067</u>

(2) Property, plant and equipment for enterprise, internal service, and higher education funds consisted of the following as of June 30, 1989:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Higher Education and University Hospital</u>
Land	\$ 19,203	\$ —	\$ 20,753
Building	142,453	—	499,752
Improvements Other Than Buildings	65,916	107	34,399
Machinery and Equipment	153,418	64,493	315,121
Construction in Progress	14,333	—	42,912
Total	395,323	64,600	912,937
Less Accumulated Depreciation	24,663	35,773	—
Net Total	<u>\$370,660</u>	<u>\$28,827</u>	<u>\$912,937</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Buildings	20-40 years
Land Improvements	5-40 years
Machinery and Equipment	5-20 years

Note 9 RETIREMENT SYSTEMS

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

Plan Descriptions

- o State Employees' Retirement System (SERS) is the administrator of a single-employer defined benefit PERS established in 1939 and governed by Sections 5-152 to 5-192 of the General Statutes. SERS provides coverage to substantially all full-time employees who are not eligible for another State sponsored plan. Employees are covered under one of two tiers. Tier I is a contributory plan and Tier II is a noncontributory plan. Members who joined the retirement system prior to July 1, 1984 are

enrolled in Tier I. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of credited service or at age 55 with 10 years of credited service with reduced benefits are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the average annual earnings (which are based on the three highest-paid years of service) over \$4,800 plus 1% of \$4,800 for each year of credited service. Tier II employees who retire at or after age 60 with 25 years of service, or at age 62 with 10 years of service, or at age 70 with 5 years of service or at age 55 with 10 years of service with reduced benefits are entitled to one and one third percent of the average annual earnings plus one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement, for each year of credited service. All Tier I and II members are vested after ten years of service and both plans provide for death and disability benefits. The payroll for employees covered by the SERS for the year ended June 30, 1989 was \$1,583.0 million while the State's total payroll was \$1,830.5 million.

- o Teachers' Retirement System (TRS) is the administrator of a single-employer defined benefit PERS with the State acting as a nonemployer contributor, established in 1981 and governed by Section 10-183 of the General Statutes. TRS provides coverage to teachers

employed by public schools in Connecticut. After completion of ten years of service, a member's rights to the defined benefit is vested and early retirement benefits may be elected. Members may draw a full retirement annuity after 35 years of service if before age 60; at age 60 if after 20 years of service and before 35 years of service; with 20 years of service if after age 60 and before age 70; and at age 70 if after 10 years of service and before 20 years of service. The payroll for employees covered by the TRS for the year ended June 30, 1989 was \$1,370.0 million.

- o Judicial Retirement System (JRS) is a single-employer contributory defined benefit PERS established in 1982 and governed by Sections 51-50 to 51-51 of the General Statutes. The System covers any appointed judge or compensation commissioner in Connecticut. Participants have vested rights to full retirement

benefits at age 65 with 10 years of service credit or before age 65 with 20 years of service credit. Mandatory retirement is at age 70. The payroll for employees covered by the JRS for the year ended June 30, 1989 was \$10.5 million while the State's total payroll was \$1,830.5 million.

Participation in the SERS, TRS, and JRS plans by respective eligible employees is generally required.

Although specific benefits of the above PERS vary by plan, they include periodic annuity payments with automatic annuity increases after retirement, survivors benefits, and under specified conditions, lump sum death benefits. In some plans, group health insurance and disability benefits are provided. Participants who terminate service may receive, upon application, a refund of their total contribution.

The following table summarizes membership by plans:

	SERS	TRS	JRS	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	20,903	13,768	138	34,809
Active plan participants:				
Vested	21,970	26,572	60	48,602
Nonvested	33,598	13,386	101	47,085
Total	55,568	39,958	161	95,687

Funding Status and Progress

The amounts shown as "pension benefit obligations" are standardized measurements that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. The measure is independent of the actuarial funding method used to determine contributions to the systems.

The pension benefit obligations were computed as part of the actuarial valuations performed as of July 1, 1988 for SERS and TRS, and as of October 1, 1988 for JRS. Significant actuarial assumptions used in the valuation include (a) rates of return on investment of present and future assets from 7.5% per year to 8.5% per year, (b) projected salary increases of 5.5% per year to 10.2% per year, (c) cost of living increases of 3% per year to 5.5% per year.

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

	SERS 7/1/88	TRS 7/1/88	JRS 10/1/88	Total
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$1,877.6	\$1,793.9	\$64.5	\$3,736.0
Current employees -				
Accumulated employee con- tributions including allocated investment income	257.6	1,151.6	2.5	1,411.7
Employer -financed vested	2,108.9	3,911.2	24.6	6,044.7
Employer -financed non-vested	306.6	—	15.9	322.5
Total pension benefit obligation	4,550.7	6,856.7	107.5	11,514.9
Net assets available for benefits, at cost (market value \$5,720.2)	2,166.5	3,275.2	21.9	5,463.6
Unfunded pension benefit obligation	\$2,384.2	\$3,581.5	\$85.6	\$6,051.3

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligations occurred during 1988.

Contributions Required and Contributions Made

The systems' funding policies have been established by statute. Employee contributions are based on fixed percentages ranging from 2% to 6% applied to an employee's annual compensation, supplemented by contributions provided by the State. Funding by the State is determined by actuarial valuations as described above. Normal cost is funded on a current basis. The same actuarial assumptions were used to compute both the pension contribution requirements and the pension benefit obligation. The unfunded actuarial accrued liability is being amortized over 40 years for all three plans. Periodic contributions for both normal cost and the amortization of the unfunded

actuarial accrued liability are based on the projected unit credit cost method.

The computation of the pension contribution requirements for 1989 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension cost requirements in previous years. During 1989, legislation was passed which adjusted the assumed rate of interest earned on investments of the TRS to 8 1/2% from the assumed rate of 8% used in the TRS actuarial valuation performed as of July 1, 1988. As a result of this change, the actual contribution made by the TRS was \$20 million less than the amount of the contribution required as calculated in the July 1, 1988 actuarial valuation.

	SERS	TRS (in millions)	JRS	Total
Contributions Made:				
By Employees	\$ 28.7	\$100.1	\$.6	\$129.4
% of Covered Payroll	1.8%	7.3%	5.8%	
By State	\$324.3	\$282.9	\$10.4	\$617.6
% of Current Year Covered Payroll	20.5%	20.6%	99.0%	
Federal and Other Reimbursements	\$ 49.0	—	—	\$ 49.0
Contributions Required:				
Normal Cost	\$125.1	\$151.0	\$ 4.0	\$280.1
Amortization of Unfunded Liability	\$249.2	\$151.9	\$ 6.4	\$407.5

Trend Information

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

Ten-year historical trend information is disclosed on pages 106 - 109 of the State's comprehensive annual financial report.

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

- o Net assets available for benefits, expressed as percentages of the pension obligation applicable to the entity's employees. Analysis of this percentage over time indicates whether the retirement system is becoming financially stronger or weaker.
- o Unfunded pension benefit obligation, expressed as percentages of annual covered payroll. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.
- o Employer contributions expressed as percentages of annual covered payroll.

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

		SERS	TRS	JRS
Net assets available for benefits as a percentage of the pension benefit obligation applicable to the State's employees:	1989	47.6%	47.8%	20.4%
	1988*	45.1%	45.8%	16.0%
	1987	N/A	N/A	N/A
Unfunded pension benefit obligation as a percentage of annual covered payroll:	1989	150.6%	261.4%	815.3%
	1988*	157.1%	286.0%	825.8%
	1987	N/A	N/A	N/A
State's contributions to the pension plan as a percentage of annual covered payroll:	1989	20.5%	20.6%	99.0%
	1988	19.1%	20.3%	102.1%
	1987	21.2%	19.2%	97.8%

*First period for which pension benefit obligations have been calculated in accordance with GASB Statement No. 5.

Other

- o The Connecticut Alternate Retirement Program (CARP) is a single-employer PERS that administers the State's defined contribution plan for unclassified employees and is governed by Section 5-156 of the General Statutes. Unclassified employees at any of the units of the Connecticut State System of higher education are eligible under state law to participate. The State is the only nonemployee contributor to the pension plan. As of June 30, 1989, the pension plan's current membership consisted of 3,404 employees.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits

the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Members' rights in the pension benefits provided under this program vest immediately. An employee that leaves State service is entitled to his or her contributions and the State's contributions. Each employee must contribute 5% of his or her gross earnings to the pension plan. The State is required to contribute an amount equal to 8% of the employees' gross earnings. The covered payroll for employees covered by CARP was \$123.6 million while the State's total payroll was \$1,830.5 million.

During the year the State's required and actual contributions amounted to \$9.9 million, which was 8% of the current-year CARP covered payroll. Employees' required and actual contributions amounted to \$6.2 million which was 5% of the current-year CARP covered payroll.

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

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

- o State Attorney's and Public Defenders Retirement Systems are single employer defined benefit PERS governed by Sections 51-287 and 51-295 of the General Statutes. The systems cover all state attorneys and public de-

fenders who contribute five percent of their salaries toward their retirement. Members of this system have a vested right to receive retirement benefits on a reduced actuarial basis after ten years of service credit. Any state attorney or public defender who has attained the age of sixty-five and who has ten or more years shall receive a retirement salary annually. Retirement salaries are based on (1) one and one-half percent of their annual salary, for those who have completed ten or more but not less than fifteen years of service, (2) three percent of their annual salary for those who have completed fifteen or more but less than twenty years of service, (3) four and one-half percent of their annual salary, for those who have completed twenty or more but less than twenty-five years of service, (4) six percent of their annual salary for those who have completed twenty-five or more years of service.

Note 10

OTHER RETIREMENT SYSTEMS ADMINISTERED BY THE STATE

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

Connecticut Municipal Employees' Retirement System

This system provides retirement benefits to employees (except teachers) of 51 municipalities and 37 housing authorities.

The entire cost is borne by the participating municipalities and their employees through employee contributions of 2.25 to 5.0 percent of salary and contribution assessments on participating municipalities.

Municipal contributions are redetermined based on actuarial studies to be made at least once every five years in order to maintain the fund on a sound actuarial basis.

As of the latest actuarial valuation, July 1, 1987, the net present value of the unfunded actuarial accrued liability was \$8,061 computed using the unit credit actuarial cost method.

Connecticut Probate Judges and Employees' Retirement System

This system provides retirement benefits to Probate Court Judges and employees.

The entire cost is borne by the Probate Courts and their employees through employee contributions of 2.25 to 5.0 percent of earnings and assessments on the various Probate Courts of the State which assessments are to be actuarially determined.

As of the latest actuarial valuation, January 1, 1986, the net present value of the unfunded actuarial accrued liability was \$1,139 using the Frozen Initial Liability Modification of the Entry Age Normal Cost Method. Subsequent scheduled amortization payments have eliminated the liability as of June 30, 1987.

Note 11

DEFERRED COMPENSATION PLAN

The State of Connecticut offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees in a permanent position, including elected and appointed officials and members of the General Assembly, permits them to defer a

portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination of employment, disability, unforeseeable emergency or death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the

employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. At this time, the State believes that it is

unlikely that it will use the assets of the plan to satisfy the claims of general creditors in the future.

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

Note 12 POST-RETIREMENT BENEFITS

In addition to providing pension benefits, the State also provides certain health care and life insurance benefits for retired employees. Health care benefits include hospital claims, medical/surgical claims, prescription drug claims, dental claims and major medical claims. Substantially all employees of the State of Connecticut are eligible for those benefits if they reach

normal retirement age while working for the State. When employees retire, the State pays 100% of their health insurance cost. In addition, a portion of the employees' life insurance will be continued at no cost to the employee. The State funds the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis. Such costs are paid from the General Fund's annual appropriations. During the year ended June 30, 1989, \$28,131 was paid in post-retirement benefits through an appropriation in the General Fund.

Note 13 CAPITAL AND OPERATING LEASES

A. State as Lessee

Obligations under capital leases and operating leases as of June 30, 1989 were \$10,260 for capital leases and \$24,317 for noncancelable operating leases in excess of one year. The following is a schedule of annual future minimum payments under these obligations along with the present value of the related net minimum capital lease payments discounted at 8% as of June 30, 1989:

	Operating Leases	Capital Leases		
		Higher Educ.	General Long-term	Total Capital
1990	\$11,306	\$242	\$6,111	\$6,353
1991	7,220	159	2,814	2,973
1992	3,194	78	826	904
1993	2,180	10	11	21
1994	414	1	3	4
Thereafter	3	2	3	5
Total future minimum payments	<u>\$24,317</u>	492	9,768	10,260
Less: Imputed interest		48	664	712
Present value of net minimum lease payments		<u>\$444</u>	<u>\$9,104</u>	<u>\$9,548</u>

Rental and lease payments for equipment charged to expenditures during the year ended June 30, 1989 totaled \$26,019.

B. State as Lessor

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

1990	\$16,626
1991	17,047
1992	17,685
1993	17,713
1994	18,457
Total	<u>\$87,528</u>

Contingent revenues for the year ended June 30, 1989 were \$1,201.

Note 14**CHANGES IN GENERAL LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 1989:

	Balance July 1, 1988	Issuances and Other Increases	Retirements and Other Decreases	Increase in Accreted Value of Capital Appreciation Bonds	Balance June 30, 1989
General Obligation Bonds	\$1,315,515	\$ 713,092	\$122,607	\$3,748	\$1,909,748
Transportation Related Bonds	1,079,048	321,744	78,595	546	1,322,743
Unfunded Pension Costs	2,819,547	1,004,893	720,822	—	3,103,618
Compensated Absences	129,721	21,527	15,381	—	135,867
Worker's Compensation	94,315	151,185	41,226	—	204,274
Capital Leases	2,396	7,928	1,220	—	9,104
Total General Long-Term Debt Account Group	<u>\$5,440,542</u>	<u>\$2,220,369</u>	<u>\$979,851</u>	<u>\$4,294</u>	<u>\$6,685,354</u>

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types reflects proceeds from sale of bonds in the amount of \$1,059 million. Of this amount, approximately \$24 million represents higher education revenue bond proceeds which have been recorded in the State Facilities Capital Projects Fund since this fund is used to account for the financial resources to be used for the construction of University facilities.

Note 15
BONDED DEBT

A. General Obligation Bonds

General obligation bonds are those bonds that are paid out of the revenues of the General fund and that are supported by the full faith and credit of the State.

General obligation bonds outstanding and bonds authorized but unissued at June 30 were as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>	<u>Bonds Authorized But Unissued</u>
Capital Improvements	1989-2008	4-12.7%	\$ 979,245	\$297,375
Teacher Retirement	1989-90	4.5-5%	4,050	—
School Construction	1990-2004	4.25-12%	146,167	11,553
Municipal Redevelopment	1989-2008	4.25-11%	346,165	231,576
Elderly Housing	1990-2007	4.25-10%	69,119	17,791
Elimination of Water Pollution	1989-2006	4.25-9.20%	170,283	119,500
General Obligation Refunding	2002	4.2-7.35%	155,085	—
Miscellaneous	1989-2008	6.5-12.7%	35,886	19,052
			1,906,000	\$696,847
Accretion-Various Capital Appreciation Bonds			3,748	
		Total	\$1,909,748	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 1989 were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1990	\$ 155,448	\$ 116,872	\$ 272,320
1991	152,940	105,924	258,864
1992	140,745	94,807	235,552
1993	128,735	85,010	213,745
1994	136,569	80,711	217,280
Thereafter	1,191,563	809,703	2,001,266
	\$1,906,000	\$1,293,027	\$3,199,027

B. Transportation Related Bonds

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

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

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>	<u>Bonds Authorized But Unissued</u>
Public Transportation	1990-99	4.5-12%	\$ 50,350	\$ 10,981
Interstate and Defense Highways	1993-2004	4.5-9.1%	62,500	5,935
Specific Highways	1990-2003	4-12.7%	202,375	19,900
Infrastructure Improvements	2004-2009	4.2-9.75%	961,928	1,019,843
Miscellaneous	1989-2008	6.5-12.7%	45,044	11,198
			1,322,197	\$1,067,857
Accretion-Various Capital Appreciation Bonds			546	
		Total	\$1,322,743	

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1990	\$ 75,380	\$ 94,065	\$ 169,445
1991	72,325	88,817	161,142
1992	71,175	84,170	155,345
1993	72,780	79,376	152,156
1994	65,425	74,856	140,281
Thereafter	965,112	518,192	1,483,304
	\$1,322,197	\$939,476	\$2,261,673

C. Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise and higher education and university hospital funds. Revenue bonds of the enterprise funds issued by the Connecticut Housing Finance Authority, Connecticut Development Authority and Connecticut Resources Recovery Authority do not constitute a liability or debt of the State and the State is only contingently liable for these bonds.

Revenue bonds outstanding at June 30 were as follows:

<u>Fund Type</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amounts Outstanding</u>
Enterprise:			
Bradley International Airport	1989-2012	9-10.75%	\$ 99,005
Conn. Development Authority	1989-2024	3.75-14%	1,787,775
Conn. Housing Finance Authority (as of 12-31-88)	1989-2023	3.1-13%	2,342,220
Conn. Resources Recovery Authority	1989-2015	5.75-9%	622,881
Rental Housing	2000-2002	5.25-12.70%	123,625
Higher Education & University Hospitals:			
State Universities	1989-2012	4.25-10.75%	35,285
Total			<u>\$5,010,791</u>

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

Bradley International Airport's revenue bonds were issued in 1982 in the amount of \$100,000 to finance costs of improvements to the airport, of this amount \$1,075 has become current and \$995 has been repaid. These bonds are secured by and payable solely from the gross operating revenues generated from the operations of the airport and other receipts, funds or monies pledged in the bond indenture. In accordance with this indenture, certain assets of this fund have been restricted for the payment of bond principal and interest, construction projects and other uses.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land, buildings and equipment and machinery by participating companies within the State. The Authority finances these projects through its self-sustaining bond program and umbrella program. Under the self-sustaining bond program, bonds outstanding at June 30, 1989 were \$1,605,532. These bonds are paid solely from the payments received from participating companies on outstanding notes and installment contracts receivable and do not constitute a debt or liability of the State. Under the umbrella program, bonds outstanding at June 30, 1989 were \$182,243. At year end, assets totaling \$190,761 are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is determined that there are surplus funds as defined in the bond resolution. In addition, a special capital reserve fund equal to next year's bond debt service requirements has been established. The State may be contin-

gently liable to restore any deficiency that may exist in this fund in any one year in the event that the Authority is unable to do so. As of year end, there was no deficiency in this fund.

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. These bonds are paid solely from mortgage repayments and other receipts, funds or monies pledged in the bond resolution. In accordance with this resolution:

- a) Fund assets totaling \$2,538,018 at year-end (12-31-88) are restricted for the payment of operating expenses, bond principal and interest and requirements of the capital reserve fund until such time as they are determined to be surplus funds as described in the bond resolution.
- b) Under the terms of the Authority's general bond resolution, the capital reserve fund must be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year. The State may be contingently liable to restore any deficiencies that may exist in this fund in any one year in the event that the Authority is unable to do so. As of year end, there was no deficiency in this fund.

Connecticut Resource Recovery Authority's revenue bonds are issued to finance the design, development

and construction of resource recovery facilities throughout the State. These bonds are paid solely from the revenues generated from the operations of the Authority and other receipts, accounts and monies pledged in the bond indentures. In accordance to these indentures, certain capital reserve funds equal to next year's

bond debt service requirements have been established. The State may be contingently liable to restore any deficiencies that may exist in these funds in any one year in the event that the Authority is unable to do so. As of year end, there were no deficiencies in these funds.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 1989 were as follows:

Year Ending 6/30/	Enterprise Funds		Higher Education and University Hospital Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1990	\$ 194,222	\$ 371,320	\$ 2,865	\$ 2,737	\$ 197,087	\$ 374,057
1991	195,971	357,940	2,356	2,694	198,327	360,634
1992	203,021	344,082	1,721	2,593	204,742	346,675
1993	216,645	329,088	1,491	2,554	218,136	331,642
1994	216,669	313,351	1,241	2,491	217,910	315,842
Thereafter	3,948,978	4,547,247	25,611	28,444	3,974,589	4,575,691
	<u>\$4,975,506</u>	<u>\$6,263,028</u>	<u>\$35,285</u>	<u>\$41,513</u>	<u>\$5,010,791</u>	<u>\$6,304,541</u>

D. Defeased Bonds

In prior years, the State defeased certain general obligation bonds by placing surplus cash and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account asset and the liability for the defeased bonds are not included in the State's General Long-term Debt Account Group. On June 30, 1989, \$182.8 million of bonds outstanding are considered defeased.

Note 16**INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 1989 were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 9,821	\$ 188,246
Special Revenue:		
Transportation	98,079	648
Education Excellence	8,068	12,322
Regional Markets	—	5
Soldiers, Sailors & Marines	—	371
Employment Security	94	531
Grant and Loan Programs	95,951	8,337
Housing Programs	—	2,202
Other	—	243
	<u>202,192</u>	<u>24,659</u>
Debt Service	<u>—</u>	<u>941</u>
Capital Projects:		
State Facilities	—	7,157
Infrastructure	—	721
Transportation	—	23
	<u>—</u>	<u>7,901</u>
Enterprise:		
Rental Housing	—	1,035
Bradley	146	125
Ct. Development Authority	142	—
Vocational Education	—	8
	<u>288</u>	<u>1,168</u>
Internal Service:		
Correction Industries	337	26
Administrative Services	5,821	888
	<u>6,158</u>	<u>914</u>
Non-Expendable Trust:		
Soldiers, Sailors & Marines	<u>358</u>	<u>—</u>
Expendable Trust:		
Employment Security	268	94
Other	618	16
	<u>886</u>	<u>110</u>
Pension Trust:		
State Employees Retirement	<u>2,048</u>	<u>—</u>
Agency:		
Payroll & Fringe Benefit	1,615	—
Receipts Pending Distribution	—	7,668
Other	7,323	172
	<u>8,938</u>	<u>7,840</u>
Higher Education & University Hospital:		
Current Unrestricted	2,448	1,321
Current Restricted	133	113
Hospital Funds	—	57
	<u>2,581</u>	<u>1,491</u>
Totals	<u>\$233,270</u>	<u>\$233,270</u>

Note 17
RESTATEMENTS

During the fiscal year ended June 30, 1989, additional information pertaining to Fund Equity, Investment in General Fixed Assets and General Long-term Debt for the previous year became available. This information has necessitated certain changes to be made to these balances for the fiscal year ended June 30, 1988 to better conform with the governmental model.

The following schedule details the restatements made to Fund Equity, Investment in General Fund Assets and General Long-term Debt as of June 30, 1988, to give retroactive effect to these changes:

	Balance June 30, 1988 <u>Previously Reported</u>	Fund Structure Reclassification	Effects of Changes in Prior Year Reported Assets and Liabilities	Balance June 30, 1988 <u>Restated</u>
General Fund	\$ 253,179	\$ —	\$ (8,840)	\$ 244,339
Special Revenue	363,578	64,382	17,194	445,154
Capital Projects	(93,055)	—	(17,271)	(110,326)
Enterprise	423,123	(62,887)	—	360,236
Internal Service	28,598	(1,268)	—	27,330
Non-expendable Trust	54,159	—	24	54,183
Pension Trust	5,837,727	—	6,447	5,844,174
Higher Education	1,027,267	—	(3,653)	1,023,614
General Fixed Assets	1,619,834	34	(31,446)	1,588,422
General Long-term Debt	(5,440,281)	(261)	—	(5,440,542)
Total Adjustments		\$ —	\$ (37,545)	

Note 18
RESERVED RETAINED EARNINGS AND FUND BALANCES

Reserved Retained Earnings

The following enterprise funds have reserved amounts in Retained Earnings. The Connecticut Housing Finance Authority has \$280,101 restricted for debt service requirements and other programs of the Authority. Bradley International Airport has \$15,704 restricted by the bond indenture for various purposes.

Reserved Fund Balances

These balances are comprised as follows:

	Fund Type				
<u>Reserved For</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Trust and Agency</u>	<u>Higher Education</u>
Petty Cash	\$ 1,062	\$ —	\$ —	\$ —	\$ —
Long-Term Advances	73,269	—	—	—	—
Inventory and Prepaids	34,496	8,714	—	—	—
Continuing Appropriations	22,600	104,377	—	—	—
Debt Service	—	—	209,175	—	—
Loans	—	138,321	—	—	—
Benefit Payments	—	—	—	324,338	—
Pension Obligations	—	—	—	6,741,604	—
Trust Activities	—	—	—	55,778	—
Higher Education	—	—	—	—	81,458
	<u>\$131,427</u>	<u>\$251,412</u>	<u>\$209,175</u>	<u>\$7,121,720</u>	<u>\$81,458</u>

Reserved for continuing appropriations represents amounts of unexpended appropriations legally carried forward for future year's expenditures.

Reserved for benefit payments represents amounts reserved for the payment of unemployment compensation benefits.

Reserved for higher education represents amounts restricted for specific educational programs by federal grants and private gifts, and amounts reserved for student loans and debt service.

Note 19

SEGMENT INFORMATION - ENTERPRISE FUNDS

The State maintains six enterprise funds which provide financing for State housing programs, airport services, low-interest loans for the State's business community, low and moderate income housing, solid waste management, and vocational education.

Segment information for the year ended June 30, 1989 is as follows:

	<u>RENTAL HOUSING</u>	<u>BRADLEY INTERNAT'L AIRPORT</u>	<u>CONNECTICUT DEVELOPMENT AUTHORITY</u>	<u>CONNECTICUT HOUSING FINANCE AUTHORITY (12-31-88)</u>	<u>CONNECTICUT RESOURCE RECOVERY AUTHORITY</u>	<u>VOCATIONAL EDUCATION</u>
Operating Revenue	\$ 10,437	\$27,441	\$ 147,109	\$ 224,155	\$ 91,724	\$1,034
Depreciation and Amortization Expense	4	4,491	408	3,404	7,105	26
Operating Income (Loss)	(257)	8,555	4,671	29,350	13,355	(696)
Operating Transfers:						
In	225	—	—	—	—	—
Out	(1,303)	—	—	—	—	—
Net Non-operating Revenues (Expenses)	104	(5,485)	—	(3,023)	(34,351)	—
Net Income (Loss)	(1,231)	3,070	4,671	26,327	(20,996)	(696)
Current Capital:						
Contributions	—	782	—	—	—	—
Property, Plant & Equipment:						
Additions	12	5,284	8	—	14,421	35
Deletions	—	344	—	—	—	—
Net Working Capital	44,353	5,125	45,123	1,982,302	4,711	24
Total Assets	146,133	165,635	1,850,372	2,729,413	665,948	136
Bond and Other						
Long-Term Liabilities:						
Payable from Operating						
Revenues	123,763	99,005	1,787,775	2,342,220	622,881	190
Total Equity	(51,993)	61,524	59,244	317,831	13,482	(129)

Note 20

RELATED PARTY TRANSACTIONS

The University of Connecticut receives financial support from the University of Connecticut Foundation, Inc., whose financial operations are not recorded in the University of Connecticut's financial statements. A summary of assets, liabilities, revenues and expenditures for the Foundation as of June 30, 1989, is reported below (in thousands):

Assets	<u>\$30,116</u>	Liabilities	<u>\$1,831</u>
Revenues	<u>\$8,946</u>	Expenditures	<u>\$9,951</u>

Of the Foundation's expenditures, \$2,723 represents direct transfers to the University, while \$633 of its liabilities were for amounts payable to the University.

Note 21

COMMITMENTS AND CONTINGENCIES

A. Commitments

At June 30, 1989, the State had the following outstanding commitments:

- 1) Infrastructure (highways, roads, etc.) and other construction contracts and miscellaneous contracts with various vendors totaling approximately \$1,367 million of which \$1,034 million is expected to be reimbursed by Federal grants.
- 2) School buildings construction and alteration grant contracts with various towns totaling approximately \$266 million. Funding for these projects is expected to come from bond sales.
- 3) Loan, mortgage and grant programs totaling approximately \$524 million. Funding for these programs is expected to come from bond sales.

B. Contingent Liabilities

The Division of Special Revenue, the agency responsible for the Lottery Fund, has entered into agreements with insurance companies under which the Lottery Fund purchases annuities under group contracts which provide payments corresponding to the State's obligation to prize winners. Notwithstanding these annuity contracts, the State of Connecticut is contingently liable for the prize payments due lottery winners. At June 30, 1989, amounts due lottery winners totaled \$561.6 million.

The State is contingently liable to the Connecticut Higher Education Supplemental Loan Authority for any deficiency that may exist in the debt service reserve account for one year's principal and interest on Authority bonds in the event that the Authority has insufficient funds to do so. At year end, the Authority had \$22.9 million in bonds outstanding.

The State has enacted legislation to assist the City of Bridgeport in issuing bonds to fund the city's cumulative June 30, 1988 General Fund deficit. The State is contingently liable for amounts needed annually to maintain a capital reserve fund in an amount equal to the required minimum capital reserve of such fund. The maximum principal amount authorized to be secured by the capital reserve fund is \$35 million which amount has been issued and is outstanding.

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

The State receives significant federal financial assistance. Entitlement to federal grant monies is generally dependent upon the State's compliance with the terms and conditions of the grant agreements and applicable federal regulations. Substantially all federal grant programs are subject to financial and compliance audits by the grantor agencies. Any disallowances that result from these audits become a liability of the fund which receives the grant. As of June 30, 1989, the State estimates that nonmaterial liabilities, if any, may result from such audits.

C. Litigation

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

in governmental operations. All legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

In addition, the State and its units are involved in certain other legal proceedings which, if decided ad-

versely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

Note 22

SUBSEQUENT EVENTS

Subsequent to year end, the State of Connecticut had six bond issues totaling \$715.4 million. Two issues were sold in July. The first issue was special tax obligation bonds for transportation infrastructure programs in the amount of \$178.7 million. This issue was made up of \$169.6 million current interest bonds having interest rates ranging from 6.2% to 7.5% and maturing on various dates to July 1, 2009 and \$9.1 million of capital appreciation bonds maturing in 1993 and 1999 with a total redemption amount of \$14.3 million.

The second issue in July was Bradley International Airport revenue taxable subordinated refunding bonds in the amount of \$3.9 million. This issue of term bonds has an interest rate of 9.125% and matures on various dates to August 1, 2012.

In August, \$150.7 million of general obligation bonds were issued. These serial bonds have interest rates ranging from 6.2% to 7.2% and mature on various dates to August 1, 2007.

In November, the State issued \$110.3 million of general obligation capital appreciation bonds (college savings plan). These bonds earn interest which will be compounded semiannually and will be payable only at maturity with maturity dates ranging from November 1994 to November 2009. The total redemption amount of the bonds is \$263.1 million.

In December the State sold two additional issues. The first issue consists of \$71.8 million of taxable general obligation bonds. Of this issue, \$38.9 million were serial bonds having interest rates ranging from 8.2% to 11.2% and maturing on various dates through January 1, 1996. The remaining \$32.9 million were term bonds due January 1, 2000 with an interest rate of 8.5%.

The second issue in December consists of \$200.0 million of special tax obligation bonds for transportation infrastructure programs. Of this issue, \$97.2 million were serial bonds having interest rates ranging from 6.5% to 6.8% and maturing on various dates through December, 1996; \$24.7 were term bonds due December 1, 2004 with an interest rate of 6.9%; and \$78.1 were term bonds due December 1, 2009 with an interest rate of 6.8%.

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COMBINING FINANCIAL STATEMENTS

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SPECIAL REVENUE FUNDS

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

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

Education Excellence Fund - to account for monies set aside, pursuant to appropriations by the general assembly, to foster the professional development and excellence of the teachers of the state.

Regional Market Fund - to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional markets.

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

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

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

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

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

STATE OF CONNECTICUT
Combining Balance Sheet
Special Revenue Funds
June 30, 1989
(Expressed in Thousands)

	Transportation	Education Excellence	Regional Market
Assets:			
Cash and Cash Equivalents.....	\$ 66,587	\$ -	\$281
Receivables:			
Taxes.....	29,282	-	-
Accounts, Net of Allowances.....	2,749	-	-
Loans, Net of Allowances.....	-	-	-
Interest.....	3,090	3	1
Due From Other Funds.....	98,079	8,068	-
Due From Other Governments.....	2,912	2,238	-
Inventories.....	8,714	-	-
Total Assets	\$211,413	\$10,309	\$282
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities...	\$ 23,449	\$ -	\$ 14
Due to Other Funds.....	648	12,322	5
Due to Other Governments.....	-	-	-
Advances Due Other Funds.....	-	-	-
Deferred Revenue.....	23,458	2,229	-
Total Liabilities	47,555	14,551	19
Fund Balances:			
Reserved.....	113,091	-	-
Unreserved, undesignated.....	50,767	(4,242)	263
Total Fund Balances	163,858	(4,242)	263
Total Liabilities and Fund Balances	\$211,413	\$10,309	\$282

Soldiers Sailors & Marines	Employment Security Administration	Lottery & OTB	Grant & Loan Programs	Housing Programs	Other	Total
\$497	\$ 50	\$16,776	\$ -	\$ 25,510	\$39,651	\$149,352
-	-	-	-	-	-	29,282
-	-	5,215	-	53	571	8,588
-	-	-	48,742	89,579	-	138,321
2	12	-	118	83	96	3,405
-	94	-	95,951	-	-	202,192
-	2,681	-	342	181	10	8,364
-	-	-	-	-	-	8,714
\$499	\$2,837	\$21,991	\$145,153	\$115,406	\$40,328	\$548,218
\$ 28	\$1,857	\$15,570	\$ 4,404	\$ 1,006	\$ 3,208	\$ 49,536
371	531	-	8,337	2,202	243	24,659
-	-	163	-	-	-	163
-	-	-	-	33	-	33
-	-	756	202	203	18	26,866
399	2,388	16,489	12,943	3,444	3,469	101,257
-	-	-	48,742	89,579	-	251,412
100	449	5,502	83,468	22,383	36,859	195,549
100	449	5,502	132,210	111,962	36,859	446,961
\$499	\$2,837	\$21,991	\$145,153	\$115,406	\$40,328	\$548,218

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	Transportation	Education Excellence	Regional Market
Revenues:			
Taxes.....	\$315,661	\$ -	\$ -
Licences, Permits and Fees.....	221,899	-	10
Intergovernmental.....	42,587	-	-
Charges for Services.....	17,495	-	-
Fines, Forfeits and Rents.....	-	-	515
Investment Earnings.....	23,017	3,270	13
Lottery and Off Track Betting.....	-	-	-
Miscellaneous.....	194	-	2
Total Revenues.....	620,853	3,270	540
Expenditures:			
Current:			
General Government.....	2,025	-	-
Regulation and Protection.....	-	-	-
Natural Resources and Recreation.....	-	-	503
Health and Hospitals.....	-	-	-
Transportation.....	414,743	-	-
Human Services.....	-	-	-
Education, Libraries and Museums.....	-	204,946	-
Corrections.....	-	-	-
Judicial.....	-	-	-
Federal and Other Grants.....	32,295	-	-
Debt Service:			
Principal Retirement.....	58,930	-	-
Interest and Fiscal Charges.....	39,961	-	-
Total Expenditures.....	547,954	204,946	503
Excess (Deficiency) of Revenues Over Expenditures.....	72,899	(201,676)	37
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds.....	-	-	-
Operating Transfers In.....	941	8,068	-
Operating Transfers Out.....	(91,868)	-	-
Total Other Financing Sources (Uses).....	(90,927)	8,068	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....	(18,028)	(193,608)	37
Fund Balances (deficit) - July 1 (as adjusted).....	180,961	189,366	226
Residual Equity Transferred Out.....	-	-	-
Changes in Inventory.....	925	-	-
Fund Balances (deficit)- June 30.....	\$163,858	\$ (4,242)	\$263

Soldiers Sailors & Marines	Employment Security Administration	Lottery & OTB	Grant & Loan Programs	Housing Programs	Other	Total
\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ 4,812	\$ 328,473
-	1	-	-	-	37,058	258,968
-	68,374	-	244	64,175	7,100	182,480
-	10	-	-	-	820	18,325
-	-	-	9,755	5	133	10,408
12	104	-	2,440	3,158	1,182	33,196
-	-	697,672	-	-	-	697,672
-	-	748	15	982	508	2,449
12	68,489	698,420	20,454	68,320	51,613	1,531,971
148	-	461,164	21,968	106,576	11,709	603,590
-	65,769	-	-	-	27,236	93,005
-	-	-	54,227	-	8,093	62,823
-	-	-	1,490	-	-	1,490
-	-	-	6,447	-	-	421,190
2,655	-	-	8,227	353	-	11,235
-	-	-	33,418	-	5,834	244,198
-	-	-	3,585	-	-	3,585
-	-	-	-	-	1,969	1,969
-	-	-	4,652	20,774	292	58,013
-	-	-	-	50	-	58,980
-	-	-	-	1	-	39,962
2,803	65,769	461,164	134,014	127,754	55,133	1,600,040
(2,791)	2,720	237,256	(113,560)	(59,434)	(3,520)	(68,069)
-	-	-	208,777	181,045	1,204	391,026
3,201	1,303	-	25,836	16,351	-	55,700
(410)	-	(239,250)	(9,455)	(5,168)	(10,479)	(356,630)
2,791	1,303	(239,250)	225,158	192,228	(9,275)	90,096
-	4,023	(1,994)	111,598	132,794	(12,795)	22,027
100	(3,574)	7,496	41,757	(20,832)	49,654	445,154
-	-	-	(21,145)	-	-	(21,145)
-	-	-	-	-	-	925
\$ 100	\$ 449	\$ 5,502	\$ 132,210	\$ 111,962	\$ 36,859	\$ 446,961

STATE OF CONNECTICUT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Transportation			Education Excellence		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes, Including Interest, Net of Refunds.....	\$318,400	\$315,661	\$ (2,739)	\$ -	\$ -	\$ -
Other Revenues:						
Motor Vehicle Receipts.....	147,300	147,217	(83)	-	-	-
Licences, Permits and Fees.....	74,700	74,559	(141)	-	-	-
Intergovernmental.....	10,300	10,296	(4)	-	-	-
Fines, Forfeits and Rents.....	-	-	-	-	-	-
Investment Earnings.....	20,600	22,681	2,081	9,300	3,443	(5,857)
Total Revenues.....	571,300	570,414	(886)	9,300	3,443	(5,857)
Expenditures:						
General Government.....	2,734	2,080	654	-	-	-
Regulation and Protection.....	-	-	-	-	-	-
Natural Resources and Recreation.....	-	-	-	-	-	-
Health and Hospitals.....	-	-	-	-	-	-
Transportation.....	332,425	318,307	14,118	-	-	-
Human Services.....	-	-	-	-	-	-
Education, Libraries and Museums.....	-	-	-	206,713	204,725	1,988
Corrections.....	-	-	-	-	-	-
Judicial.....	-	-	-	-	-	-
Non Functional.....	261,904	223,695	38,209	-	-	-
Appropriations Lapsed.....	(52,981)	-	(52,981)	-	-	-
Total Expenditures.....	544,082	544,082	-	206,713	204,725	1,988
Excess (Deficiency) of Revenues Over Expenditures.....	27,218	26,332	(886)	(197,413)	(201,282)	(3,869)
Other Financing Sources (Uses):						
Federal and Other Restricted Sources.....	-	32,883	32,883	-	-	-
Federal and Other Restricted Uses.....	-	(33,094)	(33,094)	-	-	-
Net Restricted Sources (Uses).....	-	(211)	(211)	-	-	-
Reserve for Debt Service.....	(16,478)	(16,478)	-	-	-	-
Transfers Between Funds.....	-	-	-	-	8,068	8,068
Miscellaneous Adjustments.....	-	(131)	(131)	-	-	-
Total Other Financing Sources (Uses).....	(16,478)	(16,820)	(342)	-	8,068	8,068
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....	\$ 10,740	9,512	\$ (1,228)	\$(197,413)	(193,214)	\$ 4,199
Budgetary Fund Balances - July 1.....		421,593			188,960	
Changes in Reserves.....		16,029			-	
Budgetary Fund Balances - June 30.....		\$447,134			\$ (4,254)	

Regional Market			Soldiers, Sailors and Marines			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,400	\$ 315,661	\$ (2,739)
-	-	-	-	-	-	147,300	147,217	(83)
-	-	-	-	-	-	74,700	74,559	(141)
-	-	-	-	-	-	10,300	10,296	(4)
495	539	44	-	-	-	495	539	44
-	-	-	3,100	3,211	111	33,000	29,335	(3,665)
495	539	44	3,100	3,211	111	584,195	577,607	(6,588)
-	-	-	160	148	12	2,894	2,228	666
-	-	-	-	-	-	-	-	-
517	517	-	-	-	-	517	517	0
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	332,425	318,307	14,118
-	-	-	2,817	2,666	151	2,817	2,666	151
-	-	-	-	-	-	206,713	204,725	1,988
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	261,904	223,695	38,209
-	-	-	-	-	-	(52,981)	-	(52,981)
517	517	-	2,977	2,814	163	754,289	752,138	2,151
(22)	22	44	123	397	274	(170,094)	(174,531)	(4,437)
-	-	-	-	-	-	-	32,883	32,883
-	-	-	-	-	-	-	(33,094)	(33,094)
-	-	-	-	-	-	-	(211)	(211)
-	-	-	-	-	-	(16,478)	(16,478)	-
-	-	-	(123)	(397)	(274)	(123)	7,671	7,794
-	-	-	-	-	-	-	(131)	(131)
-	-	-	(123)	(397)	(274)	(16,601)	(9,149)	7,452
<u>\$ (22)</u>	<u>22</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (186,695)</u>	<u>(183,680)</u>	<u>\$ 3,015</u>
	259			100			610,912	
	-			-			16,029	
	<u>\$ 281</u>			<u>\$ 100</u>			<u>\$ 443,261</u>	

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CAPITAL PROJECTS FUNDS

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

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

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

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

STATE OF CONNECTICUT
Combining Balance Sheet
Capital Projects Funds
June 30, 1989
(Expressed in Thousands)

	State Facilities	Infra- Structure	Transportation	Total
Assets:				
Cash and Cash Equivalents.....	\$32,835	\$ 4,246	\$61,367	\$ 98,448
Receivables:				
Accounts, Net of Allowances.....	60	210	182	452
Interest.....	165	-	-	165
Due From Other Governments.....	338	61,516	7,173	69,027
Total Assets	\$33,398	\$ 65,972	\$68,722	\$168,092
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities....	\$12,937	\$ 88,502	\$12,512	\$113,951
Due to Other Funds.....	7,157	721	23	7,901
Deferred Revenue.....	332	82	192	606
Total Liabilities	20,426	89,305	12,727	122,458
Fund Balances:				
Unreserved, undesignated.....	12,972	(23,333)	55,995	45,634
Total Fund Balances	12,972	(23,333)	55,995	45,634
Total Liabilities and Fund Balances	\$33,398	\$ 65,972	\$68,722	\$168,092

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Projects Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	State Facilities	Infra- Structure	Transportation	Total
Revenues:				
Intergovernmental.....	\$ 3,398	\$ 377,353	\$44,419	\$ 425 170
Investment Earnings.....	4,241	-	1,222	5 463
Total Revenues.....	7,639	377,353	45,641	430,633
Expenditures:				
Capital Projects.....	102,542	682,903	47,116	832,561
Total Expenditures.....	102,542	682,903	47,116	832,561
Excess (Deficiency) of Revenues				
Over Expenditures.....	(94,903)	(305,550)	(1,475)	(401,928)
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds.....	347,951	297,208	23,009	668,168
Operating Transfers In.....	719	-	979	1,698
Operating Transfers Out.....	(73,982)	(28,633)	(1,341)	(103,956)
Total Other Financing Sources (Uses).....	274,688	268,575	22,647	565,910
Excess (Deficiency) of Revenues and Other				
Sources Over Expenditures and Other Uses.....	179,785	(36,975)	21,172	163,982
Fund Balances (deficit) - July 1 (as adjusted).....	(158,791)	13,642	34,823	(110,326)
Residual Equity Transferred Out.....	(8,022)	-	-	(8,022)
Fund Balances (deficit) - June 30.....	\$ 12,972	\$ (23,333)	\$55,995	\$ 45,634

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ENTERPRISE FUNDS

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

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

Bradley International Airport - The airport is owned by the State of Connecticut and is operated by the Bureau of Aeronautics of the State of Connecticut, Department of Transportation. In 1982, the State issued the Airport, 1982 series, Revenue Bonds in the aggregate principal amount of \$100,000,000. The Bonds are secured by and payable solely from the gross operating revenues generated by the State from the operations of the Airport and other receipts, funds or monies pledged in the Indenture.

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

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

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

STATE OF CONNECTICUT
Combining Balance Sheet
Enterprise Funds
June 30, 1989
(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Connecticut Development Authority
Assets:			
Cash and Cash Equivalents.....	\$ 9,192	\$ 6,716	\$ 73,612
Investments.....	27,381	-	34,518
Receivables:			
Accounts, Net of Allowances.....	138	2,410	3,085
Loans, Net of Allowances.....	105,474	-	-
Notes.....	-	-	1,734,376
Interest.....	961	-	-
Due From Other Funds.....	-	146	142
Due From Other Governments.....	2,951	888	-
Inventories.....	-	-	-
Prepaid Items.....	-	71	3,947
Restricted Assets.....	-	44,367	-
Discounts on Bonds Sold.....	-	-	-
Property, Plant & Equipment.....	36	105,787	79
Other Assets.....	-	5,250	613
Total Assets.....	\$146,133	\$165,635	\$1,850,372
Liabilities and Equity:			
Liabilities:			
Accounts Payable and Accrued Liabilities....	\$ 92	\$ 4,981	\$ 2,955
Due to Other Funds.....	1,035	125	-
Due to Other Governments.....	-	-	-
Advances Due Other Funds.....	73,236	-	-
Deferred Revenue.....	-	-	20
Escrow Deposits.....	-	-	378
Notes and Loans Payable.....	-	-	-
Revenue Bonds.....	123,625	99,005	1,787,775
Compensated Absences.....	138	-	-
Total Liabilities.....	198,126	104,111	1,791,128
Equity:			
Contributed Capital.....	-	60,649	-
Retained Earnings:			
Reserved.....	-	15,704	-
Unreserved.....	(51,993)	(14,829)	59,244
Total Retained Earnings.....	(51,993)	875	59,244
Total Equity.....	(51,993)	61,524	59,244
Total Liabilities and Equity.....	\$146,133	\$165,635	\$1,850,372

Connecticut Housing Finance Authority (12-31-88)	Connecticut Resource Recovery Authority	Vocational Education	Total
\$ 160,371	\$ 19,327	\$ 34	\$ 269,252
394,091	-	-	455,990
-	13,690	19	19,342
1,821,289	-	-	1,926,763
-	-	-	1,734,376
28,162	1,263	-	30,386
-	-	-	288
-	-	-	3,839
-	-	46	46
-	16	-	4,034
299,777	246,152	-	590,296
24,210	-	-	24,210
-	264,721	37	370,660
1,513	120,779	-	128,155
<u>\$2,729,413</u>	<u>\$665,948</u>	<u>\$ 136</u>	<u>\$5,557,637</u>
\$ 27,520	\$ 21,033	\$ 47	\$ 56,628
-	-	8	1,168
-	76	-	76
-	-	-	73,236
-	476	20	516
41,842	-	-	42,220
-	8,000	-	8,000
2,342,220	622,881	-	4,975,506
-	-	190	328
<u>2,411,582</u>	<u>652,466</u>	<u>265</u>	<u>5,157,678</u>
-	-	350	60,999
280,101	-	-	295,805
37,730	13,482	(479)	43,155
<u>317,831</u>	<u>13,482</u>	<u>(479)</u>	<u>338,960</u>
317,831	13,482	(129)	399,959
<u>\$2,729,413</u>	<u>\$665,948</u>	<u>\$ 136</u>	<u>\$5,557,637</u>

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Enterprise Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Connecticut Development Authority
Operating Revenues:			
Charges for Services.....	\$ 142	\$ 27,441	\$ 906
Interest on Financing Activities.....	9,784	-	145,668
Miscellaneous.....	511	-	535
Total Operating Revenues.....	10,437	27,441	147,109
Operating Expenses:			
Personal Services.....	1,724	7,843	1,641
Contractual Services.....	98	4,733	185
Materials and Supplies.....	30	600	-
Heat, Light and Power.....	20	1,145	34
Depreciation and Amortization.....	4	4,491	408
Interest on Financing Activities.....	7,480	-	139,536
Other Program Expenses.....	1,338	74	634
Total Operating Expenses.....	10,694	18,886	142,438
Operating Income (Loss).....	(257)	8,555	4,671
Nonoperating Revenues (Expenses):			
Interest and Investment Income.....	104	4,608	-
Other.....	-	-	-
Interest and Fiscal Charges.....	-	(10,093)	-
Total Nonoperating Income (Expense).....	104	(5,485)	-
Income Before Operating Transfers.....	(153)	3,070	4,671
Operating Transfers In (Out):			
Operating Transfers In.....	225	-	-
Operating Transfers Out.....	(1,303)	-	-
Net Income.....	(1,231)	3,070	4,671
Retained Earnings - July 1 (as adjusted).....	(50,762)	(2,195)	26,777
Residual Equity Transferred In.....	-	-	27,796
Retained Earnings - June 30.....	(51,993)	875	59,244
Contributed Capital - July 1 (as adjusted).....	-	59,867	-
Intergovernmental Contributions.....	-	782	-
Contributed Capital - June 30.....	-	60,649	-
Fund Equity June 30.....	\$(51,993)	\$ 61,524	\$ 59,244

Connecticut Housing Finance Authority (12-31-88)	Connecticut Resource Recovery Authority	Vocational Education	Total
\$ -	\$ 88,776	\$1,034	\$118,299
222,784	-	-	378,236
1,371	2,948	-	5,365
224,155	91,724	1,034	501,900
10,885	1,919	552	24,564
4,559	48,934	229	58,738
-	197	433	1,260
-	785	169	2,153
3,404	7,105	26	15,438
175,957	-	-	322,973
-	19,429	321	21,796
194,805	78,369	1,730	446,922
29,350	13,355	(696)	54,978
-	5,661	-	10,373
(3,023)	(11,571)	-	(14,594)
-	(28,441)	-	(38,534)
(3,023)	(34,351)	-	(42,755)
26,327	(20,996)	(696)	12,223
-	-	-	225
-	-	-	(1,303)
26,327	(20,996)	(696)	11,145
291,504	34,478	217	300,019
-	-	-	27,796
317,831	13,482	(479)	338,960
-	-	350	60,217
-	-	-	782
-	-	350	60,999
\$317,831	\$ 13,482	\$ (129)	\$399,959

STATE OF CONNECTICUT
Combining Statement of Cash Flows
Enterprise Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Connecticut Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss).....	\$ (1,231)	\$ 3,070	\$ 4,671
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Amortization and Depreciation.....	4	4,491	408
Unrealized loss on investments.....	-	-	-
Realized (gain) loss on investments.....	-	-	-
(Increase) decrease in interest and other receivables.....	(1,013)	(614)	(616)
(Increase) decrease in due from other funds.....	97	8	142
(Increase) decrease in due from other governments.....	(596)	337	-
Increase (decrease) in accounts payable and other accrued liabilities.....	(50)	53	(68)
Increase (decrease) in due to other funds.....	3,177	24	-
Other-net.....	-	90	101
Issuance of loans, notes & installment contracts receivable.....	(2,335)	-	(147,598)
Collection of loans, notes & installment contracts receivable.....	2,665	-	194,250
Net cash provided by (used in) operating activities.....	717	7,459	51,290
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Increase in escrow deposits.....	-	-	-
Transfer of Assets from the State.....	-	-	27,796
Net proceeds from sale of bonds and notes.....	27,975	-	142,552
Retirement of bonds and notes payable.....	(1,550)	-	(192,298)
Net cash provided by (used in) noncapital financing activities.....	26,425	-	(21,950)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Additions to fixed assets.....	(12)	(5,284)	(8)
Proceeds from sale of bonds and notes.....	-	-	-
Increase in contributed capital.....	-	782	-
Retirement of bonds and notes.....	-	(995)	-
Net cash provided by (used in) capital and related financing activities.....	(12)	(5,497)	(8)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Transfer of notes receivable from the State.....	-	-	(11,393)
Proceeds from sales of investment securities.....	-	-	452
Purchases of investment securities.....	-	-	(1,622)
Increase in restricted assets.....	-	(1,064)	-
Decrease in other assets.....	-	-	-
Net cash provided by (used in) investing activities.....	-	(1,064)	(12,563)
Increase (decrease) in cash.....	27,130	898	16,769
Cash and cash equivalents, July 1.....	(17,938)	5,818	56,843
Cash and cash equivalents, June 30.....	\$ 9,192	\$ 6,716	\$ 73,612

Connecticut Housing Finance Authority (12-31-88)	Connecticut Resource Recovery Authority	Vocational Education	Total
\$ 26,327	\$ (20,996)	\$(696)	\$ 11,145
3,404	7,105	26	15,438
479	-	-	479
2,544	-	-	2,544
415	(1,842)	(9)	(3,679)
-	8,362	-	8,609
-	-	-	(259)
(198)	(13,483)	(67)	(13,813)
-	(8,362)	(8)	(5,169)
(1,395)	(7)	20	(1,191)
(294,083)	-	-	(444,017)
143,638	-	-	340,553
(118,869)	(29,223)	(734)	(89,360)
5,566	-	-	5,566
-	-	-	27,796
292,913	-	-	463,440
(140,915)	-	-	(334,763)
157,564	-	-	162,039
-	(14,421)	(35)	(19,760)
-	173,958	-	173,958
-	-	-	782
-	(6,400)	-	(7,395)
-	153,137	(35)	147,585
-	-	-	(11,393)
415,984	-	-	416,436
(585,595)	-	-	(587,217)
(10,000)	(120,456)	-	(131,520)
-	4,068	-	4,068
(179,611)	(116,388)	-	(309,626)
(140,916)	7,526	(769)	(89,362)
301,287	11,801	803	358,614
\$ 160,371	\$ 19,327	\$ 34	\$ 269,252

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INTERNAL SERVICE FUNDS

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

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

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

STATE OF CONNECTICUT
Combining Balance Sheet
Internal Service Funds
June 30, 1989
(Expressed in Thousands)

	Correction Industries	Administrative Services	Total
Assets:			
Cash and Cash Equivalents.....	\$ -	\$ 4,188	\$ 4,188
Receivables:			
Accounts, Net of Allowances.....	136	935	1,071
Due From Other Funds.....	337	5,821	6,158
Inventories.....	1,594	3,923	5,517
Prepaid Items.....	-	19	19
Property, Plant & Equipment.....	1,097	27,730	28,827
Other Assets.....	-	716	716
Total Assets	\$ 3,164	\$43,332	\$46,496
Liabilities and Equity:			
Liabilities:			
Accounts Payable and Accrued Liabilities..	\$ 652	\$ 3,948	\$ 4,600
Due to Other Funds.....	26	888	914
Deferred Revenue.....	116	-	116
Notes and Loans Payable.....	-	129	129
Compensated Absences.....	93	1,852	1,945
Total Liabilities	887	6,817	7,704
Equity:			
Contributed Capital.....	5,730	11,072	16,802
Retained Earnings:			
Unreserved.....	(3,453)	25,443	21,990
Total Equity	2,277	36,515	38,792
Total Liabilities and Equity	\$ 3,164	\$43,332	\$46,496

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Internal Service Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	Correction Industries	Administrative Services	Total
Operating Revenues:			
Charges for Services.....	\$ 5,094	\$73,300	\$78,394
Total Operating Revenues.....	5,094	73,300	78,394
Operating Expenses:			
Cost of Sales and Services.....	3,861	24,465	28,326
Personal Services.....	460	18,351	18,811
Contractual Services.....	75	10,380	10,455
Materials and Supplies.....	26	2,441	2,467
Heat, Light and Power.....	-	844	844
Depreciation and Amortization.....	219	11,052	11,271
Other Program Expenses.....	21	2,745	2,766
Total Operating Expenses.....	4,662	70,278	74,940
Operating Transfers In (Out):			
Operating Transfers Out.....	-	(14)	(14)
Net Income.....	432	3,008	3,440
Retained Earnings - July 1 (as adjusted).....	(3,885)	22,435	18,550
Retained Earnings - June 30.....	(3,453)	25,443	21,990
Contributed Capital - July 1 (as adjusted)....	5,730	3,050	8,780
Residual Equity Transferred In.....	-	8,022	8,022
Contributed Capital - June 30.....	5,730	11,072	16,802
Fund Equity June 30.....	\$ 2,277	\$36,515	\$38,792

STATE OF CONNECTICUT
Combining Statement of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Correction Industries	Administrative Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss).....	\$ 432	\$ 3,008	\$ 3,440
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Amortization and Depreciation.....	219	11,052	11,271
(Increase) decrease in interest and other receivables.....	(134)	(935)	(1,069)
(Increase) decrease in due from other funds.....	109	2,743	2,852
(Increase) decrease in due from other governments.....	39	-	39
Increase (decrease) in accounts payable and other accrued liabilities.....	(38)	(7,544)	(7,582)
Increase (decrease) in due to other funds.....	21	(2,817)	(2,796)
Other-net.....	(163)	(138)	(301)
Net cash provided by (used in) operating activities.....	485	5,369	5,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Additions to fixed assets.....	(437)	(7,174)	(7,611)
Proceeds from sale of notes.....	-	24	24
Increase in Contributed Capital.....	-	8,022	8,022
Net cash provided by (used in) capital and related financing activities.....	(437)	872	435
Increase (decrease) in cash.....	48	6,241	6,289
Cash and cash equivalents, July 1.....	(48)	(2,053)	(2,101)
Cash and cash equivalents, June 30.....	\$ -	\$ 4,188	\$ 4,188

FIDUCIARY FUNDS

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

Trust Funds

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

Local Property Tax Relief - to account for the principal and interest which is earned on loans or other investments of the trust fund assets. The principal and interest shall be used to make annual grants to municipalities for various purposes.

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

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

Agency Funds

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

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

Investment Pool/Non-State Portion - to account for the portion of STIF (Short Term Investment Fund) that is made up of non-state monies. STIF is made up of excess cash balances which can be added or withdrawn on a daily basis. The investments are primarily short term paper and the Secondary Market for Student Loans.

STATE OF CONNECTICUT
Combining Balance Sheet
Fiduciary Funds
June 30, 1989
(Expressed in Thousands)

	Nonexpendable Trust		
	Soldiers Sailors & Marines		
	School	Marines	Other
Assets:			
Cash and Cash Equivalents.....	\$ 328	\$ 808	\$4,926
Investments.....	3,180	44,605	1,146
Receivables:			
Taxes.....	-	-	-
Accounts, Net of Allowances.....	-	-	-
Loans, Net of Allowances.....	-	-	-
Interest.....	112	269	46
Due From Other Funds.....	-	358	-
Due From Other Governments.....	-	-	-
Inventories.....	-	-	-
Other Assets.....	-	-	-
Total Assets	\$3,620	\$46,040	\$6,118
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities....	\$ -	\$ -	\$ -
Due to Other Funds.....	-	-	-
Due to Other Governments.....	-	-	-
Deferred Revenue.....	-	-	-
Deferred Compensation Liability.....	-	-	-
Agency Deposit Liabilities.....	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved.....	3,620	46,040	6,118
Unreserved, undesignated.....	-	-	-
Total Fund Balances	3,620	46,040	6,118
Total Liabilities and Fund Balances	\$3,620	\$46,040	\$6,118

Expendable Trust						
Employment	Local	Second Injury				
Security	Property Tax Relief	& Compensation Assurance	Other	Pension	Agency	Total
\$322,429	\$ 33,700	\$18,273	\$14,674	\$ 332,971	\$212,832	\$ 940,941
-	211,706	-	-	6,358,640	136,376	6,755,653
-	2	-	-	-	125	127
5,706	-	-	-	3,606	8,197	17,509
-	-	-	-	-	11	11
-	2,565	150	85	46,298	1,214	50,739
268	-	-	618	2,048	8,938	12,230
-	-	-	-	-	1	1
-	-	-	-	-	415	415
-	-	-	-	-	434,046	434,046
\$328,403	\$247,973	\$18,423	\$15,377	\$6,743,563	\$802,155	\$8,211,672
\$ 3,480	\$ -	\$ -	\$ 200	\$ 1,959	\$ 5,307	\$ 10,946
94	-	-	16	-	7,840	7,950
491	-	-	-	-	254	745
-	-	-	-	-	440	440
-	-	-	-	-	136,374	136,374
-	-	-	-	-	651,940	651,940
4,065	-	-	216	1,959	802,155	808,395
324,338	-	-	-	6,741,604	-	7,121,720
-	247,973	18,423	15,161	-	-	281,557
324,338	247,973	18,423	15,161	6,741,604	-	7,403,277
\$328,403	\$247,973	\$18,423	\$15,377	\$6,743,563	\$802,155	\$8,211,672

STATE OF CONNECTICUT
Combining Balance Sheet
Pension Trust Funds
June 30, 1989
(Expressed in Thousands)

	State Employees	State Teachers	Judicial
Assets:			
Cash and Cash Equivalents.....	\$ 138,360	\$ 168,858	\$ 4,042
Investments.....	2,400,186	3,544,952	25,062
Receivables:			
Accounts, Net of Allowances.....	651	-	-
Interest.....	12,635	31,005	98
Due From Other Funds.....	2,048	-	-
Total Assets.....	\$2,553,880	\$3,744,815	\$29,202
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities.	\$ 1,753	\$ -	\$ 181
Total Liabilities.....	1,753	-	181
Fund Balances:			
Reserved.....	2,552,127	3,744,815	29,021
Total Fund Balances.....	2,552,127	3,744,815	29,021
Total Liabilities and Fund Balances.....	\$2,553,880	\$3,744,815	\$29,202

Connecticut Municipal Retirement	Probate Judges Retirement System	Other Retirement	Total
\$ 20,490	\$ 1,050	\$171	\$ 332,971
363,767	24,433	240	6,358,640
2,934	21	-	3,606
2,398	158	4	46,298
-	-	-	2,048
\$389,589	\$25,662	\$415	\$6,743,563
\$ -	\$ 25	\$ -	\$ 1,959
-	25	-	1,959
389,589	25,637	415	6,741,604
389,589	25,637	415	6,741,604
\$389,589	\$25,662	\$415	\$6,743,563

STATE OF CONNECTICUT
Combining Balance Sheet
Agency Funds
June 30, 1989
(Expressed in Thousands)

	Payroll & Fringe Benefit Clearing	Receipts Pending Distribution	Investment Pool Non-State Portion
Assets:			
Cash and Cash Equivalents.....	\$3,393	\$15,896	\$154,050
Investments.....	-	-	-
Receivables:			
Taxes.....	3	122	-
Accounts, Net of Allowances.....	-	97	-
Loans, Net of Allowances.....	-	-	-
Interest.....	-	-	1,143
Due From Other Funds.....	1,615	-	-
Due From Other Governments.....	-	1	-
Inventories.....	-	-	-
Other Assets.....	-	-	-
Total Assets	\$5,011	\$16,116	\$155,193
Liabilities:			
Accounts Payable and Accrued Liabilities..	\$1,819	\$ 2,158	\$ -
Due to Other Funds.....	-	7,668	-
Due to Other Governments.....	-	254	-
Deferred Revenue.....	3	18	-
Deferred Compensation Liability.....	-	-	-
Agency Deposit Liabilities.....	3,189	6,018	155,193
Total Liabilities	\$5,011	\$16,116	\$155,193

Insurance Companies' Securities	State Institution Activity	Deferred Compensation	Other	Total
\$ -	\$22,619	\$ -	\$16,874	\$212,832
-	2	136,374	-	136,376
-	-	-	-	125
-	7,824	-	276	8,197
-	11	-	-	11
-	1	-	70	1,214
-	-	-	7,323	8,938
-	-	-	-	1
-	415	-	-	415
433,503	543	-	-	434,046
<u>\$433,503</u>	<u>\$31,415</u>	<u>\$136,374</u>	<u>\$24,543</u>	<u>\$802,155</u>
\$ -	\$ 207	\$ -	\$ 1,123	\$ 5,307
-	-	-	172	7,840
-	-	-	-	254
-	178	-	241	440
-	-	136,374	-	136,374
433,503	31,030	-	23,007	651,940
<u>\$433,503</u>	<u>\$31,415</u>	<u>\$136,374</u>	<u>\$24,543</u>	<u>\$802,155</u>

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STATE OF CONNECTICUT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Expendable Trust Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	Employment Security	Local Property Tax Relief	Second Injury & Compensation Assurance	Other	Total
Revenues:					
Unemployment Taxes.....	\$210,927	\$ -	\$ -	\$ -	\$ 210,927
Licences, Permits and Fees.....	-	-	-	148	148
Investment Earnings.....	26,660	25,482	1,034	2,116	55,292
Miscellaneous.....	-	-	40,725	10,107	50,832
Total Revenues.....	237,587	25,482	41,759	12,371	317,199
Expenditures:					
Current:					
General Government.....	-	48,929	38,252	869	88,050
Regulation and Protection.....	229,255	-	-	7,518	236,773
Education, Libraries and Museums.....	-	-	-	33	33
Total Expenditures.....	229,255	48,929	38,252	8,420	324,856
Excess (Deficiency) of Revenues					
Over Expenditures.....	8,332	(23,447)	3,507	3,951	(7,657)
Other Financing Sources (Uses):					
Operating Transfers In.....	-	-	-	1,101	1,101
Operating Transfers Out.....	(1,304)	-	(1,600)	(3)	(2,907)
Total Other Financing Sources (Uses).....	(1,304)	-	(1,600)	1,098	(1,806)
Excess (Deficiency) of Revenues and Other					
Sources Over Expenditures and Other Uses...	7,028	(23,447)	1,907	5,049	(9,463)
Fund Balances (deficit) - July 1 (as adjusted)...	317,310	271,420	16,516	16,763	622,009
Residual Equity Transferred Out.....	-	-	-	(6,651)	(6,651)
Fund Balances (deficit) - June 30.....	\$324,338	\$247,973	\$18,423	\$15,161	\$ 605,895

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenses and Changes in Fund Balances Nonexpendable and Pension Trust Funds

For The Fiscal Year Ended June 30, 1989

(Expressed in Thousands)

	Nonexpendable Trust			
	Soldiers Sailors &			Total
	School	Marines	Other	Nonexpendable
Operating Revenues:				
Participants' Contributions.....	\$ -	\$ -	\$ -	\$ -
State Contribution.....	-	-	-	-
Investment Earnings.....	353	3,972	575	4,900
Non-State Contributions.....	-	-	-	-
Miscellaneous.....	-	-	14	14
Total Operating Revenues.....	353	3,972	589	4,914
Operating Expenses:				
Benefit Payments and Refunds.....	-	-	-	-
Other Program Expenses.....	-	-	232	232
Total Operating Expenses.....	-	-	232	232
Operating Income (Loss).....	353	3,972	357	4,682
Operating Transfers In (Out):				
Operating Transfers In.....	10	409	-	419
Operating Transfers Out.....	(239)	(3,201)	(66)	(3,506)
Net Income.....	124	1,180	291	1,595
Fund Balances (deficit) - July 1 (as adjusted)	3,496	44,860	5,827	54,183
Fund Balances (deficit) - June 30.....	\$3,620	\$46,040	\$6,118	\$55,778

Pension Trust

Connecticut Probate Judges						
State Employees	State Teachers	Judicial	Municipal Retirement	Retirement System	Other Retirement	Total Pension
\$ 28,710	\$ 100,075	\$ 607	\$ 7,554	\$ 240	\$ 42	\$ 137,228
324,315	282,917	10,430	-	-	-	617,662
180,842	269,754	1,698	27,742	1,914	46	481,996
-	-	-	20,101	-	-	20,101
48,950	13	-	-	851	-	49,814
582,817	652,759	12,735	55,397	3,005	88	1,306,801
196,643	189,570	5,400	16,013	858	81	408,565
540	-	184	-	82	-	806
197,183	189,570	5,584	16,013	940	81	409,371
385,634	463,189	7,151	39,384	2,065	7	897,430
-	-	-	-	-	-	-
-	-	-	-	-	-	-
385,634	463,189	7,151	39,384	2,065	7	897,430
2,166,493	3,281,626	21,870	350,205	23,572	408	5,844,174
\$2,552,127	\$3,744,815	\$29,021	\$389,589	\$25,637	\$415	\$6,741,604

STATE OF CONNECTICUT
Combining Statement of Cash Flows
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	School	Soldiers Sailors & Marines	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income (Loss).....	\$ 124	\$ 1,180	\$ 291	\$ 1,595
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Realized (gain) loss on investments.....	(33)	(3,745)	(48)	(3,826)
(Increase) decrease in interest and other receivables....	(100)	(25)	(13)	(138)
(Increase) decrease in due from other funds.....	-	(252)	-	(252)
Increase (decrease) in due to other funds.....	-	(182)	-	(182)
Net cash provided by (used in) operating activities.....	(9)	(3,024)	230	(2,803)
Increase (decrease) in cash.....	(9)	(3,024)	230	(2,803)
Cash and cash equivalents, July 1.....	337	3,832	4,696	8,865
Cash and cash equivalents, June 30.....	\$ 328	\$ 808	\$ 4,926	\$ 6,062

STATE OF CONNECTICUT
Combining Statement of Changes in Assets
Agency Funds
For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Balance 7/1/88	Additions	Deletions	Balance 6/30/89
Payroll and Fringe Benefit Clearing				
Total Assets.....	\$ 3,867	\$ 1,625	\$ 481	\$ 5,011
Receipts Pending Distribution				
Total Assets.....	31,147	243	15,274	16,116
Investment Pool/Non-state Portion				
Total Assets.....	128,958	41,100	14,865	155,193
Insurance Companies' Securities				
Total Assets.....	329,509	103,994	-	433,503
State Institution Activity				
Total Assets.....	27,853	22,485	18,923	31,415
Deferred Compensation				
Total Assets.....	119,157	17,217	-	136,374
Other Agency Funds				
Total Assets.....	21,706	16,696	13,859	24,543
Total Agency Assets.....	\$662,197	\$203,360	\$63,402	\$802,155

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GENERAL FIXED ASSETS ACCOUNT GROUP

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

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

**STATE OF CONNECTICUT
GENERAL FIXED ASSETS ACCOUNT GROUP
JUNE 30, 1989
(EXPRESSED IN THOUSANDS)**

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

	1989
GENERAL FIXED ASSETS:	
Land	\$ 209,516
Buildings	629,863
Improvements Other Than Buildings	85,895
Machinery and Equipment	508,784
Construction in Progress	259,009
Total General Fixed Assets	<u>\$1,693,067</u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:

Investment in Property Acquired Prior to June 30, 1988—Source Unidentified	\$1,588,422
General Fund	28,040
Special Revenue Funds	34,224
Capital Project Funds	116,915
Expendable Trust Funds	13
Other	7,706
Total	<u>1,775,320</u>
Less Retirements	<u>(82,253)</u>
Total Investment in General Fixed Assets	<u>\$1,693,067</u>

**STATE OF CONNECTICUT
GENERAL FIXED ASSETS ACCOUNT GROUP
JUNE 30, 1989
(EXPRESSED IN THOUSANDS)**

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

Function and Activity	Improve-				Totals
	Land	Buildings	ments	Equipment	
Legislative.....	\$ -	\$ -	\$ -	\$ 9,321	\$ 9,321
General Government.....	2,093	21,063	2,362	29,137	54,655
Regulation and Protection.....	2,090	38,980	2,111	43,328	86,509
Natural Resources & Recreation....	153,328	9,866	1,306	18,231	182,731
Health and Hospitals.....	9,204	138,599	6,612	31,328	185,743
Transportation.....	27,026	93,367	42,341	200,748	363,482
Human Services.....	-	-	-	8,960	8,960
Education, Libraries & Museums....	3,117	131,762	23,931	140,333	299,143
Corrections.....	7,587	116,595	7,232	15,623	147,037
Judicial.....	5,071	79,631	-	11,775	96,477
Total General Fixed Assets					\$1,434,058
Allocated to Functions.....	\$209,516	\$629,863	\$85,895	\$508,784	
Construction in Progress.....					259,009
Total General Fixed Assets.....					\$1,693,067

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

Function and Activity	General Fixed Assets			General Fixed Assets
	7/1/88	Additions	Deletions	6/30/89
Legislative.....	\$ 9,320	\$ 1	\$ -	\$ 9,321
General Government.....	63,129	13,123	21,597	54,655
Regulation and Protection.....	87,260	3,497	4,248	86,509
Natural Resources & Recreation....	192,125	2,348	11,742	182,731
Health and Hospitals.....	178,961	9,687	2,905	185,743
Transportation.....	311,796	58,946	7,260	363,482
Human Services.....	6,493	2,696	229	8,960
Education, Libraries & Museums....	305,385	24,233	30,475	299,143
Corrections.....	129,028	21,053	3,044	147,037
Judicial.....	92,775	4,455	753	96,477
Construction in Progress.....	212,150	92,132	45,273	259,009
Total General Fixed Assets.....	\$1,588,422	\$232,171	\$127,526	\$1,693,067

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HIGHER EDUCATION AND UNIVERSITY HOSPITAL FUNDS

Higher Education and University Hospital Funds are used to account for all transactions relating to public institutions of higher education including a teaching hospital and the State's technical colleges. These include five universities, twelve community colleges and five technical colleges.

College and University Funds used are described below.

Current Funds:

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

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

Hospital Funds - accounts for revenue and expenditures relating to the operation of the John Dempsey Hospital and the Dental Clinics.

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

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

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

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

STATE OF CONNECTICUT
Combining Balance Sheet
Higher Education and University Hospital Funds
June 30, 1989
(Expressed in Thousands)

	Current Funds		Hospital Funds
	Unrestricted	Restricted	
Assets:			
Cash and Cash Equivalents.....	\$114,602	\$12,109	\$ 3,870
Investments.....	2,377	5,243	-
Receivables:			
Accounts, Net of Allowances.....	16,730	2,559	18,086
Tuition and Patient Services.....	254	-	-
Loans, Net of Allowances.....	-	-	-
Notes.....	-	-	-
Interest.....	209	50	-
Due From Other Funds.....	2,448	133	-
Inventories.....	2,821	-	940
Prepaid Items.....	2,044	3,177	267
Property, Plant & Equipment.....	-	-	-
Total Assets.....	\$141,485	\$23,271	\$23,163
Liabilities, Equity and Other Credits:			
Liabilities:			
Accounts Payable and Accrued Liabilities.....	\$ 13,136	\$ 452	\$18,825
Due to Other Funds.....	1,321	113	57
Deferred Revenue.....	17,572	-	-
Notes and Loans Payable.....	-	-	-
Agency Deposit Liabilities.....	-	-	-
Revenue Bonds.....	-	-	-
Capital Leases.....	-	-	-
Compensated Absences.....	6,669	-	1,946
Total Liabilities.....	38,698	565	20,828
Equity and Other Credits:			
Investment in Fixed Assets.....	-	-	-
Fund Balance:			
Reserved.....	-	22,706	-
Unreserved, undesignated.....	102,787	-	2,335
Total Equity and Other Credits.....	102,787	22,706	2,335
Total Liabilities, Equity and Other Credits.....	\$141,485	\$23,271	\$23,163

Endowment and Similar Funds	Loan Funds	Agency Funds	Plant Funds		Total
			Retirement of Indebtedness	Investment in Plant	
\$ 179 2,629	\$ 1,287 79	\$4,077 947	\$30,379 -	\$ 12,300 -	\$ 178,803 11,275
9	-	70	-	-	37,454
-	-	-	-	-	254
-	23,875	127	-	-	24,002
-	-	13	-	-	13
-	316	18	-	-	593
-	-	-	-	-	2,581
-	-	229	-	-	3,990
-	-	6	-	-	5,494
-	-	794	-	912,143	912,937
\$2,817	\$25,557	\$6,281	\$30,379	\$924,443	\$1,177,396
\$ -	\$ -	\$ 613	\$ -	\$ -	\$ 33,026
-	-	-	-	-	1,491
1	-	73	-	-	17,646
-	-	-	-	12,300	12,300
-	-	5,595	-	-	5,595
-	-	-	-	35,285	35,285
-	-	-	-	444	444
-	-	-	-	-	8,615
1	-	6,281	-	48,029	114,402
-	-	-	-	876,414	876,414
2,816	25,557	-	30,379	-	81,458
-	-	-	-	-	105,122
2,816	25,557	-	30,379	876,414	1,062,994
\$2,817	\$25,557	\$6,281	\$30,379	\$924,443	\$1,177,396

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REQUIRED PERS SUPPLEMENTARY INFORMATION

State of Connecticut
Required Supplementary Information
Analysis of Fund Progress
(In Millions)

	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year	Net Assets available for benefits*	Pension benefit obligation	% funded (1)/(2)	Unfunded Pension benefit obligation (2)-(1)	Annual covered payroll	Unfunded pension benefit obligation as a percentage of covered payroll (4)/(5)
State Employees Retirement System						
1988**	\$1,844.6	\$4,089.3	45.1%	\$2,244.7	\$1,429.1	157.1%
1989	\$2,166.5	\$4,550.7	47.6%	\$2,384.2	\$1,583.0	150.6%
Teachers' Retirement System						
1988**	\$2,880.3	\$6,293.7	45.8%	\$3,413.4	\$1,193.5	286.0%
1989	\$3,275.2	\$6,856.7	47.8%	\$3,581.5	\$1,370.0	261.4%
Judicial Retirement System						
1988**	\$15.3	\$95.4	16.0%	\$80.1	\$9.7	825.8%
1989	\$21.9	\$107.5	20.4%	\$85.6	\$10.5	815.2%

Isolated analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the State of Connecticut PERS funding status on a going-concern basis. Analysis of this percentage, over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

* Net assets are presented at cost

** First period for which pension benefit obligations have been calculated in accordance with GASB Statement No. 5

State of Connecticut
State Employees Retirement System
Required Supplementary Information
Revenues by Source and Expenses by Type
(In Thousands)

Fiscal Year	Employee Contributions	Revenues by Source		Investment Income	Other	Total
		State Contributions				
		Dollar Amount	% of annual covered payroll			
1980	\$23,013	\$102,400	16.5%	\$23,004	\$16,667	\$165,084
1981	\$25,238	\$117,281	16.9%	\$30,574	\$25,961	\$199,054
1982	\$25,699	\$123,867	15.9%	\$45,665	\$33,445	\$228,676
1983	\$27,111	\$136,759	15.7%	\$55,237	\$40,178	\$259,285
1984	\$28,957	\$158,751	16.2%	\$66,925	\$37,146	\$291,779
1985	\$30,100	\$196,202	18.7%	\$76,455	\$38,586	\$341,343
1986	\$30,493	\$234,192	19.7%	\$89,773	\$39,496	\$393,954
1987	\$27,783	\$275,816	21.2%	\$102,819	\$42,954	\$449,372
1988	\$28,025	\$272,298	19.1%	\$144,635	\$50,593	\$495,551
1989	\$28,710	\$324,315	20.5%	\$180,842	\$48,950	\$582,817

Fiscal Year	Expenses by Type				Total
	Benefits	Administrative expenses	Refunds	Other	
1980	\$80,598	\$ 21	\$3,998	\$ -	\$84,617
1981	\$90,776	\$ 7	\$4,662	\$ 43	\$95,488
1982	\$99,362	\$ 25	\$4,349	\$ 20	\$103,756
1983	\$107,190	\$ 19	\$16,217	\$ -	\$123,426
1984	\$114,841	\$ 215	\$11,435	\$ -	\$126,491
1985	\$126,749	\$ 117	\$13,617	\$ -	\$140,483
1986	\$140,168	\$ 111	\$5,799	\$ 74	\$146,152
1987	\$154,860	\$ 120	\$2,803	\$ -	\$157,783
1988	\$171,668	\$ 165	\$2,680	\$589	\$175,102
1989	\$192,552	\$1,875	\$2,216	\$540	\$197,183

Contributions were made in accordance with actuarially determined contribution requirements.

State of Connecticut
State Teachers' Retirement System
Required Supplementary Information
Revenues by Source and Expenses by Type
(In Thousands)

Fiscal Year	Employee Contributions	Revenues by Source		Investment Income	Total
		State Contributions			
		Dollar Amount	% of annual covered payroll		
1980	\$43,987	\$68,585	10.5%	\$77,500	\$190,072
1981	\$46,015	\$64,394	9.3%	\$87,996	\$198,405
1982	\$49,134	\$76,203	10.4%	\$109,644	\$234,981
1983	\$53,066	\$97,108	12.6%	\$108,775	\$258,949
1984	\$56,658	\$120,519	14.6%	\$136,649	\$313,826
1985	\$61,125	\$146,379	16.5%	\$152,322	\$359,826
1986	\$67,052	\$175,765	18.0%	\$167,173	\$409,990
1987	\$75,517	\$204,724	19.2%	\$187,468	\$467,709
1988	\$89,607	\$242,512	20.3%	\$237,187	\$569,306
1989	\$100,075	\$282,917	20.6%	\$269,767	\$652,759

Fiscal Year	Expenses by Type		
	Benefits	Refunds	Total
1980	\$79,009	\$8,755	\$87,764
1981	\$84,841	\$13,034	\$97,875
1982	\$94,321	\$14,146	\$108,467
1983	\$106,025	\$10,824	\$116,849
1984	\$117,644	\$9,730	\$127,374
1985	\$127,787	\$11,466	\$139,253
1986	\$140,955	\$10,610	\$151,565
1987	\$154,840	\$6,515	\$161,355
1988	\$168,867	\$5,591	\$174,458
1989	\$183,724	\$5,846	\$189,570

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1980 through 1988. As explained in Note 9, the actuarially determined contribution requirement for 1989 was \$302.9 million while the actual contribution made was \$282.9 million.

State of Connecticut
Judicial Retirement System
Required Supplementary Information
Revenues by Source and Expenses by Type
(In Thousands)

Fiscal Year	Employee Contributions	Revenues by Source		Investment Income	Total
		State Contributions			
		Dollar Amount	% of annual covered payroll		
1982	\$200	\$1,859	46.4%	\$21	\$2,080
1983	\$301	\$3,234	53.8%	\$23	\$3,558
1984	\$370	\$4,220	60.1%	\$41	\$4,631
1985	\$388	\$5,966	76.0%	\$222	\$6,576
1986	\$451	\$7,317	88.7%	\$415	\$8,183
1987	\$490	\$8,605	97.8%	\$599	\$9,694
1988	\$561	\$9,919	102.1%	\$1,058	\$11,538
1989	\$607	\$10,430	99.0%	\$1,698	\$12,735

Fiscal Year	Expenses by Type			
	Administrative & other			
	Benefits	expenses	Refunds	Total
1982	\$2,001	\$-	\$ -	\$2,001
1983	\$3,064	\$17	\$ -	\$3,081
1984	\$3,478	\$12	\$13	\$3,503
1985	\$3,761	\$12	\$(13)	\$3,760
1986	\$4,188	\$9	\$ -	\$4,197
1987	\$4,550	\$2	\$9	\$4,561
1988	\$4,931	\$10	\$ -	\$4,941
1989	\$5,383	\$184	\$17	\$5,584

Contributions were made in accordance with actuarially determined contribution requirements.

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STATISTICAL SECTION

**STATE OF CONNECTICUT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

SOURCE (1)	FOR THE YEAR ENDED JUNE 30				
	(3)				
	1980	1981	1982	1983	1984
1. LEGISLATIVE	\$ 9,230	\$ 11,681	\$ 12,379	\$ 14,906	\$ 15,877
2. GENERAL GOVERNMENT	169,723	182,776	219,927	235,546	308,869
3. REGULATION AND PROTECTION	71,979	76,098	317,773	357,987	405,517
4. NATURAL RESOURCES & PROTECTION	22,731	23,360	27,273	36,633	37,218
5. HEALTH AND HOSPITALS	189,247	223,600	244,218	276,908	309,353
6. TRANSPORTATION	170,290	178,598	191,843	187,567	220,320
7. HUMAN SERVICES	600,602	665,451	719,065	802,178	896,572
8. EDUCATION, LIBRARIES & MUSEUMS	668,635	756,052	832,606	940,431	1,050,529
9. CORRECTIONS	93,596	103,670	112,931	132,516	147,921
10. JUDICIAL	50,082	55,944	59,804	68,183	79,425
11. NONFUNCTIONAL (5)	248,762	272,448	267,042	296,306	327,975
12. FEDERAL AND OTHER GRANTS	303,613	312,330	317,015	324,130	347,338
13. INTERGOVERNMENTAL	-	-	-	-	-
14. DEBT SERVICE	265,635	324,254	508,932	307,779	325,641
TOTAL EXPENDITURES	\$2,864,125	\$3,186,262	\$3,830,808	\$3,981,070	\$4,472,555

(1) INCLUDES GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS.

(2) REPRESENTS FIRST YEAR PREPARED ON GAAP BASIS.

(3) DATA PRESENTED ON A (LEGAL) BUDGETARY BASIS AS IT WAS IMPRACTICAL
TO RESTATE THIS DATA TO A GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) BASIS.

(4) INCLUDES HIGHER EDUCATION EXPENDITURES TREATED AS OPERATING TRANSFERS OUT
ON OPERATING STATEMENTS

(5) BEGINNING IN 1989, NONFUNCTIONAL EXPENDITURES WERE RECLASSIFIED TO THE
PROPER FUNCTION OF GOVERNMENT

SOURCES: Annual Report of the State Comptroller 1980-1986

Combined Statement of Revenues, Expenditures and Changes in Fund Balances 1987-1989

(2)				
1985	1986	1987	1988	1989
\$ 18,597	\$ 19,421	\$ 22,912	\$ 27,419	\$ 38,453
374,451	395,949	442,150	466,452	987,855
443,837	204,889	236,409	251,099	312,359
40,930	47,715	89,409	83,282	133,746
349,410	405,211	511,863	587,700	802,655
281,638	331,419	304,110	322,876	421,240
903,564	981,946	1,177,226	1,262,257	1,488,276
1,180,376	1,307,526	1,414,218	(4) 1,635,888	(4) 2,061,221 (4)
163,602	187,130	219,901	250,366	358,188
87,340	87,873	102,709	110,184	160,821
386,790	455,359	562,541	613,773	-
343,386	363,027	463,386	(4) 420,533	(4) 561,107 (4)
-	-	-	-	68,312
330,511	371,987	335,095	340,518	384,730
<u>\$4,904,432</u>	<u>\$5,159,452</u>	<u>\$5,881,929</u>	<u>\$6,372,347</u>	<u>\$7,778,963</u>

**STATE OF CONNECTICUT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

SOURCE (1)	FOR THE YEAR ENDED JUNE 30				
	1980	1981	1982	1983	1984
1. TAXES	\$1,712,067	\$1,944,852	\$2,380,728	\$2,628,544	\$3,190,306
2. LICENSES, PERMITS, AND FEES	178,108	208,259	225,867	175,157	202,354
3. INTERGOVERNMENTAL	378,831	376,206	442,834	377,012	409,947
4. CHARGES FOR SERVICES	155,260	177,518	190,150	216,925	269,513
5. FINES, FORFEITS AND RENTS	6,386	6,769	25,058	17,721	12,435
6. INVESTMENT EARNINGS	33,350	32,076	46,275	16,822	15,975
7. LOTTERY AND OFF TRACK BETTING	-	-	-	-	-
8. MISCELLANEOUS	397,027	361,447	400,029	640,910	639,583
TOTAL REVENUES	\$2,861,029	\$3,107,127	\$3,710,941	\$4,073,091	\$4,740,113

(1) INCLUDES GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS.

(2) REPRESENTS FIRST YEAR PREPARED ON A GAAP BASIS.

(3) DATA PRESENTED ON A LEGAL (BUDGET) BASIS AS IT WAS IMPRACTICAL TO RESTATE THIS DATA TO A GAAP BASIS.

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

SOURCES: Annual Report of the State Comptroller 1980-1986

Combined Statement of Revenues, Expenditures and Changes in Fund Balances 1987-1989

		(2)			
1985	1986	1987	1988	1989	
\$3,573,702	\$3,594,448	\$4,024,113	\$4,079,663	\$4,565,136	
262,673	310,427	289,912	320,441	330,802	
441,481	485,651	1,080,103	1,159,223	1,331,263	
363,328	430,252	375,863	382,915	65,051	
12,304	11,943	20,881	12,866	25,177	
20,757	20,340	38,763	38,824	44,727	
-	-	-	-	697,672	
650,750	658,783	108,709	125,591	115,543	
\$5,324,995	\$5,511,844	\$5,938,344	\$6,119,523	\$7,175,371	

**STATE OF CONNECTICUT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 1989
(EXPRESSED IN THOUSANDS)**

GENERAL FUND TAX RECEIPTS FROM PREVIOUS YEAR	\$ 4,324,046
FACTOR	<u>4.5</u>
CONSTITUTIONAL DEBT LIMIT FOR DEBT INCURRED	19,458,207
LESS: DEDUCTIONS ALLOWED BY LAW	<u>2,493,317</u>
LEGAL DEBT MARGIN	<u>\$16,964,890</u>

SOURCE: State of Connecticut Taxable General Obligation Bonds Report
Dated October 25, 1989

**STATE OF CONNECTICUT
NET GENERAL LONG-TERM DEBT PER CAPITA
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

FOR THE YEAR ENDED		GENERAL LONG-TERM DEBT			
		TOTAL	LESS DEBT	NET DEBT	
JUNE 30	POPULATION	DEBT	SERVICE FUND	NET	PER CAPITA
1980	3,112	\$1,888,535	\$38,657	\$1,849,878	\$594
1981	3,123	2,047,450	39,234	2,008,216	643
1982	3,127	1,797,365	40,988	1,756,377	562
1983	3,140	1,919,120	36,189	1,882,931	600
1984	3,155	1,930,750	29,203	1,901,547	603
1985	3,170	2,033,260	45,063	1,988,197	627
1986	3,189	2,001,495	40,882	1,960,613	615
1987	3,212	2,049,465	56,055	1,993,410	621
1988	3,235	2,394,513	159,802	2,234,711	691
1989	3,246	3,227,222	209,705	3,017,517	930

SOURCES: Annual Report of the State Comptroller
State of Connecticut Register and Manual

STATE OF CONNECTICUT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

FOR THE YEAR ENDED JUNE 30	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	(1) TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1980	\$177,295	\$88,340	\$265,635	\$2,864,125	9.3%
1981	184,634	139,620	324,254	3,186,262	10.2%
1982	357,667	151,265	508,932	3,830,908	13.3%
1983	188,865	118,914	307,779	3,981,070	7.7%
1984	192,992	132,649	325,641	4,472,555	7.3%
1985	204,731	125,780	330,511	4,904,432	6.7%
1986	218,290	153,697	371,987	5,159,452	7.2%
1987(2)	180,685	154,410	335,095	5,881,929	5.7%
1988	179,950	160,568	340,518	6,372,347	5.3%
1989	201,203	183,527	384,730	7,778,963	4.9%

(1) INCLUDES GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS. ALSO INCLUDED ARE HIGHER EDUCATION EXPENDITURES TREATED AS OPERATING TRANSFERS OUT ON OPERATING STATEMENTS.

(2) 1987—FIRST YEAR PREPARED ON A GAAP BASIS.

SOURCES: Annual Report of the State Comptroller 1980–1986

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
1987–1989.

**STATE OF CONNECTICUT
REVENUE BOND COVERAGE
LAST SEVEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

BRADLEY INTERNATIONAL AIRPORT

FOR THE YEAR ENDED JUNE 30	GROSS REVENUE(1)	NET REVENUE		DEBT SERVICE REQUIREMENTS			
		DIRECT OPERATING EXPENSES(2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1983	\$11,026	\$3,282	\$7,744	\$-	\$6,366	\$6,366	1.22
1984	18,744	6,389	12,355	-	10,075	10,075	1.23
1985	19,075	6,518	12,557	-	9,138	9,138	1.37
1986	18,963	8,332	10,631	-	7,333	7,333	1.45
1987	22,074	12,100	9,974	-	9,242	9,242	1.08
1988	25,619	13,487	12,132	-	10,283	10,283	1.18
1989	32,049	14,395	17,654	995	10,093	11,088	1.59

(1) INCLUDES OPERATING AND NON-OPERATING REVENUES

(2) INCLUDES OPERATING EXPENSES LESS DEPRECIATION AND INTEREST EXPENSES.

NOTE: A separate fund for Bradley International Airport (Bradley) was established in 1983.

Prior to 1983, Bradley was included as part of the Transportation Fund and no separate financial statements were issued.

SOURCE: Bradley International Airport Financial Statements

**STATE OF CONNECTICUT
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

CONNECTICUT DEVELOPMENT AUTHORITY

FOR THE YEAR ENDED JUNE 30	GROSS RECEIPTS USED FOR DEBT	DIRECT OPERATING	AVAILABLE FOR DEBT	DEBT SERVICE REQUIREMENTS			
	SERVICES(1)	EXPENSES(2)	SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1980	\$40,202	\$573	\$39,629	\$15,800	\$20,317	\$36,117	1.10
1981	56,498	745	55,753	17,322	32,304	49,626	1.12
1982	93,892	1,109	92,783	38,563	47,239	85,802	1.08
1983	132,725	1,349	131,376	59,440	67,823	127,263	1.03
1984	134,614	1,505	133,109	47,078	79,889	126,967	1.05
1985	225,335	1,897	223,438	82,864	131,677	214,541	1.04
1986	279,002	1,830	277,172	126,178	141,057	267,235	1.04
1987	253,375	1,901	251,474	103,157	135,561	238,718	1.05
1988	272,954	2,034	270,920	122,331	137,169	259,500	1.04
1989	341,359	2,494	338,865	192,285	139,536	331,821	1.02

(1) INCLUDES OPERATING AND NON-OPERATING REVENUES AND PRINCIPAL COLLECTED ON LOANS.

(2) INCLUDES OPERATING EXPENSES LESS DEPRECIATION, AMORTIZATION AND INTEREST EXPENSES.

SOURCE: Connecticut Development Authority Financial Statements

**STATE OF CONNECTICUT
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

RENTAL HOUSING

FOR THE YEAR ENDED JUNE 30	GROSS RECEIPTS USED FOR DEBT SERVICES(1)	DIRECT OPERATING EXPENSES(2)	NET REVENUE		DEBT SERVICE REQUIREMENTS		
			AVAILABLE FOR DEBT SERVICE		PRINCIPAL	INTEREST	TOTAL
							COVERAGE
1980	\$3,032	\$715	\$2,317		\$700	\$4,552	\$5,252 0.44
1981	5,172	875	4,297		700	4,505	5,205 0.83
1982	4,496	1,044	3,452		700	4,918	5,618 0.61
1983	6,436	1,283	5,153		1,250	7,068	8,318 0.62
1984	8,539	1,508	7,031		7,150	7,651	14,801 0.48
1985	8,414	1,491	6,923		3,750	7,221	10,971 0.63
1986	9,790	1,979	7,811		2,450	6,970	9,420 0.83
1987	11,379	2,257	9,122		2,450	6,293	8,743 1.04
1988	7,985	2,483	5,502		5,950	6,090	12,040 0.46
1989	13,206	3,210	9,996		1,550	7,480	9,030 1.11

(1) INCLUDES OPERATING AND NON-OPERATING REVENUES AND PRINCIPAL COLLECTIONS.

(2) INCLUDES OPERATING EXPENSES LESS DEPRECIATION, AMORTIZATION AND INTEREST EXPENSES.

SOURCES: Annual Report of the State Comptroller

Annual Report to the Treasurer

Combining Statement of Revenues, Expenses & Changes in Retained Earnings

Combining Statement of Cash Flows

**STATE OF CONNECTICUT
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

CONNECTICUT HOUSING FINANCE AUTHORITY

FOR THE YEAR ENDED DECEMBER 31	GROSS RECEIPTS USED FOR DEBT	DIRECT OPERATING	AVAILABLE FOR DEBT	DEBT SERVICE REQUIREMENTS			
	SERVICES(1)	EXPENSES(2)	SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1979	\$111,524	\$3,775	\$107,749	\$12,875	\$54,779	\$67,654	1.59
1980	123,872	5,283	118,589	21,575	72,968	94,543	1.25
1981	147,760	6,039	141,721	30,630	84,726	115,356	1.23
1982	183,065	6,814	176,251	39,920	116,561	156,481	1.13
1983	232,315	7,999	224,316	47,715	137,929	185,644	1.21
1984	280,359	8,858	271,501	59,030	155,980	215,010	1.26
1985	354,257	9,980	344,277	66,350	175,298	241,648	1.42
1986	482,135	11,719	470,416	222,425	190,105	412,530	1.14
1987	451,530	11,282	440,248	241,835	179,003	420,838	1.05
1988	367,793	15,444	352,349	140,915	175,957	316,872	1.11

(1) INCLUDES OPERATING AND NON-OPERATING REVENUES AND MORTGAGE PRINCIPAL PAYMENTS.

(2) INCLUDES OPERATING EXPENSES LESS DEPRECIATION, AMORTIZATION AND INTEREST EXPENSES.

SOURCE: Connecticut Housing Finance Authority Financial Statements

**STATE OF CONNECTICUT
ANNUAL ESTIMATES OF THE RESIDENT POPULATION
CONNECTICUT COMPARED TO THE UNITED STATES
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

FOR THE YEAR ENDED JUNE 30	UNITED STATES	CONNECTICUT	%
1980	227,255	3,112	1.4%
1981	229,637	3,123	1.4%
1982	231,996	3,127	1.3%
1983	234,284	3,140	1.3%
1984	236,495	3,155	1.3%
1985	238,740	3,170	1.3%
1986	241,078	3,189	1.3%
1987	243,308	3,212	1.3%
1988	245,529	3,235	1.3%
1989	248,255	3,246	1.3%

SOURCE: Economic Report of the Governor 1990-1991

**STATE OF CONNECTICUT
BANK DEPOSITS
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)**

TOTAL AS OF JUNE 30	BANK DEPOSITS
1980	\$10,115,000
1981	10,895,000
1982	11,165,000
1983	13,586,000
1984	13,772,000
1985	18,012,982
1986	22,165,948
1987	25,039,322
1988	27,868,453
1989	29,645,168

SOURCES: 1980-1987 Branch Directory and Summary of Deposits,
Decision Research Sciences, Inc.
1988-1989 Commissioner's Annual Report

**STATE OF CONNECTICUT
RESIDENT EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE
FOR THE LAST TEN CALENDAR YEARS**

CALENDAR YEAR	LABOR FORCE	(Thousands)		
		EMPLOYMENT	UNEMPLOYMENT	UNEMPLOYMENT RATE
1980	1586.9	1503.4	83.5	5.3%
1981	1589.6	1491.0	98.7	6.2%
1982	1602.5	1504.1	105.4	6.5%
1983	1599.3	1487.6	111.7	7.0%
1984	1635.7	1556.9	78.8	4.8%
1985	1694.0	1612.4	81.6	4.8%
1986	1727.1	1653.0	74.1	4.3%
1987	1749.3	1687.1	62.2	3.6%
1988	1745.1	1693.0	52.1	3.0%
1989	1754.7	1700.2	54.5	3.1%

SOURCE: Economic Report of the Governor 1990-1991

**STATE OF CONNECTICUT
TOTAL PERSONAL INCOME AND PER CAPITA
PERSONAL INCOME
CONNECTICUT COMPARED TO THE UNITED STATES
FOR THE LAST TEN CALENDAR YEARS**

CALENDAR YEAR	TOTAL PERSONAL INCOME			PER CAPITA PERSONAL INCOME			PER CAPITA PERSONAL INCOME
	(Billions of Dollars)			(Dollars)			CT RANK
	UNITED STATES	CONNECTICUT	%	UNITED STATES	CONNECTICUT	%	
1980	\$2,141.0	\$35.43	1.7%	\$9,423	\$11,386	120.8%	N/A
1981	2,394.0	39.94	1.7%	10,425	12,786	122.6%	N/A
1982	2,607.2	43.80	1.7%	11,238	13,998	124.6%	3
1983	2,744.0	46.79	1.7%	11,715	14,887	127.1%	3
1984	2,974.0	51.10	1.7%	12,578	16,193	128.7%	3
1985	3,224.4	56.12	1.7%	13,505	17,677	130.9%	3
1986	3,424.2	59.96	1.8%	14,203	18,772	132.2%	1
1987	3,636.1	64.99	1.8%	14,938	20,235	135.5%	1
1988	3,919.8	71.33	1.8%	15,947	22,063	138.4%	1
1989	4,250.2	77.47	1.8%	17,120	23,866	139.4%	1

SOURCE: Economic Report of the Governor 1990-1991

**STATE OF CONNECTICUT
NONAGRICULTURAL EMPLOYMENT
LAST TEN FISCAL YEARS**

FOR THE YEAR ENDED JUNE 30	(THOUSANDS)	
	MANUFACTURING	NONMANUFACTURING
1980	\$442.32	\$976.87
1981	437.97	993.92
1982	432.18	1004.81
1983	406.35	1022.83
1984	409.36	1074.21
1985	415.36	1131.65
1986	400.27	1178.51
1987	389.45	1236.84
1988	380.36	1280.16
1989	370.83	1312.62

JUNE 30, 1989		TWELVE LARGEST NONAGRICULTURAL INDUSTRIES
INDUSTRY	AVERAGE # OF EMPLOYEES (THOUSANDS)	
Services	413.07	
Wholesale and Retail Trade	385.36	
Manufacture of Durable Goods	277.75	
Government	209.11	
Insurance	79.71	
Construction	77.71	
Finance and Real Estate	74.93	
Manufacture of Nondurable Goods	70.81	
Transportation	41.02	
Communications	18.76	
Utilities	12.94	

Source: Economic Report of the Governor 1990-1991

**STATE OF CONNECTICUT
TOP 25 EMPLOYERS
JUNE 30, 1989**

COMPANY	PRINCIPAL CONNECTICUT LOCATION
1 State of Connecticut	Statewide
2 United Technologies Corp.	Statewide
3 Federal Government	Statewide
4 General Dynamics Corp.	Groton
5 Aetna Life & Casualty	Hartford
6 American Telephone & Telegraph	Statewide
7 Travelers Insurance Co.	Hartford
8 Stop & Shop Co.	Statewide
9 Yale University	New Haven
10 Northeast Utilities	Statewide
11 General Electric	Bridgeport
12 ITT Corp.	Statewide
13 CIGNA	Bloomfield
14 Associated Drygoods	Statewide
15 First National Supermarkets	Statewide
16 Pitney Bowes	Statewide
17 Combustion Engineering	Windsor
18 Connecticut Bank & Trust	Hartford
19 AVCO Corp.	Stratford
20 Perkin Elmer Corp.	Norwalk
21 Yale-New Haven Hospital	New Haven
22 Hartford Hospital	Hartford
23 Stone & Webster Engineering	Waterford
24 Sears Roebuck & Co.	Statewide
25 Union Carbide	Danbury

Source: Department of Economic Development

**STATE OF CONNECTICUT
ECONOMIC INDICATORS
LAST TEN FISCAL YEARS**

FOR THE YEAR ENDED JUNE 30	RETAIL	DEFENSE	DISPOSABLE	TOTAL	NUMBER OF
	SALES (THOUSANDS)	CONTRACT AWARDS (THOUSANDS)	INCOME (BILLIONS)	EMPLOYMENT (THOUSANDS)	HOUSING STARTS (THOUSANDS)
1980	\$12,611,711	\$3,867,188	\$29.93	1586.9	11.70
1981	14,104,957	4,492,205	33.55	1589.6	9.74
1982	15,533,996	5,896,865	36.52	1609.5	7.79
1983	18,924,988	5,126,170	39.38	1599.3	14.11
1984	19,765,151	5,459,344	43.78	1635.7	15.60
1985	21,908,988	5,543,448	47.56	1694.0	20.11
1986	27,656,454	5,441,063	49.90	1727.1	29.90
1987	27,790,357	5,030,505	53.16	1749.3	27.05
1988	28,586,432	4,911,301	58.58	1745.1	22.29
1989	N/A	N/A	64.40	1754.7	16.45

SOURCES: Economic Report of the Governor 1990-1991

Sales and Marketing Management Report

**STATE OF CONNECTICUT
DEMOGRAPHICS
LAST TEN FISCAL YEARS**

FOR THE YEAR ENDED JUNE 30	POPULATION (THOUSANDS)	PER	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
		CAPITA INCOME		
1980	3,112	\$11,386	548,028	5.3%
1981	3,123	12,786	530,338	6.2%
1982	3,127	13,998	508,309	6.5%
1983	3,140	14,887	489,187	7.0%
1984	3,155	16,193	474,475	4.8%
1985	3,170	17,677	465,031	4.8%
1986	3,189	18,772	465,896	4.3%
1987	3,212	20,235	461,724	3.6%
1988	3,235	22,063	460,564	3.0%
1989	3,246	23,866	460,190	3.1%

SOURCES: Economic Report of the Governor 1990-1991

State of Connecticut Register and Manual

Condition of Education Report - Town and School District Profile

**STATE OF CONNECTICUT
MAJOR REVENUE SOURCES
GENERAL FUND
LAST TEN FISCAL YEARS
(Millions)**

FISCAL YEAR	SALES & USE	% OF TOTAL	CORPORATION	% OF TOTAL	CAPITAL GAINS	% OF TOTAL
	TAX	REVENUE	TAX	REVENUE	TAX	REVENUE
1980	\$808.9	37.8	\$246.1	11.5	\$101.0	4.7
1981	932.7	38.9	248.7	10.4	117.8	4.9
1982	1015.0	37.1	330.7	12.1	137.8	5.0
1983	1123.1	38.0	345.5	11.7	183.7	6.2
1984	1362.9	38.6	416.1	11.8	289.5	8.2
1985	1542.0	39.0	521.3	13.2	302.4	7.6
1986	1652.6	37.7	654.8	15.0	317.3	7.2
1987	1840.6	38.1	681.9	14.1	467.8	9.7
1988	2000.4	40.3	661.3	13.3	386.3	7.8
1989	2097.5	37.4	870.0	15.5	508.7	9.1

Source: Revenue, Budget and Economic Data (Fiscal Years 1969-1989)

**STATE OF CONNECTICUT
SALES AND USE TAX
MAJOR INDUSTRIAL CATEGORIES
JUNE 30, 1989
(Millions)**

INDUSTRY	TAX	%
MANUFACTURING	\$168.3	8.8%
WHOLESALE	144.4	7.6%
RETAIL:		
HARDWARE	111.9	5.9%
GENERAL MERCHANDISE	116.7	6.1%
FOOD PRODUCTS	111.1	5.8%
AUTO PRODUCTS	294.3	15.4%
APPAREL	33.0	1.7%
HOME APPLIANCES & FURNISHINGS	94.4	4.9%
EATING & DRINKING ESTABLISHMENTS	130.8	6.9%
MISCELLANEOUS SHOPPING STORES	209.1	11.0%
BUSINESS	320.4	16.8%
ALL OTHER BUSINESSES	172.9	9.1%
TOTAL SALES & USE TAX	<u>\$1,907.3</u>	

Note: The figures shown are based on returns filed on a timely basis

and do not include audits or late returns.

Source: Department of Revenue Services

**STATE OF CONNECTICUT
MISCELLANEOUS STATISTICS
JUNE 30, 1989**

DATE OF RATIFICATION	JANUARY 9, 1788
FORM OF GOVERNMENT	LEGISLATIVE - EXECUTIVE - JUDICIAL
MILES OF STATE HIGHWAY	4,044
LAND AREA	5,009 SQUARE MILES

STATE POLICE PROTECTION:

NUMBER OF STATIONS	12
NUMBER OF STATE POLICE	1021

HIGHER EDUCATION (UNIVERSITIES, COLLEGES, AND COMMUNITY COLLEGES):

NUMBER OF CAMPUSES IN STATE	22
NUMBER OF EDUCATORS	3,486
NUMBER OF STUDENTS	107,214

RECREATION:

NUMBER OF STATE PARKS	91
AREA OF STATE PARKS	30,043 ACRES
AREA OF STATE FORESTS	139,377 ACRES

STATE EMPLOYEES:

FULL-TIME	52,580
PART-TIME (PERMANENT)	2,850

SOURCES: Connecticut State Register and Manual
Office of Policy and Management

STATE OF CONNECTICUT

OFFICE OF THE STATE COMPTROLLER ORGANIZATION

As of June 30, 1989

J. Edward Caldwell
State Comptroller

Lawrence Cacciola
Deputy Comptroller

Bernard McLoughlin
Chief Administrative Officer

Robert Dixon
Director, Telecommunications

Jeffrey Holyst
Chief Fiscal Officer

Robert Kallin
Director, FMIS

JoAnn Mogensen
Director, Retirement Division

Rene Osterlund
Director
Staff Services and Personnel

Mark Schillinger
Assistant
Chief Administrative Officer

Casmier Dzielinski
Director, Central Payroll

Margonis Janaus
Director, Accounting Systems

Carl Kask
Director, Computer Services

Walter Olender
Director, Special Services

Douglas Vallee
Director
Central Accounts Payable

Central Accounting Division

Raymond Girard - Chief Accountant
David Leader - Assistant Chief
Hazel Brown

Financial Reporting

Robert Krueger
Gerardo Villa
Nancy Fuda
Elizabeth Roy
Doris Przygocki
Janet Richardson

Accounting Operations

John Coughlin
Mavis Lenentine
Diane Nolan
Patrick Collins
Leila Gorsky
Karen Hurst
Karen Jones
Beverly Hegstrom
Judith Tollin
Debra Morris

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