

STATE OF
CONNECTICUT

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

Fiscal Year Ended
June 30, 1995



Nancy Wyman
State Comptroller

1995

ADDENDUM

STATE OF CONNECTICUT

Comprehensive Annual Financial Report of the State of Connecticut
Fiscal Year Ended June 30, 1995

Pages 42-44: Due to a printing error the final version of pages 42-44 were not included in the bound version of the 1995 Comprehensive Annual Financial Report.

Attached are the correct pages 42-44.

All other statements and final totals remain unchanged.

STATE OF CONNECTICUT

Combined Statement of Changes in Fund Balances

Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1995 (Revised)
 (Expressed in Thousands)

	Current Funds		Hospital Funds	Endowment and Similar Funds	Loan Funds
	Unrestricted	Restricted			
Revenues and Other Additions:					
Current and Hospital Funds Revenues	\$485,261	\$127,126	\$118,995	\$ -	\$ -
Private Gifts, Grants, and Contracts	-	-	-	78	140
Investment Earnings	-	-	-	210	112
Interest on Loans Receivable	-	-	-	-	517
Expended for Plant Facilities	-	-	-	-	-
Retirement of Indebtedness	-	-	-	-	-
Foundation Revenues	-	-	-	-	-
Miscellaneous	-	-	-	-	4
Total Revenues and Other Additions	485,261	127,126	118,995	288	773
Expenditures and Other Deductions:					
Education and General	775,957	112,851	-	-	-
Auxiliary Enterprises	79,179	18	-	-	-
Hospital	49,353	-	120,236	-	-
Indirect Cost Recovered	-	13,490	-	-	-
Loan Cancellations and Write-offs	-	-	-	-	902
Interest on Indebtedness	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
Disposal of Plant Facilities	-	-	-	-	-
Administrative Costs	-	-	-	-	164
Retirement of Indebtedness	-	-	-	-	-
Foundation Expenditures	-	-	-	-	-
Other	-	123	-	58	48
Total Expenditures and Other Deductions	904,489	126,482	120,236	58	1,114
Transfers Among Funds - Additions (Deductions)					
Mandatory:					
Retirement of Indebtedness	(20,454)	-	-	-	-
Nonmandatory:					
Other	(7,308)	(8,140)	11,172	(207)	-
Total Transfers Among Funds	(27,762)	(8,140)	11,172	(207)	-
Operating transfers from the State's governmental funds	449,527	-	-	-	-
Net Increase (Decrease) in Fund Balances	2,537	(7,496)	9,931	23	(341)
Fund Balances (deficit) - July 1 (as restated)	112,498	30,985	19,914	4,034	31,735
Fund Balances (deficit) - June 30	\$115,035	\$ 23,489	\$ 29,845	\$4,057	\$31,394

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

<u>Unexpended</u>	<u>Plant Funds</u>		<u>Affiliated Organization</u>	<u>Total</u>
	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
\$ -	\$ -	\$ -	\$ -	\$ 731,382
-	-	-	-	218
-	2,711	-	-	3,033
-	-	-	-	517
-	-	107,903	-	107,903
-	-	10,808	-	10,808
-	-	-	16,658	16,658
<u>89,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,307</u>
<u>89,303</u>	<u>2,711</u>	<u>118,711</u>	<u>16,658</u>	<u>959,826</u>
-	-	-	-	888,808
-	-	-	-	79,197
-	-	-	-	169,589
-	-	-	-	13,490
-	-	-	-	902
-	5,156	-	-	5,156
126,455	-	-	-	126,455
-	-	37,941	-	37,941
-	-	-	-	164
-	10,808	-	-	10,808
-	-	-	6,880	6,880
-	-	21,389	-	21,618
<u>126,455</u>	<u>15,964</u>	<u>59,330</u>	<u>6,880</u>	<u>1,361,008</u>
-	20,454	-	-	-
4,442	-	41	-	-
<u>4,442</u>	<u>20,454</u>	<u>41</u>	<u>-</u>	<u>-</u>
<u>105,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,589</u>
<u>72,352</u>	<u>7,201</u>	<u>59,422</u>	<u>9,778</u>	<u>153,407</u>
<u>(1,301)</u>	<u>47,351</u>	<u>1,376,298</u>	<u>52,599</u>	<u>1,674,113</u>
<u>\$ 71,051</u>	<u>\$54,552</u>	<u>\$1,435,720</u>	<u>\$62,377</u>	<u>\$1,827,520</u>

STATE OF CONNECTICUT
Combined Statement of Revenues, Expenditures,
and Other Changes
Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1995 (Revised)
(Expressed in Thousands)

	Current Funds		Hospital Funds	Total
	Unrestricted	Restricted		
Revenues:				
Student Tuition and Fees	\$260,153	\$ -	\$ -	\$ 260,153
Federal Grants and Contracts	20,527	71,984	-	92,511
Private Gifts and Grants	7,288	23,452	-	30,740
Patient Services	54,589	-	118,995	173,584
Sales and Services	104,493	-	-	104,493
Investment Earnings	7,713	800	-	8,513
Miscellaneous	30,498	16,633	-	47,131
Total Revenues	485,261	112,869	118,995	717,125
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	385,644	18,847	-	404,491
Research	29,727	64,617	-	94,344
Public Services	17,298	9,815	-	27,113
Academic Support	92,739	3,497	-	96,236
Student Services	40,039	3,361	-	43,400
Institutional Support	118,658	3,503	-	122,161
Scholarship and Fellowships	27,101	8,018	-	35,119
Plant Operations and Maintenance	64,751	1,193	-	65,944
Total Educational and General Expenditures	775,957	112,851	-	888,808
Hospital	49,353	-	120,236	169,589
Auxiliary Enterprises	79,179	18	-	79,197
Mandatory Transfers:				
Retirement of Indebtedness	20,454	-	-	20,454
Total Expenditures and Mandatory Transfers	924,943	112,869	120,236	1,158,048
Other Transfers- Additions (Deductions):				
Operating Transfers from the State's				
Governmental Funds	449,527	-	-	449,527
Other Non-mandatory Transfers	(7,308)	(8,140)	11,172	(4,276)
Excess of Restricted Receipts over Transfers to Revenues ..	-	767	-	767
Refunded to Grantors	-	(123)	-	(123)
Total Other Transfers and Additions (Deductions).	442,219	(7,496)	11,172	445,895
Net Increase (Decrease) in Fund Balances	\$ 2,537	\$ (7,496)	\$ 9,931	\$ 4,972

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

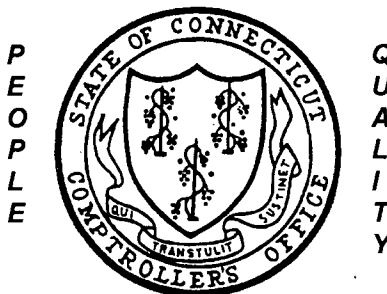
State of Connecticut

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 1995**

*Prepared by the Office of the
State Comptroller*

LEADERSHIP



COMMITMENT

**NANCY WYMAN
STATE COMPTROLLER**

This publication will be made available, upon request, in large print, Braille or audio cassette pursuant to the requestor's requirements.

STATE OF CONNECTICUT

Office of the State Comptroller

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

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

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

STATE OF CONNECTICUT

Contents

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	27
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GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units	30
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	34
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Budgeted Special Revenue Funds	36
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units	38
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units	40
Combined Statement of Changes in Fund Balances - Higher Education and University Hospital Funds	42
Combined Statement of Revenues, Expenditures, and Other Changes - Higher Education and University Hospital Funds	44
Notes to the Financial Statements	
Summary of Significant Accounting Policies	45
Budgetary Basis vs. GAAP	52
Fund Deficits	52
Cash Deposits and Investments	53
Loans Receivable	56
Taxes Receivable	57
Restricted Assets	57
Property, Plant, and Equipment	58
Retirement Systems	58
Other Retirement Systems Administered by the State	63
Deferred Compensation Plan	65
Postemployment Benefits	65
Capital and Operating Leases	65
Changes in General Long-Term Debt	66
Debt	66
Risk Management	71
Interfund Receivables and Payables	72
Restatement of Fund Balances and Cumulative Effect of a Change in Accounting Principle	73
Reserved Retained Earnings, Reserved Fund Balances, and Contributed Capital	74
Segment Information - Enterprise Funds	75

STATE OF CONNECTICUT

Contents

Condensed Financial Statements - Component Units	75
Related Organizations.....	76
Commitments and Contingencies	76
Subsequent Events	77
Required PERS Supplementary Information	79
Combining Statements and Account Group Schedules	
Special Revenue Funds	
Narrative	87
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	90
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non-GAAP Budgetary Basis - Budgeted Special Revenue Funds	92
Capital Projects Funds	
Narrative	97
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	99
Enterprise Funds	
Narrative	101
Combining Balance Sheet	102
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	103
Combining Statement of Cash Flows	104
Internal Service Funds	
Narrative	105
Combining Balance Sheet	106
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	107
Combining Statement of Cash Flows	108
Fiduciary Funds	
Narrative	109
Combining Balance Sheet - Fiduciary Funds	110
Combining Balance Sheet - Pension Trust Funds	112
Combining Balance Sheet - Agency Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Expendable Trust Funds	117
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - Nonexpendable and Pension Trust Funds	118
Combining Statement of Cash Flows - Nonexpendable Trust Funds	120
Combining Statement of Changes in Assets & Liabilities - All Agency Funds	121
General Fixed Assets Account Group	
Narrative	125
Schedule of General Fixed Assets by Source	126
Schedule of General Fixed Assets by Function	127
Schedule of Changes in General Fixed Assets by Function	127
Higher Education and University Hospital Funds	
Narrative	129
Combining Balance Sheet	130

STATE OF CONNECTICUT

Contents

Component Units	
Narrative	133
Combining Balance Sheet	134
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	136
Combining Statement of Cash Flow - Component Units	138

STATISTICAL SECTION

Schedule of General Governmental Expenditures by Function - for the Last Ten Fiscal Years	142
Schedule of Revenues by Source - for the Last Ten Fiscal Years	144
Schedule of Computation of Legal Debt Margin	146
Schedule of Net General Long-Term Bonded Debt Per Capita - for the Last Ten Fiscal Years	146
Schedule of Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures - for the Last Ten Fiscal Years	147
Schedule of Revenue Bond Coverage - for the Last Ten Fiscal Years	148
Schedule of Annual Estimates of the Resident Population - Connecticut Compared to the United States - for the Last Ten Fiscal Years	155
Schedule of Bank Deposits - for the Last Ten Fiscal Years	155
Schedule of Resident Employment, Unemployment, and Unemployment Rate - for the Last Ten Years	156
Schedule of Personal Income and Per Capita Personal Income - Connecticut Compared to the United States - for the Last Ten Fiscal Years	156
Schedule of Nonagricultural Employment - for the Last Ten Fiscal Years	157
Schedule of Ten Largest Nonagricultural Industries	157
Schedule of Top Twenty Private Sector Employers	158
Schedule of Economic Indicators - for the Last Ten Fiscal Years	159
Schedule of Demographic Statistics - for the Last Ten Years	159
Schedule of Major Revenue Sources - General Fund - for the Last Ten Fiscal Years	160
Schedule of Sales and Use Tax - Major Industrial Categories	160
Schedule of Miscellaneous Statistics	161
Office of the State Comptroller Organization Chart	162

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*Introductory
Section*

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

NANCY WYMAN
COMPTROLLER

MARK E. OJAKIAN
DEPUTY COMPTROLLER

January 31, 1996

To the Citizens of the State of Connecticut:

I am pleased to present this Comprehensive Annual Financial Report (CAFR) of the State of Connecticut for the fiscal year ended June 30, 1995.

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

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

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

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

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

THE REPORTING ENTITY

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

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

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

STATE INITIATIVES

- Health Care Reform

The Office of Health Care Access (OHCA) was created with the objective of expanding the number of Connecticut residents who are covered by a standard health insurance benefit package. In addition, OHCA assumed responsibility for the coordination of overall state health policy planning, data collection, and various regulatory and administrative functions. On January 3, 1995, OHCA released a comprehensive report on health care reform in Connecticut. The report detailed four major approaches to expand access to health insurance coverage to the uninsured. None of the reform proposals advanced past the conceptual stage. Today, it is estimated that about 12 percent of state residents under age sixty-five lack basic health insurance coverage. The Comptroller is responsible for procuring health insurance coverage for 166,000 state employees, state retirees and their dependents and is examining the possibility of utilizing this purchasing pool to expand access to affordable health insurance in the state. The Comptroller's Office is also examining additional methods of providing coverage to the uninsured and will report on the results of this study in 1996.

- Medicaid Eligibility and Federal Matching Funds

Medicaid eligibility was expanded to 185 percent of the federal poverty level for children up to age nineteen who were born on or after September 30, 1993 (age eleven as of 10/1/94). The Comptroller's Office is carefully monitoring federal changes to the Medicaid program that are being debated in Washington, but have not been resolved, at the writing of this report. Of particular concern are changes that would replace the present federal Medicaid match with a federal block grant. It is estimated that under the congressional proposal currently before the president, Connecticut could lose up to \$1.8 billion in Medicaid funding over the next seven years. Further expansions in coverage of covered groups through the Medicaid program will be drastically curtailed if the proposed funding reductions become reality.

- Consolidation of Various Funds

A number of special funds were consolidated into the General Fund or merged into other special funds thus reducing the total number of state funds. This effort improved overall state financial reporting and reduced the related administrative costs associated with maintaining numerous special funds. The Comptroller's Office was instrumental in guiding this effort.

OPERATING RESULTS

The fiscal year 1994-95 saw the State's financial condition continue to deteriorate as we have not yet reached the point of turnaround.

- Although the deficit had been shrinking in both absolute terms and as a percent of tax revenue through 1993, this trend was reversed in 1994 and this reversal has continued in 1995 with the State incurring a deficit in governmental operations of \$623 million -- the eighth year in a row of operating deficits.
- Long-term obligations increased \$38 million, which will have to be financed by future generations.
- Debt service, excluding the debt service on the State's Economic Recovery Notes, was 8.4% of governmental operating expenditures, up from 7.3% in the prior year. In absolute terms, such expenditures increased by 26%.
- Net debt per capita, also exclusive of the Economic Recovery Notes, rose to \$2,473, double that of fiscal 1990.
- Government expenditures continued to rise to 12.3% from 11.7% of total personal income in the State when compared to the prior fiscal year.

GOVERNMENTAL OPERATING RESULTS* (millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
General Fund Surplus (Deficit)	<u>\$(242)</u>	<u>\$ 51</u>	<u>\$ 93</u>	<u>\$ (77)</u>	<u>\$ (880)</u>
Special Revenue Funds:					
Transportation	17	(10)	(36)	3	(30)
Grant and Loan Programs	(307)	(306)	(283)	(232)	(189)
Housing Programs	(32)	(54)	(39)	(37)	(96)
Other, net	<u>(59)</u>	<u>(46)</u>	<u>5</u>	<u>(20)</u>	<u>(13)</u>
Total	<u>(381)</u>	<u>(416)</u>	<u>(353)</u>	<u>(286)</u>	<u>(328)</u>
Total Governmental Operating Deficits	<u>\$(623)</u>	<u>\$(365)</u>	<u>\$(260)</u>	<u>\$(363)</u>	<u>\$(1,208)</u>

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

TOTAL GOVERNMENTAL REVENUE
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Taxes	\$ 6,822	\$ 6,437	\$ 6,141	\$5,596	\$4,640
Intergovernmental	2,734	2,641	2,617	2,135	1,689
All Other	1,632	1,514	1,447	1,410	1,394
Total	<u>\$11,188</u>	<u>\$10,592</u>	<u>\$10,205</u>	<u>\$9,141</u>	<u>\$7,723</u>

Deficits as a Percent:

Total Revenue	5.6%	3.4%	2.5%	4.0%	15.8%
Total Tax Revenue	9.1%	5.7%	4.2%	6.5%	26.3%

Fiscal year 1995 saw governmental expenditures grow at a 9% rate while the growth in personal income was less than 4%. In the ten years since 1986, governmental expenditures have increased 131% while personal income increased only 60%.

GOVERNMENTAL OPERATING EXPENDITURES
AS A PERCENT OF PERSONAL INCOME
(1985-1986 Expenditures Reported on a Non-GAAP Basis)
(millions)

<u>Fiscal Year</u>	<u>Governmental Expenditures</u>	<u>Connecticut Personal Income</u>	<u>Ratio</u>
1986	\$ 5,159	\$60,797	8.5%
1987	5,882	65,991	8.9
1988	6,372	72,369	8.8
1989	7,779	78,718	9.9
1990	8,534	82,025	10.4
1991	8,930	84,642	10.5
1992	9,541	86,593	11.0
1993	10,494	91,145	11.5
1994	10,934	93,822	11.7
1995	11,924	97,108	12.3

Uncontrollable and fixed costs continued to consume increasing shares of the State's spending. Debt service, exclusive of the Economic Recovery Notes, increased to 8.4% of total governmental expenditures. Total debt service, including the Economic Recovery Notes, increased to 10.6% of governmental expenditures, two times the ratio of fiscal year 1990. Medicaid also continued its rise. It increased in fiscal year 1995 to over \$1.9 billion or almost one-fifth of total General Fund spending. The net state share of Medicaid, after adjusting for the 50% share of federal reimbursements, was \$292 for every man, woman, and child in Connecticut.

Deficit financing for operating purposes continued in fiscal year 1995. Deficits of \$339 million were incurred in the Grant and Loan Programs and the Housing Programs special revenue funds in fiscal year 1995. This represents 19% of total special revenue funds spending. Debt financing for these and other special revenue programs was \$481 million, which is four-fifths of our spending on legitimate capital needs for State facilities and infrastructure.

As a result, debt per capita, exclusive of the Economic Recovery Notes, increased to \$2,473 — twice what it was in fiscal year 1990. The remaining Economic Recovery Notes constitute an additional \$97 of debt per capita.

General Fund

Fiscal year 1995 saw the state end the year with a general fund operating deficit for the first time since the 1992 fiscal year, with expenditures growing faster than revenues.

GENERAL FUND OPERATING SURPLUS (DEFICIT) (millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>
Surplus (Deficit) in Prior Fiscal Year	<u>\$ 51</u>	<u>\$ 93</u>	<u>\$ (77)</u>
Expenditure (Increases) Decreases:			
General Government	(15)	5	(66)
Health and Hospital	(28)	(6)	102
Human Services	(479)	(276)	(363)
Education, Libraries, and Museums	22	(102)	(20)
Corrections	(62)	(110)	(116)
Higher Education	(86)	(23)	162
Debt Service	(79)	(54)	(35)
Other, net	<u>1</u>	<u>51</u>	<u>(503)*</u>
	<u>(726)</u>	<u>(515)</u>	<u>(839)</u>
Revenue Increases (Decreases):			
Taxes	355	270	507
Intergovernmental	82	50	480
Other, net	<u>(4)</u>	<u>153</u>	<u>22</u>
	<u>433</u>	<u>473</u>	<u>1,009</u>
Surplus (Deficit)	<u>\$(242)</u>	<u>\$ 51</u>	<u>\$ 93</u>

*Primarily expenditures under grant programs.

Tax revenues increased almost 6% while intergovernmental revenues (grants, etc.) increased 3%. The increases in the intergovernmental revenues are largely offset and in some cases more than offset by the increase in the related expenditures in the programs funded by those intergovernmental revenues. All expenditure categories increased except for education, libraries and museums, and other.

GENERAL FUND REVENUES
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>Change</u>	<u>FY 93</u>
Taxes	\$6,350	\$5,995	\$355	\$5,725
Licenses, Permits, and Fees	107	118	(11)	110
Intergovernmental	2,562	2,480	82	2,430
Charges for Services	175	154	21	68
Fines, Forfeits, and Rents	35	31	4	35
Investment Earnings	28	25	3	22
Miscellaneous	<u>116</u>	<u>188</u>	<u>(72)</u>	<u>100</u>
Subtotal	<u>9,373</u>	<u>8,991</u>	<u>382</u>	<u>8,490</u>
Transfers In:				
Lottery	250	218	32	238
Other	<u>21</u>	<u>2</u>	<u>19</u>	<u>10</u>
	<u>271</u>	<u>220</u>	<u>51</u>	<u>248</u>
Total	<u>\$9,644</u>	<u>\$9,211</u>	<u>\$433</u>	<u>\$8,738</u>

As shown above, except for taxes, the net increase of other sources of revenues is relatively minor. A further analysis of the tax revenues shows that with the exception of the sales and use tax, and the hospital gross receipts tax, tax revenues have been fairly stagnant, increasing marginally or even decreasing. Revenue from the Sales and Use Tax increased by \$188 million, an increase of approximately 8.7%, while the hospital gross receipts tax, in its first full year, increased \$168 million or a three hundred percent increase.

GENERAL FUND TAX REVENUES
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>Change</u>	<u>FY 93</u>
Personal Income	\$2,306	\$2,270	\$ 36	\$2,161
Sales and Use	2,355	2,167	188	2,043
Corporation	604	609	(5)	613
Public Service Corporations	185	187	(2)	184
Inheritance and Estate	183	197	(14)	219
Insurance Companies	171	169	2	157
Cigarettes and Tobacco	130	120	10	118
Real Estate Conveyance	63	61	2	54
Alcoholic Beverages	40	42	(2)	43
Oil Companies	49	75	(26)	68
Hospital Gross Receipts	222	54	168	-
Admissions, Dues, and Cabaret	21	20	1	20
Miscellaneous	<u>21</u>	<u>24</u>	<u>(3)</u>	<u>45</u>
Total	<u>\$6,350</u>	<u>\$5,995</u>	<u>\$355</u>	<u>\$5,725</u>

The largest increases in general fund expenditures, other than debt service, were Human Services and Corrections, both of which are being driven by outside factors such as mandated Medicaid expenditures and rising prison populations.

MEDICAID EXPENDITURES
(millions)

<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
\$1,910	\$1,637	\$1,521	\$1,322	\$1,232

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

TOTAL CORRECTION FACILITY POPULATION

<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
14,246	14,045	10,838	10,573	10,101

GENERAL FUND EXPENDITURES
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>Change</u>	<u>FY 93</u>
Legislative	\$ 47	\$ 46	\$ 1	\$ 44
General Government	510	495	15	500
Regulation and Protection	103	105	(2)	143
Conservation and Development	64	57	7	53
Health and Hospitals	781	753	28	747
Human Services*	3,378	2,899	479	2,623
Education, Libraries, and Museums	1,725	1,747	(22)	1,645
Corrections	789	727	62	617
Judicial	234	224	10	204
Federal and Other Grants	871	971	(100)	1,032
Debt Service	<u>581</u>	<u>502</u>	<u>79</u>	<u>448</u>
Subtotal	<u>9,083</u>	<u>8,526</u>	<u>557</u>	<u>8,056</u>
Transfers Out:				
Higher Education	450	364	86	341
Debt Service	264	180	84	247
Other	<u>89</u>	<u>90</u>	<u>(1)</u>	<u>1</u>
	<u>803</u>	<u>634</u>	<u>169</u>	<u>589</u>
Total	<u>\$9,886</u>	<u>\$9,160</u>	<u>\$ 726</u>	<u>\$8,645</u>

*Includes Medicaid expenditures.

Special Revenue Funds

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

SPECIAL REVENUE FUND OPERATING RESULTS (millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Fiscal year deficits:					
Transportation	\$ 17	\$ (10)	\$ (36)	\$ 3	\$ (30)
Grant and Loan Programs	(307)	(306)	(283)	(232)	(189)
Housing Programs	(32)	(54)	(39)	(37)	(96)
Other, net	<u>(59)</u>	<u>(46)</u>	<u>5</u>	<u>(20)</u>	<u>(13)</u>
Deficits before proceeds from debt financing	(381)	(416)	(353)	(286)	(328)
Proceeds from debt financing	<u>481</u>	<u>480</u>	<u>427</u>	<u>536</u>	<u>623</u>
Surplus	<u>\$ 100</u>	<u>\$ 64</u>	<u>\$ 74</u>	<u>\$ 250</u>	<u>\$ 295</u>

The deficits primarily arose in the Grant and Loan Programs Fund and the Housing Programs Fund. The Grant and Loan Fund expended \$320 million in fiscal year 1995 supported by revenues of only \$12 million. Bond proceeds of \$370 million and certain other transfers financed the balance. The Housing Programs Fund expended \$40 million in fiscal year 1995. Like the Grant and Loan Programs Fund, the balance was financed by \$23 million of bond proceeds and \$10 million of revenues.

Other major special revenue funds include the Transportation Fund, which is generally self-supporting. Expenditures and transfers of \$834 million were supported by revenues and transfers of \$851 million in fiscal year 1995. The fund balance of the Transportation Fund was \$78 million or 9% of expenditures and transfers.

The Lottery Fund continued to provide substantial support to the General Fund. Revenues and fund balance resources of \$672 million provided \$250 million to the General Fund after prizes and expenses of \$422 million.

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

The Environmental Programs Fund also required debt financing. Expenditures and transfers of \$97 million were supported by \$33 million of revenues and transfers, along with bond proceeds of \$60 million.

Capital Projects Funds

Capital spending continued at almost a \$1 billion annual rate as in past years. Most of that spending was on infrastructure projects. Approximately 60% of infrastructure expenditures were financed by federal aid and the balance by State debt. Unlike the deficit financing of certain Special Revenue Funds, the debt used to finance capital construction will provide a tangible benefit to the future generation of taxpayers who will use the asset for which they will pay the debt service. In addition, these infrastructure investments improve the economic climate of the State both immediately and for many years to come.

TREND IN CAPITAL PROJECTS EXPENDITURES (millions)

<u>Fiscal Year</u>	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
1995	\$286	\$668	\$ 3	\$ 957
1994	170	699	1	870
1993	247	612	3	862
1992	228	702	8	938
1991	299	882	16	1,197

Expendable Trust Funds

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

EMPLOYMENT SECURITY FUND (millions)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Surplus (Deficit)</u>	<u>Fund Balance</u>
1995	\$ 559	\$484	\$ 75	\$ 127
1994	1,400	619	781	52
1993	711	928	(217)	(730)
1992	517	879	(362)	(512)
1991	223	559	(336)	(150)

Pension Trust Funds

The operations of the pension trust funds continued steady growth for 1995. The State Employees' Retirement System (SERS), by far the largest pension fund for state employees (the Teachers' Retirement System primarily serves municipal employees), had increased its funded status steadily from 50.3% as of fiscal year 1990 to 54.8% as of fiscal year 1995. The Teachers' Retirement System (TRS) funded status increased from 52.8% to 77.5%, and the Judicial Retirement System (JRS) from 24.8% to 37.5%, respectively.

PENSION FUNDED STATUS

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
SERS	54.8%	51.4%	51.4%	52.3%	52.1%
TRS	77.5	70.7	69.8	62.4	58.0
JRS	37.5	36.5	36.6	37.0	34.2

Enterprise Funds

The State Enterprise Funds collectively incurred a gain from operations of \$98 million in fiscal year 1995 with the Bradley International Airport incurring a gain of \$7 million in fiscal year 1995 compared to a gain of \$1 million in fiscal year 1994. Of the \$97 million of non-operating income, \$88 million was from the forgiveness of an advance in the Rental Housing Fund.

ENTERPRISE FUNDS* (millions)

<u>Fiscal Year</u>	<u>Operations</u>			<u>Non- Operating Net</u>	<u>Net Income (Loss)</u>	<u>Retained Earnings</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>			
1995	\$40	\$39	\$1	\$ 97	\$ 98	\$ 37
1994	46	42	4	(2)	2	(61)
1993	45	37	8	(13)	(5)	(63)
1992	38	34	4	(9)	(5)	(58)
1991	43	38	5	(11)	(6)	(53)

Higher Education

The state support of higher education was increased in fiscal year 1995 and tuition and fees, both in total and as a percent of expenditures and transfers showed small growth. On the expenditure side, a 9.1% growth was seen in fiscal year 1995.

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

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Revenues:					
Tuition and Fees	\$ 260	\$ 215	\$ 205	\$ 188	\$ 145
Federal Grants	93	96	93	61	58
Private Gifts	31	29	34	14	21
Patient Services	174	173	176	184	155
Sales and Service	104	143	119	111	108
Other	55	39	40	28	38
Total	<u>717</u>	<u>695</u>	<u>667</u>	<u>586</u>	<u>525</u>
Expenditures and Transfers:					
Education and General	889	777	759	708	689
Hospital	170	165	157	146	143
Auxiliary Enterprises	79	104	94	79	74
Other	20	15	13	20	4
Total	<u>1,158</u>	<u>1,061</u>	<u>1,023</u>	<u>953</u>	<u>910</u>
Net before State support	(441)	(366)	(356)	(367)	(385)
State support	450	364	341	382	398
Net	<u>\$ 9</u>	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ 15</u>	<u>\$ 13</u>
Tuition and fees as a percent of total expenditures and transfers	22.5%	20.3%	20.0%	19.7%	15.9%
State support as a percent of total expenditures and transfers	38.9%	34.3%	33.3%	40.1%	43.7%

Debt Administration

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

The state issued \$1 billion of bonds in fiscal year 1995, equal to fiscal year 1994. To the extent this bonding is for infrastructure or other assets benefiting future taxpayers, the debt is fully justifiable. The continued increase in the debt burden, however, particularly that portion that is used to finance current programs, bodes ill for the future. It means that future generations will pay for the sins of the past. And it means that the State will have reduced flexibility in future budgets, which will now be burdened by higher fixed costs for debt service.

DEBT ISSUANCES
(millions)

	<u>FY 95</u>		<u>FY 94</u>		<u>FY 93</u>	
Special Revenue Funds:						
Grant and Loan Programs	\$ 370	34.3%	\$ 312	29.3%	\$ 313	29.9%
Environmental Programs	60	5.6	50	4.7	69	6.6
Housing Programs	23	2.1	105	9.9	45	4.3
Other	<u>28</u>	<u>2.6</u>	<u>5</u>	<u>.5</u>	<u>-</u>	<u>-</u>
	<u>481</u>	<u>44.6</u>	<u>472</u>	<u>44.4</u>	<u>427</u>	<u>40.8</u>
Capital Projects Funds:						
State Facilities	273	25.3	267	25.1	344	32.9
Infrastructure	325	30.1	324	30.5	275	26.3
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>598</u>	<u>55.4</u>	<u>591</u>	<u>55.6</u>	<u>619</u>	<u>59.2</u>
Subtotal	1,079	<u>100.0%</u>	1,063	<u>100.0%</u>	1,046	<u>100.0%</u>
General Fund (Economic Recovery Notes)	<u>-</u>		<u>-</u>		<u>25</u>	
Total Governmental	<u>\$1,079</u>		<u>\$1,063</u>		<u>\$1,071</u>	

Indeed, debt service as a percent of government operations, excluding debt service on the Economic Recovery Notes, has already increased to 8.4% up from 6.1% only five years ago.

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

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Debt Service (Bonded):					
Principal	\$ 561	\$ 405	\$ 362	\$ 313	\$ 249
Interest	<u>438</u>	<u>388</u>	<u>399</u>	<u>378</u>	<u>299</u>
	<u>\$ 999</u>	<u>\$ 793</u>	<u>\$ 761</u>	<u>\$ 691</u>	<u>\$ 548</u>
Debt Service (Economic Recovery Notes):					
Principal	\$ 240	\$ 150	\$ 235	\$ 50	\$ -
Interest	<u>24</u>	<u>30</u>	<u>37</u>	<u>35</u>	<u>-</u>
	<u>\$ 264</u>	<u>\$ 180</u>	<u>\$ 272</u>	<u>\$ 85</u>	<u>\$ -</u>
Governmental Operating Expenditures	<u>\$11,924</u>	<u>\$10,934</u>	<u>\$10,494</u>	<u>\$9,541</u>	<u>\$8,930</u>

Debt Service as a Percent of Governmental Operating Expenditures:

Bonded	8.4%	7.3%	7.3%	7.2%	6.1%
Including Economic Recovery Notes	10.6%	8.9%	9.8%	8.1%	6.1%

Net State debt increased 5% to a little over \$8.4 billion from \$8 billion in fiscal year 1994. Net State debt has more than doubled since fiscal year 1990.

NET STATE DEBT
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Debt Outstanding (June 30):					
General Obligation Bonds	\$5,525	\$5,063	\$4,794	\$4,014	\$3,392
Transportation Bonds	2,991	2,865	2,592	2,489	2,258
Notes	316	556	706	916	-
	<u>8,832</u>	<u>8,484</u>	<u>8,092</u>	<u>7,419</u>	<u>5,650</u>
Debt Service Fund	<u>(420)</u>	<u>(490)</u>	<u>(433)</u>	<u>(388)</u>	<u>(349)</u>
Net Debt, End of Year	<u>\$8,412</u>	<u>\$7,994</u>	<u>\$7,659</u>	<u>\$7,031</u>	<u>\$5,301</u>
Changes in Net Debt:					
Net Debt,					
Beginning of Year	\$7,994	\$7,659	\$7,031	\$5,301	\$3,958
Redemptions - Bonds	(561)	(405)	(362)	(313)	(249)
Redemptions - Notes	(240)	(150)	(235)	(50)	-
Issuances - Bonds	1,079	1,063	1,046	1,074	1,607
Issuances - Notes	-	-	25	966	-
Refundings - Issued	53	506	1,313	500	-
Refundings - Defeased	(49)	(438)	(1,175)	(464)	-
Accretion and Other	66	(184)	60	56	43
Debt Service Fund					
Decrease (Increase)	<u>70</u>	<u>(57)</u>	<u>(44)</u>	<u>(39)</u>	<u>(58)</u>
Net Debt, End of Year	<u>\$8,412</u>	<u>\$7,994</u>	<u>\$7,659</u>	<u>\$7,031</u>	<u>\$5,301</u>

Debt per capita has doubled to \$2,473 from \$1,204 in fiscal year 1990. Bonded debt is the primary focus of most analyses but it is only half the amount of incurred long-term obligations that will need to be paid by future generations of taxpayers. Long-term obligations also include capital leases; compensated absences that were earned by employees in past periods but which will be paid by future generations; workers' compensation claims, which arose from past events but will be settled in future periods, and the unfunded pension benefit obligation, which represents the value of pension benefits earned by employees but which is not funded currently. The total of these obligations increased \$38 million in fiscal year 1995.

NET DEBT PER CAPITA*

<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
\$2,473	\$2,271	\$2,122	\$1,865	\$1,611

*Exclusive of Economic Recovery Notes.

TRENDS IN SELECTED LONG TERM DEBT
(millions)

	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
Net Bonded Debt	\$ 8,412	\$ 7,994	\$ 7,659	\$ 7,031	\$ 5,301
Capital Leases	56	55	50	50	12
Compensated Absences	257	267	175	174	152
Workers Compensation	<u>287</u>	<u>295</u>	<u>304</u>	<u>298</u>	<u>251</u>
Subtotal	<u>9,012</u>	<u>8,611</u>	<u>8,188</u>	<u>7,553</u>	<u>5,716</u>
Actuarial Unfunded Pension:					
Benefit Obligation	<u>5,092</u>	<u>5,455</u>	<u>5,165</u>	<u>5,731</u>	<u>5,881</u>
Total	<u>\$14,104</u>	<u>\$14,066</u>	<u>\$13,353</u>	<u>\$13,284</u>	<u>\$11,597</u>

Internal Controls

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

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

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

Good internal control is comprised of the following elements:

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

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

Budgetary Controls

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

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

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

Cash and Investments Management

The State Treasurer continually monitors cash flow to maximize the utilization of cash resources. During the year, temporary balances are invested in short-term investment funds, combined investment pools consisting of various certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, and student loans with various ranges of maturities. The investment income and average yield rate for the fiscal year 1994-95 for these funds were approximately \$101 million and 5.75%, respectively. By comparison, 90-day Treasury Bills and 90-day Certificates of Deposit earned 5.41% and 5.72%, respectively, during the same time period.

Bank balances at June 30, 1995, were \$38 million of which about three-quarters was not insured or protected by collateral.

Risk Management

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

ECONOMIC CONDITION AND OUTLOOK

Connecticut entered into recession in early 1989 after a period of remarkable economic growth. The state's recession officially ended in the fourth quarter of 1992, but its impact has lingered and can still be felt in certain sectors of the economy.

Employment

The recession cost the state approximately 162,000 jobs on a seasonally adjusted quarterly basis. By the second quarter of 1995, Connecticut managed to recover only about 14% of the recession-based job losses. Throughout 1995, the state experienced little in the way of sustained job growth; the employment pattern has been mixed--a month of job gains followed by a month of job losses. Projected cuts in defense, banking, insurance and general manufacturing are expected to leave net 1995 employment close to its 1994 level.

CONNECTICUT TOTAL NON-FARM EMPLOYMENT

<u>Year</u>	<u>Total Employment (000s)</u>
1989	1,674.1
1990	1,623.5
1991	1,555.1
1992	1,526.1
1993	1,531.1
1994	1,542.9
1995	1,542.2

Job losses have been especially severe in the state's manufacturing sector. Over 40% of the total recession-based job losses came from this one employment sector. While total seasonally adjusted nonfarm employment in the state is up from its fourth-quarter 1992 low, manufacturing employment has continued to slide. Manufacturing job losses are expected to continue until the year 2000. It is significant to note that in 1950 over 50% of the state's labor force worked in manufacturing. Today manufacturing employs less than 18% of the work force.

CONNECTICUT MANUFACTURING EMPLOYMENT

<u>Year</u>	<u>Manufacturing Jobs (000s)</u>
1989	360.4
1990	341.0
1991	322.4
1992	305.7
1993	294.1
1994	285.2
1995	280.1

The loss of manufacturing jobs is significant for a number of reasons. Historically, Connecticut's manufacturing sector, with its high productivity rates (higher than both New England and the U.S.), fueled much of the state's wage growth. With the decline in manufacturing employment, Connecticut has also seen a decline in average weekly wage growth. In Fiscal Year 1994-95 wage growth in the state was less than 1%--a relatively dismal performance.

While total nonfarm employment remains stagnant in the state, new jobs are being created in various other fields. The service sector has experienced sustained job growth, now employing approximately 30% of the total state work force. Much of the job growth comes from small businesses. Between 1982 and 1992 firms employing fewer than 50 workers experienced a 19% rate of job growth, while the overall economy saw 12% job growth. Unfortunately, this sector-specific job creation has been offset by job cuts in key industries across the state. However, it is important to recognize that Connecticut's economy is experiencing some job creation.

At 5.1%, Connecticut's unemployment rate is relatively low. However, this statistic is somewhat deceptive because it does not account for people who have been forced out of the state's labor market. It also does not account for individuals who are under-employed (individuals who have been forced to accept part-time employment, or employment outside of their area of training). For these reasons, this report does not include comparative unemployment rates. Rather, it focuses on job creation statistics, which provide a truer measure of economic health.

Other Economic Indicators

Housing permit activity serves as a reliable indicator of emerging demographic trends and of overall state economic activity. A comparison of the third quarter of 1994 to the third quarter of 1995 shows a 22% decline in housing permits. A total of 2,294 permits were issued in the third quarter of 1995, compared to 2,954 in the third quarter of 1994. However, two factors may help to moderate this decline. Continued low interest rates for mortgages and lower prices in the housing market may help end 1995 with a total housing permit decline of about 10%.

New car registrations plunged 32% in the third quarter of 1995 from the same period last year. In addition, total retail sales fell 3.4%. Connecticut's retail sales were \$7.28 billion in the third quarter of 1995 compared to \$7.54 billion for the same quarter in 1994. By comparison, third quarter national retail sales rose by 5.6%. Overall, Connecticut's Gross State Product will show a modest increase for 1995, about 2% above the 1994 level. Despite this gain, the Connecticut Consumer Confidence Index hit a twelve-month low in September of 1995.

Although the overall economic picture is not good, there are positive notes. As detailed above, the state has experienced sector-specific job creation in 1995, which has kept the unemployment rate from climbing. Travel and tourism grew by 5.8% from the 1994 pace, and hotel and motel receipts increased 6% in the third quarter of 1995 from the same period a year earlier.

Economic Projections

Every five years, the U.S. Bureau of Economic Analysis (BEA) projects state and regional economic activity. These projections are mainly used to: (1) assess future demands for goods and services, (2) analyze economic trends and anticipate future economic problems, and (3) provide baselines to assist in evaluating the effects of policies. BEA's projections rely on historic patterns of economic activity and data that resides in the Bureau's Regional Economic Information System (REIS). The projections also incorporate recent economic and demographic trends. The latest set of BEA projections provide forecasts to the year 2005.

The BEA projections do not show much economic improvement for Connecticut as we enter the next century. Connecticut's annual rate of growth in personal income between 1993 and 2005 is expected to be 1.9%, which is below the projected national average of 2.2%. Gross State Product is also

expected to grow slower than the national average between 1993 and 2005, increasing at an annual rate of about 2%.

In addition, BEA expects an economic slowdown to occur between the years 2000 and 2005. During this period, job growth in Connecticut is expected to be weak. Total employment in the state between 1993 and 2005 is projected to grow at an annual rate of 1.4 %, with the service sector continuing to increase its share of total state employment. However, this sector provides the smallest increase in productivity per employee over the period.

Personal Income

Connecticut continues to rank first in the nation in per capita income (\$29,044 in 1994), although over the past several years state residents have been losing ground. Connecticut experienced the slowest rate of personal income growth in the nation between 1989 and 1994. During this period, our state lagged behind the United States in personal income growth every year except 1992. Connecticut's growth was slower than the New England region in three of those five years. In Fiscal Year 1995, Connecticut personal income grew by only 3.5%, while New England's growth rate was 4.7% and the U.S. rate was 6%. It is also important to note that prices in Connecticut are about 20% above the national average. So part of the income advantage is offset by the higher cost of goods and services in the state.

PER CAPITA PERSONAL INCOME COMPARISON						
Year	Connecticut		New England		United States	
	Dollars	% Change	Dollars	% Change	Dollars	% Change
1989	\$24,528	N/A	\$21,325	N/A	\$17,690	N/A
1990	\$25,427	3.58%	\$21,934	2.86%	\$18,666	5.52%
1991	\$25,905	1.88%	\$22,424	2.23%	\$19,201	2.87%
1992	\$27,274	5.28%	\$23,367	4.21%	\$20,146	4.92%
1993	\$28,088	2.98%	\$24,149	3.35%	\$20,809	3.29%
1994	\$29,044	3.40%	\$25,203	4.36%	\$21,699	4.28%

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Connecticut for its comprehensive annual financial report for the fiscal year ended June, 30, 1994. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The State of Connecticut has received a Certificate of Achievement for the last six consecutive years (fiscal years ended 1989-1994.) We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

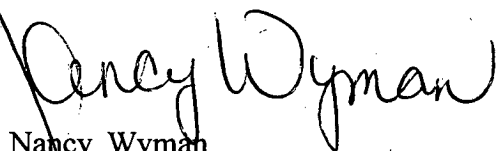
Independent Audit

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

ACKNOWLEDGMENTS

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

Sincerely,



Nancy Wyman
State Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

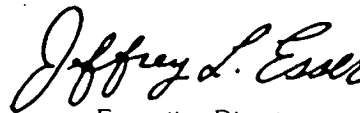
State of
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1994

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



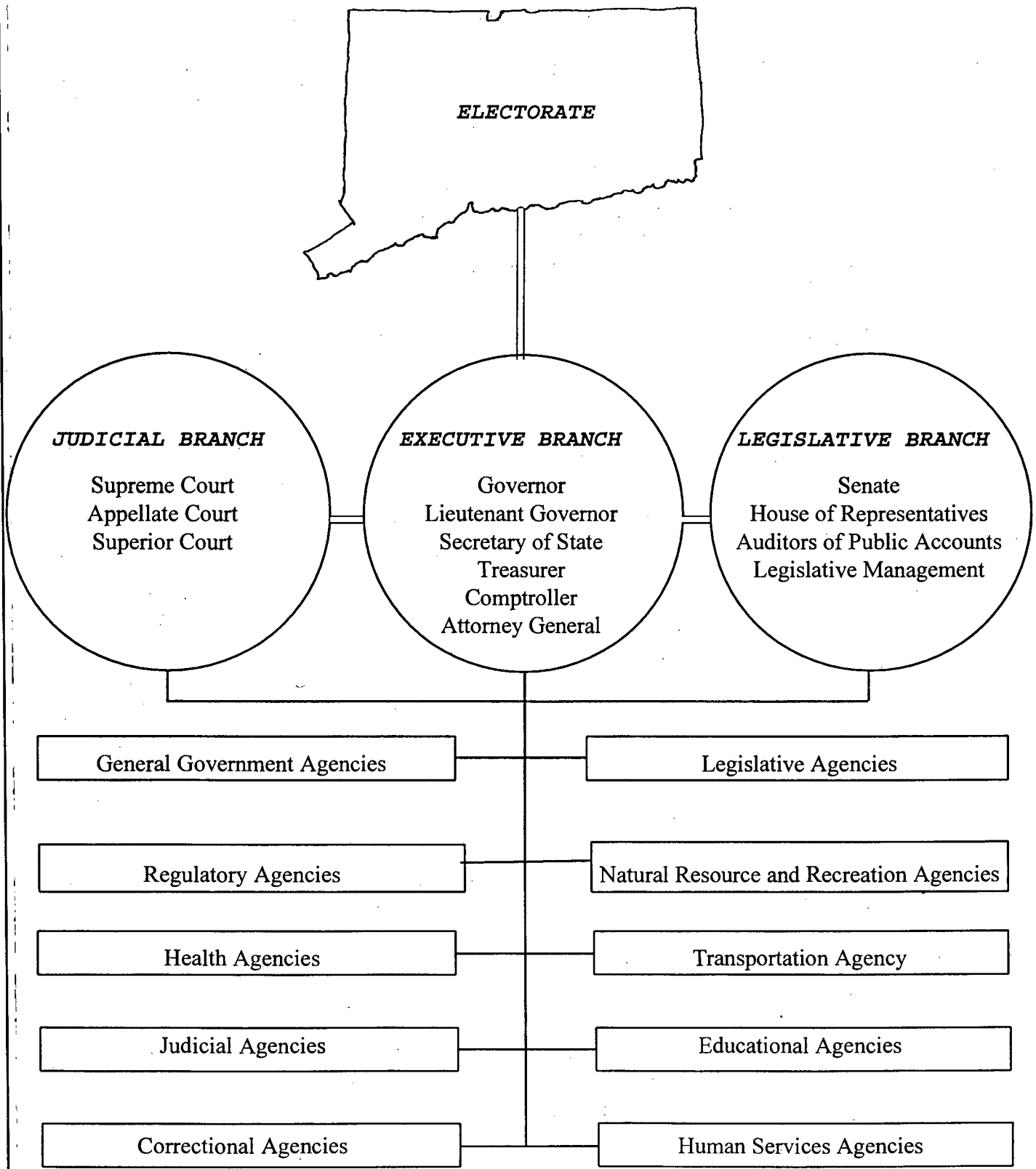
President



Executive Director

STATE OF CONNECTICUT

Organization Chart



STATE OF CONNECTICUT

Selected State Officials

EXECUTIVE

John G. Rowland
Governor

M. Jodi Rell
Lieutenant Governor

Miles S. Rapoport
Secretary of State

Christopher B. Burnham
Treasurer

Nancy S. Wyman
Comptroller

Richard Blumenthal
Attorney General

JUDICIAL

Ellen A. Peters
Chief Justice

LEGISLATIVE

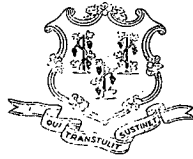
M. Adela Eads
President Pro Tempore of the State Senate
(36 Senators)

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

*Financial
Section*

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

Honorable John G. Rowland, Governor
and
Members of the General Assembly

We have audited the accompanying general purpose financial statements of the State of Connecticut as of and for the year ended June 30, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Special Transportation Fund accounts within the Transportation Fund, which represent 15 percent and 45 percent, respectively, of the assets and revenues of the Special Revenue Funds; we did not audit the financial statements of the Transportation Special Tax Obligations Fund, which represent 100 percent of the assets and revenues of the Debt Service Funds; we did not audit the financial statements of the Bradley International Airport, which represent 55 percent and 76 percent, respectively, of the assets and revenues of the Enterprise Funds; we did not audit the financial statements of the Clean Water Fund, which represent four percent and two percent, respectively, of the assets and revenues of the Trust and Agency Funds; we did not audit the financial statements of the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, and Connecticut Innovations Incorporated, which represent 100 percent of the assets and revenues of the Component Unit Funds; and, we did not audit the financial statements of the University of Connecticut Foundation or that portion of the financial statements of the University Health Center Hospital and Current Unrestricted Funds involving patient receivables arising from clinical operations, which represent five percent and two percent, respectively, of the assets and revenues of the Higher Education and University Hospital Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based solely on the reports of other auditors.


We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether

the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

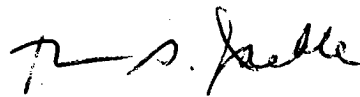
In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut as of June 30, 1995, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the reporting entity of the State of Connecticut was changed in order to comply with reporting requirements contained in Governmental Accounting Standards Board Statement 14, entitled "The Financial Reporting Entity". To this end, in order to properly reflect the results of a reorganization that occurred at the University of Connecticut during the audited period, the financial statements of the University of Connecticut Foundation are being included in the State's general purpose financial statements for the first time.

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



Kevin P. Johnston
Auditor of Public Accounts



Robert G. Jaekle
Auditor of Public Accounts

January 31, 1996
State Capitol
Hartford, Connecticut

***General
Purpose
Financial
Statements***

STATE OF CONNECTICUT
Combined Balance Sheet
All Fund Types, Account Groups, and
Discretely Presented Component Units

June 30, 1995
(Expressed in Thousands)

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits:						
Cash and Cash Equivalents	\$ -	\$251,902	\$ 47,525	\$ -	\$ 13,507	\$ -
Investments	-	25,643	372,639	-	51,722	-
Receivables:						
Taxes	452,623	49,162	-	-	-	-
Accounts, Net of Allowances	232,731	9,438	-	6,124	3,186	2,529
Tuition	-	-	-	-	-	-
Loans, Net of Allowances	-	360,026	-	-	96,593	-
Interest	1,248	6,940	6,282	373	10,992	-
Federal Grants Receivable	51,454	7,183	-	-	-	-
Non-Federal Grants Receivable	1,676	538	-	-	-	-
Deposits With U.S. Treasury	-	-	-	-	-	-
Due From Other Funds	22,207	147,820	-	288,042	-	6,699
Due From Component Unit	-	181	-	-	-	-
Due From Primary Government	-	-	-	-	-	-
Receivable From Other Governments	349,903	5,580	-	68,289	3,610	-
Inventories and Prepaid Items	47,528	13,210	-	-	284	5,119
Restricted Assets	-	-	-	-	47,383	-
Property, Plant, and Equipment	-	-	-	-	138,640	41,280
Other Assets	-	120	-	-	2,016	1,555
Other Debits:						
Amount Available in Debt Service Fund	-	-	-	-	-	-
Amount to be Provided For Debt Retirement	-	-	-	-	-	-
Total Assets and Other Debits	\$1,159,370	\$877,743	\$426,446	\$362,828	\$367,933	\$57,182

Fiduciary Fund Types Trust and Agency	Account Groups		Higher Education & University Hospital	Total Primary Government (Memorandum only)	Component Units	Total Reporting Entity (Memorandum only)
	General Fixed Assets	General Long-Term Debt				
\$ 1,294,487	\$ -	\$ -	\$ 263,698	\$ 1,871,119	\$ 309,252	\$ 2,180,371
10,736,508	-	-	66,306	11,252,818	589,437	11,842,255
-	-	-	-	501,785	-	501,785
30,050	-	-	71,111	355,169	13,693	368,862
-	-	-	786	786	-	786
313,334	-	-	28,675	798,628	2,313,434	3,112,062
21,255	-	-	525	47,615	42,777	90,392
-	-	-	-	58,637	-	58,637
-	-	-	-	2,214	-	2,214
129,524	-	-	-	129,524	-	129,524
18,167	-	-	71,667	554,602	2,628	557,230
-	-	-	-	181	-	181
-	-	-	-	-	8,364	8,364
17,759	-	-	-	445,141	-	445,141
839	-	-	10,387	77,367	2,260	79,627
250,847	-	-	-	298,230	2,695,395	2,993,625
-	3,581,982	-	1,534,736	5,296,638	269,529	5,566,167
633,739	-	-	75,822	713,252	73,948	787,200
-	-	420,163	-	420,163	-	420,163
-	-	15,256,552	-	15,256,552	-	15,256,552
<u>\$13,446,509</u>	<u>\$3,581,982</u>	<u>\$15,676,715</u>	<u>\$2,123,713</u>	<u>\$38,080,421</u>	<u>\$6,320,717</u>	<u>\$44,401,138</u>

STATE OF CONNECTICUT

Combined Balance Sheet

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

June 30, 1995

(Expressed in Thousands)

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity, and Other Credits:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 715,837	\$ 64,163	\$ -	\$144,980	\$ 8,589	\$ 6,706
Due to Other Funds	472,884	3,162	6,283	2,259	3,320	9,508
Due to Primary Government	-	-	-	-	-	-
Payable to Other Governments	36,757	-	-	-	-	-
Due to Component Units	-	-	-	-	-	-
Deferred Revenue	295,638	30,367	-	21,823	-	2,320
Escrow Deposits	-	-	-	-	-	-
Notes and Loans Payable	-	-	-	-	-	-
Deferred Compensation Liability	-	-	-	-	-	-
Agency Deposit Liabilities	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-
Transportation Related Bonds	-	-	-	-	-	-
Special Assessment Unemploy. Comp. Bonds ...	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	219,105	-
Capital Leases	-	-	-	-	-	-
Compensated Absences	-	-	-	-	34	3,415
Unfunded Pension Costs	-	-	-	-	-	-
Workers Compensation Liability	-	-	-	-	-	-
Liability for Landfill Closing Costs	-	-	-	-	-	-
Amount Held for Institutions	-	-	-	-	-	-
Liability for Escheat Property	18,950	-	-	-	-	-
Claims and Judgements	-	-	-	-	-	-
Malpractice Liability	-	-	-	-	-	-
Total Liabilities	<u>1,540,066</u>	<u>97,692</u>	<u>6,283</u>	<u>169,062</u>	<u>231,048</u>	<u>21,949</u>
Equity and Other Credits:						
Investment in Fixed Assets	-	-	-	-	-	-
Contributed Capital	-	-	-	-	99,538	7,930
Retained Earnings:						
Reserved	-	-	-	-	21,700	-
Unreserved	-	-	-	-	15,647	27,303
Fund Balances:						
Reserved	196,183	395,280	420,163	-	-	-
Unreserved, undesignated	(576,879)	384,771	-	193,766	-	-
Total Equity and Other Credits	<u>(380,696)</u>	<u>780,051</u>	<u>420,163</u>	<u>193,766</u>	<u>136,885</u>	<u>35,233</u>
Total Liabilities, Equity, and Other Credits	<u>\$1,159,370</u>	<u>\$ 877,743</u>	<u>\$426,446</u>	<u>\$362,828</u>	<u>\$367,933</u>	<u>\$57,182</u>

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

Fiduciary Fund Types Trust and Agency	Account Groups		Higher Education & University Hospital	Total Primary Government (Memorandum only)	Component Units	Total Reporting Entity (Memorandum only)
	General Fixed Assets	General Long-Term Debt				
\$ 26,685	\$ -	\$ -	\$ 102,162	\$1,069,122	\$ 154,324	\$ 1,223,446
24,891	-	14,323	17,972	554,602	2,628	557,230
-	-	-	-	-	181	181
438	-	-	-	37,195	1,641	38,836
-	-	8,364	-	8,364	-	8,364
8,281	-	-	27,358	385,787	7,531	393,318
-	-	-	-	-	77,284	77,284
-	-	315,710	5,860	321,570	4,850	326,420
342,694	-	-	-	342,694	-	342,694
1,313,057	-	-	11,020	1,324,077	-	1,324,077
-	-	5,524,747	-	5,524,747	-	5,524,747
-	-	2,991,319	-	2,991,319	-	2,991,319
-	-	990,700	-	990,700	-	990,700
319,208	-	-	92,249	630,562	5,226,925	5,857,487
-	-	55,551	-	55,551	-	55,551
-	-	257,184	29,008	289,641	-	289,641
-	-	5,206,748	-	5,206,748	-	5,206,748
-	-	286,954	-	286,954	-	286,954
-	-	-	-	-	12,804	12,804
-	-	-	-	-	285,673	285,673
-	-	-	-	18,950	-	18,950
-	-	25,115	-	25,115	-	25,115
-	-	-	10,564	10,564	-	10,564
<u>2,035,254</u>	<u>-</u>	<u>15,676,715</u>	<u>296,193</u>	<u>20,074,262</u>	<u>5,773,841</u>	<u>25,848,103</u>
-	3,581,982	-	1,435,720	5,017,702	-	5,017,702
-	-	-	-	107,468	218,613	326,081
-	-	-	-	21,700	350,763	372,463
-	-	-	-	42,950	(22,500)	20,450
11,127,891	-	-	174,634	12,314,151	-	12,314,151
283,364	-	-	217,166	502,188	-	502,188
<u>11,411,255</u>	<u>3,581,982</u>	<u>-</u>	<u>1,827,520</u>	<u>18,006,159</u>	<u>546,876</u>	<u>18,553,035</u>
<u>\$13,446,509</u>	<u>\$3,581,982</u>	<u>\$15,676,715</u>	<u>\$2,123,713</u>	<u>\$38,080,421</u>	<u>\$6,320,717</u>	<u>\$44,401,138</u>

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, 1995

(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$6,350,266	\$ 472,011	\$ -	\$ -
Licenses, Permits, and Fees	107,470	311,190	-	-
Intergovernmental	2,561,406	172,757	-	354,597
Charges for Services	174,560	26,874	-	-
Fines, Forfeits, and Rents	35,148	1,997	-	-
Investment Earnings	28,204	15,061	31,309	1,173
Lottery and Off Track Betting	-	670,801	-	-
Assessments	-	-	-	-
Miscellaneous	116,355	112,269	-	195
Total Revenues	\$9,373,409	1,782,960	31,309	355,965
Expenditures:				
Current:				
Legislative	46,618	-	-	-
General Government	509,924	599,583	-	-
Regulation and Protection	103,431	293,700	-	-
Conservation and Development	64,271	199,477	-	-
Health and Hospitals	781,388	12,059	-	-
Transportation	-	352,160	-	-
Human Services	3,378,272	16,858	-	-
Education, Libraries, and Museums	1,724,965	164,786	-	-
Corrections	789,189	11,633	-	-
Judicial	234,221	7,469	-	-
Federal and Other Grants	871,210	51,308	-	-
Capital Projects	-	-	-	956,602
Debt Service:				
Principal Retirement	328,226	42,820	429,600	-
Interest and Fiscal Charges	252,241	18,765	190,773	-
Total Expenditures	9,083,956	1,770,618	620,373	956,602
Excess (Deficiency) of Revenues Over Expenditures	289,453	12,342	(589,064)	(600,637)
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds and Notes	-	481,434	-	596,118
Operating Transfers In	270,843	142,185	562,652	-
Operating Transfers Out	(802,565)	(536,158)	(43,009)	(145,995)
Capital Lease Obligations	11,167	67	-	-
Proceeds of Refunding Bonds	-	-	52,807	-
Payment to Refunded Bond Escrow Agents	-	-	(52,807)	-
Total Other Financing Sources (Uses)	(520,555)	87,528	519,643	450,123
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(231,102)	99,870	(69,421)	(150,514)
Fund Balances (deficit) - July 1 (as restated)	(54,233)	702,915	489,584	344,280
Equity Transfer to Component Units Contributed Capital	-	(24,019)	-	-
Changes in Reserves for Inventories, Prepaids, & Advances	(95,361)	1,285	-	-
Fund Balances (deficit) - June 30	\$ (380,696)	\$ 780,051	\$ 420,163	\$ 193,766

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

<u>Fiduciary Fund Type</u> <u>Expendable</u> <u>Trust</u>	<u>Total</u> <u>(Memorandum</u> <u>only)</u>
\$638,870	\$ 7,461,147
120	418,780
-	3,088,760
-	201,434
-	37,145
10,797	86,544
-	670,801
125,233	125,233
8,110	236,929
<u>783,130</u>	<u>12,326,773</u>
-	46,618
11,573	1,121,080
604,129	1,001,260
-	263,748
-	793,447
-	352,160
-	3,395,130
4	1,889,755
-	800,822
-	241,690
-	922,518
-	956,602
30,000	830,646
41,571	503,350
<u>687,277</u>	<u>13,118,826</u>
<u>95,853</u>	<u>(792,053)</u>
-	1,077,552
-	975,680
(6,368)	(1,534,095)
-	11,234
-	52,807
-	(52,807)
<u>(6,368)</u>	<u>530,371</u>
89,485	(261,682)
163,811	1,646,357
-	(24,019)
-	(94,076)
<u>\$253,296</u>	<u>\$ 1,266,580</u>

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

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Budgeted Revenues:			
Taxes, Net of Refunds	\$6,237,400	\$6,250,707	\$ 13,307
Operating Transfers In	257,700	257,784	84
Indian Gaming Payments	135,000	135,723	723
Licenses, Permits, and Fees	108,000	107,429	(571)
Other	218,700	217,471	(1,229)
Federal Grants	1,605,000	1,595,542	(9,458)
Equity Transfers	(85,000)	(85,000)	-
Total Budgeted Revenues	8,476,800	8,479,656	2,856
Expenditures:			
Legislative	38,672	37,178	1,494
General Government	383,967	365,301	18,666
Regulation and Protection	87,538	80,642	6,896
Conservation and Development	44,444	42,209	2,235
Health and Hospitals	700,804	680,149	20,655
Transportation	-	-	-
Human Services	3,287,756	3,208,989	78,767
Education, Libraries, and Museums	1,986,516	1,983,017	3,499
Corrections	694,427	654,882	39,545
Judicial	179,393	179,205	188
Non Functional	1,275,340	1,189,005	86,335
Appropriations Lapsed	(258,280)	-	(258,280)
Total Expenditures	8,420,577	8,420,577	-
Excess (Deficiency) of Revenues			
Over Expenditures	56,223	59,079	2,856
Other Financing Sources (Uses):			
Federal and Other Restricted Sources	-	886,319	886,319
Federal and Other Restricted Uses	-	(886,319)	(886,319)
Resources from Reserves for Debt Service	19,655	19,655	-
Miscellaneous Adjustments	-	1,769	1,769
Total Other Financing Sources (Uses)	19,655	21,424	1,769
Excess (Deficiency) of Revenues and Other			
Sources Over Expenditures and Other Uses	\$ 75,878	80,503	\$ 4,625
Budgetary Fund Balances (deficit) - July 1	655,112	655,112	-
Changes in Reserves	(226,050)	(226,050)	-
Budgetary Fund Balances June 30	\$ 509,565	\$ 509,565	-

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

Budgeted Special Revenue Funds

Total (Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 459,800	\$ 461,620	\$ 1,820	\$6,697,200	\$ 6,712,327	\$ 15,127
14,200	14,278	78	271,900	272,062	162
-	-	-	135,000	135,723	723
273,920	273,583	(337)	381,920	381,012	(908)
92,322	87,534	(4,788)	311,022	305,005	(6,017)
4,700	4,729	29	1,609,700	1,600,271	(9,429)
85,000	85,000	-	-	-	-
<u>929,942</u>	<u>926,744</u>	<u>(3,198)</u>	<u>9,406,742</u>	<u>9,406,400</u>	<u>(342)</u>
-	-	-	38,672	37,178	1,494
1,997	1,987	10	385,964	367,288	18,676
150,145	134,904	15,241	237,683	215,546	22,137
682	639	43	45,126	42,848	2,278
-	-	-	700,804	680,149	20,655
281,527	266,142	15,385	281,527	266,142	15,385
3,293	3,110	183	3,291,049	3,212,099	78,950
-	-	-	1,986,516	1,983,017	3,499
-	-	-	694,427	654,882	39,545
-	-	-	179,393	179,205	188
482,548	472,263	10,285	1,757,888	1,661,268	96,620
(29,558)	-	(29,558)	(287,838)	-	(287,838)
<u>890,634</u>	<u>879,045</u>	<u>11,589</u>	<u>9,311,211</u>	<u>9,299,622</u>	<u>11,589</u>
39,308	47,699	8,391	95,531	106,778	11,247
-	48,337	48,337	-	934,656	934,656
-	(48,337)	(48,337)	-	(934,656)	(934,656)
-	1,048	1,048	19,655	20,703	1,048
-	1,760	1,760	-	3,529	3,529
<u>-</u>	<u>2,808</u>	<u>2,808</u>	<u>19,655</u>	<u>24,232</u>	<u>4,577</u>
\$ 39,308	50,507	\$ 11,199	\$ 115,186	131,010	\$ 15,824
	185,618			840,730	
	10,598			(215,452)	
	<u>\$246,723</u>			<u>\$ 756,288</u>	

STATE OF CONNECTICUT

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances

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

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust
Operating Revenues:				
Charges for Services	\$ 33,493	\$109,102	\$ -	\$ -
Participants' Contributions	-	-	-	226,499
State Contribution	-	-	-	348,138
Interest on Financing Activities	6,727	-	-	-
Investment Earnings	-	-	19,177	467,351
Intergovernmental	-	-	27,092	99,498
Civic Center Lease Operations	-	-	-	-
Miscellaneous	9	-	6,605	3,399
Total Operating Revenues	40,229	109,102	52,874	1,144,885
Operating Expenses:				
Cost of Sales and Services	-	79,190	-	-
Administrative	23,379	19,923	1,502	178
Depreciation and Amortization	7,470	12,860	-	-
Interest on Financing Activities	8,310	-	19,394	-
Benefit Payments and Refunds	-	-	-	834,391
Other Program Expenses	-	-	1,290	34,455
Civic Center Lease Operations	-	-	-	-
Total Operating Expenses	39,159	111,973	22,186	869,024
Operating Income (Loss)	1,070	(2,871)	30,688	275,861
Nonoperating Revenues (Expenses):				
Interest and Investment Income	7,003	-	-	-
Interest and Fiscal Charges	(7,104)	-	-	-
Other	6,666	-	-	-
Total Nonoperating Income (Expense)	6,565	-	-	-
Income (Loss) Before Operating Transfers, Cumulative Effect and Extraordinary Item	7,635	(2,871)	30,688	275,861
Operating Transfers In (Out):				
Operating Transfers In	2,811	-	5,585	-
Operating Transfers Out	-	(1,000)	(3,570)	-
Cumulative Effect of a Change in Accounting Principle	-	-	-	-
Extraordinary Item - Forgiveness of Advance	88,075	-	-	-
Net Income (Loss)	98,521	(3,871)	32,703	275,861
Add Items Affecting Contributed Capital:				
Depreciation on Equipment Acquired through Capital Grants	-	-	-	-
Total Add Back Items	-	-	-	-
Retained Earnings/Fund Balances - July 1	(61,174)	31,174	279,297	10,570,098
Retained Earnings/Fund Balances - June 30	\$ 37,347	\$ 27,303	\$312,000	\$10,845,959

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

Total Primary Government (Memorandum only)	Proprietary Fund Type Component Units	Total Reporting Entity (Memorandum only)
\$ 142,595	\$148,572	\$ 291,167
226,499	-	226,499
348,138	-	348,138
6,727	292,257	298,984
486,528	-	486,528
126,590	-	126,590
-	5,682	5,682
10,013	27,179	37,192
<u>1,347,090</u>	<u>473,690</u>	<u>1,820,780</u>
79,190	-	79,190
44,982	139,614	184,596
20,330	23,461	43,791
27,704	294,779	322,483
834,391	-	834,391
35,745	10,914	46,659
-	27,230	27,230
<u>1,042,342</u>	<u>495,998</u>	<u>1,538,340</u>
<u>304,748</u>	<u>(22,308)</u>	<u>282,440</u>
7,003	60,406	67,409
(7,104)	(25,667)	(32,771)
6,666	(20,393)	(13,727)
<u>6,565</u>	<u>14,346</u>	<u>20,911</u>
311,313	(7,962)	303,351
8,396	-	8,396
(4,570)	-	(4,570)
-	(7,030)	(7,030)
88,075	-	88,075
<u>403,214</u>	<u>(14,992)</u>	<u>388,222</u>
-	152	152
-	152	152
<u>10,819,395</u>	<u>343,103</u>	<u>11,162,498</u>
<u>\$11,222,609</u>	<u>\$328,263</u>	<u>\$11,550,872</u>

Combined Statement of Cash Flows

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

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government	Proprietary Fund Type	Total Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum only)	Component Units	(Memorandum only)
Cash Flows From Operating Activities:						
Operating income (loss)	\$ 1,070	\$ (2,871)	\$ 30,688	\$ 28,887	\$ (22,308)	\$ 6,579
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Amortization and depreciation	7,470	12,860	-	20,330	24,554	44,884
Provision for loan losses	1,969	-	-	1,969	4,100	6,069
Investment income	-	-	(19,177)	(19,177)	-	(19,177)
Interest expense	8,310	-	19,394	27,704	188,161	215,865
Changes in assets and liabilities:						
(Increase) decrease in receivables ...	(6,576)	660	3,361	(2,555)	(717)	(3,272)
(Increase) decrease in due from other funds	321	(2,823)	(3,770)	(6,272)	207	(6,065)
(Increase) decrease in receivable from other governments	4,216	-	-	4,216	-	4,216
(Increase) decrease in inventories and prepaid expenses	-	592	-	592	28	620
Increase (decrease) in accounts payable and accrued liabilities ...	(92)	1,165	(466)	607	1,585	2,192
Increase (decrease) in due to other funds	751	9,072	1,729	11,552	(552)	11,000
Increase (decrease) in payable to other governments	-	-	-	-	(1,668)	(1,668)
Miscellaneous operating activities	6,380	1,919	68	8,367	91,298	99,665
Issuance of loans, notes, and installment contracts receivable	(1,200)	-	(51,772)	(52,972)	(614,784)	(667,756)
Collection of loans, notes, and installment contracts receivable	3,233	-	-	3,233	331,100	334,333
Net cash provided by (used in) operating activities	<u>25,852</u>	<u>20,574</u>	<u>(19,945)</u>	<u>26,481</u>	<u>1,004</u>	<u>27,485</u>
Cash Flows From Noncapital Financing Activities:						
Contributed capital	-	-	-	-	24,019	24,019
Proceeds from sale of bonds and notes ...	-	-	-	-	573,570	573,570
Retirement of bonds and notes payable ..	(1,052)	-	(9,655)	(10,707)	(666,870)	(677,577)
Interest on bonds and notes payable	(8,236)	-	(19,373)	(27,609)	(185,778)	(213,387)
Transfers from other funds	2,811	-	6,690	9,501	-	9,501
Transfers to other funds	-	(1,000)	(3,518)	(4,518)	-	(4,518)
Bond issuance and/or redemption costs ..	-	-	-	-	(12,686)	(12,686)
Miscellaneous noncapital financing activities	-	-	-	-	5,361	5,361
Net cash provided by (used in) noncapital financing activities	<u>(6,477)</u>	<u>(1,000)</u>	<u>(25,856)</u>	<u>(33,333)</u>	<u>(262,384)</u>	<u>(295,717)</u>

Combined Statement of Cash Flows

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

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government	Proprietary Fund Type	Total Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum only)	Component Units	(Memorandum only)
Cash Flows From Capital And Related Financing Activities:						
Purchase of fixed assets	(9,126)	(23,535)	-	(32,661)	(7,680)	(40,341)
Proceeds from sale of bonds and notes ...	-	-	-	-	303,797	303,797
Retirement of bonds and notes payable ..	(2,455)	-	-	(2,455)	(65,240)	(67,695)
Interest on bonds and notes payable	(7,149)	-	-	(7,149)	(128,712)	(135,861)
Capital contributions or grants	3,201	-	-	3,201	537	3,738
Miscellaneous capital and related financing activities	-	-	-	-	(380)	(380)
Net cash provided by (used in) capital and related financing activities	(15,529)	(23,535)	-	(39,064)	102,322	63,258
Cash Flows From Investing Activities:						
Proceeds from sales of investment securities	5,238	-	19,840	25,078	1,629,245	1,654,323
Purchases of investment securities	(23,698)	-	-	(23,698)	(1,418,462)	(1,442,160)
Interest and income on investments	6,856	-	18,637	25,493	82,711	108,204
Reduction in loan receivable	-	-	-	-	7,535	7,535
Net cash provided by (used in) investing activities	(11,604)	-	38,477	26,873	301,029	327,902
Increase (decrease) in cash	(7,758)	(3,961)	(7,324)	(19,043)	141,971	122,928
Cash and cash equivalents - July 1	57,540	3,961	11,052	72,553	305,302	377,855
Cash and cash equivalents - June 30 ...	\$ 49,782	\$ -	\$ 3,728	\$ 53,510	\$ 447,273	\$ 500,783

Reconciliation of cash and cash equivalents to balance sheet:

Cash and cash equivalents - June 30 (balance sheet)	\$ 13,507	\$1,294,487	\$ 309,252
Plus - cash and cash equivalents in restricted assets	36,275	-	138,021
Less - cash and cash equivalents in other fiduciary fund types	-	1,290,759	-
Cash and cash equivalents - June 30 ...	\$ 49,782	\$ 3,728	\$ 447,273

STATE OF CONNECTICUT

Combined Statement of Changes in Fund Balances

Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Current Funds		Hospital Funds	Endowment and Similar Funds	Loan Funds
	Unrestricted	Restricted			
Revenues and Other Additions:					
Current and Hospital Funds Revenues	\$482,441	\$124,904	\$118,995	\$ -	\$ -
Private Gifts, Grants, and Contracts	-	-	-	78	140
Investment Earnings	-	-	-	210	112
Interest on Loans Receivable	-	-	-	-	517
Expended for Plant Facilities	-	-	-	-	-
Retirement of Indebtedness	-	-	-	-	-
Foundation Revenues	-	-	-	-	-
Miscellaneous	-	-	-	-	4
Total Revenues and Other Additions	482,441	124,904	118,995	288	773
Expenditures and Other Deductions:					
Education and General	781,756	109,917	-	-	-
Auxiliary Enterprises	79,179	18	-	-	-
Hospital	34,875	-	119,030	-	-
Indirect Cost Recovered	-	13,490	-	-	-
Loan Cancellations and Write-offs	-	-	-	-	902
Interest on Indebtedness	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
Disposal of Plant Facilities	-	-	-	-	-
Administrative Costs	-	-	-	-	164
Retirement of Indebtedness	-	-	-	-	-
Foundation Expenditures	-	-	-	-	-
Other	-	123	-	58	48
Total Expenditures and Other Deductions	895,810	123,548	119,030	58	1,114
Transfers Among Funds - Additions (Deductions)					
Mandatory:					
Retirement of Indebtedness	(20,454)	-	-	-	-
Nonmandatory:					
Other	(7,308)	1,944	1,088	(207)	-
Total Transfers Among Funds	(27,762)	1,944	1,088	(207)	-
Operating transfers from the State's governmental funds	441,349	-	-	-	-
Net Increase (Decrease) in Fund Balances	218	3,300	1,053	23	(341)
Fund Balances (deficit) - July 1 (as restated)	112,498	30,985	19,914	4,034	31,735
Fund Balances (deficit) - June 30	\$112,716	\$ 34,285	\$ 20,967	\$4,057	\$31,394

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

<u>Unexpended</u>	<u>Plant Funds</u>		<u>Affiliated Organization</u>	<u>Total</u>
	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
\$ -	\$ -	\$ -	\$ -	\$ 726,340
-	-	-	-	218
-	2,711	-	-	3,033
-	-	-	-	517
-	-	89,850	-	89,850
-	-	10,808	-	10,808
-	-	-	16,658	16,658
31	-	-	-	35
<u>31</u>	<u>2,711</u>	<u>100,658</u>	<u>16,658</u>	<u>847,459</u>
-	-	-	-	891,673
-	-	-	-	79,197
-	-	-	-	153,905
-	-	-	-	13,490
-	-	-	-	902
-	5,156	-	-	5,156
121,659	-	-	-	121,659
-	-	37,941	-	37,941
-	-	-	-	164
-	10,808	-	-	10,808
-	-	-	6,880	6,880
-	-	21,389	-	21,618
<u>121,659</u>	<u>15,964</u>	<u>59,330</u>	<u>6,880</u>	<u>1,343,393</u>
-	20,454	-	-	-
4,442	-	41	-	-
4,442	20,454	41	-	-
105,062	-	-	-	546,411
(12,124)	7,201	41,369	9,778	50,477
72,446	47,351	1,376,298	52,599	1,747,860
<u>\$ 60,322</u>	<u>\$54,552</u>	<u>\$1,417,667</u>	<u>\$62,377</u>	<u>\$1,798,337</u>

STATE OF CONNECTICUT

Combined Statement of Revenues, Expenditures, and Other Changes

Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Current Funds		Hospital Funds	Total
	Unrestricted	Restricted		
Revenues:				
Student Tuition and Fees	\$260,156	\$ -	\$ -	\$ 260,156
Federal Grants and Contracts	21,834	70,009	-	91,843
Private Gifts and Grants	7,314	22,677	-	29,991
Patient Services	50,210	-	118,995	169,205
Sales and Services	112,214	-	-	112,214
Investment Earnings	7,713	800	-	8,513
Miscellaneous	23,000	16,449	-	39,449
Total Revenues	482,441	109,935	118,995	711,371
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	375,283	18,610	-	393,893
Research	29,358	62,178	-	91,536
Public Services	29,564	9,641	-	39,205
Academic Support	91,029	3,452	-	94,481
Student Services	40,029	3,361	-	43,390
Institutional Support	124,898	3,497	-	128,395
Scholarship and Fellowships	27,101	7,985	-	35,086
Plant Operations and Maintenance	64,494	1,193	-	65,687
Total Educational and General Expenditures	781,756	109,917	-	891,673
Hospital	34,875	-	119,030	153,905
Auxiliary Enterprises	79,179	18	-	79,197
Mandatory Transfers:				
Retirement of Indebtedness	20,454	-	-	20,454
Total Expenditures and Mandatory Transfers	916,264	109,935	119,030	1,145,229
Other Transfers- Additions (Deductions):				
Operating Transfers from the State's				
Governmental Funds	441,349	-	-	441,349
Other Non-mandatory Transfers	(7,308)	1,944	1,088	(4,276)
Excess of Restricted Receipts over Transfers to Revenues	-	1,479	-	1,479
Refunded to Grantors	-	(123)	-	(123)
Total Other Transfers and Additions (Deductions)	434,041	3,300	1,088	438,429
Net Increase (Decrease) in Fund Balances	\$ 218	\$ 3,300	\$ 1,053	\$ 4,571

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

STATE OF CONNECTICUT

Notes to the Financial Statements

June 30, 1995

(Amounts in thousands unless otherwise stated)

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Financial Reporting Entity

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

Component Units

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

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

Connecticut Development Authority

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

Connecticut Housing Finance Authority

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 1994.

Connecticut Resources Recovery Authority

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

Connecticut Higher Education Supplemental Loan Authority

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

STATE OF CONNECTICUT

Notes to the Financial Statements

Connecticut Health and Educational Facilities Authority

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

Connecticut Innovations, Incorporated

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

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

Affiliated Organizations

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

c. Fund Accounting

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

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

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

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

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

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

Governmental Funds

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

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

STATE OF CONNECTICUT

Notes to the Financial Statements

Department of Transportation costs.

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Account Groups

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

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

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

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

Higher Education and University Hospital Funds

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

The following fund categories and affiliated organizations are included:

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

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

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

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

STATE OF CONNECTICUT

Notes to the Financial Statements

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

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

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

Component Units

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

d. Basis of Accounting

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

Governmental Funds and Expendable Trust Funds

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

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

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

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

Agency Funds

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

Higher Education and University Hospital Funds

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

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

e. Budgeting Process

By statute, the Governor must submit the state budget to the General Assembly in February of each year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next fiscal year and sets forth revenue estimates for the same period for the following funds: the General

STATE OF CONNECTICUT

Notes to the Financial Statements

Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

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

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

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

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received except, in the General and Transportation Funds, for certain taxes and Federal and other restricted grant revenues which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for all governmental funds for which a budget is legally adopted. During the 1995 fiscal year, the original adopted budget was adjusted by several supplementary appropriations authorized by the General Assembly and the Finance Advisory Committee.

f. Budgetary vs GAAP Basis of Accounting

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

1. Revenues are recorded when received in cash ex-

STATE OF CONNECTICUT

Notes to the Financial Statements

cept for certain year-end tax accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis) (see Note 1d).

2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis) (see Note 1d).

3. For budgetary reporting purposes, continuing appropriations are included with expenditures to determine the budgetary surplus or deficit because they are considered uses of spending authority for the fiscal year. But under the GAAP basis, continuing appropriations are not included as expenditures.

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

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

g. Assets and Liabilities

Cash and Cash Equivalents

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

Investments held by the State's short-term investment fund are carried at amortized cost. These investments are disclosed in the investments schedule (see Note 4).

Investments

Investments in the special revenue funds, debt service fund, enterprise funds, higher education and university hospital funds (except for investments of the affiliated organization which are carried at market), and component units (except for investments of the Connecticut Innovations, Inc., and Connecticut Development Authority which are carried at fair value and restricted

investments of the Connecticut Health and Educational Facilities Authority which are carried at market) are carried at cost or amortized cost. Investments in the trust and agency funds, excluding a nonexpendable trust fund and an agency fund, represent equity in the State's combined investment funds. Investments in the nonexpendable trust fund (Clean Water fund) are carried at cost or amortized cost. Investments in the agency fund (Deferred Compensation fund) are carried at market.

Investments held by the State's combined investment funds are carried at fair value. However, the cost basis of the investments is disclosed in the investments schedule (see Note 4).

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

Inventories

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

Fixed Assets and Depreciation

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

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

STATE OF CONNECTICUT

Notes to the Financial Statements

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

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

Deferred Revenues

This liability account represents the following:

Cash received by the State before the State has a legal claim to it (e.g. grant monies received before the incurring of qualifying expenditures).

Revenues considered measurable but not available during the current period.

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

Capital Appreciation Bonds

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

Other Long-term Obligations

The portion of unfunded pension costs, workers' compensation claims, and accumulated compensated absences that is expected to be liquidated with available expendable financial resources is reported as an expenditure and a fund liability of the governmental and

expendable trust funds that will pay it. The remaining portion that is not expected to be liquidated with available expendable financial resources is reported in the general long-term debt account group. In the proprietary funds, non-expendable and pension trust funds, higher education and university hospital funds, and component units such obligations are recorded as fund liabilities.

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

h. Fund Equity

Contributed Capital

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

Reserved Retained Earnings

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

Reserved Fund Balances

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

i. Revenues, Expenditures, and Interfund

Transactions

Taxes

Certain tax revenues that accrue to the State are considered "available" if the payer incurs the obligation to the

STATE OF CONNECTICUT

Notes to the Financial Statements

State before year-end and payment is received within sixty days after year-end (see Note 6).

Licenses, Permits, and Fees

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

Interest Rate Swap Agreements

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

Interfund Transactions

Interfund transactions are recorded as follows:

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

j. Total Columns on Combined Statements

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

Note 2

BUDGETARY BASIS VS. GAAP

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

Financial Statements Fund Types	General	Special Revenue
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budgetary basis)	\$ 80,503	\$50,507
Adjustments:		
Increases (decreases) in revenue accruals:		
Governmental Receivables	93,444	946
Other Receivables	(7,204)	856
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(163,488)	(5,632)
Salaries and Fringe Benefits Payable	(19,182)	(1,309)
Increase (decrease) in Continuing Appropriations	<u>(215,175)</u>	<u>(21,210)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis) - budgeted funds	(231,102)	24,158
To record excess of revenues and other sources over expenditures and other uses for nonbudgeted funds	<u>-</u>	<u>75,712</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u><u>\$(231,102)</u></u>	<u><u>\$99,870</u></u>

Note 3

FUND DEFICITS

The following funds have deficit balances at June 30, 1995, in either unreserved fund balances or unreserved retained earnings, none of which constitutes a violation of statutory provisions.

STATE OF CONNECTICUT

Notes to the Financial Statements

Note 4

CASH DEPOSITS AND INVESTMENTS

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

Cash Deposits

At June 30, 1995, the carrying amount of the State's deposits was \$(106,926) for the Primary Government and \$113,427 for the Component Units. The corresponding bank balance for such deposits was \$38,233 for the Primary Government and \$115,796 for the Component Units. Of the bank balance for the Primary Government, \$6,953 was insured by the Federal Deposit Insurance Corporation (Category 1), \$3,306 was collateralized (Category 3), and \$27,974 was uninsured and uncollateralized (Category 3). Of the bank balance for the Component Units, \$4,565 was insured by the Federal Deposit Insurance Corporation (Category 1), \$7,305 was collateralized (Category 3), and \$103,926 was uninsured and uncollateralized (Category 3).

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

<u>General Fund</u>	\$576,879
<u>Special Revenue</u>	
Consumer Counsel and Public Utility Control	\$1,870
Lottery & OTB	\$6,484
<u>Enterprise Funds</u>	
Bradley International Airport	\$16,895
<u>Internal Service Funds</u>	
Correction Industries	\$1,179
<u>Expendable Trust Funds</u>	
Second Injury and Compensation Assurance	\$3,838
<u>Component Units</u>	
Connecticut Development Authority(CDA)	\$10,666
Connecticut Resources Recovery Authority(CRRA)	\$1,146
Connecticut Innovations, Incorporated(CII)	\$21,394

The General Fund and Consumer Counsel & Public Utility Control Fund deficits have been addressed by Public Act 93-402, subsequently modified by Public Act 95-178, which among other things, requires any GAAP deficits for budgeted funds existing as of June 30, 1997 to be amortized in fifteen equal increments beginning with the annual budget for fiscal year 1998-99. The Lottery & OTB Fund deficit was caused by various GAAP adjustments and no action has been addressed at this time to eliminate the deficit.

Although the Second Injury and Compensation Assurance Fund continues to run a deficit balance, the deficit has decreased from the prior fiscal year.

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

STATE OF CONNECTICUT

Notes to the Financial Statements

Investments

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

The short-term investment fund is available for investment to State funds and agencies, municipalities and public authorities. The State Treasurer is authorized to invest monies of the short-term investment fund in United States government and agency obligations, United States postal service obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, the short-term investment fund is not displayed in the combined financial statements. Instead, each fund type's investment in this fund is reported as cash equivalents in the combined balance sheet (see Note 1g).

The combined investment funds are available for investment to the pension and other trust funds. The State Treasurer is also authorized to invest monies of the combined investment funds in common stock, commercial equity real estate, foreign companies stocks and bonds, commercial and residential mortgages, foreign governments obligations, mortgage-backed securities, and venture capital partnerships. There is a restriction that not more than 50% of the investments held by the pension and other trust funds can consist of common stock. For financial reporting purposes, the combined investment funds are not displayed in the combined financial statements. Instead, each fund type's equity in these funds is reported as investments in the combined balance sheet (see Note 1g).

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

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

The schedules on the following page disclose the carrying amount and market value of the State's investments (except as discussed below) in total and by investment type as of June 30, 1995. Further, the carrying amount of these investments is classified in three categories of custodial credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

As of June 30, 1995, the University of Connecticut Foundation, Incorporated (an affiliated organization) had investments with a market value of \$62.6 million. Because the Foundation is a nongovernmental entity, it is not required to classify its investments according to categories of credit risk in its financial statements. Thus, the Foundation's investments are not included in the following investments schedules.

STATE OF CONNECTICUT

Notes to the Financial Statements

INVESTMENTS - PRIMARY GOVERNMENT

Investment Type	Carrying Amount			Total	Market Value
	Category 1	Category 2			
Common Stock	\$ 3,915,776	\$ 34,780		\$ 3,950,556	\$ 4,995,052
U.S. Government & Agency Securities	872,374	-		872,374	910,913
Corporate Debt	1,315,494	-		1,315,494	1,357,715
Banker's Acceptances	366,481	-		366,481	366,481
Commercial Paper	14,722	6,879		21,601	21,601
International Common Stock	1,590,000	-		1,590,000	1,842,422
Mortgage-Backed Securities	484,109	-		484,109	489,550
International Government Securities	575,914	-		575,914	624,059
Repurchase Agreements	690,408	61,305		751,713	753,130
International Corporate Debt	48,618	-		48,618	51,991
Certificates of Deposit - Negotiables	331,995	-		331,995	331,995
Collateralized Investment Agreements	116,021	57,866		173,887	178,489
State and Municipal Obligations	269,489	-		269,489	256,677
Asset-Backed Securities	330,409	-		330,409	330,409
	<u>\$10,921,810</u>	<u>\$160,830</u>		<u>11,082,640</u>	<u>12,510,484</u>

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

Real Estate (Trusts, Limited Partnerships and Annuities)		1,015,448	892,544
Commercial Mortgages Trust Funds		212,988	192,380
Deferred Compensation Plan Mutual Investments		342,694	342,694
Limited Partnerships		259,093	304,630
Tax Exempt Proceeds Fund		104,533	104,533
Guaranteed Investment Contracts		231,705	251,189
Short-term Investments with International Subcustodians		22,164	25,179
Other		676	676
Investments held by broker-dealers under unsettled purchases (various securities)		470,538	470,974
Total Investments		<u>\$13,742,479</u>	<u>\$15,095,283</u>

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

As of year end, the State held securities costing \$221,768 of custodial credit risk if they were included in the (market value \$221,845) under unsettled sales. These investments schedule. securities would have been classified under Category 1

INVESTMENTS - COMPONENT UNITS

Investment Type	Carrying Amount			Total	Market Value
	Category 1	Category 2	Category 3		
U.S. Government & Agency Securities	\$10,008	\$ 800,063	\$132,083	\$ 942,154	\$ 889,918
Common Stock	-	-	11,821	11,821	11,821
Repurchase Agreements	-	212,917	-	212,917	212,917
Collateralized Investment Agreements	-	-	23,841	23,841	23,841
Product Development and Marketing Investments	13,127	-	-	13,127	13,127
Other	-	1,142	253	1,395	1,261
	<u>\$23,135</u>	<u>\$1,014,122</u>	<u>\$167,998</u>	<u>1,205,255</u>	<u>1,152,885</u>

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

Guaranteed Investment Contracts		194,367	194,367
Fidelity Funds		27,935	27,935
Limited Partnerships		5,066	5,066
Total Investments		<u>\$1,432,623</u>	<u>\$1,380,253</u>

CI, Inc. owns approximately 58% of the investments that are in Category 1. CHFA owns 100% of the investments that are in Category 2. CHEFA owns approximately 61% of the investments that are in Category 3.

STATE OF CONNECTICUT

Notes to the Financial Statements

Derivatives

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

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

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

The cash flow on interest-only strips is derived from the interest payments on the underlying mortgages. Therefore, these investments are very sensitive to changes in interest rates, which may encourage or

discourage the prepayment of the underlying mortgages. For example, if interest rates decline, the underlying mortgages will be prepaid, thereby, reducing the cash flows from interest payments, and the value of these investments will decline. Because of the volatility of these investments, the State is in the process of gradually selling them. As of June 30, 1995, the State held interest-only strips with a cost of \$12.5 million and a fair value of \$5.5 million.

The common stock represents an investment in an underlying derivative consisting of a subordinated "residual interest" in a securitized portfolio of commercial mortgage loans. These loans were sold by the State to the corporate issuer who, in turn, issued bonds collateralized by the loans. The residual interest represents the difference between the principal of the underlying mortgage loans and the outstanding principal of the bonds. The underlying loans pay a fixed interest rate while the bonds pay a variable interest rate. The State is subject to the market risk that if the interest rate on the bonds increases, more of the cash flows generated by the loans will go to the bondholders, thereby, reducing the amount available to the State, and the value of the investment will decline. At June 30, 1995, this investment had a cost of \$74.7 million and a fair value of \$87.9 million. Also, the weighted average yield on the underlying loans was 9.44% while the variable rate on the bonds was 6.06%.

Note 5

LOANS RECEIVABLE

Loans receivable for the primary government and its component units, as of June 30, 1995, consisted of the following:

	Primary Government			Higher Education and University Hospital	Total	Component Units
	Special Revenue	Enterprise	Trust and Agency			
Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,046,815
Industrial	-	-	-	-	-	181,013
Housing	200,309	98,562	-	-	298,871	-
Student	-	-	-	23,309	23,309	-
Other	159,717	-	313,334	5,492	478,543	86,987
Less:						
Allowance For Losses	-	1,969	-	126	2,095	1,381
Loans Receivable Net	<u>\$360,026</u>	<u>\$96,593</u>	<u>\$313,334</u>	<u>\$28,675</u>	<u>\$798,628</u>	<u>\$2,313,434</u>

STATE OF CONNECTICUT

Notes to the Financial Statements

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 0% to 13.5% and have initial terms of 10 to 40 years. Construction loans earn interest at rates ranging from 0% to 10.5%. Upon completion of each development, the related permanent mortgage loan, which will generally be provided by the Authority, will be payable over 30 to 40 years at annual interest rates ranging from 0% to 10.5%.

The industrial loan program consists of loans made by the Connecticut Development Authority to participant companies within the State to finance the purchase of land, buildings, and equipment. These loans and installment contracts receivable are collateralized by assets acquired from the proceeds of the related loans. These receivables have original terms of 1 to 25 years

and earn interest at rates ranging from 4% to 10.86%. As of June 30, 1995, loans in the amount of \$70,931 (including loans of \$4,510 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 \$8,942 at year end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

Note 6

TAXES RECEIVABLE

Taxes receivable consisted of the following as of June 30, 1995:

	Funds	
	General	Special Revenue
Sales and Use	\$286,218	\$ -
Income Taxes	49,516	-
Public Service Corporations	36,766	-
Hospital Gross Receipts	53,341	-
Gasoline and Special Fuel	-	43,220
Various Other	26,782	5,942
	<u>452,623</u>	<u>49,162</u>
Taxes Receivable	<u>\$452,623</u>	<u>\$49,162</u>

Note 7

RESTRICTED ASSETS

Restricted assets are defined as resources which are restricted by legal or contractual requirements. As of June 30, 1995, restricted assets for the primary government and its component units are comprised of the following:

	Primary Government			Component Units				Total
	Enterprise Bradley Int'l Airport	Trust and Agency Clean Water Fund	Total	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	
Cash and Cash Equivalents	\$36,275	\$ 3,058	\$ 39,333	\$ -	\$ 72,138	\$ -	\$ 65,883	\$ 138,021
Investments	9,686	247,789	257,475	313,980	27,231	6,203	323,900	671,314
Interest Receivable	347	-	347	3,712	1,033	-	1,290	6,035
Other	1,075	-	1,075	-	-	-	1,880,025	1,880,025
Total	<u>\$47,383</u>	<u>\$250,847</u>	<u>\$298,230</u>	<u>\$317,692</u>	<u>\$100,402</u>	<u>\$6,203</u>	<u>\$2,271,098</u>	<u>\$2,695,395</u>

STATE OF CONNECTICUT

Notes to the Financial Statements

Note 8

PROPERTY, PLANT, AND EQUIPMENT

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

	Balance 7/1/94	Additions	Retire- ments	Con- struction	Balance 6/30/95
Land	\$ 299,085	\$ 37,219	\$ 9,597	\$ -	\$ 326,707
Buildings	1,589,331	134,611	144,905	174,851	1,753,888
Improvements Other Than Buildings	171,262	14,724	6,474	-	179,512
Machinery and Equipment	843,249	208,176	126,598	-	924,827
Construction in Progress	470,030	101,869	-	(174,851)	397,048
Total	\$3,372,957	\$496,599	\$287,574	\$ -	\$3,581,982

(2) Property, plant, and equipment for the primary government and its component units consisted of the following as of June 30, 1995:

	Primary Government				
	Enterprise	Internal Service	Higher Education and University Hospital	Total	Component Units
Land	\$ 2,657	\$ -	\$ 38,694	\$ 41,351	\$ 21,706
Buildings	70,380	-	924,008	994,388	165,439
Improvements Other Than Buildings	110,098	107	75,692	185,897	85
Machinery and Equipment	7,023	105,980	458,655	571,658	175,065
Construction in Progress	835	-	38,166	39,001	486
Subtotal	190,993	106,087	1,535,215	1,832,295	362,781
Less:					
Accumulated Depreciation	52,353	64,807	479	117,639	93,252
Total	\$138,640	\$ 41,280	\$1,534,736	\$1,714,656	\$269,529

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

Note 9

RETIREMENT SYSTEMS

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

Plan Descriptions

■ State Employees' Retirement System (SERS) is the administrator of a single-employer defined benefit PERS established in 1939 and governed by Sections 5-152 to 5-192 of the General Statutes. Substantially all of the State's full time employees who are not eligible for another State sponsored plan are covered by the SERS. Employees are covered under two tiers: a) Tier I covers employees hired prior to January 1, 1984; b) Tier II covers employees hired on or after January 1, 1984, plus employees hired between July 1, 1982 and January 1, 1984, who elected Tier II. The SERS provides retirement benefits as well as death and disability benefits. Tier I participants who retire at or after age 55 with 25 years of credited service or who retire at or after age 60 with 10 years of credited service or who retire at age 70 are entitled to an annual retirement benefit equal to 2% of their final average earnings for each year of credited service, reduced for retirement prior to age 65 with less than 25 years of credited service. Final average earnings represent average annual salary received during three years of highest salary. Participants may choose early

STATE OF CONNECTICUT

Notes to the Financial Statements

retirement at or after age 55 and the completion of 10 years of credited service and receive a reduced retirement benefit. Retirement benefits vest 100% at 10 years of credited service. Tier II participants who retire at or after age 62 with 10 years of credited service or who retire at age 60 with 25 years of service or at age 70 with 5 years of credited service or hazardous duty members who retire after 20 years of credited service are entitled to an annual retirement benefit equal to 1 and 1/3% of their final average earnings plus 1/2% of final average earnings in excess of the year's breakpoint, for each year of credited service. Hazardous duty members are entitled to an annual retirement benefit equal to 2 and 1/2% of their final average earnings up to 20 years of service plus 2% of final average earnings times years of service in excess of 20 years, for each year of credited service. Participants may choose early retirement at or after age 55 and the completion of 10 years of credited service and receive a reduced benefit. Retirement benefits vest 100% at 10 years of credited service or at 5 years of credited service if age 70. Tier I participants are required to contribute (depending on plan) either 2% of earnings up to the social security taxable wage base and 5% above that level or 5% of earnings to the SERS. Tier II participants are not required to make contributions to the SERS. The State funds the balance of the liability for benefits with annual contributions determined in accordance with statutes. The payroll for employees covered by the SERS for the year ended June 30, 1995, was \$2,155.9 million while the State's total payroll was \$2,428.9 million.

Teachers' Retirement System (TRS) is the administrator of a single-employer defined benefit PERS, with the State acting as a nonemployer contributor, established in 1917 and governed by Sections 10-183b to 10-183mm of the General Statutes. Any teacher, principal, superintendent or supervisor engaged in service of public schools in Connecticut

is covered by the TRS, as are professional employees of State schools of higher education if they choose to be covered. The TRS provides retirement benefits as well as death and disability benefits. Participants who retire on or after age 60 with 20 years of credited service in Connecticut or who retire before age 60 with 35 years of credited service (including at least 25 years of service in Connecticut) are entitled to an annual retirement benefit equal to 2% of their average annual salary, for each year of credited service (maximum percent is 75%) plus any additional amounts derived from 6% and voluntary contributions by the teacher. Average annual salary represents average annual salary received during three years of highest salary. Participants may choose early retirement at any age after the completion of 25 years of credited service (including 20 years of service in Connecticut) or at or after age 55 and the completion of 20 years of credited service (including 15 years of service in Connecticut with the last 5 years in Connecticut) and receive a reduced retirement benefit. Retirement benefits vest 100% at 10 years of credited service. Participants are required to contribute 7% of their annual salary to the TRS. Contributions are refunded to participants who leave the TRS based on years of credited service as follows: a) with less than 5 years of credited service, 5% contributions with interest and b) with 5 or more years of credited service, 5% contributions with interest and 1% contributions without interest. The State funds the balance of the liability for benefits with annual contributions determined in accordance with statutes. The payroll for employees covered by the TRS for the year ended June 30, 1995, was \$2,030.4 million. The total employer's current-year payroll would represent the total payroll of all 169 towns and cities plus 19 regional school districts in Connecticut and this information is not available.

STATE OF CONNECTICUT

Notes to the Financial Statements

Judicial Retirement System (JRS) is the administrator of a single-employer defined benefit PERS established in 1981 and governed by Sections 51-49 to 51-51 of the General Statutes. Any appointed judge or compensation commissioner in the State is covered by the JRS. The JRS provides retirement benefits as well as death and disability benefits. Participants who retire at or after age 65 with 10 years of credited service or who retire before age 65 with 20 years of credited service are entitled to an annual retirement benefit equal to 66.67% of final compensation. Final compensation is the participant's basic salary plus longevity payments based on years of service. Participants who retire at or after age 65 with less than 10 years of credited service receive a reduced retirement benefit. Man-

datory retirement is at age 70. Retirement benefits vest at 10 years of credited service as follows: a) participants hired before 1981 - 50% of the retirement benefit at 10 years increasing to 100% after 15 years; b) participants hired after 1980 - 100% of the retirement benefit multiplied by a ratio of service at termination to service at the earliest retirement age. Participants are required to contribute 5% of their annual compensation to the JRS. If a participant withdraws from the JRS prior to reaching benefit eligibility, contributions without interest are refunded. The State funds the balance of the liability for benefits with annual contributions determined in accordance with statutes. The payroll for employees covered by the JRS for the year ended June 30, 1995, was \$18.5 million, while the State's total payroll was \$2,428.9 million.

The following table summarizes membership by plans:

	SERS 7/1/94	TRS 7/1/94	JRS 10/1/94	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>27,405</u>	<u>19,158</u>	<u>171</u>	<u>46,734</u>
Active plan participants:				
Vested	23,944	28,498	73	52,515
Nonvested	<u>29,558</u>	<u>11,013</u>	<u>115</u>	<u>40,686</u>
Total	<u>53,502</u>	<u>39,511</u>	<u>188</u>	<u>93,201</u>

Funding Status and Progress

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

independent of the actuarial cost methods used to determine contributions to the PERS.

The pension benefit obligations were computed as part of the actuarial valuations performed as of July 1, 1994 for SERS and TRS, and as of October 1, 1994, for JRS. Significant actuarial assumptions used in the valuation include (a) rates of return on investment of present and future assets of 8.5% per year, (b) projected salary increases of 5.5% per year to 8.0% per year, (c) cost of living increases of 3% per year to 5.5% per year.

STATE OF CONNECTICUT

Notes to the Financial Statements

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

	SERS <u>7/1/94</u>	TRS <u>7/1/94</u>	JRS <u>10/1/94</u>	<u>Total</u>
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$4,078.6	\$3,817.5	\$ 89.3	\$ 7,985.4
Current employees - Accumulated employee contributions including allocated investment income	334.1	1,900.1	6.0	2,240.2
Employer - financed				
Vested	2,462.3	1,772.3	38.9	4,273.5
Non-vested	<u>454.2</u>	<u>-</u>	<u>13.8</u>	<u>468.0</u>
Total pension benefit obligation	<u>7,329.2</u>	<u>7,489.9</u>	<u>148.0</u>	<u>14,967.1</u>
Net assets available for benefits, at cost	<u>4,015.2</u>	<u>5,804.3</u>	<u>55.5</u>	<u>9,875.0</u>
Unfunded pension benefit obligation	<u>\$3,314.0</u>	<u>\$1,685.6</u>	<u>\$ 92.5</u>	<u>\$ 5,092.1</u>
Net assets available for benefits, at market	\$4,150.4	\$5,985.3	\$ 64.8	\$10,200.5

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

Contributions Required and Contributions Made

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

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

The actuarial computation of the pension contribution requirements for the JRS for 1995 was the same as the actual contribution. The actuarial computation of the pension contribution requirements for the SERS including Federal reimbursements was \$535.3 million, however, a collectively negotiated agreement (SEBAC III) reduced the actual contributions by \$183.5 million and the elimination of funding for cost of living adjustments by \$61 million. The actuarial computation of the full pension contribution requirement for the TRS for 1995 was \$154.0 million; however, only \$132.5 million was actually contributed reflecting a reduction of \$21.5 million by the legislature to the State's appropriation.

STATE OF CONNECTICUT

Notes to the Financial Statements

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

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>Total</u>
	(in millions)			
Contributions Made:				
By Employees	\$ 35.5	\$160.0	\$ 1.0	\$196.5
% of Covered Payroll	1.6%	7.9%	5.4%	
By State	\$206.7	\$132.5	\$9.0	\$348.2
% of Covered Payroll	9.6%	6.5%	48.6%	
Federal and Other Reimbursements	\$ 84.1	-	-	\$ 84.1
% of Covered Payroll	3.9%			
Contributions Required:				
Normal Cost	\$221.3	\$50.0	\$ 5.1	\$276.4
% of Covered Payroll	10.3%	2.5%	27.5%	
Amortization of Unfunded Liability	\$314.0	\$104.0	\$ 3.9	\$421.9
% of Covered Payroll	14.6%	5.1%	21.1%	

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

Trend Information

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

Analysis of fund progress and ten-year historical trend information is disclosed on pages 80-84 of the State's comprehensive annual financial report.

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

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

■ Unfunded pension benefit obligation, expressed as

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

■ Employer contributions expressed as percentages of annual covered payroll (contributions were made in accordance with actuarial requirements only for the JRS during the years 1993, 1994, and 1995).

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

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Net assets available for benefits as a percentage of the pension benefit obligation applicable to the State's employees			
1995	54.8%	77.5%	37.5%
1994	51.4%	70.7%	36.5%
1993	51.4%	69.8%	36.6%
Unfunded pension benefit obligation as a percentage of annual covered payroll			
1995	153.7%	83.0%	500.0%
1994	162.8%	109.3%	495.6%
1993	167.9%	113.2%	511.1%
State's contributions to the pension plan as a percentage of annual covered payroll			
1995	9.6%	6.5%	48.6%
1994	11.6%	6.4%	45.9%
1993	13.0%	6.1%	48.1%

Other

■ The Connecticut Alternate Retirement Program (CARP) is a defined contribution plan for unclassified employees and is governed by Section 5-156 of the General Statutes. Unclassified employees at any of the units of the Connecticut State System of higher education are eligible under state law to participate. The State is the only nonemployee contributor to the pension plan. As of June 30, 1995, the pension plan's current membership consisted of 4,447 employees.

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

STATE OF CONNECTICUT

Notes to the Financial Statements

account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Members' rights in the pension benefits provided under this program vest immediately. An employee that leaves State service is entitled to his or her contributions and the State's contributions. Each employee must contribute 5% of his or her gross earnings to the pension plan. The State is required to contribute an amount equal to 8% of the employees' gross earnings. The covered payroll for employees covered by CARP was \$213.5 million while the State's total payroll was \$2,428.9 million.

During the year the State's required and actual contributions amounted to \$17.0 million, which was 8% of the current-year CARP covered payroll. Employees' required and actual contributions amounted to \$10.7 million which was 5% of the current-year CARP covered payroll.

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

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

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

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

As of June 30, 1995, the State's Attorney Retirement System's membership stood at six active members, with twelve retirees and five widow(ers) receiving benefits, while the Public Defenders' System had one active member, four retirees, and one widow(er) receiving benefits. Total combined assets of both plans stood at \$506 thousand with \$44 thousand being contributed by active employees.

Note 10

OTHER RETIREMENT SYSTEMS ADMINISTERED BY THE STATE

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

Connecticut Municipal Employees' Retirement System (CMERS)

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

STATE OF CONNECTICUT

Notes to the Financial Statements

and is governed by Sections 7-425 to 7-451 of the Connecticut General Statutes. As of July 1, 1994, there were 7,395 active members and 3,659 retired members. Municipalities may designate which departments are to be covered under the CMERS and membership is then mandatory for all regular full time employees of participating departments except for fire and police hired after age 55. The pension plan provides pension, death, and disability benefits. A member may retire after reaching the age of 55 and having 10 years of continuous service, 15 years of active aggregate service, or 25 years of aggregate service. The pension benefit for members not covered by Social Security is 2% of the employee's average final compensation times years of service, while for members covered by Social Security, it is 1 and 1/6% of the average of compensation not in excess of the Social Security taxable wage base for the ten highest paid years of service plus 2% of that portion of average final compensation in excess of that used previously, times years of service. Average final compensation is the average of the three highest paid years of service. The current-year covered payroll for all participants amounts to \$226 million while the total payroll is unknown.

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

Municipal contributions are redetermined based on annual actuarial studies in order to maintain the fund on a sound actuarial basis. Total contributions made during 1995 amounted to \$29.8 million of which \$22.2 million was made by the municipalities and \$7.6 million by the employees.

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

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

Total unfunded pension benefit obligations of the CMERS as of July 1, 1994, is as follows: (amounts expressed in millions)

Total pension benefit obligation	\$620.1
Net assets available for benefits, at cost (market value \$651.6)	<u>536.0</u>
Unfunded pension benefit obligation	<u>\$ 84.1</u>

Historical trend information is presented on pages 80 and 84 in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

Connecticut Probate Judges and Employees' Retirement System

This system provides retirement benefits to Probate Court Judges and employees. As of June 30, 1995, there were 347 active members with 162 retirees and fourteen widows(ers) receiving benefits.

The entire cost is borne by the Probate Courts and their employees through employee contributions of 1.0 to 3.75 percent of earnings and assessments on the various Probate Courts of the State which assessments are to be actuarially determined. Total contributions made by the members amounted to \$236 thousand. No contribution was made by the Probate Courts due to the fully funded position of the system for fiscal year 1994-95. However, Public Act 94-98 changed several plan provisions and the Probate Court system will be required to make future contributions.

As of the latest actuarial valuation, December 31, 1994, the unfunded pension benefit obligation is zero using the Frozen Entry Age Cost Method.

STATE OF CONNECTICUT

Notes to the Financial Statements

Note 11

DEFERRED COMPENSATION PLAN

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

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

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

Note 12

POSTEMPLOYMENT BENEFITS

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

Currently 26,751 retirees meet those eligibility requirements. When employees retire, the State pays 100% of their health care insurance premium cost (including dependent's coverage). In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$7,500; b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund. During the year ended June 30, 1995, \$82.0 million was paid in postretirement benefits.

Note 13

CAPITAL AND OPERATING LEASES

a. State as Lessor

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

1996	\$ 18,236
1997	17,780
1998	16,931
1999	17,035
2000	16,969
Thereafter	40,440
Total	<u>\$127,391</u>

Contingent revenues for the year ended June 30, 1995, were \$1,405.

b. State as Lessee

Obligations under capital leases and operating leases as of June 30, 1995, were \$88,530 for capital leases and

STATE OF CONNECTICUT

Notes to the Financial Statements

\$8,138 for noncancelable operating leases in excess of one year. The following is a schedule of annual future minimum payments under these obligations along with the present value of the related net minimum capital lease payments discounted at approximately 6% as of June 30, 1995:

	Operating Leases	Capital Leases General Long-term
1996	\$2,725	\$ 9,967
1997	2,378	7,139
1998	1,548	5,380
1999	1,180	4,550
2000	307	4,287
Thereafter	-	57,207
Total future minimum payments	<u>\$8,138</u>	<u>88,530</u>
Less: Imputed interest		32,979
Present value of net minimum lease payments		<u>\$55,551</u>

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types reflects the net proceeds from the sale of bonds and notes in the amount of \$1,130.4 million. This amount includes discounts on the sale of certain bonds and accrued interest received at the time of sale in the amount of \$1.8 million. Additionally, the \$818.5 million of issuances and other increases for general obligation bonds includes \$11.4 million of bonds issued by the Connecticut Development Authority (CDA) for which the State of Connecticut has agreed to pay the principal and interest.

Note 15

DEBT

a. Short-Term Debt

Up to \$739.4 million of general obligation temporary notes may be issued by the State with these notes having the full faith and credit of the state pledged for payment of principal and interest. As of June 30, 1995, no notes were outstanding. Additionally, revolving lines of credit have been secured from Dai-Ichi Kangyo Bank, Limited and The Industrial Bank of Japan, Limited in the amounts of \$550.0 million and \$203.9 million respectively. Of these amounts \$539.4 million and \$200.0 million may be advanced with respect to the payment of the above notes and \$10.6 million and \$3.9 million may be advanced with respect to the payment of up to 60 days interest on the notes. As of June 30, 1995, no amount was outstanding on the lines of credit.

b. Long-Term Debt

Economic Recovery Notes

In September and October 1991, \$965.7 million of General Obligation Economic Recovery Notes were issued to fund the accumulated budgetary deficit.

Economic recovery notes outstanding at June 30 were \$315.7 million, these notes mature on various dates through 1996 and bear interest rates from 5.25% to 6.8%.

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, 1995:

	Balance July 1, 1994	Issuances and Other Increases	Retirements and Other Decreases	Increase (Decrease) Accreted Value	Balance June 30, 1995
General Obligation Notes	\$ 555,610	\$ -	\$ 239,900	\$ -	\$ 315,710
General Obligation Bonds	5,062,539	818,476	409,231	52,963	5,524,747
Transportation Related Bonds	2,865,166	325,169	200,325	1,309	2,991,319
Unemployment Compensation Bonds	1,020,700	-	30,000	-	990,700
Unfunded Pension Costs	4,891,799	755,683	440,734	-	5,206,748
Compensated Absences	267,052	6,705	16,573	-	257,184
Worker's Compensation	294,799	51,875	59,720	-	286,954
Capital Leases	55,226	11,234	10,909	-	55,551
Claims and Judgements	-	25,115	-	-	25,115
Interfund Payables	-	22,687	-	-	22,687
Total General Long-Term Debt					
Account Group	\$15,012,891	\$2,016,944	\$1,407,392	\$54,272	\$15,676,715

STATE OF CONNECTICUT

Notes to the Financial Statements

The following is a description of the future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 1995.

Year Ending June 30, 1996	Principal	Interest	Total
	\$315,710	\$ 12,982	\$328,692

General Obligation Bonds

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

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

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	1995-2013	4.218-9.875%	\$1,541,408	\$297,750
School Construction	1997-2012	4.2-9.75%	628,564	7,733
Municipal Redevelopment	1995-2015	3.25-9.25%	1,426,670	545,447
Elderly Housing	1996-2011	7-7.4%	36,900	151
Elimination of Water Pollution	1996-2014	4.4-8.25%	257,865	8,091
General Obligation Refunding	1997-2012	2.4-7.35%	1,283,600	-
Miscellaneous	1997-2013	4.625-8.95%	39,454	49,530
			5,214,461	\$908,702
Accretion-Variou Capital Appreciation Bonds			310,286	
	Total		\$5,524,747	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 1995, were as follows:

Year Ending June 30,	Principal	Interest	Total
1996	\$ 394,634	\$ 267,107	\$ 661,741
1997	421,818	249,638	671,456
1998	416,936	233,329	650,265
1999	400,631	228,828	629,459
2000	394,966	236,316	631,282
Thereafter	3,185,476	1,832,434	5,017,910
	\$5,214,461	\$3,047,652	\$8,262,113

Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in

the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the debt service fund for retirement of principal and interest.

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

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding	Authorized But Unissued
Public Transportation	1996-1999	5-8.25%	\$ 19,053	\$ 668
Specific Highways	1997	4.9-5.25%	2,165	19,900
Infrastructure Improvements	1996-2015	2.65-10%	2,892,027	564,287
General Obligation Refunding	2004	5.15-9.75%	46,000	-
Other Transportation	1995-2010	4.218-9.25%	24,890	317
			2,984,135	\$585,172
Accretion-Variou Capital Appreciation Bonds			7,184	
	Total		\$2,991,319	

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

Year Ending June 30,	Principal	Interest	Total
1996	\$ 126,065	\$ 166,955	\$ 293,020
1997	136,958	159,281	296,239
1998	147,275	151,088	298,363
1999	161,489	142,250	303,739
2000	159,294	136,636	295,930
Thereafter	2,253,054	834,731	3,087,785
	\$2,984,135	\$1,590,941	\$4,575,076

Special Assessment Unemployment Compensation Advance Fund

In July, August, and September of 1994, the State issued \$1,020.7 million of Special Assessment Unemployment Compensation Advance Fund revenue bonds. The issuance of these special obligation revenue bonds was for the purpose of repaying loans made by the United States to Connecticut for payment of unemployment compensation benefits and assisting the State in meeting a portion of its unemployment compensation benefit obligations until increased employer assessments are levied. These bonds mature on various dates through 2001 and bear interest rates from 3.1% to 4.6% and shall be payable solely from the Unemployment Compensation Ad-

STATE OF CONNECTICUT

Notes to the Financial Statements

vance Fund and revenues and requisitional funds specifically pledged for their payment.

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

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

Year Ending June 30,	Principal	Interest	Total
1996	\$ 50,000	\$ 38,206	\$ 88,206
1997	75,000	36,306	111,306
1998	95,000	33,251	128,251
1999	115,000	29,281	144,281
Thereafter	655,700	53,681	709,381
	<u>\$990,700</u>	<u>\$190,725</u>	<u>\$1,181,425</u>

Interest Rate Swap Agreements

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

Type	Face Value	Interest Rate	Maturity Date
Transportation - STO's	\$228,000	variable	2010
Special Assessment Unemployment Compensation Advance Fund - Revenue Bonds	\$235,000	variable	2001

Based on these agreements, the State pays a fixed interest rate to the counterparty to the swap. In return, the counterparty pays the State a variable interest rate that either matches the variable rate of the bonds or is determined by the agreement. In either case, only the net difference in interest payments is actually exchanged with the counterparty. By entering into these agreements, the State has in effect exchanged its variable rate liability for a fixed rate obligation.

The agreements call for the following exchange of interest rates:

Type of Debt	Face Value	Interest Rate Assumed by State	Interest Rate Assumed by Counterparty
STO's	\$136,800	5.75%	65% of 1 - month LIBOR* rate
STO's	\$91,200	5.71%	65% of 1 - month LIBOR* rate
Revenue Bonds	\$235,000	4.05%	Variable rate of revenue bonds

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

Regarding the STO swaps, the State is exposed to the market risk relating to the relationship between the variable interest rate on the bonds (which is reset weekly) and the rate that it receives under the swap agreements (which is 65% of 1 - month LIBOR). For the fiscal year ended June 30, 1995, the average variable interest rate on the bonds and the average LIBOR rate were approximately equal.

Except for one of the STO swaps (face value of \$91,200), the agreements have collateral provisions which protect the State against default by the counterparty.

Revenue Bonds

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

Fund Type	Maturity Dates	Interest Rates	Amounts Outstanding
Primary Government:			
Enterprise:			
Bradley International Airport	1996-2012	7.1-9.125%	\$ 93,170
Rental Housing	2000-2002	5.25-9.15%	125,935
Nonexpendable:			
Clean Water Fund	2009-2013	4.05-11%	315,590
Higher Education & University Hospitals:			
Investment in Plant	1997-2015	4.3-7.25%	92,249
Premium on Clean Water Fund bonds sold			3,618
		Total	<u>630,562</u>
Component Units:			
Conn. Development Authority	2002-2008	2.6-9.8%	152,285
Conn. Housing Finance Authority (as of 12-31-94)	2027	2-11%	2,725,145
Conn. Resources Recovery Authority	1995-2016	4.2-8.8%	390,839
Conn. Higher Education Supplemental Loan Authority	1995-2013	4.4-7.5%	78,070
Conn. Health & Educational Facilities Authority	1995-2024	4.32-14.94%	1,904,722
Discount on CHFA bonds sold			(24,136)
		Total	<u>\$5,226,925</u>

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

STATE OF CONNECTICUT

Notes to the Financial Statements

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

Primary Government:

Bradley International Airport's revenue bonds were issued in 1982 in the amount of \$100,000 to finance costs of improvements to the airport. As of June 30, 1995, the following bonds were outstanding:

- a) Airport revenue refunding bonds in the amount of \$89,470. These bonds were issued in October, 1992, to redeem the 1982 revenue bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture. In accordance with this indenture, certain assets of this fund have been restricted for the payment of bond principal and interest, construction projects and other uses.
- b) Airport subordinated refunding bonds in the amount of \$3,700. These bonds were issued in 1989 to help pay for certain expenses (e.g. issuance costs, redemption premium) incurred in the issuance of the 1992 refunding bonds.

In 1994, the State of Connecticut issued Clean Water Fund revenue bonds in the amount of \$325,245. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of waste water treatment projects.

Component Units

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. Under the Umbrella Program, bonds outstanding at June 30, 1995, were \$86,705. Also, assets totaling \$91,729 are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is deter-

mined that there are surplus funds as defined in the bond resolution. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section. In addition, the Authority had \$65,580 in general obligation bonds outstanding at year end. These bonds were issued to finance the lease of an entertainment/sports facility, the purchase of a hockey team, and the construction of a music amphitheatre.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate income families and persons throughout the State. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest: (1) The proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. In addition, all assets of the Authority's general and capital reserve funds (\$2,952,282) are restricted until such time as they are determined to be "surplus funds". The bond resolution describes "surplus funds" as being the excess of pledged receipts over funds required for the payment of operating expenses, principal and interest and requirements of the capital reserve fund during the most recent twelve month period.

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

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students and their parents to assist in the financing of the cost of higher education. According to the bond resolutions, the Authority reports the bonds in either the Institution Bond Fund or the Individual Bond Fund, depending on whether the loans are made directly to

STATE OF CONNECTICUT

Notes to the Financial Statements

individuals or indirectly through the intermediary of an educational institution. At year end, there were no outstanding bonds in the Institution Bond Fund.

Connecticut Health and Educational Facilities Authority's revenue bonds are issued to assist certain health care institutions, institutions of higher education and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions. The Authority generally holds title to, or has first mortgages on, the buildings and related facilities financed by the bonds. The terms of the lease, mortgage and loan payments receivable from the institutions correspond to the amortization requirements of related bonds payable. On final payment of a bond issue, the title to or security interest in the building and related facilities reverts to the institution. Prior to July 1, 1979, the Authority issued general obligation bonds for which the Authority is ultimately responsible for the payment

of principal and interest when due. After July 1, 1979, the Authority has issued special obligation bonds for which the principal and interest is payable solely from the revenues of the institutions. At year end, the Authority had \$30,205 and \$1,874,517 in outstanding general obligation and special obligation bonds, respectively.

Each Authority has established special capital revenue funds which secure all the outstanding bonds of the Authority at year end (except as discussed below). These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority and the Connecticut Health and Educational Facilities Authority, bonds outstanding at year end in the amount of \$357,084 and \$227,680 respectively, were secured by the special capital reserve funds.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 1995, were as follows:

Year Ending June 30.	Primary Government							
	Enterprise Funds		Nonexpendable Trust		Higher Education and University Hospital Funds		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1996	\$ 4,936	\$12,502	\$ 12,490	\$ 4,886	\$ 5,377	\$ 4,923	\$ 150,755	\$ 308,685
1997	4,995	14,611	15,395	14,072	6,382	4,690	187,513	299,872
1998	8,130	14,113	15,730	13,452	6,208	4,362	206,002	289,212
1999	14,960	13,169	16,075	12,890	6,262	4,032	187,431	276,789
2000	15,593	11,938	16,425	12,345	5,912	3,681	202,216	266,827
Thereafter	170,491	56,274	239,475	90,091	62,108	22,382	4,317,144	2,833,270
	<u>\$219,105</u>	<u>\$122,607</u>	<u>\$315,590</u>	<u>\$147,736</u>	<u>\$92,249</u>	<u>\$44,070</u>	<u>\$5,251,061</u>	<u>\$4,274,655</u>

No-commitment Debt

Under the Self-Sustaining Bond Program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component units section. These bonds are paid solely from payments received from participating companies (or from proceeds of sale of the specific projects in the

event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances and activity of the Self-Sustaining Bond Program are not included in the Authority's financial statements. Total bonds outstanding at June 30, 1995 were \$1,444.7 million bearing rates ranging from 3.6% to 13.5%.

STATE OF CONNECTICUT

Notes to the Financial Statements

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan agreements between the Authority and the operators. Certain of these bonds are secured by letters of credit. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of default, payment of the debt is not guaranteed by the Authority or the State except for the State's contingent liability discussed below. Thus, the assets and liabilities related to these bond issues are not included in the Authority's financial statements. Total bonds outstanding at June 30, 1995 were \$355.8 million bearing interest rates ranging from 4.4% to 8.625%. Of this amount, \$174.1 million was secured by a special capital reserve fund. The State may be contingently liable for any deficiencies in the fund as explained previously in the component units section. There were no deficiencies in the fund at year end.

Debt Refundings

During the year, the State sold \$54.2 million in general obligation bonds with an average rate of 5.3% to advance refund \$50.1 million in outstanding general obligation bonds (including \$1.2 million reported as a liability in the Higher Education and University Hospital fund) with an average rate of 6.8%. The proceeds of the refunding bonds were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

As a result of this advance refunding, the State reduced its total debt service payments over the next ten years by \$.7 million and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$1.5 million. As of June 30, 1995, \$1,656.8 million of outstanding

general obligation and special tax obligation bonds (including prior year's refundings) are considered defeased.

Note Payable

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

Year Ending	June 30,	Principal	Interest	Total
	1996	\$1,295	\$ 415	\$1,710
	1997	1,395	315	1,710
	1998	1,502	208	1,710
	1999	1,618	93	1,711
		<u>\$5,810</u>	<u>\$1,031</u>	<u>\$6,841</u>

Note 16

RISK MANAGEMENT

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

STATE OF CONNECTICUT

Notes to the Financial Statements

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

Regarding liability risk, the State is generally immune from liability due to having sovereign immunity. This means that the State cannot be sued for liability without its permission. For this reason, the State is self-insured for general liability risk. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract. When purchasing commercial insurance, the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various liability risks. The highest amount is a \$25 million self-insured retention carried in a railroad liability policy.

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

Most State employees and retirees participate in four health plans for which the State is self-insured. These plans are administered by two vendors that are responsible for the processing and payment of claims. The State is responsible for making monthly contributions to the plans to pay for claims processed in the following month. At the end of the fiscal year, the State determines whether total incurred claims (including incurred but not reported claims) paid by the plans meet a contractual target. If total incurred claims are more than 103% of the target, the State would share the risk equally with the plan administrators. If total incurred claims are less than 97% of the target, the State would share the savings equally with the plan administrators.

If total incurred claims fall between 97% and 103% of the target, the State would assume the risk or retain the savings entirely. As of June 30, 1995, total incurred claims paid by the plans met the contractual targets (i.e., the State shared neither savings nor risk with the plans administrators). Also, total incurred claims paid by one plan exceeded contributions made to the plan by \$8.3 million.

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

	General Liability	Medical Malpractice	Workers' Compensation	Health Plan
Beginning balance	\$1,940	\$10,725	\$294,799	\$ -
Incurred claims	780	857	51,875	270,476
Paid claims	(1,940)	(1,018)	(59,720)	262,161
Ending balance	<u>\$ 780</u>	<u>\$10,564</u>	<u>\$286,954</u>	<u>\$ 8,315</u>

Note 17

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 1995, were as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 22,207	\$ 472,884
Special Revenue:		
Transportation	12,123	565
Workers' Compensation	374	147

STATE OF CONNECTICUT

Notes to the Financial Statements

Banking	-	169
Consumer Counsel & Public Utility Control	-	174
Insurance	-	157
Criminal Injuries	309	-
Regional Market	-	11
Soldiers, Sailors, & Marines	348	175
Employment Security	2,155	1,126
Grant and Loan Programs	126,427	20
Environmental Programs	1,729	348
Housing Programs	-	146
Other	4,536	124
	<u>148,001</u>	<u>3,162</u>
Debt Service	-	6,283
Capital Projects:		
State Facilities	125,752	1,172
Infrastructure	106,170	1,084
Transportation	56,120	3
	<u>288,042</u>	<u>2,259</u>
Enterprise:		
Rental Housing	-	1,870
Bradley	-	1,449
Other	-	1
	<u>-</u>	<u>3,320</u>
Internal Service:		
Correction Industries	1,601	4
Administrative Services	5,098	9,504
	<u>6,699</u>	<u>9,508</u>
Expendable Trust:		
Employment Security	740	9,177
Second Injury	2,965	-
	<u>3,705</u>	<u>9,177</u>
Nonexpendable Trust:		
Clean Water	-	1,729
Soldiers, Sailors, & Marines	156	348
Other	4,057	-
	<u>4,213</u>	<u>2,077</u>
Pension Trust:		
State Employees	4,057	-
Agency:		
Payroll & Fringe Benefit	2,130	-
Receipts Pending Distribution	-	13,637
Other	4,062	-
	<u>6,192</u>	<u>13,637</u>
Higher Education & University Hospital:		
Current Unrestricted	65,674	11,800
Current Restricted	43	2,577
Hospital Funds	694	3,124
Endowment	-	1
Loan Funds	-	400

Agency Funds	-	70
Retirement of Indebtedness	5,256	-
	<u>71,667</u>	<u>17,972</u>
Component Units:		
Ct. Development Authority	8,364	-
Ct. Resources Recovery	2,628	2,628
Ct. Innovations	-	181
	<u>10,992</u>	<u>2,809</u>
General Long-term Debt	-	22,687
Totals	<u>\$565,775</u>	<u>\$565,775</u>

The amount recorded in the General Long-term Debt Account Group is the result of certain current receivables recorded in the Higher Education and Component Units funds but for which the corresponding payables were not recorded in the governmental funds, as the payables were long-term in nature.

Note 18

RESTATEMENT OF FUND BALANCES AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 1995, the beginning fund balances for the following funds were restated as follows:

	Balance 6-30-94 Previously Reported	GASB Pronouncements Implementation	Correction of Reported Assets/ Liabilities	Balance 6-30-94 Previously As Restated
General Fund	\$ (39,530)	\$(14,703)	\$ -	\$ (54,233)
Special Revenue:				
Grant and Loan Programs	221,768	-	3,044	224,812
Expendable Trust:				
Second Injury and Compensation Assurance	(7,775)	-	2,765	(5,010)
Higher Education and University Hospital:				
Unrestricted Funds	113,508	-	(1,010)	112,498
Loan Funds	29,592	-	2,143	31,735
Affiliated Organization	-	52,599	-	52,599

STATE OF CONNECTICUT

Notes to the Financial Statements

This fiscal year the State implemented GASB Statement No. 21, "Accounting for Escheat Property". This Statement requires that unclaimed property be recorded in the fund to which the property ultimately escheats (i.e., the General fund), and that escheat revenue be reduced and a fund liability be reported to the extent that is probable that escheat property will be reclaimed and paid to claimants. As of June 30, 1995, a liability for escheat property of \$19 million was recorded in the General fund and escheat revenue was reduced by \$4 million.

In order to comply with the requirements of GASB Statement No. 14, "The Financial Reporting Entity", the University of Connecticut Foundation, Incorporated was added to the reporting entity this year (see

Note 1b). The effect of complying with this Statement was to increase the equity of the reporting entity by \$62 million at year end.

During the fiscal year, the Connecticut Innovations, Incorporated, a component unit, changed its method of accounting for investments. Previously, the Corporation carried its investments at the lower of unrecovered cost or net realizable value. Now, the Corporation carries its investments at fair value as determined by the Valuation Committee of the Corporation. The effect of initially applying the new method is reported as the effect of a change in accounting principle. The cumulative effect of this change is reported separately in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances.

Note 19

RESERVED RETAINED EARNINGS, RESERVED FUND BALANCES, AND CONTRIBUTED CAPITAL

Reserved Retained Earnings

Bradley International Airport, an enterprise fund, has \$21,700 restricted for debt service requirements and other programs of the airport. The Connecticut Housing Finance Authority, a component unit, has \$335,740 restricted for debt service requirements and other programs of the Authority. The Connecticut Resources Recovery Authority, a component unit, has \$15,023 restricted for specific purposes.

Reserved Fund Balances

These balances are comprised as follows:

Contributed Capital

The following is a summary of changes in the contributed capital accounts for the year ended June 30, 1995:

	Primary	Component Units		
	Government		Connecticut	Connecticut
	Bradley	Connecticut	Resources	Connecticut
	International	Development	Recovery	Innovations,
	Airport	Authority	Authority	Incorporated
Balance July 1, 1994	\$95,986	\$132,340	\$2,058	\$59,811
Contributions	3,202	18,000	537	6,019
Items added back to retained earnings	-	-	(152)	-
Balance June 30, 1995	<u>\$99,188</u>	<u>\$150,340</u>	<u>\$2,443</u>	<u>\$65,830</u>

Reserved For	Fund Type				
	General	Special Revenue	Debt Service	Trust and Agency	Higher Education
Petty Cash	\$ 1,002	\$ -	\$ -	\$ -	\$ -
Budget Reserve	80,503	-	-	-	-
Inventories	47,528	13,210	-	-	-
Continuing Appropriations	67,150	22,044	-	-	-
Debt Service	-	-	420,163	-	-
Loans	-	360,026	-	-	-
Pension Obligations	-	-	-	10,845,959	-
Trust Activities	-	-	-	281,932	-
Restricted	-	-	-	-	170,403
Endowment	-	-	-	-	4,231
	<u>\$196,183</u>	<u>\$395,280</u>	<u>\$420,163</u>	<u>\$11,127,891</u>	<u>\$174,634</u>

STATE OF CONNECTICUT

Notes to the Financial Statements

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

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

Note 20

SEGMENT INFORMATION - ENTERPRISE FUNDS

The State maintains three enterprise funds which provide financing for State housing programs, airport services, and vocational education. Segment informa-

tion for the year ended June 30, 1995, is as follows:

	Rental Housing	Bradley International Airport	Other
Operating Revenue	\$ 6,727	\$ 30,600	\$2,902
Depreciation and Amortization Expense	4	7,465	1
Operating Income (Loss)	(3,617)	4,378	309
Operating Transfers In	2,811	-	-
Net Non-operating Revenues (Expenses)	4,052	2,513	-
Net Income (Loss)	91,321	6,891	309
Contributed Capital	-	99,188	350
Property, Plant & Equipment: Additions (Deletions)	-	9,126	-
Net Working Capital	9,223	9,103	1,187
Total Assets	162,965	203,420	1,548
Bond and Other Long-Term Liabilities Payable from Operating Revenues	125,935	93,170	-
Total Equity	31,495	103,993	1,397

Note 21

CONDENSED FINANCIAL STATEMENTS - COMPONENT UNITS

Balance Sheets

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	Total
Assets:						
Current assets	\$102,431	\$ 744,446	\$ 53,062	\$ 10,491	\$ 57,981	\$ 968,411
Property, plant, and equipment	14,414	2,719	251,921	204	271	269,529
Restricted assets	-	317,692	100,402	2,271,098	6,203	2,695,395
Other Assets	192,099	2,089,725	43,130	-	62,428	2,387,382
Total Assets	\$308,944	\$3,154,582	\$448,515	\$2,281,793	\$126,883	\$6,320,717
Liabilities and Equity:						
Liabilities:						
Current liabilities	\$ 16,106	\$ 40,678	\$ 24,452	\$ 80,845	\$ 4,224	\$ 166,305
Revenue bonds	152,285	2,701,009	390,839	1,904,722	78,070	5,226,925
Other liabilities	879	77,155	16,904	285,673	-	380,611
Total Liabilities	169,270	2,818,842	432,195	2,271,240	82,294	5,773,841
Equity:						
Contributed capital	150,340	-	2,443	-	65,830	218,613
Retained earnings	(10,666)	335,740	13,877	10,553	(21,241)	328,263
Total Equity	139,674	335,740	16,320	10,553	44,589	546,876
Total Liabilities and Equity	\$308,944	\$3,154,582	\$448,515	\$2,281,793	\$126,883	\$6,320,717

STATE OF CONNECTICUT

Notes to the Financial Statements

Statements of Revenues, Expenditures, and Changes in Equity

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	Total
Operating Revenues	\$ 21,908	\$175,393	\$155,291	\$111,194	\$ 9,904	\$473,690
Operating Expenses:						
Depreciation and amortization	1,010	6,151	16,009	39	252	23,461
Other	39,904	204,753	105,368	109,919	12,593	472,537
Operating Income (Loss)	<u>(19,006)</u>	<u>(35,511)</u>	<u>33,914</u>	<u>1,236</u>	<u>(2,941)</u>	<u>(22,308)</u>
Nonoperating Revenues (Expenses)	<u>(16,747)</u>	<u>46,809</u>	<u>(20,454)</u>	<u>551</u>	<u>4,187</u>	<u>14,346</u>
Net Income (Loss) for the Year	<u>(35,753)</u>	<u>11,298</u>	<u>13,460</u>	<u>1,787</u>	<u>(5,784)</u>	<u>(14,992)</u>
Equity - beginning	157,427	324,442	2,323	8,766	44,354	537,312
Capital contributions	18,000	-	537	-	6,019	24,556
Equity - ending	<u>\$139,674</u>	<u>\$335,740</u>	<u>\$ 16,320</u>	<u>\$ 10,553</u>	<u>\$44,589</u>	<u>\$546,876</u>

Note 22

RELATED ORGANIZATIONS

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

The State appoints a voting majority of the following organizations' governing boards: the Connecticut Housing Authority, the University of Connecticut Educational Properties, Inc. (UCEPI), the Community Economic Development Fund, and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments. During the fiscal year, UCEPI received a \$0.4 million operating grant from the State, and as of June 30, 1995, the Connecticut Student Loan Foundation owed the State \$64.6 million under a revolving loan agreement.

Note 23

COMMITMENTS AND CONTINGENCIES

A. Commitments

At June 30, 1995, the State, including its component units, had the following outstanding commitments:

- 1) Infrastructure (highways, roads, etc.) and other construction contracts and miscellaneous contracts with various vendors totaling approximately \$1,273 million of which \$825 million is expected to be reimbursed by Federal grants.
- 2) School construction and alteration grants with various towns for \$787 million and interest costs of \$351 million for a total of \$1,138 million. Funding for these projects is expected to come from bond sales.
- 3) Loan commitments, mortgage and grant programs, and loan guarantees totaling approximately \$254 million. Funding for these pro-

STATE OF CONNECTICUT

Notes to the Financial Statements

grams 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, 1995, amounts due lottery winners totaled \$956 million.

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 and the amount outstanding is \$26 million.

The Legislature has also enacted legislation to assist the City of West Haven by authorizing the State to guarantee debt issued by the City in an amount up to \$35 million. At year end, the debt outstanding guaranteed by the State was \$26 million.

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

At year end, one of the State's self-insured health benefit plans was underfunded in the amount of \$20.3 million. Currently, the State is negotiating a new contract with the administrator of such plan because the plan administrator wants to change the existing plan from a self-insured plan to a fully insured plan. If the State and the plan administrator agree to a new contract, it is probable that the plan administrator will relieve the State from any obligations under the existing contract.

C. Litigation

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

There are however, several legal proceedings which, if decided adversely 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 24

SUBSEQUENT EVENTS

In September, \$335.6 million of special tax obligation bonds for transportation infrastructure programs were issued. These consisted of \$175 million of serial bonds and \$160.6 million of refunding serial bonds maturing on various dates through 2015 and bearing interest rates of 3.6% to 6.25%. The refunding bonds were used to advance refund \$150.2 million of bonds bearing interest rates of 6.6% to 7.1%.

In October, \$420 million of general obligation bonds were issued, maturing at various dates through 2015 and having interest rates of 4.5% to 5.5%.

STATE OF CONNECTICUT

Notes to the Financial Statements

In November, the State issued \$236.1 million of general obligation economic recovery refunding notes to refund \$240.7 million. These notes will mature on various dates through 1999 and bear interest rates of 4.25% to 5%.

In December, \$9.9 million of taxable general obligation bonds were issued by the Connecticut Development Authority (CDA) with the principal and interest payment to be paid by the State of Connecticut general fund. These bonds mature at various dates through 2005 and have interest rates of 3.75% to 4.95%.

Required

PERS

Supplementary

Information

STATE OF CONNECTICUT

Required Supplementary Information

Analysis of Fund Progress

(Expressed in Millions)

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) % Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
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%
1990	\$2,552.1	\$5,071.5	50.3%	\$2,519.4	\$1,759.5	143.2%
1991	\$2,932.6	\$5,624.7	52.1%	\$2,692.1	\$1,802.8	149.3%
1992	\$3,140.2	\$6,009.7(1)	52.3%(1)	\$2,869.5(1)	\$1,983.6(1)	144.7%(1)
1993	\$3,425.8	\$6,668.7	51.4%	\$3,242.9	\$1,931.4	167.9%
1994	\$3,695.6	\$7,189.8	51.4%	\$3,494.2	\$2,144.8	162.9%
1995	\$4,015.2	\$7,329.2	54.8%	\$3,314.0	\$2,155.9	153.7%
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%
1990	\$3,744.8	\$7,090.2	52.8%	\$3,345.4	\$1,540.8	217.1%
1991	\$4,308.5	\$7,425.2	58.0%	\$3,116.7	\$1,663.8	187.3%
1992	\$4,623.1	\$7,408.4	62.4%	\$2,785.3	\$1,792.5	155.4%
1993	\$4,811.4	\$6,896.7	69.8%	\$2,085.3	\$1,841.9	113.2%
1994	\$5,144.5	\$7,278.2	70.7%	\$2,133.7	\$1,952.4	109.3%
1995	\$5,804.3	\$7,489.9	77.5%	\$1,685.6	\$2,030.4	83.0%
Judicial Retirement System						
1988	\$15.3	\$93.5	16.4%	\$78.2	\$9.7	806.2%
1989	\$21.9	\$103.6	21.1%	\$81.7	\$10.5	778.1%
1990	\$30.0	\$120.8	24.8%	\$90.8	\$12.8	709.4%
1991	\$37.6	\$110.0	34.2%	\$72.4	\$14.4	502.8%
1992	\$44.5	\$120.4	37.0%	\$75.9	\$15.3	496.1%
1993	\$47.8	\$130.6	36.6%	\$82.8	\$16.2	511.1%
1994	\$51.6	\$141.3	36.5%	\$89.7	\$18.1	495.6%
1995	\$55.5	\$148.0	37.5%	\$92.5	\$18.5	500.0%
Municipal Employee's Retirement System						
1988	\$279.0	\$346.0	80.6%	\$67.0	\$144.0	46.5%
1989	\$348.0	\$388.0	89.7%	\$40.0	\$160.0	25.0%
1990	\$378.0	\$438.0	86.3%	\$60.0	\$185.0	32.4%
1991	\$411.9	\$469.6	87.7%	\$57.7	\$186.3	31.0%
1992	\$441.0	\$533.0	82.7%	\$92.0	\$195.0	47.2%
1993	\$475.0	\$526.3	90.3%	\$51.3	\$203.0	25.3%
1994	\$508.6	\$573.1	88.7%	\$64.5	\$214.6	30.1%
1995	\$536.0	\$620.1	86.4%	\$84.1	\$226.0	37.2%

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

* Net assets are presented at cost

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

STATE OF CONNECTICUT

State Employees' Retirement System Required Supplementary Information Revenues by Source and Expenses by Type

(Expressed in Millions)

Fiscal Year	Employee Contributions	Revenues by Source				Total
		State Contributions		Investment Income	Other	
		Dollar Amount	% of Annual Covered Payroll			
1986	\$30.5	\$234.2	19.7%	\$89.8	\$39.5	\$394.0
1987	\$27.8	\$275.8	21.2%	\$102.8	\$43.0	\$449.4
1988	\$28.0	\$272.3	19.1%	\$144.6	\$50.6	\$495.5
1989	\$28.7	\$324.3	20.5%	\$180.8	\$49.0	\$582.8
1990	\$29.2	\$288.4	16.4%	\$260.6	\$53.6	\$631.8
1991	\$33.8	\$208.8	11.6%	\$179.7	\$60.0	\$482.3
1992	\$33.2	\$195.3	10.0%	\$312.7	\$51.4	\$592.6
1993	\$32.9	\$250.8	13.0%	\$297.8	\$42.6	\$624.1
1994	\$35.8	\$248.4	11.6%	\$356.3	\$61.8	\$702.3
1995	\$35.5	\$206.7	9.6%	\$185.2	\$85.5	\$512.9

Fiscal Year	Expenses by Type					Total
	Benefits	Administrative	Refunds	Other		
1986	\$140.2	\$.1	\$5.8	\$.1	\$146.2	
1987	\$154.9	\$.1	\$2.8	-	\$157.8	
1988	\$171.7	\$.2	\$2.7	\$.6	\$175.2	
1989	\$192.6	\$1.9	\$2.2	\$.6	\$197.3	
1990	\$248.4	\$.5	\$1.8	\$.7	\$251.4	
1991	\$272.1	\$.2	\$1.8	-	\$274.1	
1992	\$303.9	\$.1	\$3.0	-	\$307.0	
1993	\$351.9	\$.2	\$2.2	-	\$354.3	
1994	\$367.6	\$.2	\$2.3	-	\$370.1	
1995	\$388.9	\$.2	\$2.3	\$14.4	\$405.8	

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1986 through 1989. From 1990 through 1995 the actuarially determined contribution requirements were \$354.4 million, \$398 million, \$431.2 million, \$447.8 million, \$480.4 million, and \$535.3 million, while the actual contributions were \$341.4 million, \$263.8 million, \$246.7 million, \$293.4 million, \$310.2 million, and \$292.2 million, respectively.

STATE OF CONNECTICUT

State Teachers' Retirement System

Required Supplementary Information

Revenues by Source and Expenses by Type

(Expressed in Millions)

Fiscal Year	Employee Contributions	Revenues by Source				Total
		State Contributions		Investment Income	Other	
		Dollar Amount	% of Annual Covered Payroll			
1986	\$67.0	\$175.8	18.0%	\$167.2	-	\$410.0
1987	\$75.5	\$204.7	19.2%	\$187.5	-	\$467.7
1988	\$89.6	\$242.5	20.3%	\$237.2	-	\$569.3
1989	\$100.1	\$282.9	20.6%	\$269.8	-	\$652.8
1990	\$106.9	\$321.6	20.9%	\$351.2	\$1.4	\$781.1
1991	\$115.0	\$158.4	9.5%	\$292.3	\$2.0	\$565.9
1992	\$124.9	\$133.0	7.4%	\$469.2	\$2.6	\$729.7
1993	\$149.5	\$111.6	6.1%	\$450.6	\$2.8	\$714.5
1994	\$150.9	\$124.3	6.4%	\$518.6	\$2.1	\$795.9
1995	\$160.0	\$132.5	6.5%	\$251.5	\$17.4	\$561.4

Fiscal Year	Expenses by Type			
	Benefits	Refunds	Other	Total
1986	\$141.0	\$10.6	-	\$151.6
1987	\$154.8	\$6.5	-	\$161.3
1988	\$168.9	\$5.6	-	\$174.5
1989	\$183.7	\$5.8	-	\$189.5
1990	\$210.7	\$6.8	-	\$217.5
1991	\$243.9	\$6.8	\$13.2	\$263.9
1992	\$278.1	\$8.3	\$8.8	\$295.2
1993	\$333.6	\$11.4	\$25.8	\$370.8
1994	\$354.2	\$6.4	\$28.0	\$388.6
1995	\$392.6	\$8.1	\$19.7	\$420.4

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1986 through 1988. From 1989 through 1995 the actuarially determined contribution requirements were \$302.9 million, \$348.6 million, \$304.3 million, \$325 million, \$299.6 million, \$145.8 million, and \$154.0 million respectively, while the actual contributions made were \$282.9 million, \$321.6 million, \$158.3 million, \$133.0 million, \$111.6 million, \$124.3 million, and \$132.5 million respectively.

STATE OF CONNECTICUT

Judicial Retirement System

Required Supplementary Information

Revenues by Source and Expenses by Type

(Expressed in Millions)

Fiscal Year	Revenues by Source					Total
	Employee Contributions	State Contributions		Investment Income	Other	
		Dollar Amount	% of Annual Covered Payroll			
1986	\$.5	\$7.3	88.7%	\$.4	-	\$8.2
1987	\$.5	\$8.6	97.8%	\$.6	-	\$9.7
1988	\$.6	\$9.9	102.1%	\$1.1	-	\$11.6
1989	\$.6	\$10.4	99.0%	\$1.7	-	\$12.7
1990	\$.7	\$10.8	91.5%	\$3.0	-	\$14.5
1991	\$.7	\$11.4	79.2%	\$2.6	\$.2	\$14.9
1992	\$.8	\$7.0	46.0%	\$4.2	-	\$12.0
1993	\$.9	\$7.8	48.1%	\$4.7	-	\$13.4
1994	\$1.0	\$8.3	45.9%	\$5.4	-	\$14.7
1995	\$1.0	\$9.0	48.6%	\$2.3	-	\$12.3

Fiscal Year	Expenses by Type		
	Benefits	Administrative & Other	Total
1986	\$4.2	\$-	\$4.2
1987	\$4.6	\$-	\$4.6
1988	\$4.9	\$-	\$4.9
1989	\$5.4	\$.2	\$5.6
1990	\$5.9	\$-	\$5.9
1991	\$6.3	\$-	\$6.3
1992	\$7.0	\$-	\$7.0
1993	\$7.7	\$-	\$7.7
1994	\$8.2	\$-	\$8.2
1995	\$8.7	\$-	\$8.7

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1986-1995, except 1992. In 1992, the actuarially determined contribution requirement was \$10.6 million, while the actual contribution was \$7 million.

STATE OF CONNECTICUT

Municipal Employees' Retirement System Required Supplementary Information Revenues by Source and Expenses by Type

(Expressed in Millions)

Revenues by Source

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>% of Annual Covered Payroll</u>	<u>Investment Income</u>	<u>Total</u>
1986	\$4.5	\$11.5	N/A	\$20.0	\$36.0
1987	\$7.3	\$13.3	N/A	\$22.1	\$42.7
1988	\$6.1	\$16.4	11.4%	\$60.6	\$83.1
1989	\$7.6	\$19.5	12.2%	\$20.2	\$47.3
1990	\$6.6	\$18.7	10.1%	\$24.7	\$50.0
1991	\$6.9	\$22.0	11.8%	\$26.3	\$55.2
1992	\$7.0	\$22.4	11.5%	\$29.9	\$59.3
1993	\$7.3	\$24.1	11.9%	\$29.6	\$61.0
1994	\$7.8	\$23.1	10.8%	\$27.4	\$58.3
1995	\$7.6	\$22.2	9.8%	\$26.9	\$56.7

Expenses by Type

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Total</u>
1986	\$9.5	\$.7	\$10.2
1987	\$11.6	\$.7	\$12.3
1988	\$13.0	\$.8	\$13.8
1989	\$15.0	\$1.1	\$16.1
1990	\$17.4	\$1.2	\$18.6
1991	\$21.1	\$2.4	\$23.5
1992	\$24.2	\$1.0	\$25.2
1993	\$26.5	\$.8	\$27.3
1994	\$29.2	\$.9	\$30.1
1995	\$32.6	\$-	\$32.6

Contributions were made in accordance with actuarially determined contribution requirements.

SOURCE: Municipal Employees' Retirement System Actuary's Note Disclosures as of June 30, 1995

***Combining
Financial
Statements***

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STATE OF CONNECTICUT

Special Revenue Funds

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

Transportation Fund:

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

Workers' Compensation Administration:

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

Banking:

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

Consumer Counsel and Public Utility Control:

to account for monies collected from various public utility companies.

Insurance:

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

Criminal Injuries Compensation:

to account for monies collected from the criminal injuries board.

Regional Market Fund:

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

Mashantucket Pequot Fund:

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

Soldiers, Sailors, and Marines Fund:

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

Employment Security Administration:

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

Lottery:

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

Grants and Loan Programs:

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

Environmental Programs:

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

Housing Programs:

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

STATE OF CONNECTICUT

Combining Balance Sheet Special Revenue Funds

June 30, 1995

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance	Criminal Injuries	Mashantucket Pequot Fund
Assets:							
Cash and Cash Equivalents	\$ 46,353	\$22,248	\$9,241	\$ 816	\$4,309	\$590	\$9
Investments	-	-	-	-	-	-	-
Receivables:							
Taxes	43,220	-	-	-	-	-	-
Accounts, Net of Allowances	3,399	-	-	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-	-
Interest	496	-	-	-	-	-	-
Federal Grants Receivable	7,022	-	-	-	-	-	-
Non Federal Grants Receivable	538	-	-	-	-	-	-
Due From Other Funds	12,123	374	-	-	-	309	-
Due From Component Unit	-	-	-	-	-	-	-
Receivable From Other Governments	1,679	-	-	-	-	-	-
Inventories and Prepaids	13,210	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	\$128,040	\$22,622	\$9,241	\$ 816	\$4,309	\$899	\$9
Liabilities and Fund Balances:							
Liabilities:							
Accounts Payable and Accrued Liabilities ..	\$ 27,178	\$ 1,010	\$ 438	\$ 1,444	\$ 446	\$414	\$-
Due to Other Funds	565	147	169	174	157	-	-
Deferred Revenue	22,182	-	-	1,068	2,115	-	-
Total Liabilities	49,925	1,157	607	2,686	2,718	414	-
Fund Balances:							
Reserved for Inventories	13,210	-	-	-	-	-	-
Reserved for Loans	-	-	-	-	-	-	-
Reserved for Continuing Appropriations	20,530	1,514	-	-	-	-	-
Unreserved, undesignated	44,375	19,951	8,634	(1,870)	1,591	485	9
Total Fund Balances	78,115	21,465	8,634	(1,870)	1,591	485	9
Total Liabilities and Fund Balances.....	\$128,040	\$22,622	\$9,241	\$ 816	\$4,309	\$899	\$9

Regional Market	Soldiers, Sailors, & Marines	Employment Security Administration	Lottery	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
\$151	\$ -	\$ 8,188	\$ 7,128	\$ 35,509	\$ 53,729	\$ 28,165	\$ 35,466	\$ 251,902
-	-	-	-	-	25,643	-	-	25,643
-	-	-	-	-	5,942	-	-	49,162
-	-	-	3,757	-	-	1,300	982	9,438
-	-	-	-	104,596	55,121	200,309	-	360,026
1	1	13	1	80	6,288	1	59	6,940
-	-	-	-	-	161	-	-	7,183
-	-	-	-	-	-	-	-	538
-	348	2,155	-	126,246	1,729	-	4,536	147,820
-	-	-	-	181	-	-	-	181
-	-	1,887	-	351	-	1,663	-	5,580
-	-	-	-	-	-	-	-	13,210
-	-	-	-	-	-	120	-	120
\$152	\$349	\$12,243	\$ 10,886	\$ 266,963	\$148,613	\$231,558	\$ 41,043	\$ 877,743
\$ 29	\$ 74	\$ 3,525	\$ 16,632	\$ 2,484	\$ 1,760	\$ 364	\$ 8,365	\$ 64,163
11	175	1,126	-	20	348	146	124	3,162
-	-	-	738	59	3,192	36	977	30,367
40	249	4,651	17,370	2,563	5,300	546	9,466	97,692
-	-	-	-	-	-	-	-	13,210
-	-	-	-	104,596	55,121	200,309	-	360,026
-	-	-	-	-	-	-	-	22,044
112	100	7,592	(6,484)	159,804	88,192	30,703	31,577	384,771
112	100	7,592	(6,484)	264,400	143,313	231,012	31,577	780,051
\$152	\$349	\$12,243	\$ 10,886	\$ 266,963	\$ 148,613	\$231,558	\$ 41,043	\$ 877,743

STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance	Criminal Injuries	Mashantucket Pequot Fund
Revenues:							
Taxes	\$ 461,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits, and Fees	259,943	-	12,855	8	298	2,136	-
Intergovernmental	56,037	-	-	-	-	2	-
Charges for Services	21,598	-	1	-	-	-	-
Fines, Forfeits, and Rents	-	-	119	1	-	-	-
Investment Earnings	7,736	-	-	-	-	-	-
Lottery and Off Track Betting	-	-	-	-	-	-	-
Miscellaneous	-	22,991	12	11,239	10,266	79	-
Total Revenues	806,934	22,991	12,987	11,248	10,564	2,217	-
Expenditures:							
Current:							
General Government	1,756	-	-	-	-	-	85,000
Regulation and Protection	103,934	19,867	11,677	11,300	9,734	-	-
Conservation and Development	-	-	-	-	-	-	-
Health and Hospitals	-	-	-	-	-	-	-
Transportation	346,458	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Education, Libraries, and Museums	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	1,913	-
Federal and Other Grants	51,308	-	-	-	-	-	-
Debt Service:							
Principal Retirement	42,735	-	-	-	-	-	-
Interest and Fiscal Charges	18,056	-	-	-	-	-	-
Total Expenditures	564,247	19,867	11,677	11,300	9,734	1,913	85,000
Excess (Deficiency) of Revenues Over Expenditures	242,687	3,124	1,310	(52)	830	304	(85,000)
Other Financing Sources (Uses):							
Proceeds from Sale of Bonds	-	-	-	-	-	-	-
Operating Transfers In	43,660	1,285	-	-	-	13	85,000
Operating Transfers Out	(269,630)	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(225,970)	1,285	-	-	-	13	85,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses							
Fund Balances (deficit) - July 1 (as restated)	60,113	17,056	7,324	(1,818)	761	168	9
Equity Transfer to Component Units Contributed Capital Changes in Reserves for Inventories	1,285	-	-	-	-	-	-
Fund Balances (deficit) - June 30	\$ 78,115	\$21,465	\$ 8,634	\$ (1,870)	\$ 1,591	\$ 485	\$ 9

Regional Market	Soldiers, Sailors, & Marines	Employment Security Administration	Lottery	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,719	\$ -	\$ 2,672	\$ 472,011
43	-	1	-	-	12,670	-	23,236	311,190
-	-	114,980	-	-	1,738	-	-	172,757
-	-	2,958	-	-	1,868	-	449	26,874
801	-	-	-	-	802	-	274	1,997
7	6	91	-	3,700	1,475	1,444	602	15,061
-	-	-	670,801	-	-	-	-	670,801
13	-	1,890	53	8,284	5,942	8,638	42,862	112,269
864	6	119,920	670,854	11,984	32,214	10,082	70,095	1,782,960
-	248	-	421,544	37,925	2,381	39,019	11,710	599,583
-	-	118,316	-	131	-	-	18,741	293,700
641	-	-	-	107,348	89,428	-	2,060	199,477
-	-	-	-	7,547	-	-	4,512	12,059
-	-	-	-	5,129	-	-	573	352,160
-	3,117	-	-	12,994	-	747	-	16,858
-	-	-	-	144,670	-	-	20,116	164,786
-	-	-	-	4,170	-	-	7,463	11,633
-	-	-	-	-	-	-	5,556	7,469
-	-	-	-	-	-	-	-	51,308
85	-	-	-	-	-	-	-	42,820
122	-	-	-	-	587	-	-	18,765
848	3,365	118,316	421,544	319,914	92,396	39,766	70,731	1,770,618
16	(3,359)	1,604	249,310	(307,930)	(60,182)	(29,684)	(636)	12,342
-	-	-	-	370,187	59,999	23,148	28,100	481,434
-	3,570	3,313	-	3,597	764	983	-	142,185
-	(211)	-	(249,650)	(2,247)	(5,174)	(3,585)	(5,661)	(536,158)
-	-	-	-	-	65	-	2	67
-	3,359	3,313	(249,650)	371,537	55,654	20,546	22,441	87,528
16	-	4,917	(340)	63,607	(4,528)	(9,138)	21,805	99,870
96	100	2,675	(6,144)	224,812	147,841	240,150	9,772	702,915
-	-	-	-	(24,019)	-	-	-	(24,019)
-	-	-	-	-	-	-	-	1,285
\$112	\$ 100	\$ 7,592	\$ (6,484)	\$ 264,400	\$143,313	\$231,012	\$31,577	\$ 780,051

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, 1995
(Expressed in Thousands)

	<u>Transportation</u>			<u>Workers' Compensation</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Budgeted Revenues:						
Taxes, Net of Refunds	\$459,800	\$461,620	\$ 1,820	\$ -	\$ -	\$ -
Operating Transfers In	14,200	14,278	78	-	-	-
Licenses, Permits, and Fees	261,000	260,596	(404)	-	-	-
Other	34,500	35,164	664	29,200	22,991	(6,209)
Federal Grants	4,700	4,729	29	-	-	-
Equity Transfers In	-	-	-	-	-	-
Total Budgeted Revenues	<u>774,200</u>	<u>776,387</u>	<u>2,187</u>	<u>29,200</u>	<u>22,991</u>	<u>(6,209)</u>
Expenditures:						
General Government	1,771	1,771	-	-	-	-
Regulation and Protection	83,978	80,077	3,901	29,190	20,999	8,191
Conservation and Development	-	-	-	-	-	-
Transportation	281,527	266,142	15,385	-	-	-
Human Services	-	-	-	-	-	-
Non Functional	397,328	387,056	10,272	-	-	-
Appropriations Lapsed	(29,558)	-	(29,558)	-	-	-
Total Expenditures	<u>735,046</u>	<u>735,046</u>	<u>-</u>	<u>29,190</u>	<u>20,999</u>	<u>8,191</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>39,154</u>	<u>41,341</u>	<u>2,187</u>	<u>10</u>	<u>1,992</u>	<u>1,982</u>
Other Financing Sources (Uses):						
Federal and Other Restricted Sources	-	48,321	48,321	-	-	-
Federal and Other Restricted Uses	-	(48,321)	(48,321)	-	-	-
Transfers Between Funds	-	-	-	-	1,285	1,285
Miscellaneous Adjustments	-	1,760	1,760	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,760</u>	<u>1,760</u>	<u>-</u>	<u>1,285</u>	<u>1,285</u>
Excess (Deficiency) of Revenues and Other						
Sources Over Expenditures and Other Uses	<u>\$ 39,154</u>	<u>43,101</u>	<u>\$ 3,947</u>	<u>\$ 10</u>	<u>3,277</u>	<u>\$3,267</u>
Budgetary Fund Balances - July 1		156,177			18,047	
Changes in Reserves		9,300			1,298	
Budgetary Fund Balances - June 30		<u>\$208,578</u>			<u>\$22,622</u>	

<u>Banking</u>			<u>Consumer Counsel & Public Utility Control</u>			<u>Insurance</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
12,920	12,987	67	-	-	-	-	-	-
-	-	-	12,100	11,232	(868)	10,600	11,489	889
-	-	-	-	-	-	-	-	-
<u>12,920</u>	<u>12,987</u>	<u>67</u>	<u>12,100</u>	<u>11,232</u>	<u>(868)</u>	<u>10,600</u>	<u>11,489</u>	<u>889</u>
-	-	-	-	-	-	-	-	-
12,867	11,664	1,203	12,023	11,044	979	10,587	9,620	967
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>12,867</u>	<u>11,664</u>	<u>1,203</u>	<u>12,023</u>	<u>11,044</u>	<u>979</u>	<u>10,587</u>	<u>9,620</u>	<u>967</u>
-	-	-	-	-	-	-	-	-
<u>53</u>	<u>1,323</u>	<u>1,270</u>	<u>77</u>	<u>188</u>	<u>111</u>	<u>13</u>	<u>1,869</u>	<u>1,856</u>
-	-	-	-	16	16	-	-	-
-	-	-	-	(16)	(16)	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 53</u>	1,323	<u>\$1,270</u>	<u>\$ 77</u>	188	<u>\$ 111</u>	<u>\$ 13</u>	1,869	<u>\$1,856</u>
-	7,917	-	-	628	-	-	2,440	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>\$ 9,240</u>	<u>-</u>	<u>-</u>	<u>\$ 816</u>	<u>-</u>	<u>-</u>	<u>\$ 4,309</u>	<u>-</u>

Continued on next page

STATE OF CONNECTICUT

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Non-GAAP Budgetary Basis

Budgeted Special Revenue Funds

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	Criminal Injuries Compensation			Mashantucket Pequot Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Budgeted Revenues:						
Taxes, Net of Refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$-
Operating Transfers In	-	-	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-
Other	1,500	2,218	718	-	-	-
Federal Grants	-	-	-	-	-	-
Equity Transfers In	-	-	-	85,000	85,000	-
Total Budgeted Revenues	1,500	2,218	718	85,000	85,000	-
Expenditures:						
General Government	-	-	-	-	-	-
Regulation and Protection	1,500	1,500	-	-	-	-
Conservation and Development	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Non Functional	-	-	-	85,000	85,000	-
Appropriations Lapsed	-	-	-	-	-	-
Total Expenditures	1,500	1,500	-	85,000	85,000	-
Excess (Deficiency) of Revenues						
Over Expenditures	-	718	718	-	-	-
Other Financing Sources (Uses):						
Federal and Other Restricted Sources	-	-	-	-	-	-
Federal and Other Restricted Uses	-	-	-	-	-	-
Transfers Between Funds	-	13	13	-	-	-
Miscellaneous Adjustments	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	13	13	-	-	-
Excess (Deficiency) of Revenues and Other						
Sources Over Expenditures and Other Uses	\$ -	731	\$ 731	\$ -	-	\$-
Budgetary Fund Balances - July 1		168			9	
Changes in Reserves		-			-	
Budgetary Fund Balances - June 30		\$ 899			\$ 9	

<u>Regional Market</u>			<u>Soldiers, Sailors, and Marines</u>			<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459,800	\$ 461,620	\$ 1,820
-	-	-	-	-	-	14,200	14,278	78
-	-	-	-	-	-	273,920	273,583	(337)
902	864	(38)	3,520	3,576	56	92,322	87,534	(4,788)
-	-	-	-	-	-	4,700	4,729	29
-	-	-	-	-	-	85,000	85,000	-
<u>902</u>	<u>864</u>	<u>(38)</u>	<u>3,520</u>	<u>3,576</u>	<u>56</u>	<u>929,942</u>	<u>926,744</u>	<u>(3,198)</u>
-	-	-	226	216	10	1,997	1,987	10
-	-	-	-	-	-	150,145	134,904	15,241
682	639	43	-	-	-	682	639	43
-	-	-	-	-	-	281,527	266,142	15,385
-	-	-	3,293	3,110	183	3,293	3,110	183
220	207	13	-	-	-	482,548	472,263	10,285
-	-	-	-	-	-	(29,558)	-	(29,558)
<u>902</u>	<u>846</u>	<u>56</u>	<u>3,519</u>	<u>3,326</u>	<u>193</u>	<u>890,634</u>	<u>879,045</u>	<u>11,589</u>
-	18	18	1	250	249	39,308	47,699	8,391
-	-	-	-	-	-	-	48,337	48,337
-	-	-	-	-	-	-	(48,337)	(48,337)
-	-	-	-	(250)	(250)	-	1,048	1,048
-	-	-	-	-	-	-	1,760	1,760
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>(250)</u>	<u>-</u>	<u>2,808</u>	<u>2,808</u>
<u>\$ -</u>	<u>18</u>	<u>\$ 18</u>	<u>\$ 1</u>	<u>-</u>	<u>\$ (1)</u>	<u>\$ 39,308</u>	<u>50,507</u>	<u>\$ 11,199</u>
-	132	-	-	100	-	-	185,618	-
-	-	-	-	-	-	-	10,598	-
<u>\$150</u>	<u>-</u>	<u>-</u>	<u>\$ 100</u>	<u>-</u>	<u>-</u>	<u>\$246,723</u>	<u>-</u>	<u>-</u>

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STATE OF CONNECTICUT

Capital Projects Funds

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

State Facilities:

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

Infrastructure:

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

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

Other Transportation:

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

STATE OF CONNECTICUT

Combining Balance Sheet

Capital Projects Funds

June 30, 1995
 (Expressed in Thousands)

	<u>State Facilities</u>	<u>Infra- Structure</u>	<u>Transportation</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents.....	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts, Net of Allowances	4,883	802	439	6,124
Investment Income Receivable	-	373	-	373
Due From Other Funds	125,752	106,170	56,120	288,042
Receivable From Other Governments	309	67,680	300	68,289
Total Assets	<u>\$130,944</u>	<u>\$175,025</u>	<u>\$56,859</u>	<u>\$362,828</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities ..	\$ 60,549	\$ 84,062	\$ 369	\$144,980
Due to Other Funds.....	1,172	1,084	3	2,259
Deferred Revenue	68	21,754	1	21,823
Total Liabilities	<u>61,789</u>	<u>106,900</u>	<u>373</u>	<u>169,062</u>
Fund Balances:				
Unreserved, undesignated	69,155	68,125	56,486	193,766
Total Fund Balances	<u>69,155</u>	<u>68,125</u>	<u>56,486</u>	<u>193,766</u>
Total Liabilities and Fund Balances ..	<u>\$130,944</u>	<u>\$175,025</u>	<u>\$56,859</u>	<u>\$362,828</u>

STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	State Facilities	Infra- Structure	Transportation	Total
Revenues:				
Intergovernmental	\$ 934	\$353,663	\$ -	\$ 354,597
Investment Earnings	800	373	-	1,173
Miscellaneous	-	195	-	195
Total Revenues	<u>1,734</u>	<u>354,231</u>	<u>-</u>	<u>355,965</u>
Expenditures:				
Capital Projects	285,896	667,994	2,712	956,602
Total Expenditures	<u>285,896</u>	<u>667,994</u>	<u>2,712</u>	<u>956,602</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(284,162)</u>	<u>(313,763)</u>	<u>(2,712)</u>	<u>(600,637)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	272,806	323,144	168	596,118
Operating Transfers Out	(116,387)	(29,608)	-	(145,995)
Total Other Financing Sources (Uses)	<u>156,419</u>	<u>293,536</u>	<u>168</u>	<u>450,123</u>
Excess (Deficiency) of Revenues and Other				
Sources Over Expenditures and Other Uses ..	(127,743)	(20,227)	(2,544)	(150,514)
Fund Balances - July 1	<u>196,898</u>	<u>88,352</u>	<u>59,030</u>	<u>344,280</u>
Fund Balances - June 30	<u>\$ 69,155</u>	<u>\$ 68,125</u>	<u>\$56,486</u>	<u>\$ 193,766</u>

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STATE OF CONNECTICUT

Enterprise Funds

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

Rental Housing Fund:

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

Bradley International Airport:

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

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

STATE OF CONNECTICUT

Combining Balance Sheet

Enterprise Funds

June 30, 1995

(Expressed in Thousands)

	<u>Rental Housing</u>	<u>Bradley International Airport</u>	<u>Other</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	\$ 3,638	\$ 9,173	\$ 696	\$ 13,507
Investments	51,722	-	-	51,722
Receivables:				
Accounts, Net of Allowances	-	2,577	609	3,186
Loans, Net of Allowances	96,593	-	-	96,593
Interest	10,992	-	-	10,992
Receivable From Other Governments	-	3,610	-	3,610
Inventories and Prepaid Items	-	110	174	284
Restricted Assets	-	47,383	-	47,383
Property, Plant, and Equipment	20	138,551	69	138,640
Other Assets	-	2,016	-	2,016
Total Assets	<u>\$162,965</u>	<u>\$203,420</u>	<u>\$1,548</u>	<u>\$367,933</u>
Liabilities and Equity:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 3,664	\$ 4,808	\$ 117	\$ 8,589
Due to Other Funds	1,870	1,449	1	3,320
Revenue Bonds	125,935	93,170	-	219,105
Compensated Absences	1	-	33	34
Total Liabilities	<u>131,470</u>	<u>99,427</u>	<u>151</u>	<u>231,048</u>
Equity:				
Contributed Capital	-	99,188	350	99,538
Retained Earnings:				
Reserved for Airport Operations	-	21,700	-	21,700
Unreserved	31,495	(16,895)	1,047	15,647
Total Retained Earnings	<u>31,495</u>	<u>4,805</u>	<u>1,047</u>	<u>37,347</u>
Total Equity	<u>31,495</u>	<u>103,993</u>	<u>1,397</u>	<u>136,885</u>
Total Liabilities and Equity	<u>\$162,965</u>	<u>\$203,420</u>	<u>\$1,548</u>	<u>\$367,933</u>

STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	<u>Rental Housing</u>	<u>Bradley International Airport</u>	<u>Other</u>	<u>Total</u>
Operating Revenues:				
Charges for Services	\$ -	\$30,600	\$2,893	\$ 33,493
Interest on Financing Activities	6,727	-	-	6,727
Miscellaneous	-	-	9	9
Total Operating Revenues	<u>6,727</u>	<u>30,600</u>	<u>2,902</u>	<u>40,229</u>
Operating Expenses:				
Administrative	2,030	18,757	2,592	23,379
Depreciation and Amortization	4	7,465	1	7,470
Interest on Financing Activities	8,310	-	-	8,310
Total Operating Expenses	<u>10,344</u>	<u>26,222</u>	<u>2,593</u>	<u>39,159</u>
Operating Income (Loss)	<u>(3,617)</u>	<u>4,378</u>	<u>309</u>	<u>1,070</u>
Nonoperating Revenues (Expenses):				
Interest and Investment Income	4,052	2,951	-	7,003
Interest and Fiscal Charges	-	(7,104)	-	(7,104)
Other	-	6,666	-	6,666
Total Nonoperating Income (Expense)	<u>4,052</u>	<u>2,513</u>	<u>-</u>	<u>6,565</u>
Income (Loss) Before Operating Transfers and Extraordinary Item	<u>435</u>	<u>6,891</u>	<u>309</u>	<u>7,635</u>
Operating Transfers In (Out):				
Operating Transfers In	2,811	-	-	2,811
Extraordinary Item - Forgiveness of Advance	88,075	-	-	88,075
Net Income (Loss)	<u>91,321</u>	<u>6,891</u>	<u>309</u>	<u>98,521</u>
Retained Earnings (deficit) - July 1	<u>(59,826)</u>	<u>(2,086)</u>	<u>738</u>	<u>(61,174)</u>
Retained Earnings (deficit) - June 30	<u>\$ 31,495</u>	<u>\$ 4,805</u>	<u>\$1,047</u>	<u>\$37,347</u>

STATE OF CONNECTICUT

Combining Statement of Cash Flows Enterprise Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Other	Total
Cash Flows From Operating Activities:				
Operating income (loss)	\$ (3,617)	\$ 4,378	\$ 309	\$ 1,070
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and depreciation	4	7,465	1	7,470
Provision for loan losses	1,969	-	-	1,969
Interest expense	8,310	-	-	8,310
Changes in assets and liabilities:				
(Increase) decrease in receivables	(6,286)	(130)	(160)	(6,576)
(Increase) decrease in due from other funds	-	290	31	321
(Increase) decrease in receivable from other governments	3,565	651	-	4,216
(Increase) decrease in inventories and prepaid items	-	(3)	3	-
Increase (decrease) in accounts payable and accrued liabilities	-	(181)	89	(92)
Increase (decrease) in due to other funds	1,138	(387)	-	751
Miscellaneous operating activities	(45)	6,467	(42)	6,380
Issuance of loans, notes & installment contracts receivable	(1,200)	-	-	(1,200)
Collection of loans, notes & installment contracts receivable	3,233	-	-	3,233
Net cash provided by (used in) operating activities	7,071	18,550	231	25,852
Cash Flows From Noncapital Financing Activities				
Retirement of bonds and notes payable	(1,052)	-	-	(1,052)
Interest on bonds and notes payable	(8,236)	-	-	(8,236)
Transfers from other funds	2,811	-	-	2,811
Net cash provided by (used in) noncapital financing activities ...	(6,477)	-	-	(6,477)
Cash Flows From Capital And Related Financing Activities:				
Purchase of fixed assets	-	(9,126)	-	(9,126)
Retirement of Bonds Payable	-	(2,455)	-	(2,455)
Interest on bonds and notes payable	-	(7,149)	-	(7,149)
Capital contributions or grants	-	3,201	-	3,201
Net cash provided by (used in) capital and related financing activities	-	(15,529)	-	(15,529)
Cash Flows From Investing Activities:				
Proceeds from sale of investment securities	5,238	-	-	5,238
Purchase of investment securities	(14,434)	(9,264)	-	(23,698)
Interest and income on investments	4,044	2,812	-	6,856
Net cash provided by (used in) investing activities	(5,152)	(6,452)	-	(11,604)
Increase (decrease) in cash	(4,558)	(3,431)	231	(7,758)
Cash and cash equivalents, July 1	8,196	48,879	465	57,540
Cash and cash equivalents, June 30	\$ 3,638	\$ 45,448	\$ 696	\$ 49,782

STATE OF CONNECTICUT

Internal Service Funds

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

Correction Industries:

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

Administrative Services:

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

STATE OF CONNECTICUT

Combining Balance Sheet

Internal Service Funds

June 30, 1995

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Administrative Services</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables:			
Accounts, Net of Allowances	745	1,784	2,529
Due From Other Funds	1,601	5,098	6,699
Inventories and Prepaid Items	2,307	2,812	5,119
Property, Plant, and Equipment	499	40,781	41,280
Other Assets	-	1,555	1,555
Total Assets	<u>\$5,152</u>	<u>\$52,030</u>	<u>\$57,182</u>
Liabilities and Equity:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 356	\$ 6,350	\$ 6,706
Due to Other Funds	4	9,504	9,508
Deferred Revenue	-	2,320	2,320
Compensated Absences	241	3,174	3,415
Total Liabilities	<u>601</u>	<u>21,348</u>	<u>21,949</u>
Equity:			
Contributed Capital	5,730	2,200	7,930
Retained Earnings:			
Unreserved	(1,179)	28,482	27,303
Total Equity	<u>4,551</u>	<u>30,682</u>	<u>35,233</u>
Total Liabilities and Equity	<u>\$5,152</u>	<u>\$52,030</u>	<u>\$57,182</u>

STATE OF CONNECTICUT
Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings
Internal Service Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 4,899	\$104,203	\$109,102
Total Operating Revenues	<u>4,899</u>	<u>104,203</u>	<u>109,102</u>
Operating Expenses:			
Cost of Sales and Services	3,429	75,761	79,190
Administrative	578	19,345	19,923
Depreciation and Amortization	195	12,665	12,860
Total Operating Expenses	<u>4,202</u>	<u>107,771</u>	<u>111,973</u>
Operating Income (Loss)	<u>697</u>	<u>(3,568)</u>	<u>(2,871)</u>
Operating Transfers In (Out):			
Operating Transfers Out	-	(1,000)	(1,000)
Net Income (Loss)	<u>697</u>	<u>(4,568)</u>	<u>(3,871)</u>
Retained Earnings - July 1	(1,876)	33,050	31,174
Retained Earnings - June 30	<u><u>\$(1,179)</u></u>	<u><u>\$ 28,482</u></u>	<u><u>\$ 27,303</u></u>

STATE OF CONNECTICUT

Combining Statement of Cash Flows

Internal Service Funds

For The Fiscal Year Ended June 30, 1995
 (Expressed in Thousands)

	<u>Correction Industries</u>	<u>Administrative Services</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Operating income (loss)	\$ 697	\$ (3,568)	\$ (2,871)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Amortization and depreciation	195	12,665	12,860
Changes in assets and liabilities:			
(Increase) decrease in receivables	(377)	1,037	660
(Increase) decrease in due from other funds	(1,431)	(1,392)	(2,823)
(Increase) decrease in inventories and prepaid items	(426)	1,018	592
Increase (decrease) in accounts payable and accrued liabilities	(57)	1,222	1,165
Increase (decrease) in due to other funds	1	9,071	9,072
Miscellaneous operating activities	31	1,888	1,919
Net cash provided by (used in) operating activities	<u>(1,367)</u>	<u>21,941</u>	<u>20,574</u>
Cash Flows From Noncapital Financing Activities:			
Transfer to other funds	-	(1,000)	(1,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Cash Flows From Capital And Related Financing Activities:			
Purchase of fixed assets	(39)	(23,496)	(23,535)
Net cash provided by (used in) capital and related financing activities	<u>(39)</u>	<u>(23,496)</u>	<u>(23,535)</u>
Increase (decrease) in cash	<u>(1,406)</u>	<u>(2,555)</u>	<u>(3,961)</u>
Cash and cash equivalents, July 1	<u>1,406</u>	<u>2,555</u>	<u>3,961</u>
Cash and cash equivalents, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF CONNECTICUT

Fiduciary Funds

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

Trust Funds

Employment Security:

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

Second Injury and Compensation Assurance:

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

Soldiers, Sailors, and Marines:

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

Pension:

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

Agency Funds

Investment Pool/Non-State Portion:

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

Insurance Companies Securities:

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

Deferred Compensation:

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

STATE OF CONNECTICUT

Combining Balance Sheet

Fiduciary Funds

June 30, 1995
(Expressed in Thousands)

	Employment Security	Special Assessment	Expendable Trust		Other
			Local Property Tax Relief	Second Injury & Compensation Assurance	
Assets:					
Cash and Cash Equivalents	\$ -	\$ 785	\$194	\$ -	\$1,688
Investments	-	127,225	-	1,355	-
Receivables:					
Accounts, Net of Allowances	11,907	664	-	3,410	-
Loans Receivable	-	-	-	-	-
Interest	-	5	-	63	6
Deposit with U.S. Treasury	129,524	-	-	-	-
Due From Other Funds	740	-	-	2,965	-
Receivable From Other Governments	2,292	-	-	-	-
Inventories and Prepaid Items	-	-	-	126	-
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
Total Assets	\$144,463	\$128,679	\$194	\$ 7,919	\$1,694
Liabilities, and Fund Balances:					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$11,757	\$ -
Due to Other Funds	9,177	-	-	-	-
Payable to Other Governments	438	-	-	-	-
Deferred Revenue	8,281	-	-	-	-
Deferred Compensation Liability	-	-	-	-	-
Agency Deposit Liabilities	-	-	-	-	-
Revenue Bonds	-	-	-	-	-
Total Liabilities	17,896	-	-	11,757	-
Fund Balances:					
Reserved for Trust Activities	-	-	-	-	-
Reserved for Pension Obligations	-	-	-	-	-
Unreserved, undesignated	126,567	128,679	194	(3,838)	1,694
Total Fund Balances	126,567	128,679	194	(3,838)	1,694
Total Liabilities and Fund Balances	\$144,463	\$128,679	\$194	\$ 7,919	\$1,694

Clean Water Fund	Nonexpendable Trust		Pension	Agency	Total
	Soldiers, Sailors, & Marines	Other			
\$ 1,127	\$ 2,067	\$ 534	\$ 599,347	\$ 688,745	\$ 1,294,487
-	51,380	13,465	10,200,389	342,694	10,736,508
-	-	-	12,573	1,496	30,050
313,256	-	-	-	78	313,334
2,873	-	23	14,238	4,047	21,255
-	-	-	-	-	129,524
-	156	4,057	4,057	6,192	18,167
94	-	-	15,360	13	17,759
-	-	-	-	713	839
250,847	-	-	-	-	250,847
-	-	-	-	633,739	633,739
<u>\$568,197</u>	<u>\$53,603</u>	<u>\$18,079</u>	<u>\$10,845,964</u>	<u>\$1,677,717</u>	<u>\$13,446,509</u>
\$ 6,593	\$ -	\$ 1	\$ 5	\$ 8,329	\$ 26,685
1,729	348	-	-	13,637	24,891
-	-	-	-	-	438
-	-	-	-	-	8,281
-	-	-	-	342,694	342,694
-	-	-	-	1,313,057	1,313,057
319,208	-	-	-	-	319,208
<u>327,530</u>	<u>348</u>	<u>1</u>	<u>5</u>	<u>1,677,717</u>	<u>2,035,254</u>
210,599	53,255	18,078	-	-	281,932
-	-	-	10,845,959	-	10,845,959
30,068	-	-	-	-	283,364
<u>240,667</u>	<u>53,255</u>	<u>18,078</u>	<u>10,845,959</u>	<u>-</u>	<u>11,411,255</u>
<u>\$568,197</u>	<u>\$53,603</u>	<u>\$18,079</u>	<u>\$10,845,964</u>	<u>\$1,677,717</u>	<u>\$13,446,509</u>

STATE OF CONNECTICUT

Combining Balance Sheet

Pension Trust Funds

June 30, 1995
 (Expressed in Thousands)

	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>
Assets:			
Cash and Cash Equivalents	\$ 221,545	\$ 329,616	\$ 5,750
Investments	3,897,201	5,601,940	61,146
Receivables:			
Accounts, Net of Allowances	1,529	7,211	-
Interest	10,534	1,778	167
Due From Other Funds	4,057	-	-
Receivable From Other Governments	-	15,360	-
Total Assets	<u><u>\$4,134,866</u></u>	<u><u>\$5,955,905</u></u>	<u><u>\$67,063</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 5	\$ -	\$ -
Total Liabilities	<u>5</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved for Pension Obligations	4,134,861	5,955,905	67,063
Total Fund Balances	<u>4,134,861</u>	<u>5,955,905</u>	<u>67,063</u>
Total Liabilities and Fund Balances	<u><u>\$4,134,866</u></u>	<u><u>\$5,955,905</u></u>	<u><u>\$67,063</u></u>

**Connecticut
Municipal
Employees**

Probate Judges

Other

Total

\$ 41,679	\$ 542	\$215	\$ 599,347
605,212	34,601	289	10,200,389
3,833	-	-	12,573
1,664	93	2	14,238
-	-	-	4,057
-	-	-	15,360
<u>\$652,388</u>	<u>\$35,236</u>	<u>\$506</u>	<u>\$10,845,964</u>
\$ -	\$ -	\$ -	\$ 5
-	-	-	5
652,388	35,236	506	10,845,959
<u>652,388</u>	<u>35,236</u>	<u>506</u>	<u>10,845,959</u>
<u>\$652,388</u>	<u>\$35,236</u>	<u>\$506</u>	<u>\$10,845,964</u>

STATE OF CONNECTICUT
Combining Balance Sheet
Agency Funds

June 30, 1995
(Expressed in Thousands)

	<u>Payroll & Fringe Benefit Clearing</u>	<u>Receipts Pending Distribution</u>	<u>Investment Pool Non-State Portion</u>
Assets:			
Cash and Cash Equivalents.....	\$ 895	\$27,291	\$565,620
Investments.....	-	-	-
Receivables:			
Accounts, Net of Allowances.....	-	829	-
Loans Receivable.....	-	-	-
Interest.....	-	-	3,091
Due From Other Funds.....	2,130	-	-
Receivable From Other Governments.....	-	13	-
Inventories and Prepaid Items.....	-	-	-
Other Assets.....	-	-	-
Total Assets	<u><u>\$3,025</u></u>	<u><u>\$28,133</u></u>	<u><u>\$568,711</u></u>
Liabilities:			
Accounts Payable and Accrued Liabilities.....	\$ -	\$ 4,782	\$ -
Due to Other Funds.....	-	13,637	-
Deferred Compensation Liability.....	-	-	-
Agency Deposit Liabilities.....	3,025	9,714	568,711
Total Liabilities	<u><u>\$3,025</u></u>	<u><u>\$28,133</u></u>	<u><u>\$568,711</u></u>

<u>Insurance Companies' Securities</u>	<u>State Institution Activity</u>	<u>Deferred Compensation</u>	<u>Other</u>	<u>Total</u>
\$ -	\$14,506	\$ -	\$80,433	\$ 688,745
-	-	342,694	-	342,694
-	655	-	12	1,496
-	78	-	-	78
-	28	-	928	4,047
-	-	-	4,062	6,192
-	-	-	-	13
-	713	-	-	713
<u>632,137</u>	<u>1,602</u>	<u>-</u>	<u>-</u>	<u>633,739</u>
<u><u>\$632,137</u></u>	<u><u>\$17,582</u></u>	<u><u>\$342,694</u></u>	<u><u>\$85,435</u></u>	<u><u>\$1,677,717</u></u>
\$ -	\$ 850	\$ -	\$ 2,697	\$ 8,329
-	-	-	-	13,637
-	-	342,694	-	342,694
<u>632,137</u>	<u>16,732</u>	<u>-</u>	<u>82,738</u>	<u>1,313,057</u>
<u><u>\$632,137</u></u>	<u><u>\$17,582</u></u>	<u><u>\$342,694</u></u>	<u><u>\$85,435</u></u>	<u><u>\$1,677,717</u></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, 1995
(Expressed in Thousands)

	Employment Security	Special Assessment	Local Property Tax Relief	Second Injury & Compensation Assurance	Other	Total
Revenues:						
Unemployment Taxes	\$554,361	\$ 84,509	\$ -	\$ -	\$ -	\$ 638,870
Licenses, Permits, and Fees	-	-	-	-	120	120
Investment Earnings	2,760	6,461	-	1,009	567	10,797
Assessments	-	-	-	125,233	-	125,233
Miscellaneous	1,905	-	-	6,164	41	8,110
Total Revenues	559,026	90,970	-	132,406	728	783,130
Expenditures:						
Current:						
General Government	-	-	-	11,545	28	11,573
Regulation and Protection	481,689	-	-	119,689	2,751	604,129
Education, Libraries, and Museums	-	-	-	-	4	4
Debt Service:						
Principal Retirement	-	30,000	-	-	-	30,000
Interest and Fiscal Charges	-	41,571	-	-	-	41,571
Total Expenditures	481,689	71,571	-	131,234	2,783	687,277
Excess (Deficiency) of Revenues Over Expenditures						
	77,337	19,399	-	1,172	(2,055)	95,853
Other Financing Sources (Uses):						
Operating Transfers Out	(2,481)	(830)	-	-	(3,057)	(6,368)
Total Other Financing Sources (Uses) ..	(2,481)	(830)	-	-	(3,057)	(6,368)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses ..						
	74,856	18,569	-	1,172	(5,112)	89,485
Fund Balances (deficit) - July 1 (as restated).....	51,711	110,110	194	(5,010)	6,806	163,811
Fund Balances (deficit) - June 30	\$126,567	\$128,679	\$194	\$ (3,838)	\$ 1,694	\$253,296

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, 1995

(Expressed in Thousands)

	<u>Nonexpendable Trust</u>			<u>Total Nonexpendable</u>
	<u>Clean Water Fund</u>	<u>Soldiers, Sailors, & Marines</u>	<u>Other</u>	
Operating Revenues:				
Participants' Contributions	\$ -	\$ -	\$ -	\$ -
State Contribution	-	-	-	-
Investment Earnings	15,142	2,841	1,194	19,177
Intergovernmental	27,092	-	-	27,092
Miscellaneous	6,582	-	23	6,605
Total Operating Revenues	<u>48,816</u>	<u>2,841</u>	<u>1,217</u>	<u>52,874</u>
Operating Expenses:				
Administrative	1,502	-	-	1,502
Benefit Payments and Refunds	-	-	-	-
Other Program Expenses	-	-	1,290	1,290
Interest on Financing Activities	19,394	-	-	19,394
Total Operating Expenses	<u>20,896</u>	<u>-</u>	<u>1,290</u>	<u>22,186</u>
Operating Income (Loss).....	<u>27,920</u>	<u>2,841</u>	<u>(73)</u>	<u>30,688</u>
Operating Transfers In (Out):				
Operating Transfers In	4,623	212	750	5,585
Operating Transfers Out	-	(3,570)	-	(3,570)
Net Income (Loss)	<u>32,543</u>	<u>(517)</u>	<u>677</u>	<u>32,703</u>
Fund Balances - July 1	<u>208,124</u>	<u>53,772</u>	<u>17,401</u>	<u>279,297</u>
Fund Balances - June 30	<u>\$240,667</u>	<u>\$53,255</u>	<u>\$18,078</u>	<u>\$312,000</u>

Pension Trust

<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>	<u>Probate Judges</u>	<u>Other</u>	<u>Total Pension</u>
\$ 35,523	\$ 159,983	\$ 982	\$ 29,731	\$ 236	\$ 44	\$ 226,499
206,663	132,504	8,971	-	-	-	348,138
185,164	251,538	2,341	26,882	1,401	25	467,351
84,138	15,360	-	-	-	-	99,498
1,402	1,997	-	-	-	-	3,399
<u>512,890</u>	<u>561,382</u>	<u>12,294</u>	<u>56,613</u>	<u>1,637</u>	<u>69</u>	<u>1,144,885</u>
172	-	6	-	-	-	178
391,151	400,684	8,687	32,561	1,300	8	834,391
14,454	19,703	-	-	298	-	34,455
-	-	-	-	-	-	-
<u>405,777</u>	<u>420,387</u>	<u>8,693</u>	<u>32,561</u>	<u>1,598</u>	<u>8</u>	<u>869,024</u>
<u>107,113</u>	<u>140,995</u>	<u>3,601</u>	<u>24,052</u>	<u>39</u>	<u>61</u>	<u>275,861</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>107,113</u>	<u>140,995</u>	<u>3,601</u>	<u>24,052</u>	<u>39</u>	<u>61</u>	<u>275,861</u>
<u>4,027,748</u>	<u>5,814,910</u>	<u>63,462</u>	<u>628,336</u>	<u>35,197</u>	<u>445</u>	<u>10,570,098</u>
<u>\$4,134,861</u>	<u>\$5,955,905</u>	<u>\$67,063</u>	<u>\$652,388</u>	<u>\$35,236</u>	<u>\$506</u>	<u>\$10,845,959</u>

STATE OF CONNECTICUT

Combining Statement of Cash Flows

Nonexpendable Trust Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>Clean Water Fund</u>	<u>Soldiers, Sailors, & Marines</u>	<u>Other</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Operating income	\$ 27,920	\$ 2,841	\$ (73)	\$ 30,688
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment income	(15,142)	(2,841)	(1,194)	(19,177)
Interest expense	19,394	-	-	19,394
Changes in assets and liabilities:				
(Increase) decrease in receivable	3,362	-	(1)	3,361
(Increase) decrease in due from other funds	287	-	(4,057)	(3,770)
Increase (decrease) in accounts payable and accrued liabilities	(466)	-	-	(466)
Increase (decrease) in due to other funds.....	1,729	-	-	1,729
Miscellaneous operating activities.....	68	-	-	68
Issuance of loans	(51,772)	-	-	(51,772)
Net cash provided by (used in) operating activities ..	<u>(14,620)</u>	<u>-</u>	<u>(5,325)</u>	<u>(19,945)</u>
Cash Flows From Noncapital Financing Activities:				
Retirement of bonds	(9,655)	-	-	(9,655)
Interest on bonds	(19,373)	-	-	(19,373)
Transfers from other funds	5,377	563	750	6,690
Transfers to other funds	-	(3,518)	-	(3,518)
Net cash provided by (used in) noncapital financing activities	<u>(23,651)</u>	<u>(2,955)</u>	<u>750</u>	<u>(25,856)</u>
Cash Flows From Investing Activities:				
Proceeds from sales of investment securities	19,840	-	-	19,840
Interest and income on investments	15,067	3,565	5	18,637
Net cash provided by (used in) investment activities	<u>34,907</u>	<u>3,565</u>	<u>5</u>	<u>38,477</u>
Increase (decrease) in cash	<u>(3,364)</u>	<u>610</u>	<u>(4,570)</u>	<u>(7,324)</u>
Cash and cash equivalents, July 1	<u>4,491</u>	<u>1,457</u>	<u>5,104</u>	<u>11,052</u>
Cash and cash equivalents, June 30	<u>\$ 1,127</u>	<u>\$ 2,067</u>	<u>\$ 534</u>	<u>\$ 3,728</u>

STATE OF CONNECTICUT

Combining Statement of Changes in Assets & Liabilities All Agency Funds

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>Balance July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1995</u>
<u>Payroll and Fringe Benefit Clearing</u>				
ASSETS				
Cash and Cash Equivalents.....	\$1,840	\$ -	\$ 945	\$ 895
Due From Other Funds	2,014	2,130	2,014	2,130
Total Assets	<u>\$3,854</u>	<u>\$2,130</u>	<u>\$2,959</u>	<u>\$3,025</u>
LIABILITIES				
Agency Deposit Liability	\$3,854	\$2,130	\$2,959	\$3,025
Total Liabilities.....	<u>\$3,854</u>	<u>\$2,130</u>	<u>\$2,959</u>	<u>\$3,025</u>
<u>Receipts Pending Distribution</u>				
ASSETS				
Cash and Cash Equivalents.....	\$21,568	\$ 5,723	\$ -	\$27,291
Accounts, Net of Allowances	240	8,291	7,702	829
Receivable From Other Governments	9	13	9	13
Total Assets	<u>\$21,817</u>	<u>\$14,027</u>	<u>\$7,711</u>	<u>\$28,133</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 4,301	\$ 481	\$ -	\$ 4,782
Due to Other Funds.....	12,530	1,107	-	13,637
Payable to Other Governments	24	-	24	-
Agency Deposit Liability	4,962	5,946	1,194	9,714
Total Liabilities.....	<u>\$21,817</u>	<u>\$7,534</u>	<u>\$1,218</u>	<u>\$28,133</u>
<u>Investment Pool Non-State Portion</u>				
ASSETS				
Cash and Cash Equivalents.....	\$475,123	\$108,710	\$ 18,213	\$565,620
Investments	136,700	-	136,700	-
Interest	1,848	3,091	1,848	3,091
Total Assets	<u>\$613,671</u>	<u>\$111,801</u>	<u>\$156,761</u>	<u>\$568,711</u>
LIABILITIES				
Obligation Under Reverse Repurchase				
Agreements	\$136,990	\$ -	\$136,990	\$ -
Agency Deposit Liability	476,681	112,091	20,061	568,711
Total Liabilities.....	<u>\$613,671</u>	<u>\$112,091</u>	<u>\$ 157,051</u>	<u>\$568,711</u>

Continued on next page

STATE OF CONNECTICUT

Combining Statement of Changes in Assets & Liabilities All Agency Funds (Continued)

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1995</u>
<u>Insurance Companies' Securities</u>				
ASSETS				
Other Assets	\$584,902	\$47,235	\$-	\$632,137
Total Assets	<u>\$584,902</u>	<u>\$47,235</u>	<u>\$-</u>	<u>\$632,137</u>
LIABILITIES				
Agency Deposit Liability	\$584,902	\$47,235	\$-	632,137
Total Liabilities	<u>\$584,902</u>	<u>\$47,235</u>	<u>\$-</u>	<u>\$632,137</u>
 <u>State Institution Activity</u>				
ASSETS				
Cash and Cash Equivalents	\$15,018	\$ 910	\$1,422	\$14,506
Accounts, Net of Allowances	276	379	-	655
Loans, Net of Allowances	48	30	-	78
Interest	22	28	22	28
Inventories and Prepaid Items	834	-	121	713
Other Assets	1,715	-	113	1,602
Total Assets	<u>\$17,913</u>	<u>\$1,347</u>	<u>\$1,678</u>	<u>\$17,582</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 869	\$ 89	\$ 108	\$ 850
Agency Deposit Liability	17,044	1,140	1,452	16,732
Total Liabilities	<u>\$17,913</u>	<u>\$1,229</u>	<u>\$1,560</u>	<u>\$17,582</u>
 <u>Deferred Compensation</u>				
ASSETS				
Investments	\$283,801	\$58,893	\$-	\$342,694
Total Assets	<u>\$283,801</u>	<u>\$58,893</u>	<u>\$-</u>	<u>\$342,694</u>
LIABILITIES				
Deferred Compensation	\$283,801	\$58,893	\$-	\$342,694
Total Liabilities	<u>\$283,801</u>	<u>\$58,893</u>	<u>\$-</u>	<u>\$342,694</u>

STATE OF CONNECTICUT

Combining Statement of Changes in Assets & Liabilities All Agency Funds (Continued)

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1995</u>
Other				
ASSETS				
Cash and Cash Equivalents.....	\$69,019	\$11,414	\$ -	\$80,433
Accounts, Net of Allowances	405	12	405	12
Interest	197	928	197	928
Due From Other Funds	5,167	4,062	5,167	4,062
Total Assets	<u>\$74,788</u>	<u>\$16,416</u>	<u>\$5,769</u>	<u>\$85,435</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 896	\$ 1,801	\$ -	\$ 2,697
Agency Deposit Liability	73,892	16,319	7,473	82,738
Total Liabilities	<u>\$74,788</u>	<u>\$18,120</u>	<u>\$7,473</u>	<u>\$85,435</u>
 TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents.....	\$ 582,568	\$126,757	\$ 20,580	\$ 688,745
Investments	420,501	58,893	136,700	342,694
Accounts, Net of Allowances	921	8,682	8,107	1,496
Loans, Net of Allowances	48	30	-	78
Interest	2,067	4,047	2,067	4,047
Due From Other Funds	7,181	6,192	7,181	6,192
Receivable From Other Governments	9	13	9	13
Inventories and Prepaid Items	834	-	121	713
Other Assets	586,617	47,235	113	633,739
Total Assets	<u>\$1,600,746</u>	<u>\$251,849</u>	<u>\$174,878</u>	<u>\$1,677,717</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 6,066	\$ 2,371	\$ 108	\$ 8,329
Due to Other Funds	12,530	1,107	-	13,637
Payable to Other Governments	24	-	24	-
Obligation Under Reverse Repurchase Agreements	136,990	-	136,990	-
Deferred Compensation	283,801	58,893	-	342,694
Agency Deposit Liability	1,161,335	184,861	33,139	1,313,057
Total Liabilities	<u>\$1,600,746</u>	<u>\$247,232</u>	<u>\$170,261</u>	<u>\$1,677,717</u>

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STATE OF CONNECTICUT

General Fixed Assets Account Group

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

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

STATE OF CONNECTICUT

General Fixed Assets Account Group

June 30, 1995
(Expressed in Thousands)

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

General Fixed Assets:

Land	\$ 326,707
Buildings	1,753,888
Improvements Other Than Buildings	179,512
Machinery and Equipment	924,827
Construction in Progress	397,048
Total General Fixed Assets	<u><u>\$3,581,982</u></u>

Investment in General Fixed Assets:

Investment in Property Acquired Prior to June 30, 1988-Source Unidentified	\$1,213,962
General Fund	138,423
Special Revenue Funds	267,891
Capital Project Funds	1,946,382
Other	15,324
Total Investment in General Fixed Assets	<u><u>\$3,581,982</u></u>

STATE OF CONNECTICUT

General Fixed Assets Account Group

June 30, 1995
(Expressed in Thousands)

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Totals</u>
Legislative	\$ -	\$ 154,364	\$ -	\$ 17,221	\$ 171,585
General Government.....	21,936	154,246	3,593	59,084	238,859
Regulation and Protection	8,172	99,292	7,806	94,947	210,217
Natural Resources and Recreation	204,183	39,096	13,403	29,176	285,858
Health and Hospitals.....	8,110	176,859	15,483	30,321	230,773
Transportation.....	65,914	243,259	79,737	440,402	829,312
Human Services	3	-	-	8,319	8,322
Education, Libraries, and Museums	1,875	164,799	21,145	171,247	359,066
Corrections.....	10,748	612,283	37,249	33,212	693,492
Judicial	5,766	109,690	1,096	40,898	157,450
Total General Fixed Assets					
Allocated to Functions	<u>\$326,707</u>	<u>\$1,753,888</u>	<u>\$179,512</u>	<u>\$924,827</u>	<u>\$3,184,934</u>
Construction in Progress.....					397,048
Total General Fixed Assets					<u>\$3,581,982</u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

<u>Function</u>	<u>General Fixed Assets</u> <u>7/1/94</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets</u> <u>6/30/95</u>
Legislative	\$ 170,519	\$ 1,251	\$ 185	\$ 171,585
General Government.....	96,475	149,290	6,906	238,859
Regulation and Protection	167,275	51,201	8,259	210,217
Natural Resources and Recreation	277,832	15,195	7,169	285,858
Health and Hospitals.....	302,569	18,861	90,657	230,773
Transportation.....	706,062	143,275	20,025	829,312
Human Services	11,229	623	3,530	8,322
Education, Libraries, and Museums	400,236	61,864	103,034	359,066
Corrections.....	624,229	101,783	32,520	693,492
Judicial	146,501	26,238	15,289	157,450
Construction in Progress.....	470,030	101,869	174,851	397,048
Total General Fixed Assets	<u>\$3,372,957</u>	<u>\$671,450</u>	<u>\$462,425</u>	<u>\$3,581,982</u>

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STATE OF CONNECTICUT

Higher Education and University Hospital Funds

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

Current Unrestricted Fund:

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

Current Restricted Fund:

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

Hospital Funds:

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

Loan Funds:

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

Endowment Funds:

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

Agency Funds:

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

Plant Funds:

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

Affiliated Organization:

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

STATE OF CONNECTICUT

Combining Balance Sheet

Higher Education and University Hospital Funds

June 30, 1995

(Expressed in Thousands)

	<u>Current Funds</u>		<u>Hospital Funds</u>	<u>Endowment and Similar Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
Assets:				
Cash and Cash Equivalents	\$150,777	\$9,591	\$36,955	\$1,728
Investments	368	-	1,016	2,320
Receivables:				
Accounts, Net of Allowances	20,978	24,242	24,305	10
Tuition	786	-	-	-
Loans, Net of Allowances	-	-	-	-
Interest	56	54	5	-
Due From Other Funds	65,674	43	694	-
Inventories and Prepaid Items	8,684	-	1,703	-
Property, Plant, and Equipment	-	-	-	-
Other Assets	94	-	-	-
Total Assets	\$247,417	\$33,930	\$64,678	\$4,058
Liabilities and Equity:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 73,895	\$ 5,853	\$16,050	\$ -
Due to Other Funds	11,800	2,577	3,124	1
Deferred Revenue	24,536	-	249	-
Notes and Loans Payable	-	-	-	-
Agency Deposit Liabilities	-	-	-	-
Revenue Bonds	-	-	-	-
Compensated Absences	22,151	2,011	4,846	-
Malpractice Liability	-	-	10,564	-
Total Liabilities	132,382	10,441	34,833	1
Equity:				
Investment in Fixed Assets	-	-	-	-
Fund Balances:				
Reserved for Restricted	-	23,489	-	-
Reserved for Endowment	-	-	-	4,057
Unreserved, undesignated	115,035	-	29,845	-
Total Equity	115,035	23,489	29,845	4,057
Total Liabilities and Equity	\$247,417	\$33,930	\$64,678	\$4,058

Loan Funds	Agency Funds	Plant Funds			Affiliated Organization	Total
		Unexpended	Retirement of Indebtedness	Investment in Plant		
\$ 2,989	\$10,384	\$ 1,795	\$49,235	\$ -	\$ 244	\$ 263,698
-	-	-	-	-	62,602	66,306
-	198	-	28	-	1,350	71,111
-	-	-	-	-	-	786
28,641	34	-	-	-	-	28,675
164	35	-	211	-	-	525
-	-	-	5,256	-	-	71,667
-	-	-	-	-	-	10,387
-	650	-	-	1,533,779	307	1,534,736
-	20	74,931	-	-	777	75,822
<u>\$31,794</u>	<u>\$11,321</u>	<u>\$76,726</u>	<u>\$54,730</u>	<u>\$1,533,779</u>	<u>\$65,280</u>	<u>\$2,123,713</u>
\$ -	\$ 231	\$ 5,675	\$ 178	\$ -	\$ 280	\$ 102,162
400	70	-	-	-	-	17,972
-	-	-	-	-	2,573	27,358
-	-	-	-	5,810	50	5,860
-	11,020	-	-	-	-	11,020
-	-	-	-	92,249	-	92,249
-	-	-	-	-	-	29,008
-	-	-	-	-	-	10,564
<u>400</u>	<u>11,321</u>	<u>5,675</u>	<u>178</u>	<u>98,059</u>	<u>2,903</u>	<u>296,193</u>
-	-	-	-	1,435,720	-	1,435,720
31,394	-	-	54,552	-	60,968	170,403
-	-	-	-	-	174	4,231
-	-	71,051	-	-	1,235	217,166
<u>31,394</u>	<u>-</u>	<u>71,051</u>	<u>54,552</u>	<u>1,435,720</u>	<u>62,377</u>	<u>1,827,520</u>
<u>\$31,794</u>	<u>\$11,321</u>	<u>\$76,726</u>	<u>\$54,730</u>	<u>\$1,533,779</u>	<u>\$65,280</u>	<u>\$2,123,713</u>

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STATE OF CONNECTICUT

Component Units

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

Connecticut Development Authority:

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

Connecticut Housing Finance Authority:

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

Connecticut Resources Recovery Authority:

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

Connecticut Higher Education Supplemental Loan Authority:

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

Connecticut Health and Educational Facilities Authority:

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

Connecticut Innovations, Incorporated:

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

STATE OF CONNECTICUT

Combining Balance Sheet

Component Units

June 30, 1995
(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority	Connecticut Higher Education Supplemental Loan Authority
Assets:				
Cash and Cash Equivalents	\$ 59,101	\$ 207,187	\$ 21,919	\$ 3,132
Investments	29,454	513,704	-	17,891
Receivables:				
Accounts, Net of Allowances	-	-	13,286	-
Loans, Net of Allowances	181,013	2,046,815	24,375	52,022
Interest	3,361	23,555	15,229	570
Due From Other Funds	-	-	2,628	-
Due From Primary Government	8,364	-	-	-
Inventories and Prepaid Items	2,151	-	-	-
Restricted Assets	-	317,692	100,402	6,203
Property, Plant, and Equipment	14,414	2,719	251,921	-
Other Assets	11,086	42,910	18,755	1,197
Total Assets	\$308,944	\$3,154,582	\$448,515	\$81,015
Liabilities and Equity:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 11,224	\$ 40,678	\$ 20,183	\$ 943
Due to Other Funds	-	-	2,628	-
Due to Primary Government	-	-	-	-
Payable to Other Governments	-	-	1,641	-
Deferred Revenue	4,882	-	-	1,849
Escrow Deposits	129	77,155	-	-
Notes and Loans Payable	750	-	4,100	-
Revenue Bonds	152,285	2,701,009	390,839	78,070
Liability for Landfill Closure Costs	-	-	12,804	-
Amount Held for Institutions	-	-	-	-
Total Liabilities	169,270	2,818,842	432,195	80,862
Equity:				
Contributed Capital	150,340	-	2,443	-
Retained Earnings:				
Reserved for Housing Financing	-	335,740	-	-
Reserved for Resources Recovery	-	-	15,023	-
Unreserved	(10,666)	-	(1,146)	153
Total Retained Earnings	(10,666)	335,740	13,877	153
Total Equity	139,674	335,740	16,320	153
Total Liabilities and Equity	\$308,944	\$3,154,582	\$448,515	\$81,015

Connecticut Health & Educational Facilities Authority	Connecticut Innovations, Incorporated	Total
\$ 92	\$ 17,821	\$ 309,252
10,195	18,193	589,437
66	341	13,693
-	9,209	2,313,434
62	-	42,777
-	-	2,628
-	-	8,364
76	33	2,260
2,271,098	-	2,695,395
204	271	269,529
-	-	73,948
\$2,281,793	\$ 45,868	\$6,320,717

\$ 80,845	\$ 451	\$ 154,324
-	-	2,628
-	181	181
-	-	1,641
-	800	7,531
-	-	77,284
-	-	4,850
1,904,722	-	5,226,925
-	-	12,804
285,673	-	285,673
<u>2,271,240</u>	<u>1,432</u>	<u>5,773,841</u>
-	65,830	218,613
-	-	335,740
-	-	15,023
<u>10,553</u>	<u>(21,394)</u>	<u>(22,500)</u>
<u>10,553</u>	<u>(21,394)</u>	<u>328,263</u>
<u>10,553</u>	<u>44,436</u>	<u>546,876</u>
\$2,281,793	\$ 45,868	\$6,320,717

STATE OF CONNECTICUT

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Component Units

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority	Connecticut Higher Education Supplemental Loan Authority
Operating Revenues:				
Charges for Services	\$ 2,893	\$ -	\$145,611	\$ -
Interest on Financing Activities	13,209	164,615	-	5,001
Civic Center Lease Operations	5,682	-	-	-
Miscellaneous	124	10,778	9,680	459
Total Operating Revenues	21,908	175,393	155,291	5,460
Operating Expenses:				
Administrative	4,338	27,695	102,557	985
Depreciation and Amortization	1,010	6,151	16,009	160
Other Program Expenses	700	3,215	2,811	524
Interest on Financing Activities	7,636	173,843	-	5,097
Civic Center Lease Operations	27,230	-	-	-
Total Operating Expenses	40,914	210,904	121,377	6,766
Operating Income (Loss)	(19,006)	(35,511)	33,914	(1,306)
Nonoperating Revenues (Expenses):				
Interest and Investment Income	3,406	48,558	5,354	1,745
Interest and Fiscal Charges	-	-	(25,667)	-
Other	(20,153)	(1,749)	(141)	-
Total Nonoperating Income (Expense)	(16,747)	46,809	(20,454)	1,745
Cumulative Effect of a Change in Accounting Principle	-	-	-	-
Net Income (Loss)	(35,753)	11,298	13,460	439
Add Items Affecting Contributed Capital:				
Depreciation on Equipment Acquired through Capital Grants ..	-	-	152	-
Total Add Back Items	-	-	152	-
Retained Earnings - July 1	25,087	324,442	265	(286)
Retained Earnings - June 30	<u>\$ (10,666)</u>	<u>\$ 335,740</u>	<u>\$ 13,877</u>	<u>\$ 153</u>

Connecticut Health & Educational Facilities Authority	Connecticut Innovations, Incorporated	Total
\$ -	\$ 68	\$148,572
108,203	1,229	292,257
-	-	5,682
2,991	3,147	27,179
<u>111,194</u>	<u>4,444</u>	<u>473,690</u>
1,162	2,877	139,614
39	92	23,461
554	3,110	10,914
108,203	-	294,779
-	-	27,230
<u>109,958</u>	<u>6,079</u>	<u>495,998</u>
<u>1,236</u>	<u>(1,635)</u>	<u>(22,308)</u>
477	866	60,406
-	-	(25,667)
74	1,576	(20,393)
<u>551</u>	<u>2,442</u>	<u>14,346</u>
-	(7,030)	(7,030)
1,787	(6,223)	(14,992)
-	-	152
-	-	152
8,766	(15,171)	343,103
<u>\$ 10,553</u>	<u>\$(21,394)</u>	<u>\$328,263</u>

STATE OF CONNECTICUT

Combining Statement of Cash Flows

Component Units

For The Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-94)	Connecticut Resources Recovery Authority
Cash Flows From Operating Activities:			
Operating income (loss)	\$(19,006)	(35,111)	\$ 33,914
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Amortization and depreciation	2,103	6,151	16,009
Provision for loan losses	-	3,215	519
Interest expense	9,221	173,843	-
Changes in assets and liabilities:			
(Increase) decrease in receivables	57	226	(554)
(Increase) decrease in due from other funds	(345)	-	552
(Increase) decrease in inventories and prepaid expenses	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(1,134)	4,266	(1,342)
Increase (decrease) in due to other funds	-	-	(552)
Increase (decrease) in payable to other governments	-	-	(1,668)
Miscellaneous operating activities	25,090	(5,562)	1,501
Issuance of loans, notes, and installment contracts receivable	(50,582)	(247,522)	-
Collection of loans, notes, and installment contracts receivable	30,145	259,732	-
Net cash provided by (used in) operating activities	(4,451)	158,838	48,379
Cash Flows From Noncapital Financing Activities			
Contributed Capital	18,000	-	-
Proceeds from sale of bonds and notes	41,690	506,880	-
Retirement of bonds and notes payable	(41,715)	(622,215)	-
Interest on bonds and notes payable	(9,470)	(171,376)	-
Bond issuance and/or redemption costs	-	(12,686)	-
Miscellaneous noncapital financing activities	-	5,398	(37)
Net cash provided by (used in) noncapital financing activities	8,505	(293,999)	(37)
Cash Flows From Capital And Related Financing Activities:			
Purchase of fixed assets	(2,504)	-	(5,019)
Proceeds from sale of bonds and notes	-	-	-
Retirement of bonds and notes payable	-	-	(28,983)
Interest on bonds and notes payable	-	-	(25,937)
Capital contributions or grants	-	-	537
Miscellaneous capital and related financing activities	142	-	(481)
Net cash provided by (used in) capital and related financing activities	(2,362)	-	(59,883)
Cash Flows From Investing Activities:			
Proceeds from sales of investment securities	9,710	919,889	-
Purchases of investment securities	(24,239)	(682,913)	(1,734)
Interest and income on investments	3,560	51,432	5,178
Reduction in loan receivable	-	-	7,535
Net cash provided by (used in) investing activities	(10,969)	288,408	10,979
Increase (decrease) in cash	(9,277)	153,247	(562)
Cash and cash equivalents, July 1	68,378	53,940	94,619
Cash and cash equivalents, June 30	\$ 59,101	\$ 207,187	\$ 94,057

<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Health & Educational Facilities Authority</u>	<u>Connecticut Innovations, Incorporated</u>	<u>Total</u>
\$ (1,306)	\$ 1,236	\$ (1,635)	\$ (22,308)
160	39	92	24,554
366	-	-	4,100
5,097	-	-	188,161
(107)	5	(344)	(717)
-	-	-	207
-	8	20	28
(279)	12	62	1,585
-	-	-	(552)
-	-	-	(1,668)
(275)	70,085	459	91,298
(8,891)	(303,870)	(3,919)	(614,784)
3,306	36,300	1,617	331,100
<u>(1,929)</u>	<u>(196,185)</u>	<u>(3,648)</u>	<u>1,004</u>
-	-	6,019	24,019
25,000	-	-	573,570
(2,940)	-	-	(666,870)
(4,932)	-	-	(185,778)
-	-	-	(12,686)
-	-	-	5,361
<u>17,128</u>	<u>-</u>	<u>6,019</u>	<u>(262,384)</u>
-	(44)	(113)	(7,680)
-	303,797	-	303,797
-	(36,257)	-	(65,240)
-	(102,775)	-	(128,712)
-	-	-	537
-	-	(41)	(380)
<u>-</u>	<u>164,721</u>	<u>(154)</u>	<u>102,322</u>
-	695,317	4,329	1,629,245
(17,877)	(688,890)	(2,809)	(1,418,462)
1,695	19,980	866	82,711
-	-	-	7,535
<u>(16,182)</u>	<u>26,407</u>	<u>2,386</u>	<u>301,029</u>
(983)	(5,057)	4,603	141,971
4,115	71,032	13,218	305,302
<u>\$ 3,132</u>	<u>\$ 65,975</u>	<u>\$17,821</u>	<u>\$ 447,273</u>

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*Statistical
Section*

STATE OF CONNECTICUT

General Governmental Expenditures By Function

Last Ten Fiscal Years
(Expressed in Thousands)

<u>SOURCE (1)</u>	<u>FOR THE YEAR ENDED JUNE 30</u>			
	<u>(3)</u> <u>1986</u>	<u>(2)</u> <u>1987</u>	<u>1988</u>	<u>(5)</u> <u>1989</u>
1. Legislative	\$ 19,421	\$ 22,912	\$ 27,419	\$ 38,453
2. General Government	395,949	442,150	466,452	1,056,167
3. Regulation and Protection	204,889	236,409	251,099	312,359
4. Conservation and Development	47,715	89,409	83,282	133,746
5. Health and Hospitals	405,211	511,863	587,700	802,655
6. Transportation	331,419	304,110	322,876	421,240
7. Human Services	981,946	1,177,226	1,262,257	1,488,276
8. Education, Libraries, and Museums	1,307,526	1,414,218(4)	1,635,888(4)	2,061,221(4)
9. Corrections	187,130	219,901	250,366	358,188
10. Judicial	87,873	102,709	110,184	160,821
11. Nonfunctional	455,359	562,541	613,773	-
12. Federal and Other Grants	363,027	463,386(4)	420,533(4)	561,107(4)
13. Debt Service	371,987	335,095	340,518	384,730
Total Expenditures	<u>\$5,159,452</u>	<u>\$5,881,929</u>	<u>\$6,372,347</u>	<u>\$7,778,963</u>

(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 Generally Accepted Accounting Principle (GAAP) Basis.

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

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

SOURCES: Annual Report of the State Comptroller 1986

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances 1987-1995

<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
\$ 40,748	\$ 41,798	\$ 38,057	\$ 44,040	\$ 45,820	\$ 46,618
1,143,948	1,020,494	996,980	1,055,645	1,033,897	1,109,507
313,466	322,473	316,333	348,787	395,662	397,131
163,589	191,727	203,926	232,130	227,024	263,748
845,026	907,938	862,534	749,402	757,731	793,447
432,350	396,077	337,467	381,135	350,413	352,160
1,780,134	2,130,706	2,278,812	2,639,093	2,916,838	3,395,130
2,220,106(4)	2,144,504(4)	2,216,166(4)	2,113,031(4)	2,258,516(4)	2,339,278(4)
423,239	499,079	509,268	620,821	737,946	800,822
173,594	189,774	213,602	207,803	229,108	241,690
-	-	-	-	-	-
533,033(4)	538,069(4)	791,892(4)	1,068,775	1,008,904	922,518
464,586	547,505	776,274	1,033,014	972,368	1,262,425
<u>\$8,533,819</u>	<u>\$8,930,144</u>	<u>\$9,541,311</u>	<u>\$10,493,676</u>	<u>\$10,934,227</u>	<u>\$11,924,474</u>

STATE OF CONNECTICUT

Revenues By Source

Last Ten Fiscal Years
(Expressed in Thousands)

<u>SOURCE (1)</u>	<u>FOR THE YEAR ENDED JUNE 30</u>				
	<u>(3)</u> <u>1986</u>	<u>(2)</u> <u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
1. Taxes	\$3,594,448	\$4,024,113	\$4,079,663	\$4,565,136	\$4,961,739
2. Licenses, Permits, and Fees	310,427	289,912	320,441	330,802	380,011
3. Intergovernmental	485,651	1,080,103	1,159,223	1,331,263	1,479,412
4. Charges for Services	430,252	375,863	382,915	65,051	59,863
5. Fines, Forfeits, and Rents	11,943	20,881	12,866	25,177	44,178
6. Investment Earnings	20,340	38,763	38,824	44,727	45,579
7. Lottery and Off Track Betting	-	-	-	697,672	718,473
8. Miscellaneous	658,783	108,709	125,591	115,543	145,004
Total Revenues	\$5,511,844	\$5,938,344	\$6,119,523	\$7,175,371	\$7,834,259

(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 1986
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances 1987-1995

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

STATE OF CONNECTICUT

Computation of Legal Debt Margin

July 1, 1995
(Expressed in Thousands)

Estimated General Fund Tax Receipts for the Fiscal Year Ending June 30, 1995	\$ 6,560,100
Factor	<u>1.6</u>
Statutory Debt Limit for Debt Incurred	10,496,160
Less: Authorized Bonds, Notes, and Other Obligations subject to certain limitations.	<u>8,485,761</u>
Legal Debt Margin	<u>\$ 2,010,399</u>

SOURCE: State of Connecticut General Obligation Bonds Offering Statement
Dated October 12, 1995.

Net General Long-Term Bonded Debt Per Capita

Last Ten Fiscal Years

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>POPULATION(1)</u>	<u>GENERAL LONG-TERM DEBT</u>			<u>NET DEBT PER CAPITA</u>
		<u>TOTAL DEBT(1)</u>	<u>LESS DEBT SERVICE FUND(1)</u>	<u>NET(1)</u>	
1986	3,224	\$2,001,495	\$ 40,882	\$1,960,613	\$ 608
1987	3,247	2,049,465	56,055	1,993,410	614
1988	3,272	2,394,513	159,802	2,234,711	683
1989	3,283	3,232,491	209,175	3,023,316	919
1990	3,289	4,249,439	291,621	3,957,818	1,204
1991	3,291	5,650,182	349,206	5,300,976	1,611
1992	3,279	6,503,455	388,425	6,115,030	1,865
1993	3,278	7,385,997	432,522	6,953,475	2,122
1994	3,275	7,927,705	489,584	7,438,121	2,271
1995	3,274	8,516,066	420,163	8,095,903	2,473

SOURCES: Economic Report of the Governor 1996-1997
Combined Balance Sheet

(1) Amount in thousands

STATE OF CONNECTICUT

Ratio of Annual Debt Service

General Bonded Debt To Total General Expenditures

Last Ten Fiscal Years
(Expressed in Thousands)

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>(1) TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
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%
1990	230,876	233,710	464,586	8,533,819	5.4%
1991	248,544	298,961	547,505	8,930,144	6.1%
1992(3)	312,571	378,214	690,785	9,541,311	7.2%
1993	362,356	398,550	760,906	10,493,676	7.3%
1994	404,921	387,722	792,643	10,934,227	7.3%
1995	560,746	438,172	998,918	11,924,474	8.4%

- (1) Includes General, Special Revenue, and Debt Service Funds, also included are Higher Education Expenditures Treated as Operating Transfers from the State's General Fund.
- (2) 1987-First Year Prepared on a GAAP Basis.
- (3) Beginning in 1992, principal and interest amounts do not include amounts expended for General Obligation Notes.

SOURCES: Annual Report of the State Comptroller 1986

Combined Statement of Revenues, Expenditures and Changes in Fund Balances 1987-1995

STATE OF CONNECTICUT

Revenue Bond Coverage

Rental Housing

Last Ten Fiscal Years
(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS USED		NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
	FOR DEBT SERVICES(1)	DIRECT OPERATING EXPENSES(2)		PRINCIPAL	INTEREST	TOTAL	COVERAGE
1986	\$ 9,790	\$1,979	\$ 7,811	\$2,450	\$ 6,970	\$ 9,420	.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	.46
1989	13,206	3,210	9,996	1,550	7,480	9,030	1.11
1990	16,106	4,205	11,901	1,550	8,694	10,244	1.16
1991	18,113	3,234	14,879	1,550	11,360	12,910	1.15
1992	10,071	1,267	8,804	1,550	8,562	10,112	.87
1993	17,163	1,585	15,578	1,000	7,805	8,805	1.77
1994	16,102	-	16,102	2,038	12,991	15,029	1.07
1995	14,012	61	13,951	1,052	8,310	9,362	1.49

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

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

SOURCES: Annual Report of the State Comptroller 1986
 Annual Report of the Treasurer 1986
 Combining Statement of Revenues, Expenses, & Changes in Retained Earnings
 Combining Statement of Cash Flows

STATE OF CONNECTICUT

Revenue Bond Coverage

Bradley International Airport

Last Ten Fiscal Years
(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUE(1)	DIRECT OPERATING EXPENSES(2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
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
1990	37,000	15,711	21,289	1,075	10,250	11,325	1.88
1991	33,589	16,312	17,277	1,175	10,305	11,480	1.50
1992	31,307	16,675	14,632	1,285	10,384	11,669	1.25
1993	30,399	17,859	12,540	1,405	8,157	9,562	1.32
1994	34,355	18,966	15,389	2,295	7,275	9,570	1.61
1995	40,217	18,757	21,460	2,455	7,104	9,559	2.25

(1) Includes Operating and Non-Operating Revenues.

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

SOURCE: Bradley International Airport Financial Statements

STATE OF CONNECTICUT

Revenue Bond Coverage

Connecticut Development Authority

Last Ten Fiscal Years
(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS			DEBT SERVICE REQUIREMENTS			
	USED FOR DEBT SERVICES(1)	DIRECT OPERATING EXPENSES(2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
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
1990	236,158	2,880	233,278	83,363	144,287	227,650	1.02
1991	308,592	8,812	299,780	177,784	122,300	300,084	1.00
1992(3)	32,205	8,068	24,137	7,340	15,651	22,991	1.05
1993	39,344	9,678	29,666	14,300	10,988	25,288	1.17
1994	54,748	16,584	38,164	30,606	6,424	37,030	1.03
1995	55,459	11,365	44,094	41,715	9,221	50,936	.87

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

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

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

SOURCE: Connecticut Development Authority Financial Statements

STATE OF CONNECTICUT

Revenue Bond Coverage

Connecticut Housing Finance Authority

Last Ten Fiscal Years
(Expressed in Thousands)

FOR THE YEAR ENDED DEC. 31,	GROSS RECEIPTS			DEBT SERVICE REQUIREMENTS			
	USED FOR DEBT SERVICES(1)	DIRECT OPERATING EXPENSES(2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
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
1989	362,041	23,911	338,130	105,335	190,882	296,217	1.14
1990	382,364	40,999	341,365	260,750	202,547	463,297	.74
1991	385,139	34,819	350,320	103,405	207,415	310,820	1.13
1992	456,281	28,611	427,670	455,505	206,268	661,773	.65
1993	556,670	42,778	513,892	544,375	192,589	736,964	.70
1994	483,683	30,910	452,773	622,215	173,843	796,058	.57

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

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

SOURCE: Connecticut Housing Finance Authority Financial Statements

STATE OF CONNECTICUT
Revenue Bond Coverage
Connecticut Resources Recovery Authority

Last Seven Fiscal Years
 (Expressed in Thousands)

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>GROSS REVENUE(1)</u>	<u>DIRECT OPERATING EXPENSES(2)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENTS</u>			
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGE</u>
1989	\$ 97,303	\$ 68,681	\$28,622	\$ 3,164	\$27,766	\$30,930	.93
1990	133,435	93,086	40,349	6,531	27,700	34,231	1.18
1991	128,491	90,228	38,263	10,989	28,778	39,767	.96
1992	128,186	92,291	35,895	12,198	27,650	39,848	.90
1993	132,569	102,081	30,488	16,029	26,534	42,563	.72
1994	147,753	98,342	49,411	17,790	26,415	44,205	1.12
1995	160,645	105,368	55,277	28,983	25,667	54,650	1.01

(1) Includes Operating Revenues and Investment Income.

(2) Includes Operating Expenses Less Depreciation and Amortization.

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

SOURCE: Connecticut Resources Recovery Authority Financial Statements

STATE OF CONNECTICUT

Revenue Bond Coverage

Connecticut Higher Education Supplemental Loan Authority

Last Two Fiscal Years
(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUE(1)	DIRECT OPERATING EXPENSES(2)	NET REVENUE	DEBT SERVICE REQUIREMENTS			
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$ 8,778	\$1,083	\$7,695	\$5,630	\$3,858	\$9,488	.81
1995	10,511	1,509	9,002	2,940	5,097	8,037	1.12

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

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

SOURCE: Connecticut Higher Education Supplemental Loan Authority Financial Statements

STATE OF CONNECTICUT

Revenue Bond Coverage

Connecticut Health and Educational Facilities Authority

Last Two Fiscal Years
(Expressed in Thousands)

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>GROSS REVENUE(1)</u>	<u>DIRECT OPERATING EXPENSES(2)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENTS</u>			
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGE</u>
1994	\$180,915	\$1,854	\$179,061	\$161,640	\$ 84,867	\$246,507	.73
1995	148,045	1,716	146,329	36,257	108,203	144,460	1.01

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

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

SOURCE: Connecticut Health and Educational Facilities Authority Financial Statements

STATE OF CONNECTICUT

Annual Estimates of the Resident Population

Connecticut Compared to the United States

Last Ten Fiscal Years
(Expressed in Thousands)

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>UNITED STATES</u>	<u>CONNECTICUT</u>	<u>%</u>
1986	240,133	3,224	1.3%
1987	242,289	3,247	1.3%
1988	244,499	3,272	1.3%
1989	246,819	3,283	1.3%
1990	249,402	3,289	1.3%
1991	252,131	3,291	1.3%
1992	255,028	3,279	1.3%
1993	257,783	3,278	1.3%
1994	260,341	3,275	1.3%
1995	262,891	3,274	1.2%

SOURCE: Economic Report of the Governor 1996-1997
1994 U.S. Census Bureau Reported by the Hartford Courant

Bank Deposits

Last Ten Fiscal Years
(Expressed in Thousands)

<u>TOTAL AS OF</u>	<u>BANK DEPOSITS</u>
1986	\$51,732,175
1987	57,414,311
1988	64,533,081
1989	67,747,035
1990	69,505,683
1991	44,897,318
1992	38,322,461
1993	55,532,661
1994	54,836,057
1995	53,640,331

NOTES: Beginning in 1991 totals are as of 6/30, before 1991 totals were as of 12/31.
In 1993, 1994, and 1995 bank deposits for credit unions were not included.

SOURCES: 1986-1987 Branch Directory and Summary of Deposits, Decision Research Sciences, Inc.
1988-1995 Department of Banking

STATE OF CONNECTICUT

Resident Employment, Unemployment, and Unemployment Rate

For the Last Ten Years

(Thousands)

<u>YEAR</u>	<u>LABOR FORCE</u>	<u>EMPLOYMENT</u>	<u>UNEMPLOYMENT</u>	<u>UNEMPLOYMENT RATE</u>
1986	1,727.2	1,653.0	74.2	4.3%
1987	1,749.5	1,687.3	62.3	3.6%
1988	1,743.0	1,690.8	52.2	3.0%
1989	1,748.5	1,692.8	55.7	3.2%
1990	1,791.6	1,712.4	79.2	4.4%
1991	1,841.0	1,731.8	109.1	5.9%
1992	1,835.0	1,698.7	136.3	7.4%
1993	1,801.9	1,679.9	122.0	6.8%
1994	1,787.9	1,688.5	99.4	5.6%
1995	1,746.2	1,653.8	92.4	5.3%

SOURCE: Economic Report of the Governor 1996-1997

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

Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>TOTAL PERSONAL INCOME</u> (Billions of Dollars)			<u>PER CAPITA PERSONAL INCOME</u> (Dollars)			<u>PER CAPITA PERSONAL INCOME</u>
	<u>UNITED STATES</u>	<u>CONNECTICUT</u>	<u>%</u>	<u>UNITED STATES</u>	<u>CONNECTICUT</u>	<u>%</u>	<u>CT RANK</u>
1986	\$3,487.5	\$60.80	1.7%	\$14,522	\$18,859	129.9%	1
1987	3,683.8	65.99	1.8%	15,202	20,322	133.7%	1
1988	3,934.6	72.37	1.8%	16,090	22,118	137.5%	1
1989	4,240.2	78.72	1.9%	17,180	23,975	139.6%	1
1990	4,523.2	82.03	1.8%	18,136	24,939	137.5%	1
1991	4,774.7	84.64	1.8%	18,937	25,721	135.8%	1
1992	4,984.4	86.59	1.7%	19,545	26,406	135.1%	1
1993	5,275.8	91.15	1.7%	20,466	27,805	135.9%	1
1994	5,524.1	93.82	1.7%	21,219	28,646	135.0%	1
1995	5,890.3	97.11	1.6%	22,406	29,660	132.4%	1

SOURCE: Economic Report of the Governor 1996-1997

STATE OF CONNECTICUT

Nonagricultural Employment

Last Ten Fiscal Years

<u>FOR THE YEAR ENDED JUNE 30,</u>	<u>(THOUSANDS)</u>	
	<u>MANUFACTURING</u>	<u>NONMANUFACTURING</u>
1986	399.68	1,178.57
1987	388.44	1,236.80
1988	379.55	1,281.95
1989	365.41	1,312.79
1990	350.64	1,301.44
1991	331.48	1,257.44
1992	313.67	1,221.30
1993	299.59	1,228.12
1994	288.81	1,244.30
1995	282.95	1,263.96

Ten Largest Nonagricultural Industries

June 30, 1995

<u>INDUSTRY</u>	<u>AVERAGE # OF EMPLOYEES (THOUSANDS)</u>
Services	454.62
Wholesale and Retail Trade	335.93
Manufacture of Durable Goods	203.71
Government	217.22
Insurance	71.83
Finance and Real Estate	62.37
Manufacture of Nondurable Goods	63.20
Construction	51.27
Transportation	40.73
Communications	17.13

SOURCE: Economic Report of the Governor 1996-1997

STATE OF CONNECTICUT

Top Twenty Private Sector Employers

June 30, 1994

<u>COMPANY</u>	<u>PRINCIPAL CONNECTICUT LOCATION</u>
1. Aetna Life Insurance Co.	Hartford
2. Pratt & Whitney Aircraft	East Hartford
3. Electric Boat	Groton
4. Stop & Shop	Statewide
5. Sikorsky Aircraft	Stratford
6. SNET	New Haven
7. Yale University	New Haven
8. Foxwoods Resort Casino	Ledyard
9. Travelers Corp.	Hartford
10. ITT Hartford Insurance Group	Hartford
11. Northeast Utilities	Berlin
12. Cigna Corp.	Statewide
13. Pitney-Bowes, Inc.	Stamford
14. Yale-New Haven Hospital	New Haven
15. Hartford Hospital	Hartford
16. Shawmut National Corp.	Hartford
17. Hamilton Standard	Windsor Locks
18. First National Supermarkets	Windsor Locks
19. Caldor Corp.	Norwalk
20. J.C. Penney Co.	Statewide

SOURCE: Hartford Courant

STATE OF CONNECTICUT

Economic Indicators

Last Ten Fiscal Years

FOR THE YEAR ENDED JUNE 30,	RETAIL SALES (MILLIONS)	DEFENSE CONTRACT AWARDS (MILLIONS)	DISPOSABLE INCOME (BILLIONS)	TOTAL EMPLOYMENT (THOUSANDS)	NUMBER OF HOUSING STARTS (THOUSANDS)
1986	\$27,656	\$5,441	\$50.78	1,653.0	28.26
1987	27,790	5,031	55.11	1,687.3	28.68
1988	28,586	4,911	60.77	1,690.8	24.07
1989	29,021	6,082	66.46	1,692.8	15.78
1990	28,429	4,241	69.42	1,712.4	10.58
1991	29,362	4,979	72.21	1,731.8	7.61
1992	28,631	3,099	73.20	1,698.7	8.75
1993	28,850	2,895	76.89	1,679.9	8.31
1994	29,861	2,450	78.65	1,688.5	8.81
1995	31,683	N/A	80.95	1,653.8	9.84

SOURCES: Economic Report of the Governor 1996-1997

Demographics

Last Ten Years

FOR THE YEAR ENDED JUNE 30,	POPULATION (THOUSANDS)	PER CAPITA INCOME	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
1986	3,224	\$18,859	465,896	4.3%
1987	3,247	20,322	461,724	3.6%
1988	3,272	22,118	460,564	3.0%
1989	3,283	23,975	460,190	3.2%
1990	3,289	24,939	464,563	4.4%
1991	3,291	25,721	473,015	5.9%
1992	3,279	26,406	482,314	7.4%
1993	3,278	27,805	489,669	6.8%
1994	3,275	28,646	507,865	5.6%
1995	3,274	29,660	N/A	5.3%

SOURCES: Economic Report of the Governor 1996-1997
State of Connecticut Register and Manual

STATE OF CONNECTICUT

Major Revenue Sources - General Fund

Last Ten Fiscal Years
(Millions)

FISCAL YEAR	SALES & USE TAX	% OF TOTAL REVENUE	PERSONAL INCOME TAX	% OF TOTAL REVENUE	CORPORATION TAX	% OF TOTAL REVENUE	CAPITAL GAINS TAX	% OF TOTAL REVENUE
1986	\$1,652.6	38.3%	\$ -	-	\$654.8	15.2%	\$317.3	7.3%
1987	1,840.6	38.8%	-	-	681.9	14.4%	467.8	9.9%
1988	2,000.4	41.2%	-	-	661.3	13.6%	386.3	7.9%
1989	2,097.5	38.1%	-	-	870.0	15.8%	508.7	9.2%
1990	2,479.0	40.6%	-	-	794.1	13.0%	624.7	10.2%
1991	2,417.8	41.6%	-	-	669.0	11.5%	520.5	8.9%
1992	2,080.2	28.2%	1,976.6	26.7%	641.4	8.7%	-	-
1993	2,056.2	27.2%	2,392.0	31.6%	715.2	9.4%	-	-
1994	2,181.4	27.6%	2,517.7	31.8%	703.5	8.9%	-	-
1995	2,368.1	27.9%	2,589.9	30.6%	724.7	8.6%	-	-

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

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

Sales and Use Tax - Major Industrial Categories

June 30, 1995
(Millions)

INDUSTRY	TAX	%
Manufacturing	\$ 137.8	6.4%
Wholesale	109.2	5.0%
Retail:		
Hardware	70.7	3.3%
General Merchandise	126.2	5.8%
Food Products	83.6	3.9%
Auto Products	259.0	12.0%
Apparel	32.7	1.5%
Home Appliances & Furnishings	121.5	5.6%
Eating & Drinking Establishments	135.6	6.3%
Miscellaneous Shopping Stores	223.5	10.3%
Business	435.8	20.1%
All Other Businesses	427.8	19.8%
Total Sales & Use Tax	\$2,163.4	

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, 1995

Date of Ratification	January 9, 1788
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	4,073
Land Area	5,009 Square Miles

State Police Protection:

Number of Stations	12
Number of State Police	943

Higher Education (Universities, Colleges and Community Colleges):

Number of Campuses in State	26
Number of Educators	3,307
Number of Students	104,302

Recreation:

Number of State Parks	92
Area of State Parks	30,679 Acres
Area of State Forests	143,067 Acres

Employees:

Full-Time	53,214
Part-Time(Permanent)	2,645

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

STATE OF CONNECTICUT

Office of the State Comptroller Organization (As of June 30, 1995)

Nancy Wyman
State Comptroller

Mark E. Ojakian
Deputy Comptroller

MANAGEMENT SERVICES BUREAU

Bernard McLoughlin
Chief Administrative Officer

EMPLOYEE SERVICES BUREAU

Steven Weinberger
Bureau Chief

FINANCIAL INFORMATION SYSTEMS BUREAU

Carl Kask
Bureau Chief

FINANCIAL MANAGEMENT SERVICES BUREAU

Raymond Girard
Bureau Chief

Central Payroll Division

Gary Reardon
Director

Central Accounts Payable Division

A. Douglas Vallee
Director

Central Accounting Division.

Robert Krueger - *Assistant Chief*
Hazel Brown

Financial Reporting

Gerardo Villa, CPA
Nancy Fuda
Doris Przygocki
Janet Richardson
Julie Fanelli

Accounting Operations

Burton Gold
Diane Nolan
Patrick Collins
Karen Hurst
Karen Jones
Debra Morris

