

**STATE OF CONNECTICUT**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended  
June 30, 2013

*Prepared by the Office of the  
State Comptroller*

**KEVIN LEMBO  
STATE COMPTROLLER**

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

<http://www.osc.state.ct.us/2013cafr/>

## *Office of the State Comptroller*

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

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

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

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

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# *Introductory Section*

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

**Kevin Lembo  
State Comptroller**

**Martha Carlson  
Deputy Comptroller**

February 28, 2014

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

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut that began in the first half of 2008. These job losses persisted until the start of 2010 and claimed 121,200 payroll positions, which is just over 6 percent of Connecticut's labor force. By the close of Fiscal Year 2013, Connecticut had regained almost half of the jobs lost to recession. By contrast, the national economy had regained three-quarters of the recessionary job loss. The New England Economic Partnership estimates that Connecticut will regain all of its recession job losses by the second half of 2016. The pace of Connecticut's recovery is slower than that of other post-recession periods.

The overall growth rate of the national economy has been moderating over the past several decades, and Connecticut's economy has been following that same slower growth trend. From 1950 through the mid-1980s, there were numerous double-digit periods of growth in U.S. Gross Domestic Product (GDP). Since that time, there has been a gradual downward slope in the GDP rate of growth. Likewise, Connecticut's personal income and employment growth rates have been less robust over time. In Connecticut, these broad economic trends have resulted in higher tax rates and the imposition of tighter spending controls.

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

Fiscal Year 2013 ended with a General Fund surplus of \$398.0 million on a modified cash basis of accounting. The Transportation Fund posted a modified cash basis surplus of \$18.8 million in

Fiscal Year 2013 and retained a fund balance of \$164.6 million. After adjusting these operating balances to a GAAP basis of accounting, the General Fund surplus was \$321.9 million in Fiscal Year 2013 and the Transportation Fund surplus was \$19.6 million for the fiscal year. The GAAP adjustments to the modified cash results are summarized in CAFR-Note 2, - Budgetary vs. GAAP Basis of Accounting.

Of the total Fiscal Year 2013 General Fund surplus, \$177.2 million was deposited to the State's Budget Reserve Fund bringing the present reserve balance to \$270.7 million. In Fiscal Year 2009, the Budget Reserve Fund held a record high balance of almost \$1.4 billion. This reserve was fully depleted in subsequent fiscal years as part of efforts to stabilize the budget as Connecticut recovered from the recession.

General Fund spending in Fiscal Year 2013 grew by 1.3 percent over the prior fiscal year. To put this level of growth into historical context, in the four fiscal years leading up to the 2008 recession, average annual General Fund budget growth was 7.3 percent. A decline in state employee payroll spending in Fiscal Year 2013 contributed to the slower growth. General Fund wage and salary expenditures in Fiscal Year 2013 were at their lowest level since Fiscal Year 2006. Due in large part to low interest rates, General Fund debt service spending was 3.1 percent below the previous fiscal year. The State's largest agency, the Department of Social Services (DSS), posted spending growth of 2 percent in Fiscal Year 2013. This is well below the growth of over 7 percent that had occurred in each of the two previous fiscal years. The General Fund contribution to the State Employees Retirement System was up 10.5 percent in Fiscal Year 2013. This accelerated contribution rate will help to lower long-term liabilities in the pension fund. Spending by the Department of Education grew by 4 percent in Fiscal Year 2013.

General Fund revenues advanced 4.5 percent in Fiscal Year 2013. The income tax, the largest single revenue source in the General Fund, grew 4.9 percent. The growth was largely driven by strong stock market performance and an increase in the federal capital gains tax rate that pushed future year gains into Fiscal Year 2013. The payroll component of the income tax, which accounts for 60 percent of total income tax receipts, was down slightly from last fiscal year. The more volatile components of the tax, estimated and final payments, grew 17.9 percent and 12.6 percent respectively. The inheritance and estate tax also experienced a significant revenue windfall in Fiscal Year 2013.

An essential component of growing Connecticut's economy is ensuring budget stability. Stabilizing the budget requires building adequate reserves to meet requirements during economic downturns. Since 1990, the State has accumulated revenue windfalls (revenue in excess of budgeted spending) of over \$5 billion. However, budget reserves never exceeded \$1.4 billion. My office has a long history of advocating for the set-aside of revenue windfalls into reserve funds that can only be accessed in the event of an economic slowdown. This strategy will ensure that State residents are not burdened with additional State taxes and reductions in vital services in difficult economic times, as has repeatedly occurred during past recessions.

## **Major Policy Initiatives and Priorities**

### **Gun Violence Prevention**

The Newtown School shooting that occurred on December 14, 2012 and left 26 people dead was a major focus of the 2013 legislative session. In response to this tragedy, bipartisan legislation was passed that expands the list of firearms prohibited in Connecticut, bans the sale of

ammunition magazines that carry more than ten rounds, and imposes new eligibility requirements for purchases of all guns and ammunition. In addition, the Fiscal Year 2014 budget contained \$18.9 million in additional spending for school safety initiatives, mental health services, and firearms enforcement activities.

#### Higher Education

Bond funding in the amount of \$1.6 billion was passed for the Next Generation initiative at the University of Connecticut. This borrowing will pay for the construction of new science, technology, and engineering facilities. The University is preparing for a 30 percent increase in enrollment over the next decade. Funding is also provided for additional faculty to accommodate the anticipated near-term growth in enrollment.

#### Health Care Funding

Payments directed to the State's hospitals, largely for the treatment of uninsured individuals were cut by approximately \$500 million over the Fiscal Year 2014-2015 biennium. The Affordable Care Act is expected to reduce the number of uninsured individuals seeking uncompensated care from hospitals. At the same time, the State's 14 community health centers will see an increase in funding over the biennium of \$10 million. These centers serve a large number of Medicaid clients as well as the uninsured.

#### Office of Early Childhood

As part of an ongoing reorganization effort, the Office of Early Childhood was created. This new agency will consolidate programs and funding currently housed in the Department of Education, Department of Social Services, Department of Public Health, and the Board of Regents. By Fiscal Year 2015, approximately \$275 million in total program spending will be reallocated to this new agency. These programs include: School Readiness, Head Start, licensure of day care centers, Care4Kids, CT Charts a Course, and the Children's Trust.

#### Economic Development Initiatives

An authorization of up to \$100 million was made to the Small Business Express program. The Small Business Express Program (EXP) provides loans and grants to Connecticut's small business to spur job creation and growth. An additional \$30 million in bonding was made available for brownfield remediation. And, up to \$200 million was authorized for the new Connecticut Bioscience Innovation Fund that will finance a broad range of commercially viable bioscience projects.

#### Independent Auditor Opinions

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

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

## **Profile of the Government and its Safeguards**

### **The Nutmeg State**

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,596,080 in 2013 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

### **State Government**

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

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

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

### **The Reporting Entity**

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State’s legal entity. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported separately in the government-wide financial statements, to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Information on the reporting entity is included in CAFR - Note 1, Summary of Significant Accounting Policies.

### Internal Controls

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

### Budgetary Controls

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

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

### The Spending Cap

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

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

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap. This has occurred in almost every year that the State has posted a budget surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

## **Economic Condition and Outlook**

The national economy as measured by real GDP grew at a moderate rate of just under 2 percent on an averaged quarterly basis during Fiscal Year 2013. Growth was especially slow during the middle half of Fiscal Year 2013, but improved in the final quarter with growth of 2.5 percent. The national economy has posted growth in excess of 3 percent in the first half of the new fiscal year and the outlook is for continued moderate growth.

Connecticut added 10,500 jobs in Fiscal Year 2013. Job growth in calendar year 2013 exceeded the pace set in 2012. At this writing, the State has been averaging just below 1,000 job additions per month. The strongest employment sector in the State has been education and health services followed by construction. The weakest job sector has continued to be manufacturing. Job losses have also been recorded in financial activities and government. The State's unemployment rate peaked at 9.4 percent in August of 2010. The unemployment rate at the end of 2013 was 7.4 percent. The New England Economic Partnership has projected that Connecticut will add 43,600 jobs by the end of 2015.

At the end of Fiscal Year 2013, Connecticut's personal income was growing at a quarterly annualized rate of better than 5 percent. However, the fiscal year also posted quarters of negative State income growth. Personal income in Connecticut grew at a rate of 0.8 percent (annualized rate of 3.2 percent) between the second and third quarters of 2013. This ranked Connecticut 37<sup>th</sup> nationally in quarterly income growth. Restructuring in the financial services industry including insurance, banking and money management will continue to constrain State income growth.

A recovery in Connecticut's housing market is underway. Sales volume in 2013 reached its highest level since 2006, and sales of both single family homes and condominiums recorded double-digit increases over last year. Median single family home prices grew at a more modest 2.8 percent rate in 2013 as foreclosure volume remained high depressing overall home prices. A housing recovery is an essential component of Connecticut's overall economic recovery.

## **Acknowledgements**

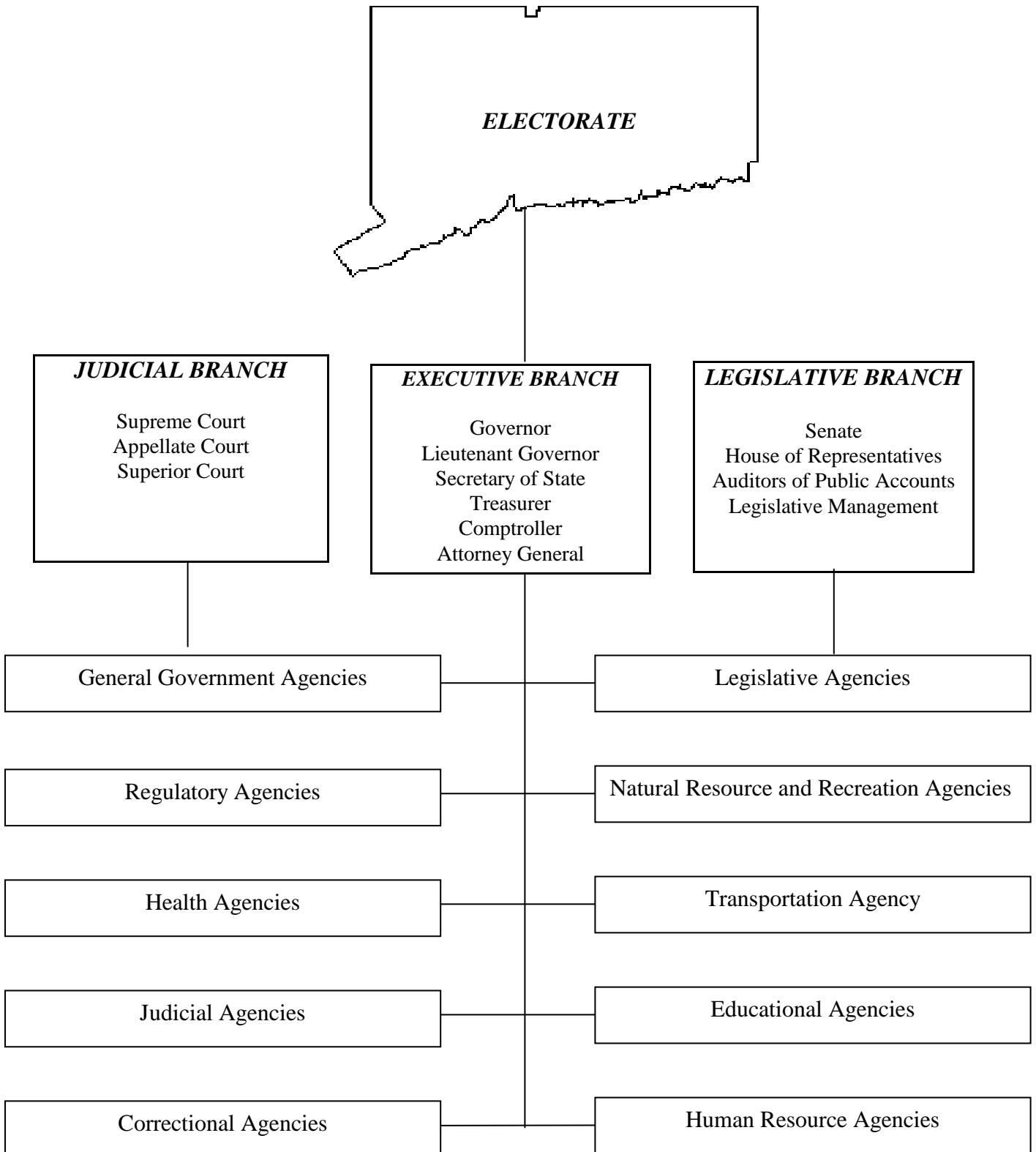
I want to thank my staff, the State Auditors, and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in cursive script, reading "Kevin Lembo".

Kevin Lembo  
Connecticut State Comptroller

## Organization Chart



***Selected State Officials  
(as of June 30, 2013)***

***EXECUTIVE***

Dannel P. Malloy  
*Governor*

Nancy Wyman  
*Lieutenant Governor*

Denise Merrill  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Kevin Lembo  
*Comptroller*

George C. Jepsen  
*Attorney General*

***JUDICIAL***

Chase T. Rogers  
*Chief Justice*

***LEGISLATIVE***

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

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

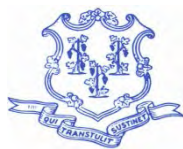


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# *Financial Section*

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT M. WARD

## INDEPENDENT AUDITORS' REPORT

Governor Dannel P. Malloy  
Members of the General Assembly

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

#### Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent six percent of the assets and eight percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, Connecticut Community Colleges, Bradley International Airport, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 63 percent of the assets and 28 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

#### Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 96 percent of the assets and 96 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley

International Airport, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 63 percent of the assets and 28 percent of the revenues of the Enterprise Funds;

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

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

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

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

### ***Opinions***

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2013, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part

of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the course of our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control – Comprehensive Annual Financial Report, Fiscal Year Ending June 30, 2013*, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts

February 28, 2014  
State Capitol  
Hartford, Connecticut

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2013. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide:**

As of June 30, 2013, the State had a combined net position deficit of \$10.5 billion, a decrease of \$106 million when compared to the prior year ending deficit balance. This annual improvement resulted from an increase of \$167 million in the net position of business-type activities, which was offset by a \$61 million increase in the net position deficit of governmental activities.

#### **Fund Level:**

The governmental funds had a total fund balance of \$2.0 billion at year-end. Of this amount, \$3.2 billion represents fund balance that is considered mainly restricted or committed for specific purposes by external constraints or by the Legislature and \$1.2 billion represents unassigned fund balance deficit. This deficit, which belongs to the General Fund, did not change significantly during the fiscal year.

The Enterprise funds had a total net position of \$4.6 billion at year-end, substantially all of which was invested in capital assets or restricted for specific purposes.

#### **Long-Term Debt:**

Total long-term debt was \$29.5 billion for governmental activities at year-end, of which \$19.1 billion was bonded debt.

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

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

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include legislative, general government, regulation and protection, conservation and development, health and hospitals, transportation, human services, education, libraries, and museums, corrections, and judicial. The business-type activities of the State include the University of Connecticut and Health Center, State Universities, Connecticut Community Colleges, Bradley International Airport, Employment Security, and Clean Water, which are considered major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The government-wide financial statements include not only the State itself (known as the primary government), but also the activities of nine legally separate Component Units for which the State is financially accountable: the Connecticut Housing Finance Authority, the Connecticut Lottery Corporation, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Resources Recovery Authority, Connecticut Innovations, Incorporated, the Capital Region Development Authority, the University of Connecticut Foundation, Incorporated, and the Clean Energy Finance and Investment Authority. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself. Financial information of the individual component units can be found in the basic financial statements following the fund statements, and complete financial statements of the individual component units can be obtained from their respective administrative offices.

### **Fund Financial Statements**

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

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Transportation Fund, the Restricted Grants and Accounts Fund, and the Grants and Loan Programs Fund, all of which are considered major funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fund balance (difference between assets and liabilities) of governmental funds is classified as nonspendable, restricted, and unrestricted (committed, assigned or unassigned).

The State adopts a biennial budget for the General Fund, the Transportation Fund, and other Special Revenue funds. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the current fiscal year budgets.

### **Proprietary Funds**

Proprietary funds (Enterprise funds and Internal Service funds) are used to show activities that operate more like those of commercial enterprises. Enterprise funds charge fees for services provided to outside customers. They are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes information regarding the State's progress on funding its obligation to provide pension and other postemployment benefits to its employees.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains the following information.

- Combining Fund Statements and Schedules – Nonmajor funds
- Statistical Section

**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE****NET POSITION**

As noted earlier, net position may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net position deficit of the State decreased 1.0 percent to \$10.5 billion. In comparison, last year the combined net position deficit increased 6.1 percent.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012*	2013	2012*
<b>ASSETS:</b>						
Current and Other Assets	\$ 4,163	\$ 3,944	\$ 3,773	\$ 3,854	\$ 7,936	\$ 7,798
Capital Assets	11,987	10,966	3,809	3,597	15,796	14,563
<b>Total Assets</b>	<b>16,150</b>	<b>14,910</b>	<b>7,582</b>	<b>7,451</b>	<b>23,732</b>	<b>22,361</b>
<b>Deferred Outflows of Resources</b>	<b>18</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>LIABILITIES:</b>						
Current Liabilities	3,531	3,498	716	693	4,247	4,191
Long-term Liabilities	27,729	26,443	2,252	2,291	29,981	28,734
<b>Total Liabilities</b>	<b>31,260</b>	<b>29,941</b>	<b>2,968</b>	<b>2,984</b>	<b>34,228</b>	<b>32,925</b>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	5,825	5,305	3,179	2,951	9,004	8,256
Restricted	2,283	1,648	999	1,101	3,282	2,749
Unrestricted	(23,200)	(21,984)	456	415	(22,744)	(21,569)
<b>Total Net Position (Deficit)</b>	<b>\$(15,092)</b>	<b>\$(15,031)</b>	<b>\$ 4,634</b>	<b>\$ 4,467</b>	<b>\$(10,458)</b>	<b>\$(10,564)</b>

\* Restated for comparative purposes. See Note 23.

The net position deficit of the State's governmental activities increased \$61 million (0.4 percent) to \$15.1 billion during the current fiscal year. Of this amount, \$5.8 billion was invested in capital assets (buildings, roads, bridges, etc.) and \$2.3 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$23.2 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds issued in the amount of \$6.3 billion to finance various municipal grant programs (e.g., school construction) and \$2.3 billion issued to finance a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$10.4 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB obligations and compensated absences).

Net position of the State's business-type activities increased \$167 million (3.7 percent) to \$4.6 billion during the current fiscal year. Of this amount, \$3.2 billion was invested in capital assets and \$1.0 billion was restricted for specific purposes, resulting in unrestricted net positions of \$0.4 billion. These resources cannot be used to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center, Bradley International Airport, and others).



## CHANGE IN NET POSITION

Changes in net position for the years ended June 30, 2013 and 2012 were as follows:

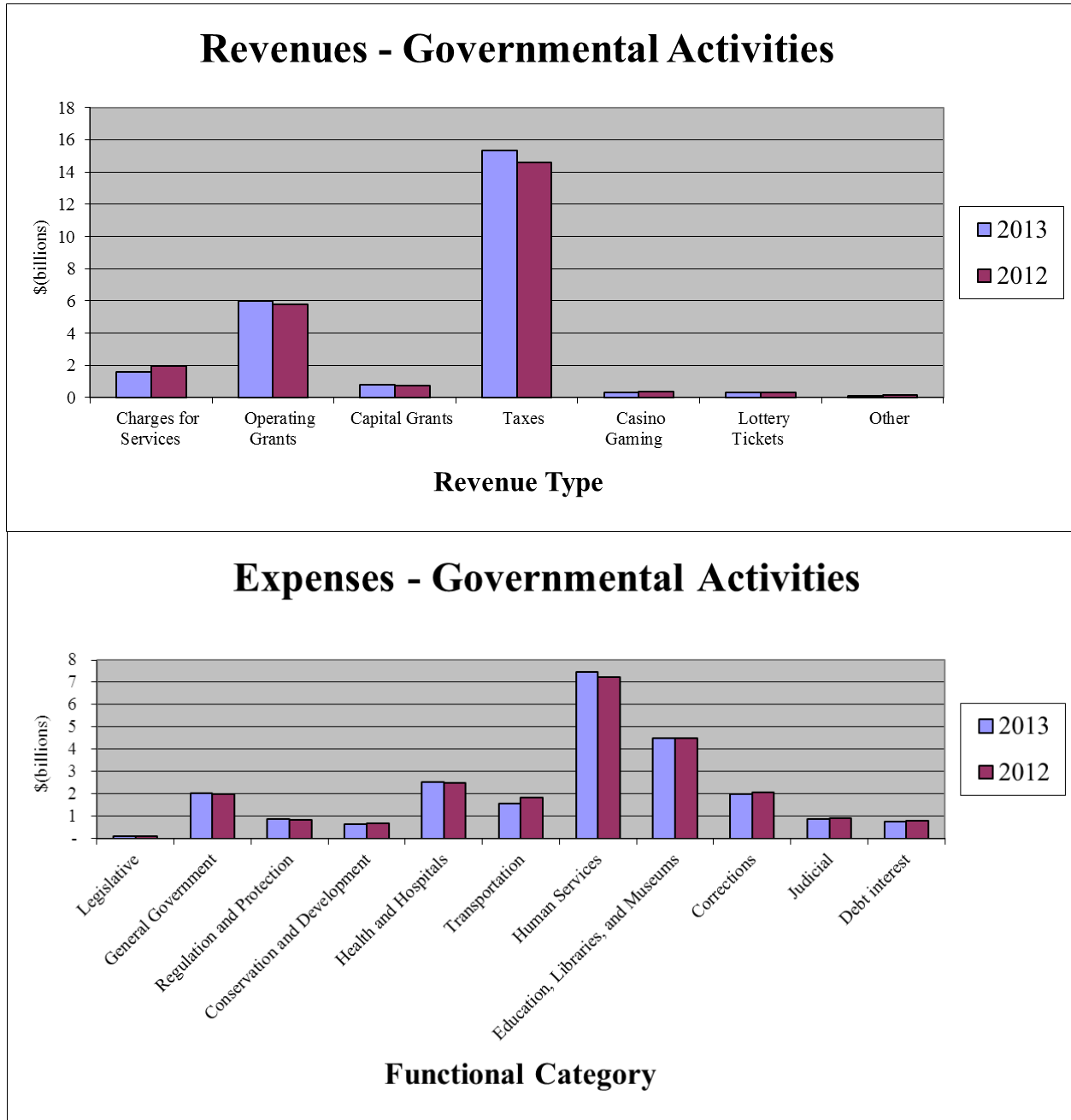
**State of Connecticut's Changes in Net Position**  
(Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total		%
	2013	2012*	2013	2012*	2013	2012*	13-12
<b>REVENUES</b>							
Program Revenues							
Charges for Services	\$ 1,576	\$ 1,952	\$ 2,548	\$ 2,535	\$ 4,124	\$ 4,487	-8.1%
Operating Grants and Contributions	5,992	5,771	1,173	1,412	7,165	7,183	-0.3%
Capital Grants and Contributions	768	716	59	18	827	734	12.7%
General Revenues							
Taxes	15,356	14,585	-	-	15,356	14,585	5.3%
Casino Gaming Payments	296	345	-	-	296	345	-14.2%
Lottery Tickets	312	310	-	-	312	310	0.6%
Other	128	140	17	18	145	158	-8.2%
<b>Total Revenues</b>	<u>24,428</u>	<u>23,819</u>	<u>3,797</u>	<u>3,983</u>	<u>28,225</u>	<u>27,802</u>	<u>1.5%</u>
<b>EXPENSES</b>							
Legislative	106	114	-	-	106	114	-7.0%
General Government	2,036	1,988	-	-	2,036	1,988	2.4%
Regulation and Protection	868	853	-	-	868	853	1.8%
Conservation and Development	665	693	-	-	665	693	-4.0%
Health and Hospitals	2,540	2,476	-	-	2,540	2,476	2.6%
Transportation	1,573	1,846	-	-	1,573	1,846	-14.8%
Human Services	7,472	7,223	-	-	7,472	7,223	3.4%
Education, Libraries and Museums	4,490	4,496	-	-	4,490	4,496	-0.1%
Corrections	1,977	2,061	-	-	1,977	2,061	-4.1%
Judicial	894	910	-	-	894	910	-1.8%
Interest and Fiscal Charges	780	816	-	-	780	816	-4.4%
University of Connecticut & Health Center	-	-	1,872	1,802	1,872	1,802	3.9%
State Universities	-	-	666	652	666	652	2.1%
Connecticut Community Colleges	-	-	489	477	489	477	2.5%
Bradley International Airport	-	-	67	64	67	64	4.7%
Employment Security	-	-	1,515	1,823	1,515	1,823	-16.9%
Clean Water	-	-	50	53	50	53	-5.7%
Other	-	-	59	59	59	59	0.0%
<b>Total Expenses</b>	<u>23,401</u>	<u>23,476</u>	<u>4,718</u>	<u>4,930</u>	<u>28,119</u>	<u>28,406</u>	<u>-1.0%</u>
Excess (Deficiency)							
Before Transfers	1,027	343	(921)	(947)	106	(604)	-117.5%
Transfers	(1,088)	(1,228)	1,088	1,228	-	-	0.0%
<b>Increase (Decrease) in Net Position</b>	<u>(61)</u>	<u>(885)</u>	<u>167</u>	<u>281</u>	<u>106</u>	<u>(604)</u>	<u>-117.5%</u>
Net Position (Deficit) - Beginning (as restated)	<u>(15,031)</u>	<u>(14,146)</u>	<u>4,467</u>	<u>4,186</u>	<u>(10,564)</u>	<u>(9,960)</u>	<u>6.1%</u>
<b>Net Position (Deficit) - Ending</b>	<u>\$ (15,092)</u>	<u>\$ (15,031)</u>	<u>\$ 4,634</u>	<u>\$ 4,467</u>	<u>\$ (10,458)</u>	<u>\$ (10,564)</u>	<u>-1.0%</u>

\*Restated for comparative purposes. See note 23.

**GOVERNMENTAL ACTIVITIES**

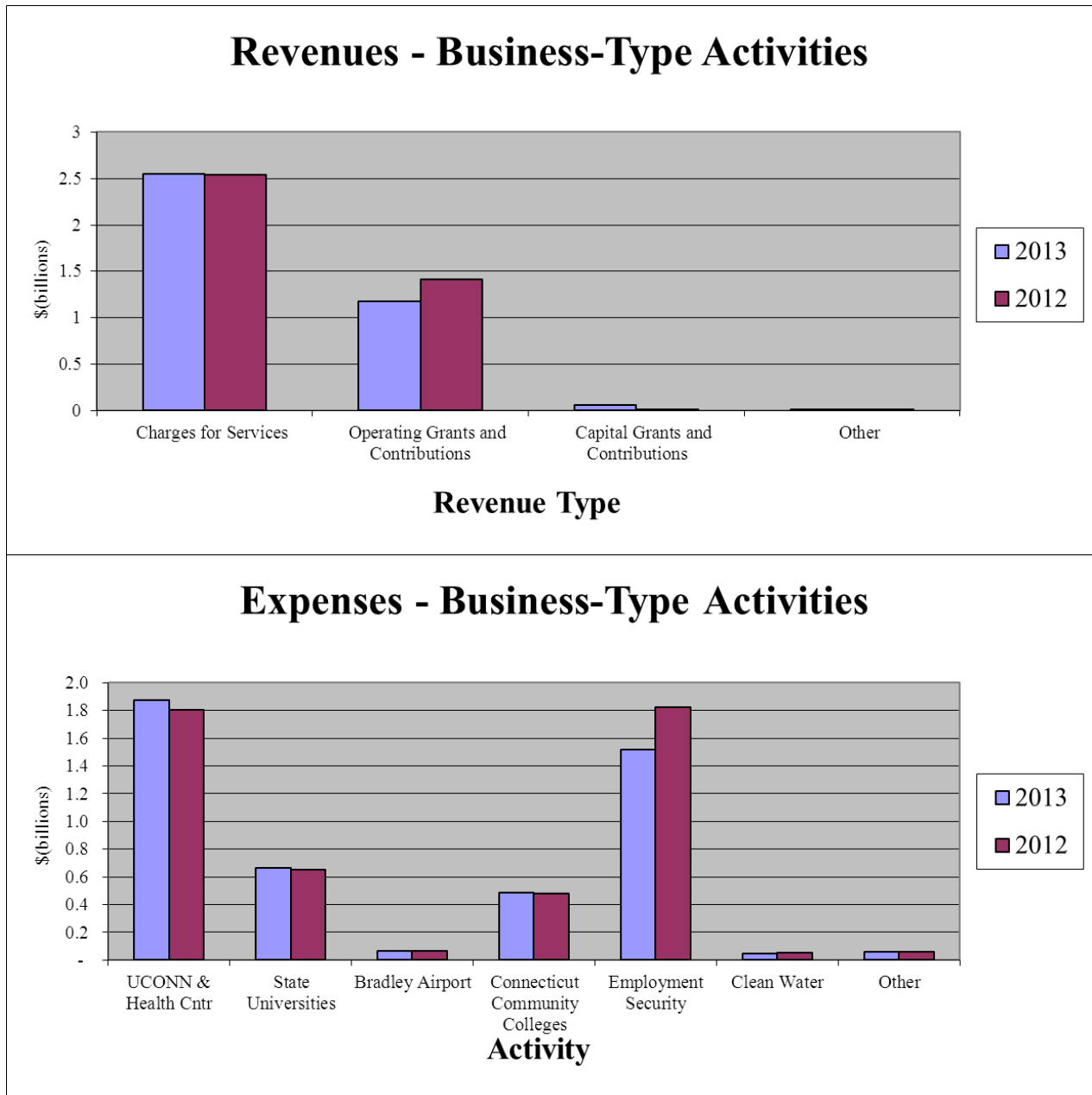
The following charts provide a two-year comparison of governmental activities revenues and expenses.



During the year, total revenues of governmental activities increased 2.6 percent to \$24.4 billion, while total expenses decreased 0.3 percent to \$23.4 billion. In comparison, last year total revenues increased 6.0 percent, while total expenses increased 7.2 percent. The increase in total revenues of \$609 million was due mainly to an increase in taxes of \$771 million or 5.3 percent, particularly in income and inheritance taxes. Although, total revenues exceeded total expenses by \$1,027 million, this excess was reduced by transfers of \$1,088 million, resulting in a decrease in net position of \$61 million.

**BUSINESS-TYPE ACTIVITIES**

The following charts provide a two-year comparison of business-type activities revenues and expenses.



During the year, total revenues of business-type activities decreased 4.7 percent to \$3.8 billion, while total expenses decreased 4.3 percent to \$4.7 billion. In comparison, last year total revenues decreased 3.8 percent, while total expenses decreased 7.3 percent. The decrease in total expenses of \$212 million was due mainly to a decrease in Employment Security expenses of \$308 million or 16.9 percent. Although, total expenses exceeded total revenues by \$921 million, this deficiency was reduced by transfers of \$1,088 million, resulting in an increase in net position of \$167 million.

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

### **Governmental Funds**

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned fund balance serves as a useful measure of the State's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the State's governmental funds had fund balances of \$1,998 million, an increase of \$307 million over the prior year ending fund balances. Of the total governmental fund balances, \$2,352 million represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$180 million represents fund balance that is non-spendable; \$690 million represents fund balance that is committed or assigned for specific purposes by the Legislature and \$1,224 million represents unassigned fund balance deficit.

### **General Fund**

The General Fund is the chief operating fund of the State. As of June 30, 2013, the General Fund had a fund balance deficit of \$589 million. Of this amount, \$628 million represents fund balance that is non-spendable or committed for specific purposes by the Legislature, leaving a deficit of \$1,217 million in unassigned fund balance. Total fund balance deficit decreased by \$324 million during the current fiscal year.

### **Debt Service Fund**

As of June 30, 2013, the Debt Service Fund had a fund balance of \$660 million, all of which was restricted. Fund balance decreased by \$43 million during the current fiscal year.

### **Transportation Fund**

As of June 30, 2013, the Transportation Fund had a fund balance of \$229 million. Of this amount, \$31 million was in non-spendable form and \$198 million was restricted or committed for specific purposes. Fund balance increased by \$20 million during the current fiscal year.

### **Restricted Grants and Accounts Fund**

As of June 30, 2013, the Restricted Grants and Accounts Fund had a fund balance of \$359 million, all of which was restricted for specific purposes. Fund balance decreased by \$35 million during the fiscal year.

### **Grant and Loan Programs**

As of June 30, 2013, the Grant and Loan Programs Fund had a fund balance of \$673 million, all of which was restricted for specific purposes. Fund balance increased by \$33 million during the fiscal year.

### **Proprietary Funds**

The State's Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds has been provided in that section.

## Fiduciary Funds

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2013, the net positions of the State's Fiduciary funds totaled \$26.9 billion, an increase of \$2.0 billion when compared to the prior year ending net position.

## Budgetary Highlights-General Fund

For fiscal year 2013, the General Fund had an estimated budget surplus of \$3 million at the start of the fiscal year. However, due to higher than initially estimated revenues of \$223 million, mainly tax revenues, and budgetary spending adjustments resulting in expenditure savings of \$138 million, the fund had an estimated budget surplus of \$364 million by the end of the fiscal year.

Although actual fund revenues exceeded expenditures by \$379 million, this excess was increased by other financing sources of \$19 million (\$18 million being the net amount of appropriations continued from the previous fiscal year to the next fiscal year), resulting in an actual budget surplus of \$398 million.

Actual revenues were higher than originally budgeted by \$262 million for the fiscal year. This increase resulted mainly from higher than originally budgeted tax revenue of \$144 million, consisting mainly of income and inheritance taxes. Final budgeted appropriations were higher than originally budgeted by \$144 million. This increase resulted mainly from higher than originally budgeted appropriations for human services of \$87 million, particularly Medicaid appropriations.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totaled \$15.8 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$1.2 billion, due mainly to an increase in governmental activities' capital assets of \$1.0 billion or 9.3 percent.

Major capital asset events for governmental activities during the fiscal year include additions to buildings and infrastructure of \$1.2 billion and depreciation expense of \$956 million.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,666	\$ 1,639	\$ 70	\$ 65	\$ 1,736	\$ 1,704
Buildings	1,889	1,449	2,734	2,512	4,623	3,961
Improvements Other than Buildings	156	167	244	245	399	412
Equipment	77	66	337	352	414	418
Infrastructure	5,200	5,060	-	-	5,200	5,060
Construction in Progress	3,000	2,585	424	423	3,424	3,008
Total	<u>\$ 11,987</u>	<u>\$ 10,966</u>	<u>\$ 3,809</u>	<u>\$ 3,597</u>	<u>\$ 15,796</u>	<u>\$ 14,563</u>

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

## Long-Term Debt -Bonded Debt

At the end of the current fiscal year, the State had total bonded debt of \$20.5 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 14,228	\$ 13,965	\$ -	\$ -	\$ 14,228	\$ 13,965
Transportation Related Bonds	3,462	3,287	-	-	3,462	3,287
Revenue Bonds	-	-	1,377	1,439	1,377	1,439
Long-Term Notes	573	748	-	-	573	748
Premiums and deferred amounts	816	709	89	46	905	755
Total	<u>\$ 19,079</u>	<u>\$ 18,709</u>	<u>\$ 1,466</u>	<u>\$ 1,485</u>	<u>\$ 20,545</u>	<u>\$ 20,194</u>

The State's total bonded debt increased by \$351 million (1.7 percent) during the current fiscal year. This increase resulted mainly from an increase in general obligation bonds of \$263 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of July 2013, the State had a debt incurring margin of \$4.0 billion.

## Other Long-Term Debt

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012*	2013	2012*
Net Pension Obligation	\$ 2,533	\$ 2,496	\$ -	\$ -	\$ 2,533	\$ 2,496
Net OPEB Obligation	6,682	5,756	-	-	6,682	5,756
Compensated Absences	516	542	160	156	676	698
Workers Compensation	588	560	-	-	588	560
Federal Loan Payable	-	-	574	632	574	632
Other	100	113	221	191	321	304
Total	<u>\$ 10,419</u>	<u>\$ 9,467</u>	<u>\$ 955</u>	<u>\$ 979</u>	<u>\$ 11,374</u>	<u>\$ 10,446</u>

\* Restated for comparative purposes. See note 23.

The State's other long-term obligations increased by \$928 million (8.9 percent) during the fiscal year. This increase was due mainly to an increase in the net OPEB obligation (Governmental activities) of \$926 million or 16.1 percent. Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

## **Economic Factors and Next Year's Budget**

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut that began in the first half of 2008. These job losses persisted until the start of 2010 and claimed 121,200 payroll positions, which is just over 6 percent of Connecticut's labor force. By the close of Fiscal Year 2013, Connecticut had regained half of the jobs lost to recession. This is a slower pace of recovery than the State had experienced in past post-recession periods. The overall growth rate of the national economy has been slowing over the past several decades, and Connecticut's economy has been following that same slower growth trend. From 1950 through the mid-1980s, there were numerous double-digit periods of volatile growth in U.S. Gross Domestic Product (GDP). Since that time, there has been a gradual downward slope in the GDP rate of growth with lower variances between the highs and lows. Likewise, Connecticut's personal income and employment growth rates have been moderating over time. In Connecticut, as in many other states, these economic trends have resulted in higher tax rates and the imposition of tighter budget spending controls. Connecticut has kept its tax rates competitive with other states in the region.

The national economy as measured by real GDP grew at a moderate rate of just under 2 percent on an averaged quarterly basis during Fiscal Year 2013. Growth was especially slow during the middle half of Fiscal Year 2013, but improved significantly in the final quarter with growth of 2.5 percent. The national economy has posted growth in excess of 3 percent in the first half of the new fiscal year and the outlook is for continued moderate growth.

At the end of Fiscal Year 2013, Connecticut's personal income was growing at a quarterly annualized rate of better than 5 percent. However, the fiscal year also posted quarters of negative state income growth. Personal income in Connecticut grew at a rate of 0.8 percent (annualized rate of 3.2 percent) between the second and third quarters of 2013. This ranked Connecticut 37<sup>th</sup> nationally in income growth.

Connecticut added 10,500 jobs in Fiscal Year 2013. Job growth in calendar year 2013 exceeded the pace set in 2012. At this writing, the State has been averaging just below 1,000 job additions per month. The strongest employment sector in the State has been education and health services followed by construction. The weakest job sector has continued to be manufacturing. Job losses have also been recorded in financial activities and government.

Fiscal Year 2014 was initially budgeted with a General Fund surplus of just over \$4 million. At this writing, the State is anticipating a General Fund surplus in excess of \$500 million. The primary reason for surplus growth is better than expected estimated income tax payments. A strong stock market in 2013 has produced the higher tax receipts.

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

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

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# *Basic Financial Statements*

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## Statement of Net Position

June 30, 2013

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 708,012	\$ 606,893	\$ 1,314,905	\$ 221,398
Deposits with U.S. Treasury	-	217,511	217,511	-
Investments	110,126	56,714	166,840	399,493
Receivables, (Net of Allowances)	2,278,669	727,023	3,005,692	95,015
Due from Primary Government	-	-	-	7,220
Inventories	49,884	14,715	64,599	6,644
Restricted Assets	-	48,451	48,451	1,815,989
Internal Balances	(209,038)	209,038	-	-
Other Current Assets	15,496	36,763	52,259	4,744
Total Current Assets	2,953,149	1,917,108	4,870,257	2,550,503
Noncurrent Assets:				
Cash and Cash Equivalents	-	326,204	326,204	-
Due From Component Units	27,068	-	27,068	-
Investments	-	55,137	55,137	197,625
Receivables, (Net of Allowances)	439,936	846,677	1,286,613	179,664
Restricted Assets	660,113	597,399	1,257,512	4,231,321
Capital Assets, (Net of Accumulated Depreciation)	11,986,810	3,808,981	15,795,791	399,938
Other Noncurrent Assets	82,783	30,100	112,883	21,264
Total Noncurrent Assets	13,196,710	5,664,498	18,861,208	5,029,812
Total Assets	16,149,859	7,581,606	23,731,465	7,580,315
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	17,576	20,454	38,030	202,181
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	734,467	272,668	1,007,135	81,125
Due to Component Units	7,219	-	7,219	-
Due to Other Governments	141,981	8,730	150,711	-
Current Portion of Long-Term Obligations	1,769,576	168,279	1,937,855	357,271
Amount Held for Institutions	-	-	-	507,778
Unearned Revenue	21,933	230,411	252,344	1,385
Medicaid Liability	518,853	-	518,853	-
Liability for Escheated Property	266,524	-	266,524	-
Other Current Liabilities	70,500	35,729	106,229	66,380
Total Current Liabilities	3,531,053	715,817	4,246,870	1,013,939
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	27,728,358	2,252,208	29,980,566	4,785,342
Total Noncurrent Liabilities	27,728,358	2,252,208	29,980,566	4,785,342
Total Liabilities	31,259,411	2,968,025	34,227,436	5,799,281
<b>Net Position</b>				
Net Investment in Capital Assets	5,824,691	3,178,740	9,003,431	242,646
Restricted For:				
Transportation	136,659	-	136,659	-
Debt Service	628,388	18,781	647,169	59,545
Federal Grants and Other Accounts	349,380	-	349,380	-
Capital Projects	286,293	156,489	442,782	-
Grant and Loan Programs	686,250	-	686,250	-
Clean Water and Drinking Water Projects	-	638,501	638,501	-
Bond Indenture Requirements	-	2,112	2,112	985,150
Loans	-	3,263	3,263	-
Permanent Investments or Endowments:				
Expendable	-	-	-	102,723
Nonexpendable	102,586	12,234	114,820	306,230
Other Purposes	93,344	168,150	261,494	43,546
Unrestricted (Deficit)	(23,199,567)	455,765	(22,743,802)	243,375
Total Net Position (Deficit)	\$ (15,091,976)	\$ 4,634,035	\$ (10,457,941)	\$ 1,983,215

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

# Statement of Activities

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
Legislative	\$ 106,349	\$ 2,618	\$ -	\$ -
General Government	2,036,173	526,137	89,571	-
Regulation and Protection	868,187	606,854	296,699	-
Conservation and Development	665,365	64,468	14,231	-
Health and Hospitals	2,540,349	74,398	185,071	-
Transportation	1,572,755	70,872	-	767,793
Human Services	7,471,625	47,195	4,783,357	-
Education, Libraries, and Museums	4,490,144	42,101	500,960	-
Corrections	1,976,657	9,471	112,878	-
Judicial	893,860	131,442	9,636	-
Interest and Fiscal Charges	779,515	-	-	-
Total Governmental Activities	<u>23,400,979</u>	<u>1,575,556</u>	<u>5,992,403</u>	<u>767,793</u>
Business-Type Activities:				
University of Connecticut & Health Center	1,872,131	1,070,641	221,663	11,675
State Universities	666,417	368,480	58,443	39,939
Connecticut Community Colleges	488,496	105,023	109,438	-
Bradley International Airport	67,353	63,828	-	7,109
Employment Security	1,514,674	852,214	734,518	-
Clean Water	50,194	25,350	39,081	-
Other	58,989	62,852	9,677	-
Total Business-Type Activities	<u>4,718,254</u>	<u>2,548,388</u>	<u>1,172,820</u>	<u>58,723</u>
Total Primary Government	<u>\$ 28,119,233</u>	<u>\$ 4,123,944</u>	<u>\$ 7,165,223</u>	<u>\$ 826,516</u>
<b>Component Units</b>				
Connecticut Housing Finance Authority (12-31-12)	\$ 209,712	\$ 194,644	\$ -	\$ -
Connecticut Lottery Corporation	1,134,983	1,122,777	-	-
Other	314,487	230,274	16,843	30,905
Total Component Units	<u>\$ 1,659,182</u>	<u>\$ 1,547,695</u>	<u>\$ 16,843</u>	<u>\$ 30,905</u>
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Lottery Tickets				
Unrestricted Investment Earnings				
Contributions to Endowments				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Position				
Net Position (Deficit)- Beginning (as restated)				
Net Position (Deficit)- Ending				

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

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (103,731)	\$ -	\$ (103,731)	\$ -
(1,420,465)	-	(1,420,465)	-
35,366	-	35,366	-
(586,666)	-	(586,666)	-
(2,280,880)	-	(2,280,880)	-
(734,090)	-	(734,090)	-
(2,641,073)	-	(2,641,073)	-
(3,947,083)	-	(3,947,083)	-
(1,854,308)	-	(1,854,308)	-
(752,782)	-	(752,782)	-
(779,515)	-	(779,515)	-
(15,065,227)	-	(15,065,227)	-
-	(568,152)	(568,152)	-
-	(199,555)	(199,555)	-
-	(274,035)	(274,035)	-
-	3,584	3,584	-
-	72,058	72,058	-
-	14,237	14,237	-
-	13,540	13,540	-
-	(938,323)	(938,323)	-
(15,065,227)	(938,323)	(16,003,550)	-
-	-	-	(15,068)
-	-	-	(12,206)
-	-	-	(36,465)
-	-	-	(63,739)
7,743,804	-	7,743,804	-
558,287	-	558,287	-
3,953,768	-	3,953,768	-
2,327,754	-	2,327,754	-
693,444	-	693,444	-
79,000	-	79,000	-
296,396	-	296,396	-
123,745	-	123,745	-
312,100	-	312,100	-
3,942	16,742	20,684	46,877
-	-	-	48,414
(1,088,125)	1,088,125	-	-
15,004,115	1,104,867	16,108,982	95,291
(61,112)	166,544	105,432	31,552
(15,030,864)	4,467,491	(10,563,373)	1,951,663
\$ (15,091,976)	\$ 4,634,035	\$ (10,457,941)	\$ 1,983,215

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

### ***Major Funds:***

#### ***General Fund:***

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

#### ***Debt Service Fund:***

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

#### ***Transportation Fund:***

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

#### ***Restricted Grants and Accounts Fund:***

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

#### ***Grant and Loan Programs Fund:***

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

### ***Nonmajor Funds:***

Nonmajor governmental funds are presented, by fund type beginning on page 94.

**Balance Sheet**  
**Governmental Funds**  
June 30, 2013  
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 171,897	\$ 5,570	\$ 335,064	\$ 184,465	\$ 696,996
Investments	2,944	-	-	-	-	107,182	110,126
Securities Lending Collateral	-	-	-	-	-	15,334	15,334
Receivables:							
Taxes, Net of Allowances	1,330,477	-	42,612	-	-	-	1,373,089
Accounts, Net of Allowances	276,577	-	7,735	17,721	13,131	15,465	330,629
Loans, Net of Allowances	3,419	-	-	12,565	310,735	113,217	439,936
From Other Governments	325,392	-	-	236,491	-	7,868	569,751
Interest	-	1,134	47	-	-	-	1,181
Other	-	-	-	-	-	39	39
Due from Other Funds	26,181	-	1,134	306,549	44,765	502,128	880,757
Due from Component Units	27,068	-	-	-	-	-	27,068
Inventories	15,502	-	30,683	-	-	-	46,185
Restricted Assets	-	660,113	-	-	-	-	660,113
Total Assets	<u>\$ 2,007,560</u>	<u>\$ 661,247</u>	<u>\$ 254,108</u>	<u>\$ 578,896</u>	<u>\$ 703,695</u>	<u>\$ 945,698</u>	<u>\$ 5,151,204</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 284,406	\$ -	\$ 22,922	\$ 186,452	\$ 10,107	\$ 61,086	\$ 564,973
Due to Other Funds	903,450	1,134	-	2,092	24	180,516	1,087,216
Due to Component Units	-	-	-	190	7,029	-	7,219
Due to Other Governments	124,609	-	-	17,372	-	-	141,981
Unearned Revenue	443,567	-	2,643	13,331	13,065	23,559	496,165
Medicaid Liability	518,853	-	-	-	-	-	518,853
Liability For Escheated Property	266,524	-	-	-	-	-	266,524
Securities Lending Obligation	-	-	-	-	-	15,334	15,334
Other Liabilities	54,773	-	-	392	-	-	55,165
Total Liabilities	<u>2,596,182</u>	<u>1,134</u>	<u>25,565</u>	<u>219,829</u>	<u>30,225</u>	<u>280,495</u>	<u>3,153,430</u>
<b>Fund Balances</b>							
Nonspendable:							
Inventories/Long-Term Receivables	45,990	-	30,683	-	-	-	76,673
Permanent Fund Principal	-	-	-	-	-	102,712	102,712
Restricted For:							
Debt Service	-	660,113	-	-	-	-	660,113
Transportation Programs	-	-	121,360	-	-	-	121,360
Federal Grant and State Programs	-	-	-	359,067	-	-	359,067
Grants and Loans	-	-	-	-	662,870	-	662,870
Other	-	-	-	-	-	548,705	548,705
Committed For:							
Continuing Appropriations	90,950	-	-	-	-	-	90,950
Budget Reserve Fund	270,689	-	-	-	-	-	270,689
Future Budget Years	220,800	-	-	-	-	-	220,800
Budgetary Transfer to General Fund on FY 2014	-	-	76,500	-	-	-	76,500
Assigned To:							
Grants and Loans	-	-	-	-	10,600	-	10,600
Other	-	-	-	-	-	20,316	20,316
Unassigned	(1,217,051)	-	-	-	-	(6,530)	(1,223,581)
Total Fund Balances	<u>(588,622)</u>	<u>660,113</u>	<u>228,543</u>	<u>359,067</u>	<u>673,470</u>	<u>665,203</u>	<u>1,997,774</u>
Total Liabilities and Fund Balances	<u>\$ 2,007,560</u>	<u>\$ 661,247</u>	<u>\$ 254,108</u>	<u>\$ 578,896</u>	<u>\$ 703,695</u>	<u>\$ 945,698</u>	<u>\$ 5,151,204</u>



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

June 30, 2013

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 1,997,774

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

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

Buildings	3,615,871	
Equipment	2,184,276	
Infrastructure	13,653,034	
Other Capital Assets	5,155,894	
Accumulated Depreciation	<u>(12,662,250)</u>	11,946,825

Debt issue costs are recorded as expenditures in the funds. However,  
these costs are deferred (reported as other assets) and amortized over the  
life of the bonds in the Statement of Net Position. 82,783

Some of the state's revenues will be collected after year-end but are not  
available soon enough to pay for the current period's expenditures  
and therefore are deferred in the funds. 474,527

Internal service funds are used by management to charge the costs of  
certain activities to individual funds. The assets and liabilities of the internal  
service funds are included in governmental activities in the Statement of  
Net Position. 47,269

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

Net Pension Obligation	(2,533,254)	
Net OPEB Obligation	(6,682,308)	
Worker's Compensation	(587,652)	
Capital Leases	(38,218)	
Compensated Absences	(513,709)	
Claims and Judgments	<u>(43,522)</u>	(10,398,663)

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

Bonds and Notes Payable	(18,263,468)	
Unamortized Premiums	(996,394)	
Less: Deferred Loss on Refundings	180,876	
Accrued Interest Payable	<u>(163,505)</u>	<u>(19,242,491)</u>

Net Position of Governmental Activities \$ (15,091,976)

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

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
For The Fiscal Year Ended June 30, 2013  
(Expressed in Thousands)**

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>							
Taxes	\$ 14,621,403	\$ -	\$ 773,600	\$ -	\$ -	\$ -	\$ 15,395,003
Licenses, Permits, and Fees	246,479	-	316,887	14,777	-	38,989	617,132
Tobacco Settlement	-	-	-	-	-	123,745	123,745
Federal Grants and Aid	4,404,671	-	12,415	2,246,040	-	97,070	6,760,196
Lottery Tickets	312,100	-	-	-	-	-	312,100
Charges for Services	36,294	-	67,305	-	9	14	103,622
Fines, Forfeits, and Rents	54,275	-	19,340	-	-	937	74,552
Casino Gaming Payments	296,396	-	-	-	-	-	296,396
Investment Earnings (Loss)	(2,100)	(5,372)	540	1,163	3,187	5,624	3,042
Interest on Loans	-	-	-	-	-	58	58
Miscellaneous	165,220	-	6,960	513,011	7,282	112,027	804,500
Total Revenues	<u>20,134,738</u>	<u>(5,372)</u>	<u>1,197,047</u>	<u>2,774,991</u>	<u>10,478</u>	<u>378,464</u>	<u>24,490,346</u>
<b>Expenditures</b>							
Current:							
Legislative	106,783	-	-	2,852	-	-	109,635
General Government	883,553	-	6,354	439,431	598,409	68,289	1,996,036
Regulation and Protection	401,286	-	87,053	201,184	12,158	181,382	883,063
Conservation and Development	191,440	-	-	153,079	217,835	105,949	668,303
Health and Hospitals	2,249,178	-	-	211,403	7,511	4,050	2,472,142
Transportation	-	-	723,137	776,239	8,886	-	1,508,262
Human Services	6,656,541	-	390	538,496	7,384	11,185	7,213,996
Education, Libraries, and Museums	3,691,779	-	-	512,477	16,936	5,127	4,226,319
Corrections	1,930,364	-	-	20,634	4,803	2,488	1,958,289
Judicial	829,453	-	-	18,319	-	45,504	893,276
Capital Projects	-	-	-	-	-	757,001	757,001
Debt Service:							
Principal Retirement	1,201,548	313,735	-	-	-	-	1,515,283
Interest and Fiscal Charges	596,328	153,872	7,157	123,713	2,973	4,200	888,243
Total Expenditures	<u>18,738,253</u>	<u>467,607</u>	<u>824,091</u>	<u>2,997,827</u>	<u>876,895</u>	<u>1,185,175</u>	<u>25,089,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,396,485</u>	<u>(472,979)</u>	<u>372,956</u>	<u>(222,836)</u>	<u>(866,417)</u>	<u>(806,711)</u>	<u>(599,502)</u>
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	-	-	-	-	894,852	907,438	1,802,290
Premiums on Bonds Issued	-	32,827	-	-	42,884	141,084	216,795
Transfers In	133,889	430,772	98,916	210,599	4,000	75,022	953,198
Transfers Out	(1,212,011)	(3,863)	(452,272)	(22,567)	(41,911)	(308,699)	(2,041,323)
Refunding Bonds Issued	-	194,890	-	-	-	-	194,890
Payment to Refunded Bond Escrow Agent	-	(224,910)	-	-	-	-	(224,910)
Capital Lease Obligations	3,556	-	-	-	-	-	3,556
Total Other Financing Sources (Uses)	<u>(1,074,566)</u>	<u>429,716</u>	<u>(353,356)</u>	<u>188,032</u>	<u>899,825</u>	<u>814,845</u>	<u>904,496</u>
Net Change in Fund Balances	<u>321,919</u>	<u>(43,263)</u>	<u>19,600</u>	<u>(34,804)</u>	<u>33,408</u>	<u>8,134</u>	<u>304,994</u>
Fund Balances (Deficit) - Beginning	(912,421)	703,376	208,931	393,871	640,062	657,069	1,690,888
Change in Reserve for Inventories	1,880	-	12	-	-	-	1,892
Fund Balances (Deficit) - Ending	<u>\$ (588,622)</u>	<u>\$ 660,113</u>	<u>\$ 228,543</u>	<u>\$ 359,067</u>	<u>\$ 673,470</u>	<u>\$ 665,203</u>	<u>\$ 1,997,774</u>

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

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

June 30, 2013

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	304,994
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long term-liabilities in the Statement of Net Position. Bond proceeds were received this year from:

Bonds Issued	(1,802,290)	
Refunding Bonds Issued	(194,890)	
Premium on Bonds Issued	(216,795)	(2,213,975)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Long-term debt repayments this year consisted of:

Principal Retirement	1,515,283	
Payments to Refunded Bond Escrow Agent (\$5,367 reported in debt service)	230,277	
Capital Lease Payments	8,097	1,753,657

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

(3,556)

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

Capital Outlays	1,982,664	
Depreciation Expense	(949,828)	
Retirements	(21,259)	1,011,577

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

1,892

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in Accrued Interest	6,600	
Decrease in Interest Accreted on Capital Appreciation Debt	7,780	
Amortization of Bond Premium	119,323	
Amortization of Loss on Debt Refundings	(29,633)	
Decrease in Compensated Absences Liability	26,360	
Increase in Workers Compensation Liability	(28,106)	
Decrease in Claims and Judgments Liability	1,420	
Increase in Net Pension Obligation	(37,065)	
Increase in Net OPEB Obligation	(926,578)	(859,899)

Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues decreased by this amount this year.

(62,351)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.

7,259

Debt issue costs are recorded as expenditures in the governmental funds. However, these costs are amortized over the life of the bonds in the Statement of Activities.

In the current year, these amounts are:

Debt Issue Costs Payments	8,546	
Amortization of Debt Issue Costs	(9,256)	(710)

Change in Net Position of Governmental Activities	\$	<u>(61,112)</u>
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*The accompanying notes are an integral part of the financial statements.*

# Statement of Revenues, Expenditures, and Changes in Fund Balances

## Budget and Actual - Non-GAAP Budgetary Basis

### General and Transportation Funds

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	General Fund			Variance with Final Budget positive (negative)
	Budget			
Revenues	Original	Final	Actual	
Budgeted:				
Taxes, Net of Refunds	\$ 14,408,165	\$ 14,510,400	\$ 14,552,684	\$ 42,284
Casino Gaming Payments	336,200	296,400	296,396	(4)
Licenses, Permits, and Fees	258,821	262,100	262,068	(32)
Other	308,198	346,700	343,465	(3,235)
Federal Grants	3,629,044	3,733,900	3,733,910	10
Refunds of Payments	(50,000)	(74,000)	(74,016)	(16)
Operating Transfers In	398,200	408,600	418,552	9,952
Operating Transfers Out	(61,800)	(61,800)	(61,800)	-
Transfer from the Resources of the General Fund	(83,659)	(56,300)	(66,228)	(9,928)
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	19,143,169	19,366,000	19,405,031	39,031
Expenditures				
Budgeted:				
Legislative	76,677	77,357	66,533	10,824
General Government	620,136	624,132	593,367	30,765
Regulation and Protection	256,341	275,847	261,787	14,060
Conservation and Development	140,825	141,732	133,083	8,649
Health and Hospitals	1,837,970	1,855,201	1,801,952	53,249
Transportation	-	-	-	-
Human Services	5,907,886	5,995,496	5,931,567	63,929
Education, Libraries, and Museums	4,399,409	4,404,570	4,328,894	75,676
Corrections	1,450,944	1,479,295	1,408,761	70,534
Judicial	544,995	546,752	534,512	12,240
Non Functional	4,151,574	4,129,697	3,965,211	164,486
Total Expenditures	19,386,757	19,530,079	19,025,667	504,412
Appropriations Lapsed	116,349	396,839	-	(396,839)
Excess (Deficiency) of Revenues				
Over Expenditures	(127,239)	232,760	379,364	146,604
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	130,351	130,351	130,351	-
Appropriations Continued to Fiscal Year 2014	-	-	(112,402)	(112,402)
Miscellaneous Adjustments	-	724	722	(2)
Total Other Financing Sources (Uses)	130,351	131,075	18,671	(112,404)
Net Change in Fund Balance	\$ 3,112	\$ 363,835	398,035	\$ 34,200
Budgetary Fund Balances - July 1			134,575	
Changes in Reserves			(17,950)	
Budgetary Fund Balances - June 30			\$ 514,660	

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

**Transportation Fund**

<b>Budget</b>		<b>Variance with Final Budget positive (negative)</b>	
<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	
\$ 765,500	\$ 768,100	\$ 773,575	\$ 5,475
-	-	-	-
371,300	372,500	371,767	(733)
6,000	3,100	4,138	1,038
13,100	12,400	12,416	16
(3,400)	(3,200)	(3,154)	46
102,659	95,245	95,245	-
(6,500)	(6,500)	(6,500)	-
-	-	-	-
(15,000)	(15,000)	(15,000)	-
<u>1,233,659</u>	<u>1,226,645</u>	<u>1,232,487</u>	<u>5,842</u>
-	-	-	-
7,335	7,335	6,272	1,063
67,181	67,181	52,893	14,288
-	-	-	-
-	-	-	-
579,943	582,412	553,792	28,620
210	210	210	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>630,616</u>	<u>628,147</u>	<u>600,877</u>	<u>27,270</u>
1,285,285	1,285,285	1,214,044	71,241
<u>11,000</u>	<u>29,933</u>	<u>-</u>	<u>(29,933)</u>
-	-	-	-
<u>(40,626)</u>	<u>(28,707)</u>	<u>18,443</u>	<u>47,150</u>
41,615	41,615	41,615	-
-	-	(41,308)	(41,308)
-	47	47	-
<u>41,615</u>	<u>41,662</u>	<u>354</u>	<u>(41,308)</u>
<u>\$ 989</u>	<u>\$ 12,955</u>	18,797	<u>\$ 5,842</u>
		187,431	
		(307)	
		<u>\$ 205,921</u>	

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

### ***Major Funds:***

#### ***University of Connecticut and Health Center:***

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

#### ***State Universities:***

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

#### ***Connecticut Community Colleges:***

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

#### ***Bradley International Airport:***

The airport is owned by the State of Connecticut and is operated by the Bureau of Aviation and Ports of the State of Connecticut, Department of Transportation and the Board of Directors of the Airport. In 1982, the State issued the Airport, 1982 series Revenue Bonds in the aggregate principal amount of \$100,000,000 and established the Airport as an enterprise fund. The State also donated in the same year capital assets having a net book value of \$33.3 million to the enterprise fund.

#### ***Employment Security:***

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

#### ***Clean Water:***

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

#### ***Nonmajor Funds:***

Nonmajor proprietary funds are presented, by fund type beginning on page 116.

## Statement of Net Position Proprietary Funds

June 30, 2013

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges	Bradley International Airport
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 289,584	\$ 178,566	\$ 79,111	\$ 18,270
Deposits with U.S. Treasury	-	-	-	-
Investments	649	56,065	-	-
Receivables:				
Accounts, Net of Allowances	129,650	181,467	10,059	5,820
Loans, Net of Allowances	1,838	3,647	-	-
Interest	-	-	-	-
From Other Governments	-	3,178	-	2,811
Due from Other Funds	81,584	27,510	118,897	-
Inventories	14,715	-	-	-
Restricted Assets	41,030	-	-	7,421
Other Current Assets	32,086	3,578	203	892
Total Current Assets	591,136	454,011	208,270	35,214
Noncurrent Assets:				
Cash and Cash Equivalents	1,438	130,706	-	-
Investments	10,614	28,155	-	-
Receivables:				
Loans, Net of Allowances	10,374	8,873	359	-
Restricted Assets	400	-	-	133,588
Capital Assets, Net of Accumulated Depreciation	1,872,472	958,677	657,917	290,755
Other Noncurrent Assets	2,502	155	-	9,897
Total Noncurrent Assets	1,897,800	1,126,566	658,276	434,240
Total Assets	2,488,936	1,580,577	866,546	469,454
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	20,454
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	154,178	46,456	39,757	8,286
Due to Other Funds	10,889	3,610	-	4,674
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	58,732	20,684	3,871	5,955
Unearned Revenue	30,230	194,600	3,563	2,018
Other Current Liabilities	23,269	12,167	293	-
Total Current Liabilities	277,298	277,517	47,484	20,933
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	323,489	317,519	36,861	153,809
Total Noncurrent Liabilities	323,489	317,519	36,861	153,809
Total Liabilities	600,787	595,036	84,345	174,742
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	1,557,181	822,230	657,917	149,648
Restricted For:				
Debt Service	7,279	-	-	6,994
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	64,245	-	-	92,244
Nonexpendable Purposes	11,902	312	20	-
Bond Indentures	-	-	-	2,112
Loans	3,263	-	-	-
Other Purposes	22,645	36,416	109,089	-
Unrestricted (Deficit)	221,634	126,583	15,175	64,168
Total Net Position (Deficit)	\$ 1,888,149	\$ 985,541	\$ 782,201	\$ 315,166

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



<b>Business-Type Activities</b>				<b>Governmental</b>
<b>Enterprise Funds</b>				<b>Activities</b>
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 2,509	\$ 1,822	\$ 37,031	\$ 606,893	\$ 11,016
217,511	-	-	217,511	-
-	-	-	56,714	-
187,885	-	7,821	522,702	173
-	169,071	10,286	184,842	-
-	5,461	277	5,738	-
6,681	312	759	13,741	-
570	-	-	228,561	4,324
-	-	-	14,715	3,699
-	-	-	48,451	-
-	-	4	36,763	162
415,156	176,666	56,178	1,936,631	19,374
-	152,217	41,843	326,204	-
-	16,368	-	55,137	-
-	768,667	58,404	846,677	-
-	388,756	74,655	597,399	-
-	-	29,160	3,808,981	39,985
-	16,124	1,422	30,100	-
-	1,342,132	205,484	5,664,498	39,985
415,156	1,518,798	261,662	7,601,129	59,359
-	-	-	20,454	-
9	11,583	12,399	272,668	1,716
350	-	-	19,523	7,370
8,730	-	-	8,730	-
-	70,603	8,434	168,279	96
-	-	-	230,411	295
-	-	-	35,729	-
9,089	82,186	20,833	735,340	9,477
574,312	739,823	106,395	2,252,208	2,613
574,312	739,823	106,395	2,252,208	2,613
583,401	822,009	127,228	2,987,548	12,090
-	-	(8,236)	3,178,740	39,984
-	-	4,508	18,781	-
-	527,824	110,677	638,501	-
-	-	-	156,489	-
-	-	-	12,234	-
-	-	-	2,112	-
-	-	-	3,263	-
-	-	-	168,150	-
(168,245)	168,965	27,485	455,765	7,285
\$ (168,245)	\$ 696,789	\$ 134,434	\$ 4,634,035	\$ 47,269

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges	Bradley International Airport
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 908,540	\$ 348,042	\$ 97,187	\$ 47,629
Assessments	-	-	-	-
Federal Grants, Contracts, and Other Aid	179,366	43,540	91,086	-
State Grants, Contracts, and Other Aid	25,898	11,836	15,535	-
Private Gifts and Grants	42,805	3,067	2,817	-
Interest on Loans	-	-	-	-
Other	110,687	17,664	4,853	-
Total Operating Revenues	1,267,296	424,149	211,478	47,629
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	1,586,193	582,715	420,951	43,604
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	124,078	54,976	27,436	17,671
Other	152,403	20,945	40,109	-
Total Operating Expenses	1,862,674	658,636	488,496	61,275
Operating Income (Loss)	(595,378)	(234,487)	(277,018)	(13,646)
<b>Nonoperating Revenue (Expenses)</b>				
Interest and Investment Income	968	1,138	145	270
Interest and Fiscal Charges	(9,457)	(7,781)	-	(6,078)
Other - Net	25,008	2,774	2,983	16,199
Total Nonoperating Revenues (Expenses)	16,519	(3,869)	3,128	10,391
Income (Loss) Before Capital Contributions, Grants, and Transfers	(578,859)	(238,356)	(273,890)	(3,255)
Capital Contributions	11,675	39,939	-	7,109
Federal Capitalization Grants	-	-	-	-
Transfers In	521,827	294,832	274,389	10,483
Transfers Out	-	-	-	-
Change in Net Position	(45,357)	96,415	499	14,337
Total Net Position (Deficit) - Beginning (as restated)	1,933,506	889,126	781,702	300,829
Total Net Position (Deficit) - Ending	\$ 1,888,149	\$ 985,541	\$ 782,201	\$ 315,166

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

<b>Business-Type Activities</b>				<b>Governmental</b>
<b>Enterprise Funds</b>				<b>Activities</b>
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
\$ -	\$ -	\$ 23,010	\$ 1,424,408	\$ 53,106
848,220	-	37,482	885,702	-
719,898	-	-	1,033,890	-
14,620	-	-	67,889	-
-	-	-	48,689	-
-	17,660	1,535	19,195	-
3,994	-	825	138,023	88
<u>1,586,732</u>	<u>17,660</u>	<u>62,852</u>	<u>3,617,796</u>	<u>53,194</u>
-	858	18,832	2,653,153	39,188
1,514,674	-	-	1,514,674	-
-	-	30,908	30,908	-
-	-	1,215	225,376	6,297
-	10,113	1,770	225,340	-
<u>1,514,674</u>	<u>10,971</u>	<u>52,725</u>	<u>4,649,451</u>	<u>45,485</u>
<u>72,058</u>	<u>6,689</u>	<u>10,127</u>	<u>(1,031,655)</u>	<u>7,709</u>
-	13,096	1,125	16,742	3
-	(39,223)	(5,676)	(68,215)	-
-	7,690	(588)	54,066	(453)
-	(18,437)	(5,139)	2,593	(450)
<u>72,058</u>	<u>(11,748)</u>	<u>4,988</u>	<u>(1,029,062)</u>	<u>7,259</u>
-	-	-	58,723	-
-	39,081	9,677	48,758	-
-	989	-	1,102,520	-
(3,665)	-	(10,730)	(14,395)	-
68,393	28,322	3,935	166,544	7,259
(236,638)	668,467	130,499	4,467,491	40,010
<u>\$ (168,245)</u>	<u>\$ 696,789</u>	<u>\$ 134,434</u>	<u>\$ 4,634,035</u>	<u>\$ 47,269</u>

## Statement of Cash Flows

## Proprietary Funds

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Connecticut Community Colleges	Bradley International Airport
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 890,645	\$ 337,010	\$ 95,679	\$ 47,207
Payments to Suppliers	(521,251)	(169,812)	(80,784)	(24,378)
Payments to Employees	(1,118,928)	(427,166)	(349,147)	(17,871)
Other Receipts (Payments)	320,644	84,519	74,553	-
Net Cash Provided by (Used in) Operating Activities	(428,890)	(175,449)	(259,699)	4,958
<b>Cash Flows from Noncapital Financing Activities</b>				
Proceeds from Bonds Payable	-	-	-	-
Retirement of Bonds and Annuities Payable	-	-	-	-
Interest on Bonds and Annuities Payable	-	-	-	-
Transfers In	405,340	217,440	226,192	10,483
Transfers Out	-	-	-	-
Other Receipts (Payments)	29,024	5,050	13,095	-
Net Cash Flows from Noncapital Financing Activities	434,364	222,490	239,287	10,483
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	(238,476)	(93,894)	(13,174)	(11,875)
Proceeds from Capital Debt	-	34,060	-	-
Principal Paid on Capital Debt	(61,905)	(16,211)	-	(14,245)
Interest Paid on Capital Debt	(52,254)	(10,300)	-	(6,106)
Transfer In	161,241	75,673	47,473	-
Federal Grant	-	-	-	-
Capital Contributions	-	-	-	5,182
Other Receipts (Payments)	5,875	(293)	(28,187)	31,316
Net Cash Flows from Capital and Related Financing Activities	(185,519)	(10,965)	6,112	4,272
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sales and Maturities of Investments	-	40,703	-	-
Purchase of Investment Securities	(21)	(69,993)	-	(7,360)
Interest on Investments	990	340	153	263
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	2,061	-	-	-
Net Cash Flows from Investing Activities	3,030	(28,950)	153	(7,097)
Net Increase (Decrease) in Cash and Cash Equivalents	(177,015)	7,126	(14,147)	12,616
Cash and Cash Equivalents - Beginning of Year	509,467	302,146	93,258	136,855
Cash and Cash Equivalents - End of Year	\$ 332,452	\$ 309,272	\$ 79,111	\$ 149,471
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ (595,378)	\$ (234,487)	\$ (277,018)	\$ (13,646)
Adjustments not Affecting Cash:				
Depreciation and Amortization	124,078	54,976	27,436	17,671
Other	94,060	35	(10,830)	-
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(16,534)	(7,661)	(3,226)	(422)
(Increase) Decrease in Due from Other Funds	-	-	-	-
(Increase) Decrease in Inventories and Other Assets	(10,056)	(272)	2,488	-
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(25,060)	11,732	1,451	1,355
Increase (Decrease) in Due to Other Funds	-	228	-	-
Total Adjustments	166,488	59,038	17,319	18,604
Net Cash Provided by (Used In) Operating Activities	\$ (428,890)	\$ (175,449)	\$ (259,699)	\$ 4,958
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>				
Cash and Cash Equivalents - Current	\$ 289,584	\$ 178,566		\$ 18,270
Cash and Cash Equivalents - Noncurrent	1,438	130,706		-
Cash and Cash Equivalents - Restricted	41,430	-		131,201
	\$ 332,452	\$ 309,272		\$ 149,471

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

<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
<b>Enterprise Funds</b>				<b>Internal Service Funds</b>	
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other</b>	<b>Totals</b>		
\$ 855,456	\$ 89,165	\$ 65,869	\$ 2,381,031	\$ 51,876	
-	(10,113)	(8,136)	(814,474)	(21,848)	
-	(714)	(11,247)	(1,925,073)	(12,390)	
(849,282)	(124,531)	(35,379)	(529,476)	245	
6,174	(46,193)	11,107	(887,992)	17,883	
-	192,685	1,445	194,130	-	
-	(70,578)	(6,942)	(77,520)	-	
-	(33,057)	(5,381)	(38,438)	-	
-	-	-	859,455	-	
(3,665)	(4,533)	(10,730)	(18,928)	-	
-	(128,961)	(12,566)	(94,358)	(453)	
(3,665)	(44,444)	(34,174)	824,341	(453)	
-	-	(63)	(357,482)	(15,644)	
-	-	-	34,060	-	
-	-	-	(92,361)	-	
-	-	-	(68,660)	-	
-	-	-	284,387	-	
-	57,472	9,228	66,700	-	
-	-	-	5,182	-	
-	-	-	8,711	-	
-	57,472	9,165	(119,463)	(15,644)	
-	-	-	40,703	-	
-	-	-	(77,374)	-	
-	13,242	1,143	16,131	3	
-	21,330	-	21,330	-	
-	(3,121)	11,968	10,908	-	
-	31,451	13,111	11,698	3	
2,509	(1,714)	(791)	(171,416)	1,789	
-	3,536	37,822	1,083,084	9,227	
\$ 2,509	\$ 1,822	\$ 37,031	\$ 911,668	\$ 11,016	
\$ 72,058	\$ 6,689	\$ 10,127	\$ (1,031,655)	\$ 7,709	
-	-	1,215	225,376	6,297	
-	-	-	83,265	-	
(12,790)	(52,882)	(937)	(94,452)	(124)	
1,478	-	-	1,478	(1,105)	
-	-	(758)	(8,598)	292	
(57,706)	-	1,460	(66,768)	4,814	
3,134	-	-	3,362	-	
(65,884)	(52,882)	980	143,663	10,174	
\$ 6,174	\$ (46,193)	\$ 11,107	\$ (887,992)	\$ 17,883	

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

### ***Investment Trust Fund***

#### ***External Investment Pool:***

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

### ***Private Purpose Trust Fund***

#### ***Escheat Securities:***

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

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

Pension (and Other Employee Benefit) Trust Funds, page 124

Agency Funds, page 130

# Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2013

(Expressed in Thousands)

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund External Investment Pool</b>	<b>Private- Purpose Trust Fund Escheat Securities</b>	<b>Agency Funds</b>	<b>Total</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 170,815	\$ -	\$ -	\$ 108,279	\$ 279,094
Receivables:					
Accounts, Net of Allowances	26,298	-	-	9,590	35,888
From Other Governments	347	-	-	-	347
From Other Funds	8,689	-	-	4,233	12,922
Interest	467	932	-	8	1,407
Investments (See Note 4)	25,837,449	866,233	-	-	26,703,682
Inventories	-	-	-	13	13
Securities Lending Collateral	2,500,243	-	-	-	2,500,243
Other Assets	-	76	998	370,253	371,327
Total Assets	<u>28,544,308</u>	<u>867,241</u>	<u>998</u>	<u>\$ 492,376</u>	<u>29,904,923</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	15,448	136	-	\$ 60,235	75,819
Securities Lending Obligation	2,500,243	-	-	-	2,500,243
Due to Other Funds	5,803	-	-	6,653	12,456
Funds Held for Others	-	-	-	425,488	425,488
Total Liabilities	<u>2,521,494</u>	<u>136</u>	<u>-</u>	<u>\$ 492,376</u>	<u>3,014,006</u>
<b>Net Position</b>					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	25,757,326	-	-		25,757,326
Other Employee Benefits (Note 15)	265,488	-	-		265,488
Individuals, Organizations, and Other Governments	-	867,105	998		868,103
Total Net Position	<u>\$ 26,022,814</u>	<u>\$ 867,105</u>	<u>\$ 998</u>		<u>\$ 26,890,917</u>

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



# Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund External Investment Pool</b>	<b>Private- Purpose Trust Fund Escheat Securities</b>	<b>Total</b>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 567,226	\$ -	\$ -	\$ 567,226
State	2,431,310	-	-	2,431,310
Municipalities	116,397	-	-	116,397
Total Contributions	3,114,933	-	-	3,114,933
Investment Income	2,807,525	1,926	-	2,809,451
Less: Investment Expense	(86,710)	(255)	-	(86,965)
Net Investment Income	2,720,815	1,671	-	2,722,486
Escheat Securities Received	-	-	16,346	16,346
Pool's Share Transactions	-	13,073	-	13,073
Other	2,675	-	-	2,675
Total Additions	5,838,423	14,744	16,346	5,869,513
<b>Deductions</b>				
Administrative Expense	3,669	-	-	3,669
Benefit Payments and Refunds	3,855,819	-	-	3,855,819
Escheat Securities Returned or Sold	-	-	16,714	16,714
Distributions to Pool Participants	-	1,671	-	1,671
Other	529	-	(141)	388
Total Deductions	3,860,017	1,671	16,573	3,878,261
Change in Net Position Held In Trust For:				
Pension and Other Employee Benefits	1,978,406	-	-	1,978,406
Individuals, Organizations, and Other Governments	-	13,073	(227)	12,846
Net Position - Beginning	24,044,408	854,032	1,225	24,899,665
Net Position - Ending	\$ 26,022,814	\$ 867,105	\$ 998	\$ 26,890,917

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

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## ***Component Unit Financial Statements***

### ***Major Component Units:***

#### ***Connecticut Housing Finance Authority:***

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

#### ***The Connecticut Lottery Corporation:***

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

### ***Nonmajor:***

The nonmajor component units are presented beginning on page 134.

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# Statement of Net Position

## Component Units

June 30, 2013

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12-31-12)	Connecticut Lottery Corporation	Other Component Units	Total
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 11,164	\$ 210,234	\$ 221,398
Investments	-	18,449	381,044	399,493
Receivables:				
Accounts, Net of Allowances	-	34,498	29,599	64,097
Loans, Net of Allowances	-	-	26,372	26,372
Other	-	2,809	1,737	4,546
Due From Primary Government	-	-	7,220	7,220
Restricted Assets	1,262,966	-	553,023	1,815,989
Inventories	-	-	6,644	6,644
Other Current Assets	-	2,283	2,461	4,744
Total Current Assets	<u>1,262,966</u>	<u>69,203</u>	<u>1,218,334</u>	<u>2,550,503</u>
Noncurrent Assets:				
Investments	-	128,584	69,041	197,625
Accounts, Net of Allowances	-	-	31,615	31,615
Loans, Net of Allowances	-	-	148,049	148,049
Restricted Assets	4,135,034	-	96,287	4,231,321
Capital Assets, Net of Accumulated Depreciation	3,276	1,685	394,977	399,938
Other Noncurrent Assets	-	5,264	16,000	21,264
Total Noncurrent Assets	<u>4,138,310</u>	<u>135,533</u>	<u>755,969</u>	<u>5,029,812</u>
Total Assets	<u>5,401,276</u>	<u>204,736</u>	<u>1,974,303</u>	<u>7,580,315</u>
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging				
Derivatives	<u>200,205</u>	<u>-</u>	<u>1,976</u>	<u>202,181</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	26,171	17,036	37,918	81,125
Current Portion of Long-Term Obligations	306,370	19,141	31,760	357,271
Unearned Revenue	-	722	663	1,385
Amount Held for Institutions	-	-	507,778	507,778
Other Liabilities	<u>26,429</u>	<u>34,791</u>	<u>5,160</u>	<u>66,380</u>
Total Current Liabilities	<u>358,970</u>	<u>71,690</u>	<u>583,279</u>	<u>1,013,939</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>4,284,160</u>	<u>129,290</u>	<u>371,892</u>	<u>4,785,342</u>
Total Noncurrent Liabilities	<u>4,284,160</u>	<u>129,290</u>	<u>371,892</u>	<u>4,785,342</u>
Total Liabilities	<u>4,643,130</u>	<u>200,980</u>	<u>955,171</u>	<u>5,799,281</u>
Net Position				
Net Investment in Capital Assets	3,276	1,685	237,685	242,646
Restricted:				
Debt Service	-	-	59,545	59,545
Bond Indentures	985,150	-	-	985,150
Expendable Endowments	-	-	102,723	102,723
Nonexpendable Endowments	-	-	306,230	306,230
Other Purposes	-	5,830	37,716	43,546
Unrestricted (Deficit)	<u>(30,075)</u>	<u>(3,759)</u>	<u>277,209</u>	<u>243,375</u>
Total Net Position	<u>\$ 958,351</u>	<u>\$ 3,756</u>	<u>\$ 1,021,108</u>	<u>\$ 1,983,215</u>

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

## Statement of Activities

### Component Units

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

		Program Revenues		
<u>Functions/Programs</u>	<u>Expenses</u>	Charges for	Operating	Capital
		<u>Services</u>	<u>Grants and Contributions</u>	<u>Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/12)	\$ 209,712	\$ 194,644	\$ -	\$ -
Connecticut Lottery Corporation	1,134,983	1,122,777	-	-
Other Component Units	314,487	230,274	16,843	30,905
Total Component Units	\$ 1,659,182	\$ 1,547,695	\$ 16,843	\$ 30,905

General Revenues:

Investment Income

Contributions to Endowments

Total General Revenues

and Contributions

Change in Net Position

Net Position - Beginning (as restated)

Net Position - Ending

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

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

<b>Connecticut Housing Finance Authority (12-31-12)</b>	<b>Connecticut Lottery Corporation</b>	<b>Other Component Units</b>	<b>Totals</b>
\$ (15,068)	\$ -	\$ -	\$ (15,068)
-	(12,206)	-	(12,206)
-	-	(36,465)	(36,465)
<u>(15,068)</u>	<u>(12,206)</u>	<u>(36,465)</u>	<u>(63,739)</u>
15,698	8,401	22,778	46,877
-	-	48,414	48,414
<u>15,698</u>	<u>8,401</u>	<u>71,192</u>	<u>95,291</u>
630	(3,805)	34,727	31,552
<u>957,721</u>	<u>7,561</u>	<u>986,381</u>	<u>1,951,663</u>
<u>\$ 958,351</u>	<u>\$ 3,756</u>	<u>\$ 1,021,108</u>	<u>\$ 1,983,215</u>

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## Notes to the Financial Statements

### June 30, 2013

#### Note 1 Summary of Significant Accounting Policies

##### a. Basis of Presentation

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

##### b. Reporting Entity

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

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

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2012.

##### *Connecticut Resources Recovery Authority (CRRRA)*

CRRRA 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 (CHESLA)*

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

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

CHEFA was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of

projects to be undertaken in relation to programs for these institutions.

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

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

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

CI was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance. In fiscal year 2013, the Connecticut Development Authority, a component unit reported in prior years, was merged into this corporation.

##### *Clean Energy Finance and Investment Authority (CEFIA)*

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

##### *Connecticut Lottery Corporation*

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

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

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

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

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

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

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

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

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

***Government-wide Financial Statements***

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

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

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

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

***Fund Financial Statements***

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

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

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

***Connecticut Community Colleges*** – This fund is used to account for the operations of the State community colleges

system, which consists of twelve regional community colleges.

***Bradley International Airport*** - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

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

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

In addition, the State reports the following fund types:

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

***Pension (and Other Employee Benefits) Trust Funds*** - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans and other employee benefits plans. These plans are discussed more fully in Notes 11, 12, and 14.

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

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

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

#### **d. Measurement Focus and Basis of Accounting Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

#### **e. Budgeting Process**

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

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over

special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

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

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

The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes 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 the General and Transportation funds. During the 2013 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

#### **f. Assets and Liabilities**

##### ***Cash and Cash Equivalents (see Note 4)***

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

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

##### ***Investments (see Note 4)***

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

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

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

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

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

##### ***Inventories***

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

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

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

of more than \$5,000. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

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

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

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

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

#### ***Securities Lending Transactions (see Note 4)***

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

#### ***Escheat Property***

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

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

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

#### ***Unearned Revenues***

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

#### ***Long-term Obligations***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as other noncurrent assets and amortized over the term of the related debt. Other significant long-term obligations include the net pension and OPEB obligations, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Capital Appreciation Bonds***

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

#### ***Compensated Absences***

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

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

Pursuant to Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. Under

the provisions of this program, any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

**g. Derivative Instruments**

The State's derivative instruments consist of interest rate swap agreements, all of which have been determined by the State to be effective cash flow hedges. Starting in fiscal year 2013, accumulated decreases in the fair value of some of the swaps are reported as deferred outflows of resources in the Statement of Net Position. These agreements are discussed in more detail in Note No. 19.

**h. Deferred Inflows of Resources**

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

**i. Interfund Activities**

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

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

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

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

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

**j. Food Stamps**

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the governmental fund financial statements.

**k. External Investment Pool**

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

**l. Use of Estimates**

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

**Note 2 Budgetary vs. GAAP Basis of Accounting**

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

	General Fund	Transportation Fund
Net change in fund balances (budgetary basis)	\$ 398,035	\$ 18,797
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(113,228)	(4,653)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	87,877	9,897
Salaries and Fringe Benefits Payable	(32,816)	(2,720)
Increase (Decrease) in Continuing Appropriations	(17,949)	(307)
Fund Reclassification-Bus Operations	-	(1,414)
Net change in fund balances (GAAP basis)	<u>\$ 321,919</u>	<u>\$ 19,600</u>

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

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
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).
3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

### **Note 3 Nonmajor Fund Deficits**

The following funds have deficit fund/net position balances at June 30, 2013, none of which constitutes a violation of statutory provisions (amounts in thousands).

#### **Capital Projects**

Transportation	\$ 718
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#### **Enterprise**

Bradley Parking Garage	\$ 28,155
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### **Note 4 Cash Deposits and Investments**

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

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

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

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

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

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

#### **Primary Government**

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

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

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

For financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State’s financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State’s

financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

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

As of June 30, 2013, STIF had the following investments and maturities (amounts in thousands):

#### **Short-Term Investment Fund**

Investment Type	Amortized Cost	Investment Maturities (in years)	
		Less Than 1	1-5
Federal Agency Securities	\$ 2,011,330	\$ 1,988,865	\$ 22,465
Bank Commercial Paper	325,000	325,000	-
US Gov. Guaranteed or Insured	50,156	50,156	-
Government Money Market Funds	205,737	205,737	-
Repurchase Agreements	100,000	100,000	-
Total Investments	<u>\$ 2,692,223</u>	<u>\$ 2,669,758</u>	<u>\$ 22,465</u>

#### **Interest Rate Risk**

The STIF’s policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor’s requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2013, the weighted average maturity of the STIF was 44 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the fund’s weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2013, the amount of STIF’s investments in variable-rate securities was \$995 million.

#### **Credit Risk**

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

As of June 30, 2013, STIF’s investments were rated by Standard and Poor’s as follows (amounts in thousands):

#### **Short-Term Investment Fund**

Investment Type	Amortized Cost	Quality Ratings			
		AAA	AA	A	Unrated
Federal Agency Securities	\$ 2,011,329	\$ -	\$ 2,011,329	\$ -	\$ -
Bank Commercial Paper	325,000	-	-	325,000	-
U.S. Government Guaranteed & Insured Securities	50,157	-	20,157	-	30,000
Government Money Market Funds	205,737	205,737	-	-	-
Repurchase Agreements	100,000	-	-	100,000	-
Total Investments	<u>\$ 2,692,223</u>	<u>\$ 205,737</u>	<u>\$ 2,031,486</u>	<u>\$ 425,000</u>	<u>\$ 30,000</u>

**Concentration of Credit Risk**

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2013, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Federal Farm Credit Bank	\$ 652,415
Federal Home Loan Bank	\$ 568,923
Fannie Mae	\$ 398,696
Freddie Mac	\$ 391,295
U.S. Bank	\$ 325,000
Morgan Stanley	\$ 205,737

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

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C", or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2013, \$1,509,000 of the bank balance of STIF's deposits of \$1,780,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,089,110
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	419,890
Total	<u>\$ 1,509,000</u>

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

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

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

As of June 30, 2013, STIF Plus had the following investments and maturities (amount in thousands):

Short-Term Plus Investment Fund		
Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
Asset Backed Securities	\$ 2,841	\$ 2,841
Money Market Government Fund	1	1
Total Investments	<u>\$ 2,842</u>	<u>\$ 2,842</u>

**Interest Rate Risk**

STIF Plus's policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2013, the weighted average maturity of STIF Plus was 43 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprise frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2013, STIF Plus's investment in variable-rate securities was \$2.8 million.

**Credit Risk**

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2013, STIF Plus's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Plus Investment Fund					
Investment Type	Fair Value	Quality Rating			
		AAA	A	CCC	D
Asset Backed Securities	\$ 2,841	\$ 1,132	\$ 867	\$ 723	\$ 119
Money Market Government Fund	1	-	1	-	-
Total	<u>\$ 2,842</u>	<u>\$ 1,132</u>	<u>\$ 868</u>	<u>\$ 723</u>	<u>\$ 119</u>

**Concentration of Credit Risk**

STIF Plus's policy for managing this risk is to limit the amount it may invest in any single corporate entity or federal agency to 5 percent and 15 percent, respectively, at the time of purchase. As of June 30, 2013, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value
Argent Securities, Inc.	\$ 1,132
Granite Master Issuer Plc.	\$ 867
Indymac INBD Mortgage Loan Trust	\$ 407
Citigroup Mortgage Loan Trust	\$ 316

**Combined Investment Funds (CIFS)**

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

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



## Connecticut

As of June 30, 2013, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Fiduciary Funds
Equity in the CIFS	\$ 102,712	\$ 649	\$ 25,837,449
Other Investments	7,414	56,065	866,233
Total Investments-Current	<u>\$ 110,126</u>	<u>\$ 56,714</u>	<u>\$ 26,703,682</u>

As of June 30, 2013, the CIFS had the following investments and maturities (amounts in thousands):

		Combined Investment Funds			
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 1,497,963	\$ 1,152,548	\$ 24,359	\$ 45,982	\$ 275,074
Asset Backed Securities	142,566	6,689	111,630	20,580	3,667
Government Securities	2,686,838	182,297	1,165,019	715,711	623,811
Government Agency Securities	577,237	2,829	45,462	17,370	511,576
Mortgage Backed Securities	205,486	-	33,848	10,270	161,368
Corporate Debt	1,942,072	87,411	594,454	1,006,861	253,346
Convertible Debt	41,827	957	12,449	5,812	22,609
Mutual Fund	519,845	-	-	-	519,845
Total Debt Investments	7,613,834	<u>\$ 1,432,731</u>	<u>\$ 1,987,221</u>	<u>\$ 1,822,586</u>	<u>\$ 2,371,296</u>
Common Stock	12,871,698				
Preferred Stock	92,692				
Real Estate Investment Trust	287,650				
Mutual Fund	405,729				
Limited Liability Corporation	1,033				
Trusts	946				
Limited Partnerships	4,638,923				
Total Investments	<u>\$ 25,912,505</u>				

### Interest Rate Risk

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

### Credit Risk

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2013, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

		Combined Investment Funds							
		Cash	Asset Backed	Government	Government Agency	Mortgage Backed	Corporate	Convertible	Mutual
	Fair Value	Equivalents	Securities	Securities	Securities	Securities	Debt	Debt	Fund
Aaa	\$ 1,131,891	\$ -	\$ 75,882	\$ 233,974	\$ 552,435	\$ 114,878	\$ 154,722	\$ -	\$ -
Aa	204,506	-	5,749	81,755	-	14,187	102,815	-	-
A	339,688	-	6,464	143,820	-	9,750	179,654	-	-
Baa	834,480	-	424	460,031	-	870	371,330	1,825	-
Ba	305,406	-	-	45,974	-	-	252,640	6,792	-
B	611,467	-	-	64,025	-	-	542,331	5,111	-
Caa	188,526	-	-	2,004	-	-	186,522	-	-
Ca	7,350	-	-	-	-	-	7,350	-	-
MIG	8,771	-	-	8,771	-	-	-	-	-
Prime 1	209,502	205,000	4,502	-	-	-	-	-	-
Government fixed not rated	1,671,286	-	-	1,646,485	24,801	-	-	-	-
Not Rated	2,100,961	1,292,963	49,546	-	-	65,800	144,709	28,098	519,845
	<u>\$ 7,613,834</u>	<u>\$ 1,497,963</u>	<u>\$ 142,567</u>	<u>\$ 2,686,839</u>	<u>\$ 577,236</u>	<u>\$ 205,485</u>	<u>\$ 1,942,073</u>	<u>\$ 41,826</u>	<u>\$ 519,845</u>

**Foreign Currency Risk**

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2013, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Foreign Currency	Total	Combined Investment Funds							Equities		
		Fixed Income Securities									
		Cash	Government	Mutual	Corporate	Convertible	Asset Backed	Common Stock	Preferred	Real Estate	
		Cash	Securities	Funds	Debt	Securities			Stock	Investment	
		Collateral								Trust	
Argentine Peso	\$ 286	\$ 286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	381,317	2,963	-	20,495	-	61,674	-	275,040	-	21,145	-
Brazilian Real	241,752	520	-	73,731	-	7,067	-	124,351	36,083	-	-
Canadian Dollar	64,463	420	-	-	-	-	-	64,043	-	-	-
Chilean Peso	1,992	1,478	-	514	-	-	-	-	-	-	-
China Yuan Renminbi	835	47	-	788	-	-	-	-	-	-	-
Colombian Peso	17,595	-	-	10,500	-	7,095	-	-	-	-	-
Czech Koruna	10,364	-	-	-	-	-	-	10,364	-	-	-
Danish Krone	58,297	131	-	-	-	2,435	-	55,731	-	-	-
Egyptian Pound	6,200	107	-	-	-	-	-	6,093	-	-	-
Euro Currecny	1,671,003	5,115	4	99,502	-	39,754	528	1,121	1,480,090	35,471	9,418
Ghana Cedi	338	-	-	-	-	338	-	-	-	-	-
Hong Hong Dollar	566,451	873	-	-	-	-	-	562,963	-	2,615	-
Hungarian Fornit	29,994	3	-	15,515	-	-	-	14,476	-	-	-
Iceland Krona	2	2	-	-	-	-	-	-	-	-	-
Indian Rupee	(856)	-	-	-	-	1,807	-	(2,663)	-	-	-
Indonesian Rupiah	116,864	-	-	25,155	-	6,443	-	85,266	-	-	-
Israeli Shekel	11,578	392	-	-	-	-	-	11,186	-	-	-
Japanese Yen	1,170,201	4,349	-	29,020	-	-	-	1,127,916	-	8,916	-
Kenyan Shilling	64	-	-	-	-	-	-	64	-	-	-
Malaysian Ringgit	105,543	237	-	42,435	-	-	-	62,871	-	-	-
Mexican Peso	119,941	112	-	65,637	-	1,641	-	47,275	-	5,276	-
Moroccan Dirham	125	-	-	-	-	-	-	125	-	-	-
New Romanian Leu	2,817	23	-	2,794	-	-	-	-	-	-	-
New Russian Rubel	54,776	805	-	40,343	-	13,628	-	-	-	-	-
New Taiwan Dollar	(15)	6	-	-	-	-	-	(21)	-	-	-
New Zealand Dollar	66,384	361	-	51,330	-	3,293	-	11,400	-	-	-
Nigerian Naira	7,509	256	-	1,683	-	5,458	-	112	-	-	-
Norwegian Krone	52,225	477	-	-	-	-	-	51,748	-	-	-
Peruvian Nouveau Sol	3,727	-	-	3,727	-	-	-	-	-	-	-
Philippine Peso	53,025	77	-	-	-	-	-	52,948	-	-	-
Polish Zloty	101,370	805	-	65,640	-	-	-	34,925	-	-	-
Pound Sterling	1,093,838	4,299	-	280	444	2,583	-	1,078,887	-	7,345	-
Singapore Dollar	102,898	643	-	-	-	-	-	97,051	-	5,204	-
South African Rand	110,181	1,046	-	38,483	-	649	-	(103)	70,106	-	-
South Korean Won	278,939	274	-	-	-	-	-	(49)	275,024	3,690	-
Sri Lanka Rupee	2,910	-	-	-	-	2,910	-	-	-	-	-
Swedish Krona	158,194	39	-	-	-	-	-	158,155	-	-	-
Swiss Franc	386,277	846	-	-	-	-	-	385,431	-	-	-
Thailand Baht	156,361	259	-	25,976	86	-	-	130,040	-	-	-
Turkish Lira	121,534	2	-	40,846	-	141	-	80,545	-	-	-
Ukraine Hryvna	1,063	-	-	-	-	1,063	-	-	-	-	-
Uruguayan Peso	7,742	-	-	7,742	-	-	-	-	-	-	-
Vietnam Dong	2,635	-	-	-	-	2,635	-	-	-	-	-
	<u>\$ 7,338,739</u>	<u>\$ 27,253</u>	<u>\$ 4</u>	<u>\$ 662,136</u>	<u>\$ 530</u>	<u>\$ 160,614</u>	<u>\$ 528</u>	<u>\$ (1,715)</u>	<u>\$ 6,354,226</u>	<u>\$ 75,244</u>	<u>\$ 59,919</u>

**Derivatives**

As of June 30, 2013, the CIFS held the following derivative Investments (amounts in thousands):

Derivative Investments	Fair Value
Asset Backed Securities	\$ 142,566
Mortgage Backed Securities	65,664
Collateralized Mortgage Obligations	139,780
TBA's	115,909
Interest Only Securities	1,050
Options	14
Adjustable Rate Securities	658,512
Total	<u>\$ 1,123,495</u>

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

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2013, the fair value of

contracts to buy and contracts to sell was \$6,144.6 million and \$6,125.9 million, respectively.

**Custodial Credit Risk-Bank Deposits**

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2013, the CIFS had deposits with a bank balance of \$42.3 million which was uninsured and uncollateralized.

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

**Other Investments**

As of June 30, 2013, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments				
	Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
State Bonds	\$ 27,986	\$ -	\$ 1,596	\$ 26,390	\$ -
U.S. Government and Agency Securities	315,495	83,144	32,837	197,431	2,083
Guaranteed Investment Contracts	225,526	-	52,823	90,837	81,866
Money Market Funds	8,270	8,270	-	-	-
Total Debt Investments	577,277	\$ 91,414	\$ 87,256	\$ 314,658	\$ 83,949
Endowment Pool	10,464				
Limited Partnership	150				
Total Investments	\$ 587,891				

**Credit Risk**

As of June 30, 2013, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments			
	Fair Value	Quality Ratings		
		AA	A	Unrated
State Bonds	\$ 27,986	\$ 27,986	\$ -	\$ -
U.S. Government and Agency Securities	246,190	246,190	-	-
Guaranteed Investment Contracts	225,526	38,315	187,211	-
Money Market Funds	8,270	-	-	8,270
Total	\$ 507,972	\$ 312,491	\$ 187,211	\$ 8,270

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

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in

the name of the pledging bank. As of June 30, 2013, \$555,039 of the bank balance of the Primary Government of \$559,449 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 31,555
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	523,484
Total	<u>\$ 555,039</u>

**Component Units**

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of 12-31-12 and 6-30-13, respectively (amounts in thousands):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 1,011	\$ -	\$ -	\$ -	\$ 1,011
Fidelity Funds	7,589	7,589	-	-	-
GNMA Program Assets	668,013	-	-	-	668,013
Mortgage Backed Securities	1,342	14	46	126	1,156
Municipal Bonds	14,739	-	-	-	14,739
U.S. Government Agency Securities	958	-	-	-	958
Structured Securities	566	-	-	-	566
Fidelity Tax Exempt Fund	5,484	5,484	-	-	-
Total Debt Investments	699,702	\$ 13,087	\$ 46	\$ 126	\$ 686,443
Annuity Contracts	147,032				
Total Investments	\$ 846,734				

The CHFA and the CLC own 82.6 percent and 17.4 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

**Interest Rate Risk**

**CHFA**

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

**Credit Risk**

**CHFA**

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

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

Investment Type	Component Units			
	Fair Value	Quality Ratings		
		CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 1,011	\$ 1,011	\$ -	\$ -
Fidelity Tax Exempt Fund	5,484	-	-	5,484
Municipal Bonds	14,739	-	-	14,739
Structured Securities	566	-	566	-
Total	<u>\$ 21,800</u>	<u>\$ 1,011</u>	<u>\$ 566</u>	<u>\$ 20,223</u>

**Concentration of Credit Risk**

**CHFA**

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2012, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets), and investments in the State's STIF.

**Security Lending Transactions**

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

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

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower

failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$2,716.3 million and \$2,634.3 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. If any of these limits is exceeded for any 3-day period, the Trustee shall take certain actions. At year end, the average duration of the collateral investments was 15.07 days; the average duration of the loans was unknown, although it is assumed to remain at 1 day.

**Note 5 Receivables-Current**

As of June 30, 2013, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,513,207	\$ -	\$ -
Accounts	1,100,315	616,383	64,815
Loans-Current Portion	-	184,842	28,693
Other Governments	570,069	13,741	-
Interest	1,181	5,738	4,546
Other (1)	3,846	-	-
Total Receivables	3,188,618	820,704	98,054
Allowance for Uncollectibles	(909,949)	(93,681)	(3,039)
Receivables, Net	<u>\$ 2,278,669</u>	<u>\$ 727,023</u>	<u>\$ 95,015</u>

(1) Includes a reconciling amount of \$3,807 million from fund financial statements to government-wide financial statements.

**Note 6 Taxes Receivable**

Taxes receivable consisted of the following as of June 30, 2013 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 703,767	\$ -	\$ 703,767
Income Taxes	355,249	-	355,249
Corporations	33,930	-	33,930
Gasoline and Special Fuel	-	42,855	42,855
Various Other	377,407	-	377,407
Total Taxes Receivable	1,470,353	42,855	1,513,208
Allowance for Uncollectibles	(139,876)	(243)	(140,119)
Taxes Receivable, Net	<u>\$ 1,330,477</u>	<u>\$ 42,612</u>	<u>\$ 1,373,089</u>

**Note 7 Receivables-Noncurrent**

Noncurrent receivables for the primary government and its component units, as of June 30, 2013, consisted of the following (amounts in thousands):

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Component Units</b>
Accounts	\$ -	\$ -	\$ 31,615
Loans	452,346	849,756	157,888
Total Receivables	452,346	849,756	189,503
Allowance for Uncollectibles	(12,410)	(3,079)	(9,839)
Receivables, Net	<u>\$ 439,936</u>	<u>\$ 846,677</u>	<u>\$ 179,664</u>

The Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$768.7 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.2

percent. At year end, the noncurrent portion of loans receivable was \$102.7 million.

**Note 8 Restricted Assets**

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2013, restricted assets were comprised of the following (amounts in thousands):

	<b>Cash &amp; Cash Equivalents</b>	<b>Investments</b>	<b>Loans, Net of Allowances</b>	<b>Other</b>	<b>Restricted Assets</b>
<b>Governmental Activities:</b>					
Debt Service	\$ 660,113	\$ -	\$ -	\$ -	\$ 660,113
Total - Governmental Activities	<u>\$ 660,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,113</u>
<b>Business-Type Activities:</b>					
Bradley International Airport	\$ 131,201	\$ 7,421	\$ -	\$ 2,387	\$ 141,009
UConn/Health Center	41,430	-	-	-	41,430
Clean Water	139,770	248,986	-	-	388,756
Other Proprietary	52,277	22,378	-	-	74,655
Total - Business-Type Activities	<u>\$ 364,678</u>	<u>\$ 278,785</u>	<u>\$ -</u>	<u>\$ 2,387</u>	<u>\$ 645,850</u>
<b>Component Units:</b>					
CHFA	\$ 521	\$ 1,778,099	\$ 3,491,877	\$ 127,503	\$ 5,398,000
Other Component Units	98,568	542,282	-	8,460	649,310
Total - Component Units	<u>\$ 99,089</u>	<u>\$ 2,320,381</u>	<u>\$ 3,491,877</u>	<u>\$ 135,963</u>	<u>\$ 6,047,310</u>

**Note 9 Current Liabilities**

**a. Accounts Payable and Accrued Liabilities**

As of June 30, 2013, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Interest</b>	<b>Other</b>	<b>Total Payables &amp; Accrued Liabilities</b>
<b>Governmental Activities:</b>					
General	\$ 136,989	\$ 147,417	\$ -	\$ -	\$ 284,406
Transportation	15,270	7,652	-	-	22,922
Restricted Accounts	178,328	8,124	-	-	186,452
Grants and Loans	3,959	89	-	6,059	10,107
Other Governmental	55,650	5,436	-	-	61,086
Internal Service	936	721	-	59	1,716
Reconciling amount from fund financial statements to government-wide financial statements	-	-	163,505	4,273	167,778
Total - Governmental Activities	<u>\$ 391,132</u>	<u>\$ 169,439</u>	<u>\$ 163,505</u>	<u>\$ 10,391</u>	<u>\$ 734,467</u>
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 67,738	\$ 59,067	\$ -	\$ 27,373	\$ 154,178
State Universities	11,182	33,307	1,967	-	46,456
Other Proprietary	16,167	22,299	13,587	19,981	72,034
Total - Business-Type Activities	<u>\$ 95,087</u>	<u>\$ 114,673</u>	<u>\$ 15,554</u>	<u>\$ 47,354</u>	<u>\$ 272,668</u>
<b>Component Units:</b>					
CHFA	\$ -	\$ -	\$ 18,542	\$ 7,629	\$ 26,171
Connecticut Lottery Corporation	1,330	2,655	2,809	10,242	17,036
Other Component Units	4,344	-	1,068	32,506	37,918
Total - Component Units	<u>\$ 5,674</u>	<u>\$ 2,655</u>	<u>\$ 22,419</u>	<u>\$ 50,377</u>	<u>\$ 81,125</u>

## Note 10 Capital Assets

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,639,097	\$ 48,570	\$ 21,258	\$ 1,666,409
Construction in Progress	<u>2,585,281</u>	<u>1,407,630</u>	<u>993,407</u>	<u>2,999,504</u>
Total Capital Assets not being Depreciated	4,224,378	1,456,200	1,014,665	4,665,913
Other Capital Assets:				
Buildings	3,303,574	530,828	218,375	3,616,027
Improvements Other than Buildings	480,180	13,063	2,735	490,508
Equipment	2,109,441	362,386	159,769	2,312,058
Infrastructure	<u>13,023,800</u>	<u>629,234</u>	<u>-</u>	<u>13,653,034</u>
Total Other Capital Assets at Historical Cost	18,916,995	1,535,511	380,879	20,071,627
Less: Accumulated Depreciation For:				
Buildings	1,854,939	90,398	218,375	1,726,962
Improvements Other than Buildings	313,330	24,324	2,735	334,919
Equipment	2,043,520	351,615	159,769	2,235,366
Infrastructure	<u>7,963,700</u>	<u>489,783</u>	<u>-</u>	<u>8,453,483</u>
Total Accumulated Depreciation	12,175,489	956,120	380,879	12,750,730
Other Capital Assets, Net	<u>6,741,506</u>	<u>579,391</u>	<u>-</u>	<u>7,320,897</u>
Governmental Activities, Capital Assets, Net	<u>\$ 10,965,884</u>	<u>\$ 2,035,591</u>	<u>\$ 1,014,665</u>	<u>\$ 11,986,810</u>

\* Depreciation expense was charged to functions as follows:

### Governmental Activities:

Legislative	\$ 6,158
General Government	45,162
Regulation and Protection	39,790
Conservation and Development	16,246
Health and Hospitals	15,832
Transportation	709,802
Human Services	2,628
Education, Libraries and Museums	47,360
Corrections	44,091
Judicial	22,763

Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets

	6,288
<b>Total Depreciation Expense</b>	<u>\$ 956,120</u>

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 64,709	\$ 5,109	\$ 150	\$ 69,668
Construction in Progress	<u>423,430</u>	<u>205,576</u>	<u>204,838</u>	<u>424,168</u>
Total Capital Assets not being Depreciated	488,139	210,685	204,988	493,836
Capital Assets being Depreciated:				
Buildings	4,163,937	358,169	8,683	4,513,423
Improvements Other Than Buildings	551,434	21,185	1,793	570,826
Equipment	<u>980,593</u>	<u>58,968</u>	<u>34,363</u>	<u>1,005,198</u>
Total Other Capital Assets at Historical Cost	5,695,964	438,322	44,839	6,089,447
Less: Accumulated Depreciation For:				
Buildings	1,651,805	133,820	6,454	1,779,171
Improvements Other Than Buildings	306,938	20,799	495	327,242
Equipment	<u>630,665</u>	<u>69,211</u>	<u>31,987</u>	<u>667,889</u>
Total Accumulated Depreciation	<u>2,589,408</u>	<u>223,830</u>	<u>38,936</u>	<u>2,774,302</u>
Other Capital Assets, Net	<u>3,106,556</u>	<u>214,492</u>	<u>5,903</u>	<u>3,315,145</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 3,594,695</u>	<u>\$ 425,177</u>	<u>\$ 210,891</u>	<u>\$ 3,808,981</u>

### Component Units

Capital assets of the component units consisted of the following as of June 30, 2013 (amounts in thousands):

Land	\$ 29,032
Buildings	346,521
Improvements other than Buildings	3,477
Machinery and Equipment	446,052
Construction in Progress	<u>2,254</u>
Total Capital Assets	827,336
Accumulated Depreciation	<u>427,398</u>
Capital Assets, Net	<u>\$ 399,938</u>

## Note 11 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) Tier IIA (contributory) and Tier III (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

### Plan Descriptions and Funding Policy

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

	SERS 6/30/2012	TRS 6/30/2012	JRS 6/30/2012
Retirees and beneficiaries receiving benefits	43,887	32,294	239
Terminated plan members entitled to but not yet receiving benefits	1,561	1,609	2
Active plan members	47,868	49,808	204
Total	93,316	83,711	445

### State Employees' Retirement System

#### Plan Description

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

#### Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### Teachers' Retirement System

#### Plan Description

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

#### Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### Judicial Retirement System

#### Plan Description

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

#### Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### Annual Pension Cost and Net Pension Obligation

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

	SERS	TRS	JRS
Annual required contribution	\$ 1,059,652	\$ 787,536	\$ 16,006
Interest on net pension obligation	244,717	(42,725)	2,689
Adjustment to annual required contribution	(219,938)	54,236	(3,454)
Annual pension cost	1,084,431	799,047	15,241
Contributions made	1,058,113	787,536	16,006
Increase (decrease) in net pension obligation	26,318	11,511	(765)
Net pension obligation (asset) beginning of year	2,966,249	(502,643)	32,584
Net pension obligation (asset) end of year	\$ 2,992,567	\$ (491,132)	\$ 31,819

## Connecticut

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

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(asset)
SERS	2011	\$ 999,261	82.6%	\$ 2,913,694
	2012	\$ 978,898	94.6%	\$ 2,966,249
	2013	\$ 1,084,431	97.6%	\$ 2,992,567
TRS	2011	\$ 576,460	100.7%	\$ (498,593)
	2012	\$ 753,196	100.5%	\$ (502,643)
	2013	\$ 799,047	98.6%	\$ (491,132)
JRS	2011	\$ 16,534	0%	\$ 31,983
	2012	\$ 15,696	96.2%	\$ 32,584
	2013	\$ 15,241	105.0%	\$ 31,819

### Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2012 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
SERF	\$ 9,745	\$ 23,019	\$ 13,274	42.3%	\$ 3,355	395.7%
TRF	\$ 13,735	\$ 24,862	\$ 11,127	55.2%	\$ 3,653	304.7%
JRF	\$ 175	\$ 320	\$ 145	54.7%	\$ 30	477.9%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	SERF	TRF	JRS
Valuation Date	6/30/2012	6/30/2012	6/30/12
Actuarial Cost Method	Projected unit credit	Entry Age	Projected unit credit
Amortization Method	Level percent of payroll, closed	Level percent closed	Level percent of payroll, closed
Remaining Amortization Period	19 Years	22.4 years	19 Years
Asset Valuation Method	5-year smoothed actuarial value	4-year smoothed market	5-year smoothed actuarial value
Actuarial Assumptions:			
Investment Rate of Return	8.00%	8.5%	8.00%
Projected Salary Increases	4.00% -20.00%	3.75%-7.0%	4.75%
Includes inflation at	3.75%	3.0%	0.00%
Cost-of-Living Adjustments	2.3%-3.6%	2.0%-3.0%	2.30-4.75%

### Defined Contribution Plan

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

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$35.4 million and \$16.9 million, respectively.

### Note 12 Other Retirement Systems Administered by the State of Connecticut

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

### Plan Descriptions and Contribution Information

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

	CMERS 7/1/2012	CPJERS 12/31/2011
Retirees and beneficiaries receiving benefits	6,095	342
Terminated plan members entitled to but not receiving benefits	703	32
Active plan members	8,711	330
Total	15,509	704
Number of participating employers	191	1

### Connecticut Municipal Employees' Retirement System Plan Description

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

### Contributions

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

### Connecticut Probate Judges and Employees' Retirement System

#### Plan Description

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of General statutes. The plan provides



## Connecticut

retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

### Contributions

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

### Note 13 Pension Trust Funds Financial Statements

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

#### Statement of Fiduciary Net Position (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 18	\$ 22,996	\$ -	\$ 279	\$ 23,293
Receivables:							
Accounts, Net of Allowances	5,840	11,588	8	8,858	4	-	26,298
From Other Governments	-	347	-	-	-	-	347
From Other Funds	10	2	-	1	-	-	13
Interest	196	255	2	13	1	-	467
Investments	9,179,573	14,453,544	168,327	1,828,132	81,893	1,272	25,712,741
Securities Lending Collateral	887,939	1,390,000	17,116	186,402	8,692	167	2,490,316
Total Assets	<u>10,073,558</u>	<u>15,855,736</u>	<u>185,471</u>	<u>2,046,402</u>	<u>90,590</u>	<u>1,718</u>	<u>28,253,475</u>
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	30	-	-	-	-	-	30
Securities Lending Obligation	887,939	1,390,000	17,116	186,402	8,692	167	2,490,316
Due to Other Funds	2,970	2,833	-	-	-	-	5,803
Total Liabilities	<u>890,939</u>	<u>1,392,833</u>	<u>17,116</u>	<u>186,402</u>	<u>8,692</u>	<u>167</u>	<u>2,496,149</u>
<b>Net Position</b>							
Held in Trust For Employee Pension Benefits	9,182,619	14,462,903	168,355	1,860,000	81,898	1,551	25,757,326
Total Net Position	<u>\$ 9,182,619</u>	<u>\$ 14,462,903</u>	<u>\$ 168,355</u>	<u>\$ 1,860,000</u>	<u>\$ 81,898</u>	<u>\$ 1,551</u>	<u>\$ 25,757,326</u>

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

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
<b>Additions</b>							
Contributions:							
Plan Members	\$ 164,000	\$ 274,880	\$ 1,520	\$ 13,163	\$ 200	\$ 38	\$ 453,801
State	1,058,113	787,536	16,006	-	-	-	1,861,655
Municipalities	-	14	-	116,329	-	-	116,343
Total Contributions	<u>1,222,113</u>	<u>1,062,430</u>	<u>17,526</u>	<u>129,492</u>	<u>200</u>	<u>38</u>	<u>2,431,799</u>
Investment Income	1,012,054	1,607,248	15,316	163,267	7,510	55	2,805,450
Less: Investment Expenses	(31,259)	(49,642)	(473)	(5,043)	(232)	(1)	(86,650)
Net Investment Income	<u>980,795</u>	<u>1,557,606</u>	<u>14,843</u>	<u>158,224</u>	<u>7,278</u>	<u>54</u>	<u>2,718,800</u>
Other	-	1,118	-	715	842	-	2,675
Total Additions	<u>2,202,908</u>	<u>2,621,154</u>	<u>32,369</u>	<u>288,431</u>	<u>8,320</u>	<u>92</u>	<u>5,153,274</u>
<b>Deductions</b>							
Administrative Expense	717	-	31	-	-	-	748
Benefit Payments and Refunds	1,487,694	1,640,387	20,902	115,008	4,501	1	3,268,493
Other	519	-	-	-	-	-	519
Total Deductions	<u>1,488,930</u>	<u>1,640,387</u>	<u>20,933</u>	<u>115,008</u>	<u>4,501</u>	<u>1</u>	<u>3,269,760</u>
Changes in Net Position	713,978	980,767	11,436	173,423	3,819	91	1,883,514
<b>Net Position Held in Trust For Employee Pension Benefits:</b>							
Beginning of Year	8,468,641	13,482,136	156,919	1,686,577	78,079	1,460	23,873,812
End of Year	<u>\$ 9,182,619</u>	<u>\$ 14,462,903</u>	<u>\$ 168,355</u>	<u>\$ 1,860,000</u>	<u>\$ 81,898</u>	<u>\$ 1,551</u>	<u>\$ 25,757,326</u>

**Note 14 Other Postemployment Benefits (OPEB)**

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

**State Employee OPEB Plan**

**Plan Description**

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

**Plan Funding**

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

**Retired Teacher Healthcare Plan**

**Plan Description**

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2012 (date of the latest actuarial valuation), the plan had 35,215 retirees and beneficiaries receiving benefits.

**Plan Funding**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Annual Required Contribution	\$ 1,271,279	\$ 180,460
Interest on Net OPEB Obligation	295,680	25,576
Adjustment to Annual Required Contribution	(250,347)	(26,416)
Annual OPEB Cost	1,316,612	179,620
Contributions Made	542,615	27,040
Increase in net OPEB Obligation	773,997	152,580
Net OPEB Obligation - Beginning of Year	5,187,369	568,362
Net OPEB Obligation - End of Year	<u>\$ 5,961,366</u>	<u>\$ 720,942</u>

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

	<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
SEOPEBP				
	2013	\$ 1,316,612	41.2%	\$ 5,961,366
	2012	\$ 1,220,577	44.3%	\$ 5,187,369
	2011	\$ 1,165,510	46.7%	\$ 4,508,054
RTHP				
	2013	\$ 179,620	15.1%	\$ 720,942
	2012	\$ 165,955	29.8%	\$ 568,362
	2011	\$ 167,368	3.2%	\$ 451,893

**Funded Status and Funding Progress**

The following is funded status information for the SEOPEBP and the RTHP as of June 30, 2013 and 2012, respectively, date of the latest actuarial valuations (amounts in million):

	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
SEOPEBP	\$143.8	\$ 19,676.3	\$ 19,532.5	0.7%	\$ 3,539.7	551.8%
RTHP	\$0	\$ 3,048.3	\$ 3,048.3	0.0%	\$ 3,652.5	83.5%

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

**Actuarial Methods and Assumptions**

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

Significant methods and assumptions were as follows:

	<u>SEOPEBP</u>	<u>RTHP</u>
Actuarial Valuation Date	6-30-13	6-30-12
Actuarial Cost Method	Projected Unit Credit	Entry Age
Amortization Method	Level Percent of Pay, Closed, 30 Years	Level Percent of Pay, Open
Remaining Amortization Period	24 Years	26 Years
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	5.70%	4.5% (includes 3% inflation rate)
Projected Salary Increases	3.75%	3.75%-7.00% (includes 3% inflation rate)
Healthcare Inflation Rate	7.00% graded to 5.00% over 5 years	7% Initial, 5% Ultimate

**Other OPEB Plan**

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

**Plan Description**

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

**Contributions**

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

**Note 15 OPEB Trust Funds Financial Statements**

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

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

<u>Statement of Fiduciary Net Position (000's)</u>				
	<u>State Employees'</u>	<u>Retired Teachers'</u>	<u>Policemen and Firemen</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 43,756	\$ 103,766	\$ -	\$ 147,522
Receivables:				
From Other Funds	6,658	2,018	-	8,676
Investments	100,732	-	23,976	124,708
Securities Lending Collateral	6,274	-	3,653	9,927
Total Assets	157,420	105,784	27,629	290,833
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilit	7,338	8,080	-	15,418
Securities Lending Obligation	6,274	-	3,653	9,927
Total Liabilities	13,612	8,080	3,653	25,345
<b>Net Position</b>				
Held in Trust For Other				
Postemployment Benefits	143,808	97,704	23,976	265,488
<b>Total Net Position</b>	<u>\$ 143,808</u>	<u>\$ 97,704</u>	<u>\$ 23,976</u>	<u>\$ 265,488</u>

<u>Statement of Changes in Fiduciary Net Position (000's)</u>				
	<u>State Employees'</u>	<u>Retired Teachers'</u>	<u>Policemen, Firemen, and Survivors' Benefit</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 27,504	\$ 85,450	\$ 471	\$ 113,425
State	542,615	27,040	-	569,655
Municipalities	-	-	54	54
Total Contributions	570,119	112,490	525	683,134
Investment Income (Loss)	(56)	125	2,006	2,075
Less: Investment Expenses	2	-	(62)	(60)
Net Investment Income	(54)	125	1,944	2,015
Total Additions	570,065	112,615	2,469	685,149
<b>Deductions</b>				
Administrative Expense	-	2,921	-	2,921
Benefit Payments and Refunds	485,969	100,311	1,046	587,326
Other	5	5	-	10
Total Deductions	485,974	103,237	1,046	590,257
Changes in Net Position	84,091	9,378	1,423	94,892
<b>Net Position Held in Trust For</b>				
<b>Other Postemployment Benefits:</b>				
Beginning of Year	59,717	88,326	22,553	170,596
End of Year	\$ 143,808	\$ 97,704	\$ 23,976	\$ 265,488

## Note 16 Capital and Operating Leases

### State as Lessor

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

2014	\$ 26,993
2015	28,088
2016	28,371
2017	27,439
2018	20,723
Thereafter	<u>97,300</u>
Total	<u>\$ 228,914</u>

Contingent revenues for the year ended June 30, 2013, were \$112 thousand.

### State as Lessee

Obligations under capital and operating leases as of June 30, 2013, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2014	\$ 58,431	\$ 11,031
2015	44,926	6,563
2016	79,625	4,975
2017	11,465	3,770
2018	3,230	3,375
2019-2023	8,517	9,500
2024-2028	-	6,118
2029-2033	-	3,650
Total minimum lease payments	<u>\$ 206,194</u>	<u>48,982</u>
Less: Amount representing interest costs		10,764
Present value of minimum lease payments		<u>\$ 38,218</u>

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

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2013, were \$58.4 million.

### Lease/Lease Back Transaction

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

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$58 million at June 30, 2013.

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

### Note 17 Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2013, (amounts in thousands):

<b>Governmental Activities</b>	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2013</b>	<b>Amounts due within one year</b>
<b>Bonds:</b>					
General Obligation	\$ 13,964,576	\$ 1,369,790	\$ 1,106,138	\$ 14,228,228	\$ 1,032,033
Transportation	3,287,340	627,390	452,855	3,461,875	290,615
	17,251,916	1,997,180	1,558,993	17,690,103	1,322,648
Plus/(Less) premiums and deferred amounts	708,874	202,915	96,271	815,518	91,780
<b>Total Bonds</b>	<b>17,960,790</b>	<b>2,200,095</b>	<b>1,655,264</b>	<b>18,505,621</b>	<b>1,414,428</b>
<b>Long-Term Notes</b>	<b>747,935</b>	<b>-</b>	<b>174,570</b>	<b>573,365</b>	<b>182,705</b>
<b>Other L/T Liabilities: <sup>1</sup></b>					
Net Pension Obligation	2,496,190	2,067,874	2,030,810	2,533,254	-
Net OPEB Obligation	5,755,731	1,496,233	569,656	6,682,308	-
Compensated Absences	542,102	10,037	36,426	515,713	47,476
Workers' Compensation	559,546	129,268	101,162	587,652	100,303
Capital Leases	42,759	3,556	8,097	38,218	9,225
Claims and Judgments	44,942	13,943	15,363	43,522	15,439
Liability on Interest Rate Swaps	24,956	-	7,380	17,576	-
Contracts Payable & Other	705	-	-	705	-
<b>Total Other Liabilities</b>	<b>9,466,931</b>	<b>3,720,911</b>	<b>2,768,894</b>	<b>10,418,948</b>	<b>172,443</b>
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 28,175,656</b>	<b>\$ 5,921,006</b>	<b>\$ 4,598,728</b>	<b>\$ 29,497,934</b>	<b>\$ 1,769,576</b>
<sup>1</sup> In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 1,439,345	\$ 284,210	\$ 346,857	\$ 1,376,698	\$ 108,757
Plus/(Less) premiums, discounts and deferred amounts	46,362	40,911	(1,531)	88,804	988
<b>Total Revenue Bonds</b>	<b>1,485,707</b>	<b>325,121</b>	<b>345,326</b>	<b>1,465,502</b>	<b>109,745</b>
Compensated Absences	156,082	33,668	29,704	160,046	50,997
Federal Loans Payable	632,026	154,057	211,771	574,312	-
Other	329,086	53,595	162,054	220,627	7,537
<b>Total Other Liabilities</b>	<b>1,117,194</b>	<b>241,320</b>	<b>403,529</b>	<b>954,985</b>	<b>58,534</b>
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,602,901</b>	<b>\$ 566,441</b>	<b>\$ 748,855</b>	<b>\$ 2,420,487</b>	<b>\$ 168,279</b>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$37.2 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2013, long-term debt of component units consisted of the following (amounts in thousands):

<b>Long-Term Debt</b>	<b>Balance June 30, 2013</b>	<b>Amounts due within year</b>
Bonds Payable	\$ 4,475,108	\$ 283,880
Escrow Deposits	205,807	39,540
Closure of Landfills	49,276	14,214
Due to State	27,069	-
Other	385,353	19,637
<b>Total</b>	<b>\$ 5,142,613</b>	<b>\$ 357,271</b>

### Note 18 Long-Term Notes and Bonded Debt

#### a. Economic Recovery Notes

Public Act 09-2 authorized the issuance of \$915.8 million of General Obligation Economic Recovery Notes in December, 2009. The notes funded a major part of the deficit in the State's general fund as reported by the Comptroller to the Governor for the fiscal year ended June 30, 2009.

Economic recovery notes outstanding at June 30, 2013 were \$573.4 million. The notes mature on various dates through 2016 and bear interest rates from 2.5% to 5.0%. Future amounts needed to pay principal and interest on economic

recovery notes outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 182,705	\$ 25,723	\$ 208,428	
2015	191,280	17,147	208,427	
2016	199,380	9,043	208,423	
Total	<u>\$ 573,365</u>	<u>\$ 51,913</u>	<u>\$ 625,278</u>	

**b. Primary Government – Governmental Activities**

**General Obligation Bonds**

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2013, were as follows (amounts in thousands):

<b>Purpose of Bonds</b>	<b>Final Maturity Dates</b>	<b>Original Interest Rates</b>	<b>Amount Outstanding</b>	<b>Authorized But Unissued</b>
Capital Improvements	2014-2032	1.50-5.632%	\$ 1,970,766	\$ 700,140
School Construction	2014-2033	2.00-5.750%	4,812,690	84,346
Municipal & Other				
Grants & Loans	2014-2032	0.45-6.398%	1,083,784	742,734
Housing Assistance	2014-2031	1.13-5.460%	207,095	150,550
Elimination of Water Pollution	2014-2027	3.10-5.09%	206,431	240,208
General Obligation Refunding	2014-2025	1.00-5.50%	3,485,486	-
Pension Obligation	2014-2032	4.20-6.27%	2,276,578	-
Miscellaneous	2014-2038	3.00-6.00%	111,520	561,246
			14,154,350	<u>\$ 2,479,224</u>
Accretion-Various Capital Appreciation Bonds			73,878	
		<b>Total</b>	<u>\$ 14,228,228</u>	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 1,032,033	\$ 664,007	\$ 1,696,040	
2015	1,006,493	610,791	1,617,284	
2016	974,244	567,993	1,542,237	
2017	929,638	526,311	1,455,949	
2018	922,387	487,359	1,409,746	
2019-2023	3,978,578	1,957,956	5,936,534	
2024-2028	3,138,612	1,194,584	4,333,196	
2029-2033	2,161,760	278,337	2,440,097	
2034-2038	9,440	1,587	11,027	
2039-2043	1,165	35	1,200	
Total	<u>\$ 14,154,350</u>	<u>\$ 6,288,960</u>	<u>\$ 20,443,310</u>	

**Transportation Related Bonds**

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

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2013, were as follows (amounts in thousands):

<b>Purpose of Bonds</b>	<b>Final Maturity Dates</b>	<b>Original Interest Rates</b>	<b>Amount Outstanding</b>	<b>Authorized But Unissued</b>
Infrastructure Improvements	2014-2033	2.00-5.740%	\$ 3,461,875	\$ 2,744,521
			3,461,875	<u>\$ 2,744,521</u>
Accretion-Various Capital Appreciation Bonds			-	
		<b>Total</b>	<u>\$ 3,461,875</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 290,615	\$ 162,703	\$ 453,318	
2015	251,275	150,268	401,543	
2016	227,705	139,468	367,173	
2017	210,070	129,253	339,323	
2018	212,925	119,248	332,173	
2019-2023	994,585	448,739	1,443,324	
2024-2028	833,590	222,341	1,055,931	
2029-2033	441,110	42,233	483,343	
	<u>\$ 3,461,875</u>	<u>\$ 1,414,253</u>	<u>\$ 4,876,128</u>	

**Variable-Rate Demand Bonds**

As of June 30, 2013, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

<b>Bond Type</b>	<b>Outstanding Principal</b>	<b>Issuance Year</b>	<b>Maturity Year</b>
General Obligation	\$ 10,000	1997	2014
Total	<u>\$ 10,000</u>		

The State entered into various remarketing and standby bond purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a

purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the standby bond purchase agreements. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The standby bond purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .11 percent to .15 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers were to be downgraded, suspended, or withdrawn. The 1997 GO series standby bond purchase agreement expires in the year 2014.

The agreement could be terminated at an earlier date if certain termination events described in the agreements were to occur.

### **c. Primary Government – Business-Type Activities Revenue Bonds**

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

Enterprise funds' revenue bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Funds</b>	<b>Final Maturity Dates</b>	<b>Original Interest Rates</b>	<b>Amount Outstanding (000's)</b>
Uconn	2013-2030	1.5-5.5%	\$ 131,465
State Universities	2013-2017	2.0-6.0%	281,893
Clean Water	2013-2031	1.0-5.0%	743,360
Drinking Water	2013-2028	2.0-5.0%	41,030
Bradley International Airport	2013-2033	[1]	141,555
Bradley Parking Garage	2013-2024	6.5-6.6%	37,395
<b>Total Revenue Bonds</b>			<b>1,376,698</b>
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			15,994
State Universities			5,771
Clean Water			67,066
Bradley International Airport			(2,244)
Other			2,217
<b>Revenue Bonds, net</b>			<b>\$ 1,465,502</b>

[1] variable percent of one month LIBOR

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

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings,

improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

Bradley International Airport periodically issues revenue bonds to finance the cost of improvements to the airport. These bonds are secured by and are payable solely from revenues generated by the airport and other receipts, funds or monies pledged in the bond indenture. As of June 30, 2013, 2011 Bradley International Airport Refunding Bonds in the amount of \$141.6 million were outstanding.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport. As of June 30, 2013, \$37.4 million of these bonds are outstanding.

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

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2014	\$ 108,757	\$ 55,487	\$ 164,244
2015	108,703	51,237	159,940
2016	112,595	46,490	159,085
2017	96,313	42,279	138,592
2018	90,205	38,431	128,636
2019-2023	407,915	137,733	545,648
2024-2028	296,170	58,494	354,664
2029-2033	145,280	12,476	157,756
2034-2038	10,760	303	11,063
<b>Total</b>	<b>\$ 1,376,698</b>	<b>\$ 442,930</b>	<b>\$ 1,819,628</b>

### **d. Component Units**

Component units' revenue bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Component Unit</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Amount Outstanding (000's)</b>
CT Housing Finance Authority	2013-2055	0.10-9.36%	\$ 4,186,602
CT Higher Education Supplemental Loan Authority	2013-2035	1.70-7.00%	167,660
CT Regional Development Authority	2013-2035	2.50-7.00%	94,805
UConn Foundation	2013-2029	1.90-5.00%	26,030
CT Innovations Inc.	2013-2020	4.75-5.25%	8,705
<b>Total Revenue Bonds</b>			<b>4,483,802</b>
Plus/(Less) premiums, discounts, and deferred amounts:			
CHFA			(9,209)
CHESLA			840
CRDA			(325)
<b>Revenue Bonds, net</b>			<b>\$ 4,475,108</b>

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

Following the merger of the operations of the Connecticut Development Authority, Connecticut Innovations, Incorporated (CII) assumed responsibility for the former authority's Special Obligation Industrial revenue bonds. The bonds were issued to finance such projects as the acquisition of land, the construction of buildings, the purchase and installation of machinery, equipment, and pollution control facilities. These activities are financed under its Self-Sustaining Bond Program which is described in the no-commitment debt section of this note. In addition, CII has \$8.7 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72, a special needs indenture dated 9/25/95, and other bond resolutions dated October 2009. As of December 31, 2012, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$3,715.8 million, \$64.2 million, and \$397.4 million respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The resolution and indenture capital reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year on all outstanding bonds. The required reserves are \$282.0 million per the resolution and \$4.6 million per the indenture at 12/31/12. As of December 31, 2012, the Authority has entered into interest rate swap agreements for \$834.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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 projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund.

According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

### **Capital Reserves**

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

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

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2013, were as follows (amounts in thousands):

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 165,327	\$ 123,787	\$ 289,114
2015	145,602	120,209	265,811
2016	129,000	116,577	245,577
2017	180,330	124,577	304,907
2018	140,306	112,442	252,748
2019-2023	802,094	497,229	1,299,323
2024-2028	861,000	365,751	1,226,751
2029-2033	913,990	228,604	1,142,594
2034-2038	721,525	103,040	824,565
2039-2043	360,610	26,783	387,393
2044-2048	40,031	62,236	102,267
2049-2053	23,987	7,918	31,905
<b>Total</b>	<b>\$ 4,483,802</b>	<b>\$ 1,889,153</b>	<b>\$ 6,372,955</b>

### **No-commitment debt**

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2013 were \$731.6 million.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its



financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2013, were \$8,030.2 million, of which \$292.1 million was secured by special capital reserve funds.

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 arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. The amount of these bonds outstanding at June 30, 2013 was \$60.6 million.

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

#### ***e. Debt Refundings***

During the fiscal year the State Issued General Obligation and Special Tax Obligation bonds of \$194.9 million at an average coupon interest rate of 3.6 percent to advance refund \$210.5 million of General Obligation and Special Tax Obligation bonds with an average coupon interest rate of 5.1 percent. The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into irrevocable trust accounts with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

#### ***Objective and Terms of Hedging Derivative Instruments***

The following table displays the objective and the terms of the States' governmental activities hedging derivative instruments outstanding at June 30, 2013, along with the credit rating of the associated counterparty (amounts in thousands).

<u>Type</u>	<u>Objective</u>	<u>Notional Amounts (000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	\$ 140,000	3/24/2005	3/1/2023	Pay 3.392% receive 60% of LIBOR+30bp	Aa1/AAA
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.401% receive 60% of LIBOR+30bp	A3/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	15,620	4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	Aa3/A
Total Notional Amount		<u>\$ 335,620</u>				

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

Although the advance refunding resulted in a \$15.5 million accounting loss, the State in effect reduced its aggregate fund level debt service payments by \$21.1 million over the next 11 years. The present value of these savings represents an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$19.9 million. The above loss is being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements. As of June 30, 2013, the outstanding balance of bonds defeased in prior years was approximately \$938.0 million.

#### **Note 19 - Derivative Financial Instruments**

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit(credit)):

Changes in Fair Value			Fair Value at Year End		
Classification	Amount		Classification	Amount	Notional
Governmental activities					
Cash flow hedges:	Deferred		Non-current		
Pay-fixed interest	outflow of		portion of LT		
rate swap	Resources	\$ (7,380)	Obligation	\$ (17,576)	\$ 335,620
Business-type activities					
Cash flow hedges:	Deferred		Non-current		
Bradley Airport:	outflow of		portion of LT		
Pay-fixed interest	Resources	\$ (9,563)	Obligation	\$ (20,454)	\$ 152,380
rate swap					

### Credit Risk

As of June 30, 2013, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

### Interest Rate Risk

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

### Basis Risk

The State's variable-rate bond interest payments are based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. The State is exposed to basis risk on those swaps for which the State receives variable-rate payments that are based on the LIBOR swap index rate. As of June 30, 2013, the SIFMA rate was 0.06 percent, whereas 60 percent of LIBOR plus 30bp was 0.417 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2013, the budgeted amount for basis risk was \$1,500,000.

### Termination Risk

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2005 swap agreements, the State has up to 270 days to fund any required termination payment.

### Rollover Risk

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

### Hedging Derivative Instrument Payments and Hedged Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2013, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands):

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate	
	Principal	Interest	SWAP, Net	Total
2014	\$ -	\$ 2,081	\$ 9,106	\$ 11,187
2015	-	2,081	9,106	11,187
2016	50,620	2,081	8,840	61,541
2017	55,000	1,643	7,592	64,235
2018	45,000	875	6,205	52,080
2019-2023	185,000	1,730	11,253	197,983
	<u>\$ 335,620</u>	<u>\$ 10,491</u>	<u>\$ 52,102</u>	<u>\$ 398,213</u>

As of June 30, 2013, Bradley airport has entered into interest rate swap agreements for \$141.6 million of its variable rate

bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

### Note 20 Risk Management

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

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

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

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

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have

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been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	<b>Governmental Activities Workers' Compensation</b>	<b>Business-Type Activities Medical Malpractice</b>
Balance 6-30-11	\$ 511,413	\$ 20,439
Incurred claims	149,921	52
Paid claims	(101,788)	(534)
Balance 6-30-12	559,546	19,957
Incurred claims	129,268	4,133
Paid claims	(101,162)	(4,201)
Balance 6-30-13	<u>\$ 587,652</u>	<u>\$ 19,889</u>

### Note 21 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2013, were as follows (amounts in thousands):

	Balance due to fund(s)													
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn	State Universities	Connecticut Community Colleges	Employment Security	Internal Services	Fiduciary	Component Units	Total	
Balance due from fund(s)														
General	\$ -	\$ -	\$ 302,308	\$ 20,953	\$ 495,230	\$ 45,826	\$ 14,593	\$ 15,373	\$ 570	\$ 4,324	\$ 4,273	\$ -	\$ 903,450	
Debt Service	-	1,134	-	-	-	-	-	-	-	-	-	-	1,134	
Restricted Grants & Accounts	-	-	-	-	2,091	-	-	-	-	-	-	191	2,282	
Grant & Loan Programs	-	-	-	-	24	-	-	-	-	-	-	7,029	7,053	
Other Governmental	3,879	-	-	20,005	4,433	35,758	12,917	103,524	-	-	-	-	180,516	
UConn	10,889	-	-	-	-	-	-	-	-	-	-	-	10,889	
State Universities	3,610	-	-	-	-	-	-	-	-	-	-	-	3,610	
Employment Security	-	-	-	-	350	-	-	-	-	-	-	-	350	
Other Proprietary	433	-	4,241	-	-	-	-	-	-	-	-	-	4,674	
Internal Services	7,370	-	-	-	-	-	-	-	-	-	-	-	7,370	
Fiduciary	-	-	-	3,807	-	-	-	-	-	-	8,649	-	12,456	
Component Units	27,068	-	-	-	-	-	-	-	-	-	-	-	27,068	
Total	\$ 53,249	\$ 1,134	\$ 306,549	\$ 44,765	\$ 502,128	\$ 81,584	\$ 27,510	\$ 118,897	\$ 570	\$ 4,324	\$ 12,922	\$ 7,220	\$ 1,160,852	

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

### Note 22 Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2013, consisted of the following (amounts in thousands):

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grants & Loan Programs	Other Governmental	UConn	State Universities	Connecticut Community Colleges	Bradley International Airport	Clean Water	Total
<b>Amount transferred from fund(s)</b>												
General	\$ -	\$ -	\$ 95,245	\$ 106,774	\$ -	\$ 62,473	\$ 501,827	\$ 222,071	\$ 223,621	\$ -	\$ -	\$ 1,212,011
Debt Service	-	-	3,625	-	-	238	-	-	-	-	-	3,863
Transportation	-	430,772	-	15,000	-	6,500	-	-	-	-	-	452,272
Restricted Grants & Accounts	22,567	-	-	-	-	-	-	-	-	-	-	22,567
Grants & Loan Programs	2,000	-	-	39,911	-	-	-	-	-	-	-	41,911
Other Governmental	109,322	-	46	48,914	4,000	1,899	20,000	72,761	50,768	-	989	308,699
Employment Security	-	-	-	-	-	3,665	-	-	-	-	-	3,665
Other Proprietary	-	-	-	-	-	247	-	-	-	10,483	-	10,730
Total	<u>\$ 133,889</u>	<u>\$ 430,772</u>	<u>\$ 98,916</u>	<u>\$ 210,599</u>	<u>\$ 4,000</u>	<u>\$ 75,022</u>	<u>\$ 521,827</u>	<u>\$ 294,832</u>	<u>\$ 274,389</u>	<u>\$ 10,483</u>	<u>\$ 989</u>	<u>\$ 2,055,718</u>

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

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

**Restatement of Net Position**

As of June 30, 2013, the beginning net position for the following funds and activities were restated as follows (amounts in thousands):

	Balances 6-30-12 Previously Reported	Fund Reclassifications	Balances 6-30-12 as Restated
<b>Proprietary Funds and Business-Type Activities</b>			
<b>Major Funds:</b>			
Connecticut Lottery Corporation	\$ 7,561	\$ (7,561)	\$ -
Connecticut Community Colleges	-	781,702	781,702
<b>Non-Major Funds:</b>			
Connecticut Community Colleges	781,702	(781,702)	-
<b>Total Non-Major Funds</b>	<u>912,201</u>	<u>(781,702)</u>	<u>130,499</u>
<b>Total Proprietary Funds</b>	<u>\$ 4,475,052</u>	<u>(7,561)</u>	<u>\$ 4,467,491</u>
<b>Business-Type Activities</b>			
Net Position of Business-Type Activities	<u>\$ 4,475,052</u>	<u>(7,561)</u>	<u>\$ 4,467,491</u>
<b>Component Units</b>			
<b>Major Component Units:</b>			
Connecticut Lottery Corporation	\$ -	\$ 7,561	\$ 7,561
CT Health and Educational Facilities Authority	13,286	(13,286)	-
<b>Non-Major Component Units:</b>			
CT Health and Educational Facilities Authority	-	13,286	13,286
Connecticut Development Authority	84,776	(84,776)	-
Connecticut Innovations, Incorporated	85,705	84,776	170,481
<b>Total Non-Major Component Units</b>	<u>973,095</u>	<u>13,286</u>	<u>986,381</u>
<b>Total Component Units</b>	<u>\$ 1,944,102</u>	<u>7,561</u>	<u>\$ 1,951,663</u>

In 2013, the Connecticut Lottery Corporation was reclassified from a proprietary fund (blended presentation) to a discreetly presented component unit because, as required by current reporting guidance, the Corporation's operations do not exclusively, or almost exclusively benefit the State. The state's citizenry is benefited as well.

During the year, according to state legislation the assets and operations of the Connecticut Development Authority were merged into the Connecticut Innovations, Incorporated.

**Fund Balance – Restricted and Assigned**

As of June 30, 2013 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	Restricted Purposes	Assigned Purposes
Capital Projects	\$ 288,363	\$ -
Environmental Programs	61,811	-
Housing Programs	90,764	-
Employment Security Administration	30,746	-
Banking	26,713	-
Other	50,308	20,316
<b>Total</b>	<u>\$ 548,705</u>	<u>\$ 20,316</u>

**Restricted Net Position**

As of June 30, 2013, the government-wide statement of net position reported \$3,282 million of restricted net position, of which \$217 million was restricted by enabling legislation.

**Note 24 Related Organizations**

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

**Note 25 New Accounting Pronouncements**

In 2013, The State implemented the following statements issued by the Governmental Accounting Standards Board ("GASB").

*Accounting and Financial Reporting for Service Concession Arrangements* (Statement No. 60)- This Statement establishes accounting and reporting guidance for service concession arrangements (SCA), which are a type of public-private or public-public partnership. In a SCA, (1) a government conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The adoption of this Statement had no significant impact on the State's financial statements.

*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No.14 and No. 34* (Statement No. 61)- This Statement amends Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs and to address reporting issues that have arisen since the issuance of those Statements. Basically, the Statement modifies certain requirements for inclusion of components in the financial reporting entity. The adoption of the Statement resulted in the modification of note disclosures related to the reporting entity of the State (Note 1b).

*Codification of Accounting and Financial Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (Statement No. 62)-This Statement incorporates into GASB'S authoritative literature certain accounting and reporting guidance found in the Financial Accounting Standards Board and AICPA pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. The adoption of this Statement had no significant impact on the State's financial statements.

*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (Statement No. 63)- This Statement provides guidance on reporting deferred outflows of resources and deferred inflows of resources, which are to be reported in a statement of net position. Amounts to be reported as deferred outflows or

inflows of resources should be reported in the statement of net position in a separate category following assets or liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The adoption of this Statement resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position and the term “net assets” is changed to “net position” throughout the State’s financial statements.

*Technical Corrections-2012 an amendment of GASB Statements No. 10 and No. 62* (Statement No. 66)-This Statement provides clarification on two recently issued statements: No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62 (discussed above). The Statement resolves conflicting guidance created as a result of the issuance of these two statements. The adoption of this Statement had no significant impact on the State’s financial statements.

## **Note 26 Commitments and Contingencies**

### **A. Commitments**

#### ***Primary Government***

Commitments are defined as “existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities.” As of June 30, 2013, the Departments of Transportation and Public Works had contractual commitments of approximately \$3,642 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,949 million.

Clean and drinking water loan programs \$583 million.

Various programs and services \$3,050 million.

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

#### ***Component Units***

As of December 31, 2012, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$152 million.

### **B. Contingent Liabilities**

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

As of June 30, 2013, the State reported an escheat liability of \$266.5 million in the General fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of \$231.8 million in the future.

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

### **C. Litigation**

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

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

## **Note 27 Subsequent Events**

In July 2013, the State issued \$172.7 million of General Obligation bonds and \$51.3 million of general Obligation refunding bonds under its University of Connecticut 2000 program. The original issue bonds will mature in 2033 and the refunding bonds will mature in 2024. Both bond series bear interest rates ranging from 2.0 percent to 5.0 percent.

In August 2013, the State issued \$200.0 million General Obligation bonds. The bonds will mature in 2033 and bear interest rates ranging from 2.0 percent to 5.0 percent.

In August 2013, the State issued \$115.0 million series D General Obligation bonds. The bonds will mature in 2020 and bear variable interest rates ranging from 9 to 102 basis points above the SIFMA rate.

In August 2013, the State issued \$285.0 million series E General Obligation bonds. The bonds will mature in 2033 and bear interest rates ranging from 1.0 percent to 5.0 percent.

In August 2013, the State issued \$100.0 million series A Taxable General Obligation bonds. The bonds will mature in 2033 and bear interest rates ranging from 0.28 percent to 3.82 percent.

In October 2013, the State issued \$314.3 million of Economic Recovery Refunding - Variable-rate Remarketed

Obligation Notes. The notes will mature in 2018 and bear an initial interest rate of 0.5 percent. After the delivery date, the notes will bear interest at the Variable-rate Remarketed Obligation (VRO) rate, which will be determined by the Remarketing Agent on each business day during the VRO Mode period.

In October 2013, the State issued \$560.4 million in General Obligation GAAP conversion bonds. The bonds will mature in 2027 and bear interest rates ranging from 1.0 percent to 5.0 percent.

In October 2013, the Connecticut State University System issued \$80.3 million Series N Revenue bonds. The bonds, which are special obligations of the State of Connecticut Health and Educational Facilities Authority, mature in 2033 and bear interest rates ranging from 4.1 percent to 5.0 percent.

In November 2013, the State issued \$600.0 million in Special Tax Obligation bonds. The bonds will mature in 2033 and bear interest rates ranging from 2.0 percent to 5.0 percent.

Effective July 1, 2011, the State established the Connecticut Airport Authority (the Authority), which became responsible for governance, control and transitioning of jurisdiction of the Bradley International Airport (an Enterprise fund) as well as other state-owned airports from the Department of Transportation to the Authority. On July 1, 2013, the transfer of ownership of the airport was completed.

Effective January 5, 2011, the Governor issued “Executive Order No 1” which initiated the process of implementing Generally Accepted Accounting Principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), with respect to the preparation of the biennial budget. On July 1, 2013, the State implemented its GAAP conversion plan to use the modified accrual basis of accounting for the State budget.

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***Required  
PERS  
Supplementary  
Information***

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# Pension and Other Postemployment Benefit Plans

## Required Supplementary Information

### Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
<b>SERS</b>						
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$9,745.0	\$23,018.8	\$13,273.8	42.3%	\$3,354.7	395.7%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%

\*No actuarial valuation was performed.

<b>TRS</b>						
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$13,734.8	\$24,862.2	\$11,127.4	55.2%	\$3,652.5	304.7%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%

\*No actuarial valuation was performed.

<b>JRS</b>						
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$174.7	\$319.5	\$144.8	54.7%	\$30.3	477.9%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%

\*No actuarial valuation was performed.

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

\*No actuarial valuation was performed.

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

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

\*No actuarial valuation was performed.

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



**Pension and Other Postemployment Benefit Plans**  
**Required Supplementary Information**  
**Schedules of Employer Contributions**  
(Expressed in Millions)

Fiscal Year	<u>SERS</u>		<u>TRS</u>		<u>JRS</u>		<u>RTHP</u>		<u>SEOPBP</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$0.0	0.0%	\$0.0	0.0%
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$0.0	0.0%	\$0.0	0.0%
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$0.0	0.0%	\$0.0	0.0%
2008	\$716.9	99.2%	\$518.6	485.7%	\$13.4	100.0%	\$116.1	21.5%	\$0.0	0.0%
2009	\$753.7	92.8%	\$539.3	100.0%	\$14.2	100.0%	\$116.7	25.3%	\$0.0	0.0%
2010	\$897.4	80.3%	\$559.2	100.0%	\$15.4	0.0%	\$121.3	10.0%	\$0.0	0.0%
2011	\$944.1	87.5%	\$581.6	100.0%	\$16.2	0.0%	\$177.1	3.0%	\$0.0	0.0%
2012	\$926.4	100.0%	\$757.2	100.0%	\$15.1	100.0%	\$184.1	26.9%	\$1,354.7	40.0%
2013	\$1,059.7	100.0%	\$787.5	100.0%	\$16.0	100.0%	\$180.4	15.0%	\$1,271.3	42.7%

Schedules of employer contributions for other postemployment benefit plans (RTPH) were required to be disclosed starting with fiscal year 2008. SEOPBP did not begin disclosing employer contributions until fiscal year 2012.

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

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

June 30, 2013

(Expressed in Thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 177,888	\$ -	\$ 6,577	\$ 184,465
Investments	4,470	-	102,712	107,182
Securities Lending Collateral	-	-	15,334	15,334
Receivables:				
Accounts, Net of Allowances	14,664	801	-	15,465
Loans, Net of Allowances	113,217	-	-	113,217
From Other Governments	7,868	-	-	7,868
From Other Funds	6,924	495,202	2	502,128
Other Receivables	-	-	39	39
Total Assets	<u>\$ 325,031</u>	<u>\$ 496,003</u>	<u>\$ 124,664</u>	<u>\$ 945,698</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 6,756	\$ 54,330	\$ -	\$ 61,086
Due to Other Funds	20,545	153,227	6,744	180,516
Unearned Revenue	22,758	801	-	23,559
Securities Lending Obligation	-	-	15,334	15,334
Total Liabilities	<u>50,059</u>	<u>208,358</u>	<u>22,078</u>	<u>280,495</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	-	-	102,712	102,712
Restricted	254,656	288,363	5,686	548,705
Assigned	20,316	-	-	20,316
Unassigned	-	(718)	(5,812)	(6,530)
Total Fund Balances	<u>274,972</u>	<u>287,645</u>	<u>102,586</u>	<u>665,203</u>
Total Liabilities and Fund Balances	<u>\$ 325,031</u>	<u>\$ 496,003</u>	<u>\$ 124,664</u>	<u>\$ 945,698</u>

# Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Revenues</b>				
Licenses, Permits, and Fees	\$ 38,989	\$ -	\$ -	\$ 38,989
Tobacco Settlement	123,745	-	-	123,745
Federal Grants and Aid	97,070	-	-	97,070
Charges for Services	14	-	-	14
Fines, Forfeits, and Rents	937	-	-	937
Investment Earnings	589	-	5,035	5,624
Interest on Loans	58	-	-	58
Miscellaneous	112,027	-	-	112,027
Total Revenues	<u>373,429</u>	<u>-</u>	<u>5,035</u>	<u>378,464</u>
<b>Expenditures</b>				
Current:				
General Government	68,289	-	-	68,289
Regulation and Protection	181,382	-	-	181,382
Conservation and Development	105,322	-	627	105,949
Health and Hospitals	4,050	-	-	4,050
Human Services	11,185	-	-	11,185
Education, Libraries, and Museums	5,124	-	3	5,127
Corrections	2,488	-	-	2,488
Judicial	45,490	-	14	45,504
Capital Projects	-	757,001	-	757,001
Debt Service:				
Interest and Fiscal Charges	347	3,853	-	4,200
Total Expenditures	<u>423,677</u>	<u>760,854</u>	<u>644</u>	<u>1,185,175</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,248)</u>	<u>(760,854)</u>	<u>4,391</u>	<u>(806,711)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	54,775	852,663	-	907,438
Premium on Bonds Issued	3,918	137,166	-	141,084
Transfers In	74,991	-	31	75,022
Transfers Out	(126,133)	(179,132)	(3,434)	(308,699)
Total Other Financing Sources (Uses)	<u>7,551</u>	<u>810,697</u>	<u>(3,403)</u>	<u>814,845</u>
Net Change in Fund Balances	<u>(42,697)</u>	<u>49,843</u>	<u>988</u>	<u>8,134</u>
Fund Balances - Beginning	<u>317,669</u>	<u>237,802</u>	<u>101,598</u>	<u>657,069</u>
Fund Balances - Ending	<u>\$ 274,972</u>	<u>\$ 287,645</u>	<u>\$ 102,586</u>	<u>\$ 665,203</u>

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## ***Special Revenue Funds***

### ***Workers' Compensation Administration:***

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

### ***Banking:***

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

### ***Consumer Counsel and Public Utility Control:***

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

### ***Insurance:***

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

### ***Criminal Injuries Compensation:***

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

### ***Regional Market Fund:***

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

### ***Mashantucket Pequot and Mohegan Fund:***

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

### ***Soldiers, Sailors, and Marines Fund:***

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

### ***Employment Security Administration:***

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

### ***Environmental Programs:***

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

### ***Housing Programs:***

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

# Combining Balance Sheet

## Nonmajor Special Revenue Funds

June 30, 2013

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer</u>	<u>Public Utility</u>	<u>Criminal</u>	<u>Mashantucket</u>
	<u>Compensation</u>		<u>Control</u>	<u>Insurance</u>	<u>Injuries</u>	<u>Pequot and</u>
						<u>Mohegan</u>
						<u>Fund</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 10,404	\$ 27,350	\$ 6,778	\$ 7,668	\$ 1,572	\$ 330
Investments	-	-	-	-	-	-
Receivables:						
Accounts, Net of Allowances	-	20	532	6	-	-
Loans, Net of Allowances	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-
From Other Funds	7	-	-	3	1	-
Total Assets	<u>\$ 10,411</u>	<u>\$ 27,370</u>	<u>\$ 7,310</u>	<u>\$ 7,677</u>	<u>\$ 1,573</u>	<u>\$ 330</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 510	\$ 519	\$ 492	\$ 598	\$ 307	\$ -
Unearned Revenue	-	3	5,979	4,385	-	-
Due to Other Funds	174	135	111	163	-	-
Total Liabilities	<u>684</u>	<u>657</u>	<u>6,582</u>	<u>5,146</u>	<u>307</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	9,727	26,713	728	2,531	1,266	330
Assigned	-	-	-	-	-	-
Total Fund Balances	<u>9,727</u>	<u>26,713</u>	<u>728</u>	<u>2,531</u>	<u>1,266</u>	<u>330</u>
Total Liabilities and Fund Balances	<u>\$ 10,411</u>	<u>\$ 27,370</u>	<u>\$ 7,310</u>	<u>\$ 7,677</u>	<u>\$ 1,573</u>	<u>\$ 330</u>



<u>Regional Market</u>	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 830	\$ -	\$ 25,424	\$ 47,935	\$ -	\$ 49,597	\$ 177,888
-	-	-	4,470	-	-	4,470
-	-	-	17	2,507	11,582	14,664
-	-	-	9,625	103,570	22	113,217
-	-	7,868	-	-	-	7,868
-	6,548	355	-	-	10	6,924
<u>\$ 830</u>	<u>\$ 6,548</u>	<u>\$ 33,647</u>	<u>\$ 62,047</u>	<u>\$ 106,077</u>	<u>\$ 61,211</u>	<u>\$ 325,031</u>
\$ 40	\$ 25	\$ 2,339	\$ 195	\$ 10	\$ 1,721	\$ 6,756
-	-	-	17	2,506	9,868	22,758
5	6,497	562	24	12,797	77	20,545
<u>45</u>	<u>6,522</u>	<u>2,901</u>	<u>236</u>	<u>15,313</u>	<u>11,666</u>	<u>50,059</u>
785	26	30,746	61,811	90,764	29,229	254,656
-	-	-	-	-	20,316	20,316
<u>785</u>	<u>26</u>	<u>30,746</u>	<u>61,811</u>	<u>90,764</u>	<u>49,545</u>	<u>274,972</u>
<u>\$ 830</u>	<u>\$ 6,548</u>	<u>\$ 33,647</u>	<u>\$ 62,047</u>	<u>\$ 106,077</u>	<u>\$ 61,211</u>	<u>\$ 325,031</u>

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>Workers'</u>		<u>Consumer</u>			<u>Mashantucket</u>
	<u>Compensation</u>	<u>Banking</u>	<u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u>	<u>Pequot and</u>
			<u>Control</u>		<u>Injuries</u>	<u>Mohegan</u>
						<u>Fund</u>
<b>Revenues</b>						
Licenses, Permits, and Fees	\$ -	\$ 26,157	\$ 42	\$ 19	\$ 1,222	\$ -
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	14	-	-	-	-	-
Fines, Forfeits, and Rents	-	-	30	-	82	-
Investment Earnings	42	-	-	18	2	-
Interest on Loans	-	-	-	-	-	-
Miscellaneous	<u>16,158</u>	<u>13</u>	<u>25,773</u>	<u>26,741</u>	<u>2,050</u>	<u>-</u>
Total Revenues	<u>16,214</u>	<u>26,170</u>	<u>25,845</u>	<u>26,778</u>	<u>3,356</u>	<u>-</u>
<b>Expenditures</b>						
Current:						
General Government	534	-	-	343	-	61,681
Regulation and Protection	17,767	18,963	2,318	26,294	-	-
Conservation and Development	-	168	20,490	-	-	-
Health and Hospitals	-	-	-	-	-	-
Human Services	2,095	-	-	475	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	5,128	-	-	3,333	-
Debt Service:						
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>20,396</u>	<u>24,259</u>	<u>22,808</u>	<u>27,112</u>	<u>3,333</u>	<u>61,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,182)</u>	<u>1,911</u>	<u>3,037</u>	<u>(334)</u>	<u>23</u>	<u>(61,681)</u>
<b>Other Financing Sources (Uses)</b>						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	-	-	61,800
Transfers Out	<u>(450)</u>	<u>(1,200)</u>	<u>(2,300)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(450)</u>	<u>(1,200)</u>	<u>(2,300)</u>	<u>(500)</u>	<u>-</u>	<u>61,800</u>
Net Change in Fund Balances	<u>(4,632)</u>	<u>711</u>	<u>737</u>	<u>(834)</u>	<u>23</u>	<u>119</u>
Fund Balances (Deficit) - Beginning	<u>14,359</u>	<u>26,002</u>	<u>(9)</u>	<u>3,365</u>	<u>1,243</u>	<u>211</u>
Fund Balances-Ending	<u>\$ 9,727</u>	<u>\$ 26,713</u>	<u>\$ 728</u>	<u>\$ 2,531</u>	<u>\$ 1,266</u>	<u>\$ 330</u>

<u>Regional Market</u>	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ 1,179	\$ 3,501	\$ -	\$ 6,869	\$ 38,989
-	-	-	-	-	123,745	123,745
-	-	97,070	-	-	-	97,070
-	-	-	-	-	-	14
797	-	-	-	-	28	937
1	-	28	251	62	185	589
-	-	-	58	-	-	58
-	-	356	29	1,042	39,865	112,027
<u>798</u>	<u>-</u>	<u>98,633</u>	<u>3,839</u>	<u>1,104</u>	<u>170,692</u>	<u>373,429</u>
-	-	-	3,218	2,513	-	68,289
-	-	103,047	-	-	12,993	181,382
938	-	-	34,733	47,807	1,186	105,322
-	-	-	-	-	4,050	4,050
-	3,019	-	-	475	5,121	11,185
-	-	-	-	-	5,124	5,124
-	-	-	-	-	2,488	2,488
-	-	-	-	-	37,029	45,490
<u>7</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>136</u>	<u>168</u>	<u>347</u>
<u>945</u>	<u>3,019</u>	<u>103,083</u>	<u>37,951</u>	<u>50,931</u>	<u>68,159</u>	<u>423,677</u>
<u>(147)</u>	<u>(3,019)</u>	<u>(4,450)</u>	<u>(34,112)</u>	<u>(49,827)</u>	<u>102,533</u>	<u>(50,248)</u>
-	-	-	-	30,500	24,275	54,775
-	-	-	-	1,220	2,698	3,918
-	3,026	3,665	-	-	6,500	74,991
-	-	-	(1,749)	(1,084)	(118,850)	(126,133)
-	3,026	3,665	(1,749)	30,636	(85,377)	7,551
(147)	7	(785)	(35,861)	(19,191)	17,156	(42,697)
932	19	31,531	97,672	109,955	32,389	317,669
<u>\$ 785</u>	<u>\$ 26</u>	<u>\$ 30,746</u>	<u>\$ 61,811</u>	<u>\$ 90,764</u>	<u>\$ 49,545</u>	<u>\$ 274,972</u>

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

For the Fiscal Year Ended June 30, 2013  
(Expressed in Thousands)

	<b>Workers' Compensation</b>			<b>Banking</b>		
	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>Revenues</b>						
Budgeted:						
Fees, Assessments, and Other Income	\$ 17,035	\$ 16,214	\$ (821)	\$ 24,000	\$ 26,158	\$ 2,158
Total Budgeted Revenues	<u>17,035</u>	<u>16,214</u>	<u>(821)</u>	<u>24,000</u>	<u>26,158</u>	<u>2,158</u>
<b>Expenditures</b>						
Budgeted:						
General Government	720	534	186	-	-	-
Regulation and Protection	18,503	17,789	714	20,149	18,981	1,168
Conservation and Development	-	-	-	169	169	-
Human Services	2,345	1,988	357	-	-	-
Judicial	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,325</u>	<u>5,115</u>	<u>210</u>
Total Budgeted Expenditures	<u>21,568</u>	<u>20,311</u>	<u>1,257</u>	<u>25,643</u>	<u>24,265</u>	<u>1,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,533)</u>	<u>(4,097)</u>	<u>436</u>	<u>(1,643)</u>	<u>1,893</u>	<u>3,536</u>
<b>Other Financing Sources (Uses)</b>						
Use of Fund Balance from Prior Years	14,151	-	(14,151)	1,600	-	(1,600)
Operating Transfers Out	-	(450)	(450)	-	(1,200)	(1,200)
Prior Year Appropriations Carried Forward	234	234	-	37	37	-
Appropriations Continued to Fiscal Year 2014	<u>-</u>	<u>(353)</u>	<u>(353)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>14,385</u>	<u>(569)</u>	<u>(14,954)</u>	<u>1,637</u>	<u>(1,163)</u>	<u>(2,800)</u>
Net Change in Fund Balances	<u>\$ 9,852</u>	<u>(4,666)</u>	<u>\$ (14,518)</u>	<u>\$ (6)</u>	<u>730</u>	<u>\$ 736</u>
Budgetary Fund Balances - July 1		14,958			26,657	
Changes in Reserves		<u>119</u>			<u>(37)</u>	
Budgetary Fund Balances - June 30		<u>\$ 10,411</u>			<u>\$ 27,350</u>	

<b>Consumer Counsel &amp; Public Utility Control</b>			<b>Insurance</b>		
<b><u>Final</u></b>			<b><u>Final</u></b>		
<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
\$ 25,351	\$ 26,253	\$ 902	\$ 28,750	\$ 25,133	\$ (3,617)
25,351	26,253	902	28,750	25,133	(3,617)
-	-	-	354	342	12
2,766	2,328	438	27,911	26,270	1,641
23,786	20,437	3,349	-	-	-
-	-	-	475	475	-
-	-	-	-	-	-
26,552	22,765	3,787	28,740	27,087	1,653
(1,201)	3,488	4,689	10	(1,954)	(1,964)
-	-	-	-	-	-
-	(2,300)	(2,300)	-	(500)	(500)
1,200	1,200	-	-	-	-
-	(2,100)	(2,100)	-	(70)	(70)
1,200	(3,200)	(4,400)	-	(570)	(570)
\$ (1)	288	\$ 289	\$ 10	(2,524)	\$ (2,534)
	5,589			10,124	
	900			70	
	\$ 6,777			\$ 7,670	

*Continued on next page*

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

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<b>Criminal Injuries Compensation</b>			<b>Mashantucket Pequot and Mohegan Fund</b>		
	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>Revenues</b>						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,800	\$ 61,800	\$ -
Fees, Assessments, and Other Income	3,310	3,354	44	-	-	-
Total Budgeted Revenues	3,310	3,354	44	61,800	61,800	-
<b>Expenditures</b>						
Budgeted:						
General Government	-	-	-	61,780	61,681	99
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	3,602	3,291	311	-	-	-
Non Functional	-	-	-	-	-	-
Total Budgeted Expenditures	3,602	3,291	311	61,780	61,681	99
Excess (Deficiency) of Revenues Over Expenditures	(292)	63	355	20	119	99
<b>Other Financing Sources (Uses)</b>						
Use of Fund Balance from Prior Years	300	-	(300)	-	-	-
Prior Year Appropriations Carried Forward	-	-	-	-	-	-
Total Other Financing Sources (Uses)	300	-	(300)	-	-	-
Net Change in Fund Balances	<u>\$ 8</u>	63	<u>\$ 55</u>	<u>\$ 20</u>	119	<u>\$ 99</u>
Budgetary Fund Balances (Deficit) - July 1		1,509			211	
Changes in Reserves		-			-	
Budgetary Fund Balances (Deficit) - June 30		<u>\$ 1,572</u>			<u>\$ 330</u>	

<b>Regional Market</b>			<b>Soldiers', Sailors', and Marines'</b>		
<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
\$ -	\$ -	\$ -	\$ 3,100	\$ 1,927	\$ (1,173)
925	798	(127)	-	-	-
925	798	(127)	3,100	1,927	(1,173)
-	-	-	-	-	-
994	936	58	-	-	-
-	-	-	3,065	3,018	47
-	-	-	-	-	-
7	7	-	-	-	-
1,001	943	58	3,065	3,018	47
(76)	(145)	(69)	35	(1,091)	(1,126)
15	-	(15)	-	-	-
-	-	-	26	26	-
15	-	(15)	26	26	-
<u>\$ (61)</u>	<u>(145)</u>	<u>\$ (84)</u>	<u>\$ 61</u>	<u>(1,065)</u>	<u>\$ (1,126)</u>
	975			(5,399)	
	-			(26)	
	<u>\$ 830</u>			<u>\$ (6,490)</u>	

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## ***Capital Projects Funds***

### ***State Facilities:***

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

### ***Infrastructure:***

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

### ***Other Transportation:***

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

# Combining Balance Sheet

## Nonmajor Capital Projects Funds

June 30, 2013

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Assets</b>				
Accounts, Net of Allowances	\$ 801	\$ -	\$ -	\$ 801
Due From Other Funds	222,992	272,210	-	495,202
Total Assets	<u>\$ 223,793</u>	<u>\$ 272,210</u>	<u>\$ -</u>	<u>\$ 496,003</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 22,329	\$ 32,001	\$ -	\$ 54,330
Due To Other Funds	152,230	279	718	153,227
Unearned Revenue	801	-	-	801
Total Liabilities	<u>175,360</u>	<u>32,280</u>	<u>718</u>	<u>208,358</u>
<b>Fund Balances</b>				
Restricted	48,433	239,930	-	288,363
Unassigned	-	-	(718)	(718)
Total Fund Balances (Deficit)	<u>48,433</u>	<u>239,930</u>	<u>(718)</u>	<u>287,645</u>
Total Liabilities and Fund Balances	<u>\$ 223,793</u>	<u>\$ 272,210</u>	<u>\$ -</u>	<u>\$ 496,003</u>

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Expenditures</b>				
Capital Projects	\$ 157,298	\$ 599,703	\$ -	\$ 757,001
Debt Service:				
Interest and Fiscal Charges	<u>1,524</u>	<u>2,329</u>	<u>-</u>	<u>3,853</u>
Total Expenditures	<u>158,822</u>	<u>602,032</u>	<u>-</u>	<u>760,854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(158,822)</u>	<u>(602,032)</u>	<u>-</u>	<u>(760,854)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	350,373	502,290	-	852,663
Premium on Bonds Issued	36,604	100,562	-	137,166
Transfer Out	<u>(178,609)</u>	<u>(523)</u>	<u>-</u>	<u>(179,132)</u>
Total Other Financing Sources	<u>208,368</u>	<u>602,329</u>	<u>-</u>	<u>810,697</u>
Net Change in Fund Balances	49,546	297	-	49,843
Fund Balances (Deficit) - Beginning	<u>(1,113)</u>	<u>239,633</u>	<u>(718)</u>	<u>237,802</u>
Fund Balances (Deficit) - Ending	<u>\$ 48,433</u>	<u>\$ 239,930</u>	<u>\$ (718)</u>	<u>\$ 287,645</u>

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## ***Permanent Funds***

### ***Soldiers', Sailors', and Marines':***

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

### ***Connecticut Arts Endowment:***

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

# Combining Balance Sheet

## Nonmajor Permanent Funds

June 30, 2013

(Expressed in Thousands)

	<b><u>Soldiers', Sailors', &amp; Marines'</u></b>	<b><u>Connecticut Arts Endowment</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 735	\$ -	\$ 5,842	\$ 6,577
Investments	68,041	17,847	16,824	102,712
Securities Lending Collateral	10,165	2,660	2,509	15,334
Other Receivables	1	-	38	39
Due From Other Funds	-	-	2	2
Total Assets	<u>\$ 78,942</u>	<u>\$ 20,507</u>	<u>\$ 25,215</u>	<u>\$ 124,664</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due To Other Funds	\$ 6,548	\$ -	\$ 196	\$ 6,744
Securities Lending Obligation	10,165	2,660	2,509	15,334
Total Liabilities	<u>16,713</u>	<u>2,660</u>	<u>2,705</u>	<u>22,078</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	68,041	17,847	16,824	102,712
Restricted	-	-	5,686	5,686
Unassigned	(5,812)	-	-	(5,812)
Total Fund Balances	<u>62,229</u>	<u>17,847</u>	<u>22,510</u>	<u>102,586</u>
Total Liabilities and Fund Balances	<u>\$ 78,942</u>	<u>\$ 20,507</u>	<u>\$ 25,215</u>	<u>\$ 124,664</u>

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>				
Investment Earnings	\$ 3,336	\$ 820	\$ 879	\$ 5,035
Total Revenues	<u>3,336</u>	<u>820</u>	<u>879</u>	<u>5,035</u>
<b>Expenditures</b>				
Conservation and Development	-	627	-	627
Education, Libraries, and Museums	-	-	3	3
Judicial	-	-	14	14
Total Expenditures	<u>-</u>	<u>627</u>	<u>17</u>	<u>644</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,336</u>	<u>193</u>	<u>862</u>	<u>4,391</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(3,026)	-	(408)	(3,434)
Transfers In	-	-	31	31
Total Other Financing Sources (Uses)	<u>(3,026)</u>	<u>-</u>	<u>(377)</u>	<u>(3,403)</u>
Net Change in Fund Balances	310	193	485	988
Fund Balances - Beginning	61,919	17,654	22,025	101,598
Fund Balances - Ending	<u>\$ 62,229</u>	<u>\$ 17,847</u>	<u>\$ 22,510</u>	<u>\$ 102,586</u>

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## ***Enterprise Funds***

### ***Bradley Parking Garage:***

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

### ***Second Injury and Compensation Assurance:***

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

### ***Drinking Water:***

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

# Combining Statement of Net Position

## Nonmajor Enterprise Funds

June 30, 2013

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Total</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 29,759	\$ 98	\$ 7,174	\$ 37,031
Accounts Receivable, Net of Allowances	7,158	663	-	7,821
Loans, Net of Allowances	-	-	10,286	10,286
Interest Receivable	-	-	277	277
Due From Other Governments	-	-	759	759
Other	4	-	-	4
Total Current Assets	36,921	761	18,496	56,178
Noncurrent Assets:				
Cash and Cash Equivalents	-	-	41,843	41,843
Receivables:				
Loans, Net of Allowances	-	-	58,404	58,404
Restricted Assets	-	13,418	61,237	74,655
Capital Assets, Net of Accumulated Depreciation	-	29,160	-	29,160
Other Noncurrent Assets	-	587	835	1,422
Total Noncurrent Assets	-	43,165	162,319	205,484
Total Assets	36,921	43,926	180,815	261,662
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	9,416	2,297	686	12,399
Current Portion of Long-Term Debt	508	2,199	5,727	8,434
Total Current Liabilities	9,924	4,496	6,413	20,833
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	1,290	67,585	37,520	106,395
Total Noncurrent Liabilities	1,290	67,585	37,520	106,395
Total Liabilities	11,214	72,081	43,933	127,228
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	-	(8,236)	-	(8,236)
Restricted for:				
Debt Service	-	4,508	-	4,508
Drinking Water Projects	-	-	110,677	110,677
Unrestricted (Deficit)	25,707	(24,427)	26,205	27,485
Total Net Position (Deficit)	\$ 25,707	\$ (28,155)	\$ 136,882	\$ 134,434

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Rate Reduction Bond Operations (12-31-12)</b>	<b>Total</b>
<b>Operating Revenues</b>					
Assessments	\$ 37,482	\$ -	\$ -	\$ -	\$ 37,482
Charges for Sales and Services	-	23,010	-	-	23,010
Interest on Loans	-	-	1,535	-	1,535
Miscellaneous	825	-	-	-	825
Total Operating Revenues	<u>38,307</u>	<u>23,010</u>	<u>1,535</u>	<u>-</u>	<u>62,852</u>
<b>Operating Expenses</b>					
Salaries, Wages, and Administrative	6,945	8,056	3,831	-	18,832
Claims Paid	30,908	-	-	-	30,908
Depreciation and Amortization	-	1,215	-	-	1,215
Other	-	-	1,770	-	1,770
Total Operating Expenses	<u>37,853</u>	<u>9,271</u>	<u>5,601</u>	<u>-</u>	<u>52,725</u>
Operating Income	<u>454</u>	<u>13,739</u>	<u>(4,066)</u>	<u>-</u>	<u>10,127</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest and Investment Income	48	19	1,058	-	1,125
Interest and Fiscal Charges	-	(3,218)	(2,458)	-	(5,676)
Other	-	(1,084)	516	(20)	(588)
Total Nonoperating Income (Expense)	<u>48</u>	<u>(4,283)</u>	<u>(884)</u>	<u>(20)</u>	<u>(5,139)</u>
Income (Loss) Before Grants, and Transfers	<u>502</u>	<u>9,456</u>	<u>(4,950)</u>	<u>(20)</u>	<u>4,988</u>
Federal Capitalization Grants	-	-	9,677	-	9,677
Transfers Out	-	(10,483)	(247)	-	(10,730)
Change in Net Position	502	(1,027)	4,480	(20)	3,935
Total Net Position (Deficit) - Beginning (as restated)	<u>25,205</u>	<u>(27,128)</u>	<u>132,402</u>	<u>20</u>	<u>130,499</u>
Total Net Position (Deficit) - Ending	<u>\$ 25,707</u>	<u>\$ (28,155)</u>	<u>\$ 136,882</u>	<u>\$ -</u>	<u>\$ 134,434</u>

**Combining Statement of Cash Flows****Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Rate Reduction Bond Operations (12-31-12)</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers	\$ 36,602	\$ 23,002	\$ 6,265	\$ -	\$ 65,869
Payments to Suppliers	-	(6,366)	(1,770)	-	(8,136)
Payments to Employees	(6,869)	(1,742)	(2,636)	-	(11,247)
Other Receipts (Payments)	(30,112)	1,936	(7,203)	-	(35,379)
Net Cash Provided by (Used in) Operating Activities	(379)	16,830	(5,344)	-	11,107
<b>Cash Flows from Noncapital Financing Activities</b>					
Proceeds from Bonds Payable	-	-	1,445	-	1,445
Retirement of Bonds and Annuities Payable	-	(1,990)	(4,952)	-	(6,942)
Interest of Bonds	-	(3,218)	(2,163)	-	(5,381)
Transfers Out	-	(10,483)	(247)	-	(10,730)
Other Receipts (Payments)	-	(1,085)	(11,461)	(20)	(12,566)
Net Cash Flows from Noncapital Financing Activities	-	(16,776)	(17,378)	(20)	(34,174)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Additions to Property, Plant, and Equipment	-	(63)	-	-	(63)
Federal Grant	-	-	9,228	-	9,228
Net Cash Flows from Capital and Related Financing Activities	-	(63)	9,228	-	9,165
<b>Cash Flows from Investing Activities</b>					
Interest on Investments	48	19	1,076	-	1,143
Other Receipts (Payments)	-	-	11,968	-	11,968
Net Cash Flows from Investing Activities	48	19	13,044	-	13,111
Net Increase (Decrease) in Cash and Cash Equivalents	(331)	10	(450)	(20)	(791)
Cash and Cash Equivalents - Beginning of Year	30,090	88	7,624	20	37,822
Cash and Cash Equivalents - End of Year	\$ 29,759	\$ 98	\$ 7,174	\$ -	\$ 37,031
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>					
Operating Income (Loss)	\$ 454	\$ 13,739	\$ (4,066)	\$ -	\$ 10,127
Adjustments not Affecting Cash:					
Depreciation and Amortization	-	1,215	-	-	1,215
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables, Net	(876)	(8)	(53)	-	(937)
(Increase) Decrease in Inventories and Other Assets	(1)	468	(1,225)	-	(758)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	44	1,416	-	-	1,460
Total Adjustments	(833)	3,091	(1,278)	-	980
Net Cash Provided by (Used In) Operating Activities	\$ (379)	\$ 16,830	\$ (5,344)	\$ -	\$ 11,107

## ***Internal Service Funds***

### ***Correction Industries:***

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

### ***Administrative Services:***

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

### ***Information Technology:***

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

# Combining Statement of Net Position

## Internal Service Funds

June 30, 2013

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 4,904	\$ 6,112	\$ -	\$ 11,016
Receivables, Net of Allowances	9	58	106	173
Due From Other Funds	416	2,190	1,718	4,324
Inventories	3,613	-	86	3,699
Other Current Assets	56	-	106	162
Total Current Assets	<u>8,998</u>	<u>8,360</u>	<u>2,016</u>	<u>19,374</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	<u>1,024</u>	<u>-</u>	<u>38,961</u>	<u>39,985</u>
Total Noncurrent Assets	<u>1,024</u>	<u>-</u>	<u>38,961</u>	<u>39,985</u>
Total Assets	<u>10,022</u>	<u>8,360</u>	<u>40,977</u>	<u>59,359</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,038	399	279	1,716
Unearned Revenue	-	-	295	295
Due To Other Funds	-	-	7,370	7,370
Compensated Absences-Current Portion	<u>42</u>	<u>18</u>	<u>36</u>	<u>96</u>
Total Current Liabilities	<u>1,080</u>	<u>417</u>	<u>7,980</u>	<u>9,477</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	<u>650</u>	<u>542</u>	<u>716</u>	<u>1,908</u>
Total Noncurrent Liabilities	<u>650</u>	<u>1,247</u>	<u>716</u>	<u>2,613</u>
Total Liabilities	<u>1,730</u>	<u>1,664</u>	<u>8,696</u>	<u>12,090</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,024	-	38,960	39,984
Unrestricted (Deficit)	<u>7,268</u>	<u>6,696</u>	<u>(6,679)</u>	<u>7,285</u>
Total Net Position	<u>\$ 8,292</u>	<u>\$ 6,696</u>	<u>\$ 32,281</u>	<u>\$ 47,269</u>

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 23,225	\$ 4,843	\$ 25,038	\$ 53,106
Miscellaneous	88	-	-	88
Total Operating Revenues	<u>23,313</u>	<u>4,843</u>	<u>25,038</u>	<u>53,194</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	21,785	3,605	13,798	39,188
Depreciation and Amortization	386	-	5,911	6,297
Total Operating Expenses	<u>22,171</u>	<u>3,605</u>	<u>19,709</u>	<u>45,485</u>
Operating Income	<u>1,142</u>	<u>1,238</u>	<u>5,329</u>	<u>7,709</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income	3	-	-	3
Other Nonoperating Revenue (Expense)	(453)	-	-	(453)
Total Nonoperating Revenue (Expense)	<u>(450)</u>	<u>-</u>	<u>-</u>	<u>(450)</u>
Income before Capital Contributions	<u>692</u>	<u>1,238</u>	<u>5,329</u>	<u>7,259</u>
Change in Net Position	692	1,238	5,329	7,259
Total Net Position - Beginning	<u>7,600</u>	<u>5,458</u>	<u>26,952</u>	<u>40,010</u>
Total Net Position - Ending	<u>\$ 8,292</u>	<u>\$ 6,696</u>	<u>\$ 32,281</u>	<u>\$ 47,269</u>

# Combining Statement of Cash Flows

## Internal Service Funds

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 23,332	\$ 5,161	\$ 23,383	\$ 51,876
Payments to Suppliers	(18,974)	(1,079)	(1,795)	(21,848)
Payments to Employees	(2,797)	(2,975)	(6,618)	(12,390)
Other Receipts (Payments)	59	-	186	245
Net Cash Provided by (Used in) Operating Activities	<u>1,620</u>	<u>1,107</u>	<u>15,156</u>	<u>17,883</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	(488)	-	(15,156)	(15,644)
Net Cash Flows from Capital and Related Financing Activities	<u>(488)</u>	<u>-</u>	<u>(15,156)</u>	<u>(15,644)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Other Receipts (Payments)	(453)	-	-	(453)
Net Cash Flows from Noncapital Financing Activities	<u>(453)</u>	<u>-</u>	<u>-</u>	<u>(453)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	3	-	-	3
Net Cash Flows from Investing Activities	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Net Increase (Decrease) in Cash and Cash Equivalents	682	1,107	-	1,789
Cash and Cash Equivalents - Beginning of Year	4,222	5,005	-	9,227
Cash and Cash Equivalents - End of Year	<u>\$ 4,904</u>	<u>\$ 6,112</u>	<u>\$ -</u>	<u>\$ 11,016</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income	\$ 1,142	\$ 1,238	\$ 5,329	\$ 7,709
Adjustments Not Affecting Cash:				
Depreciation	386	-	5,911	6,297
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(9)	(57)	(58)	(124)
(Increase) Decrease in Due From Other Funds	116	375	(1,596)	(1,105)
(Increase) Decrease in Inventories and Other Assets	(30)	-	322	292
Increase (Decrease) in Accounts Payables & Accrued Liabilities	15	(449)	5,248	4,814
Total Adjustments	<u>478</u>	<u>(131)</u>	<u>9,827</u>	<u>10,174</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,620</u>	<u>\$ 1,107</u>	<u>\$ 15,156</u>	<u>\$ 17,883</u>



## ***Pension and (Other Employee Benefit) Trust Funds***

### ***Pension Trust Funds:***

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

### ***Retired Teachers' Health Benefits Plan:***

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

### ***Policemen, Firemen and Survivors' Benefits Plan:***

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

### ***State Employees' Health Benefits Plan:***

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

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

June 30, 2013

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b><u>State Employees</u></b>	<b><u>State Teachers</u></b>	<b><u>Judicial</u></b>	<b><u>Connecticut Municipal Employees</u></b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 18	\$ 22,996
Receivables:				
Accounts, Net of Allowances	5,840	11,588	8	8,858
From Other Governments	-	347	-	-
From Other Funds	10	2	-	1
Interest	196	255	2	13
Investments	9,179,573	14,453,544	168,327	1,828,132
Securities Lending Collateral	<u>887,939</u>	<u>1,390,000</u>	<u>17,116</u>	<u>186,402</u>
Total Assets	<u>10,073,558</u>	<u>15,855,736</u>	<u>185,471</u>	<u>2,046,402</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	30	-	-	-
Securities Lending Obligation	887,939	1,390,000	17,116	186,402
Due to Other Funds	<u>2,970</u>	<u>2,833</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>890,939</u>	<u>1,392,833</u>	<u>17,116</u>	<u>186,402</u>
<b>Net Position</b>				
Held in Trust For Employee				
Pension and Other Benefits	<u>9,182,619</u>	<u>14,462,903</u>	<u>168,355</u>	<u>1,860,000</u>
Total Net Position	<u>\$ 9,182,619</u>	<u>\$ 14,462,903</u>	<u>\$ 168,355</u>	<u>\$ 1,860,000</u>

Pension Trust		Other Employee Benefits			
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	State Employee OPEB Plan	Total
\$ -	\$ 279	\$ 103,766	\$ -	\$ 43,756	\$ 170,815
4	-	-	-	-	26,298
-	-	-	-	-	347
-	-	2,018	-	6,658	8,689
1	-	-	-	-	467
81,893	1,272	-	23,976	100,732	25,837,449
8,692	167	-	3,653	6,274	2,500,243
90,590	1,718	105,784	27,629	157,420	28,544,308
-	-	8,080	-	7,338	15,448
8,692	167	-	3,653	6,274	2,500,243
-	-	-	-	-	5,803
8,692	167	8,080	3,653	13,612	2,521,494
81,898	1,551	97,704	23,976	143,808	26,022,814
\$ 81,898	\$ 1,551	\$ 97,704	\$ 23,976	\$ 143,808	\$ 26,022,814

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

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 164,000	\$ 274,880	\$ 1,520	\$ 13,163
State	1,058,113	787,536	16,006	-
Municipalities	-	14	-	116,329
Total Contributions	1,222,113	1,062,430	17,526	129,492
Investment Income	1,012,054	1,607,248	15,316	163,267
Less: Investment Expenses	(31,259)	(49,642)	(473)	(5,043)
Net Investment Income	980,795	1,557,606	14,843	158,224
Other	-	1,118	-	715
Total Additions	2,202,908	2,621,154	32,369	288,431
<b>Deductions</b>				
Administrative Expense	717	-	31	-
Benefit Payments and Refunds	1,487,694	1,640,387	20,902	115,008
Other	519	-	-	-
Total Deductions	1,488,930	1,640,387	20,933	115,008
Changes in Net Position	713,978	980,767	11,436	173,423
<b>Net Position Held in Trust For Pension and Other Employee Benefits</b>				
Beginning of Year	8,468,641	13,482,136	156,919	1,686,577
End of Year	<u>\$ 9,182,619</u>	<u>\$ 14,462,903</u>	<u>\$ 168,355</u>	<u>\$ 1,860,000</u>

<b>Pension Trust</b>		<b>Other Employee Benefits</b>				
<b>Probate Judges</b>	<b>Other</b>	<b>Retired Teacher Healthcare Plan</b>	<b>Policemen, Firemen, and Survivors' Benefits</b>	<b>State Employee OPEB Plan</b>	<b>Total</b>	
\$ 200	\$ 38	\$ 85,450	\$ 471	\$ 27,504	\$ 567,226	
-	-	27,040	-	542,615	2,431,310	
-	-	-	54	-	116,397	
200	38	112,490	525	570,119	3,114,933	
7,510	55	125	2,006	(56)	2,807,525	
(232)	(1)	-	(62)	2	(86,710)	
7,278	54	125	1,944	(54)	2,720,815	
842	-	-	-	-	2,675	
8,320	92	112,615	2,469	570,065	5,838,423	
-	-	2,921	-	-	3,669	
4,501	1	100,311	1,046	485,969	3,855,819	
-	-	5	-	5	529	
4,501	1	103,237	1,046	485,974	3,860,017	
3,819	91	9,378	1,423	84,091	1,978,406	
78,079	1,460	88,326	22,553	59,717	24,044,408	
<u>\$ 81,898</u>	<u>\$ 1,551</u>	<u>\$ 97,704</u>	<u>\$ 23,976</u>	<u>\$ 143,808</u>	<u>\$ 26,022,814</u>	

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## ***Agency Funds***

### ***Insurance Companies' Securities:***

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

## Combining Statement of Assets and Liabilities

### Agency Funds

June 30, 2013

(Expressed in Thousands)

	<b>Fringe Benefit Clearing</b>	<b>Receipts Pending Distribution</b>	<b>Insurance Companies' Securities</b>	<b>State Institution Activity</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,393	\$ 20,086	\$ -	\$ 23,718	\$ 63,082	\$ 108,279
Receivables:						
Accounts, Net of Allowances	-	2,217	-	7,373	-	9,590
From Other Funds	4,233	-	-	-	-	4,233
Interest	-	-	-	2	6	8
Inventories	-	-	-	13	-	13
Other Assets	-	-	340,812	54	29,387	370,253
Total Assets	<u>\$ 5,626</u>	<u>\$ 22,303</u>	<u>\$ 340,812</u>	<u>\$ 31,160</u>	<u>\$ 92,475</u>	<u>\$ 492,376</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 1,438	\$ 58,192	\$ -	\$ 386	\$ 219	\$ 60,235
Due To Other Funds	-	6,653	-	-	-	6,653
Funds Held for Others	4,188	(42,542)	340,812	30,774	92,256	425,488
Total Liabilities	<u>\$ 5,626</u>	<u>\$ 22,303</u>	<u>\$ 340,812</u>	<u>\$ 31,160</u>	<u>\$ 92,475</u>	<u>\$ 492,376</u>



# Combining Statement of Changes in Assets and Liabilities

## Agency Funds

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b><u>Fringe Benefit Clearing</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,552	\$ -	\$ 159	\$ 1,393
From Other Funds	4,515	4,233	4,515	4,233
Total Assets	<u>\$ 6,067</u>	<u>\$ 4,233</u>	<u>\$ 4,674</u>	<u>\$ 5,626</u>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	\$ 1,573	\$ 1,438	\$ 1,573	\$ 1,438
Funds Held for Others	4,494	4,188	4,494	4,188
Total Liabilities	<u>\$ 6,067</u>	<u>\$ 5,626</u>	<u>\$ 6,067</u>	<u>\$ 5,626</u>
<b><u>Receipts Pending Distribution</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 28,407	\$ 3,334	\$ 11,655	\$ 20,086
Accounts, Net of Allowances	6,638	2,217	6,638	2,217
Total Assets	<u>\$ 35,045</u>	<u>\$ 5,551</u>	<u>\$ 18,293</u>	<u>\$ 22,303</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 46,032	\$ 58,192	\$ 46,032	\$ 58,192
Due To Other Funds	-	6,653	-	6,653
Funds Held for Others	(10,987)	5,603	37,158	(42,542)
Total Liabilities	<u>\$ 35,045</u>	<u>\$ 70,448</u>	<u>\$ 83,190</u>	<u>\$ 22,303</u>
<b><u>Insurance Companies' Securities</u></b>				
<b>Assets</b>				
Other Assets	\$ 353,531	\$ 340,812	\$ 353,531	\$ 340,812
Total Assets	<u>\$ 353,531</u>	<u>\$ 340,812</u>	<u>\$ 353,531</u>	<u>\$ 340,812</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 353,531	\$ 340,812	\$ 353,531	\$ 340,812
Total Liabilities	<u>\$ 353,531</u>	<u>\$ 340,812</u>	<u>\$ 353,531</u>	<u>\$ 340,812</u>
<b><u>State Institution Activity</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 27,805	\$ 23,718	\$ 27,805	\$ 23,718
Accounts, Net of Allowances	8,278	7,373	8,278	7,373
Interest	1	2	1	2
Inventories	12	13	12	13
Other Assets	557	54	557	54
Total Assets	<u>\$ 36,653</u>	<u>\$ 31,160</u>	<u>\$ 36,653</u>	<u>\$ 31,160</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 386	\$ -	\$ 386
Funds Held for Others	36,653	30,774	36,653	30,774
Total Liabilities	<u>\$ 36,653</u>	<u>\$ 31,160</u>	<u>\$ 36,653</u>	<u>\$ 31,160</u>

*continues*

**Combining Statement of Changes in Assets and Liabilities***continued***Agency Funds**

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	<b>Balance</b> <b><u>July 1, 2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>June 30, 2013</u></b>
<b><u>Other</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 80,712	\$ 59,433	\$ 77,063	\$ 63,082
Interest	5	6	5	6
Other Assets	26,086	29,387	26,086	29,387
Total Assets	<u>\$ 106,803</u>	<u>\$ 88,826</u>	<u>\$ 103,154</u>	<u>\$ 92,475</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 577	\$ 219	\$ 577	\$ 219
Funds Held for Others	106,226	88,283	102,253	92,256
Total Liabilities	<u>\$ 106,803</u>	<u>\$ 88,502</u>	<u>\$ 102,830</u>	<u>\$ 92,475</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 138,476	\$ 86,485	\$ 116,682	\$ 108,279
Accounts, Net of Allowances	14,916	9,590	14,916	9,590
From Other Funds	4,515	4,233	4,515	4,233
Interest	6	8	6	8
Inventories	12	13	12	13
Other Assets	380,174	370,253	380,174	370,253
Total Assets	<u>\$ 538,099</u>	<u>\$ 470,582</u>	<u>\$ 516,305</u>	<u>\$ 492,376</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 48,182	\$ 60,235	\$ 48,182	\$ 60,235
Due To Other Funds	-	6,653	-	6,653
Funds Held for Others	489,917	469,660	534,089	425,488
Total Liabilities	<u>\$ 538,099</u>	<u>\$ 536,548</u>	<u>\$ 582,271</u>	<u>\$ 492,376</u>

## ***Component Units***

### ***Connecticut Health and Educational Facilities Authority:***

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

### ***Connecticut Resources Recovery Authority:***

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

### ***Connecticut Higher Education Supplemental Loan Authority:***

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

### ***Capital Region Development Authority:***

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

### ***Connecticut Innovations, Incorporated:***

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

### ***UConn Foundation:***

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

### ***Clean Energy Finance and Investment Authority:***

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

## Combining Statement of Net Position

## Nonmajor Component Units

June 30, 2013

(Expressed in Thousands)

	Connecticut Higher Education Supplemental Loan <u>Authority</u>	Connecticut Health and Educational Facilities <u>Authority</u>	Connecticut Resources Recovery <u>Authority</u>	Connecticut Innovations, <u>Incorporated</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,230	\$ 227	\$ 87,559	\$ 43,338
Investments	-	10,638	-	755
Receivables:				
Accounts, Net of Allowances	-	195	17,073	-
Loans, Net of Allowances	18,652	-	-	7,720
Interest Receivable	669	-	-	1,068
Due From Primary Government	-	-	-	7,220
Restricted Assets	37,509	507,778	6,705	-
Inventories	-	-	6,544	-
Other Current Assets	15	91	355	1,019
Total Current Assets	<u>59,075</u>	<u>518,929</u>	<u>118,236</u>	<u>61,120</u>
Noncurrent Assets:				
Investments	-	-	-	64,253
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	102,743	-	-	45,306
Restricted Assets	22,036	7,167	8,184	24,717
Capital Assets, Net of Accumulated Depreciation	-	178	111,943	415
Other Noncurrent Assets	248	-	1,177	483
Total Noncurrent Assets	<u>125,027</u>	<u>7,345</u>	<u>121,304</u>	<u>135,174</u>
Total Assets	<u>184,102</u>	<u>526,274</u>	<u>239,540</u>	<u>196,294</u>
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging				
Derivatives	-	-	-	-
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	797	1,673	20,716	4,170
Current Portion of Long-Term Obligations	10,275	-	14,214	3,685
Unearned Revenue	-	-	-	663
Amounts Held for Institutions	-	507,778	-	-
Other Liabilities	-	-	-	5,160
Total Current Liabilities	<u>11,072</u>	<u>509,451</u>	<u>34,930</u>	<u>13,678</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>158,225</u>	<u>2,182</u>	<u>39,278</u>	<u>12,862</u>
Total Noncurrent Liabilities	<u>158,225</u>	<u>2,182</u>	<u>39,278</u>	<u>12,862</u>
Total Liabilities	<u>169,297</u>	<u>511,633</u>	<u>74,208</u>	<u>26,540</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	178	111,943	415
Restricted:				
Debt Service	59,545	-	-	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	-	4,985	5,058	12,595
Unrestricted (Deficit)	<u>(44,740)</u>	<u>9,478</u>	<u>48,331</u>	<u>156,744</u>
Total Net Position	<u>\$ 14,805</u>	<u>\$ 14,641</u>	<u>\$ 165,332</u>	<u>\$ 169,754</u>

<b><u>UConn Foundation</u></b>	<b><u>Capital Region Development Authority</u></b>	<b><u>Clean Energy Finance and Investment Authority</u></b>	<b><u>Total</u></b>
\$ 3,726	\$ 5,049	\$ 68,105	\$ 210,234
369,651	-	-	381,044
7,267	518	4,546	29,599
-	-	-	26,372
-	-	-	1,737
-	-	-	7,220
-	1,031	-	553,023
-	100	-	6,644
-	83	898	2,461
<u>380,644</u>	<u>6,781</u>	<u>73,549</u>	<u>1,218,334</u>
-	-	4,788	69,041
31,615	-	-	31,615
-	-	-	148,049
18,743	5,903	9,537	96,287
6,662	275,417	362	394,977
956	1,382	11,754	16,000
<u>57,976</u>	<u>282,702</u>	<u>26,441</u>	<u>755,969</u>
<u>438,620</u>	<u>289,483</u>	<u>99,990</u>	<u>1,974,303</u>
-	1,976	-	1,976
6,004	2,742	1,816	37,918
255	3,331	-	31,760
-	-	-	663
-	-	-	507,778
-	-	-	5,160
<u>6,259</u>	<u>6,073</u>	<u>1,816</u>	<u>583,279</u>
<u>28,855</u>	<u>130,490</u>	<u>-</u>	<u>371,892</u>
<u>28,855</u>	<u>130,490</u>	<u>-</u>	<u>371,892</u>
<u>35,114</u>	<u>136,563</u>	<u>1,816</u>	<u>955,171</u>
(18,784)	143,570	363	237,685
-	-	-	59,545
102,723	-	-	102,723
306,230	-	-	306,230
-	6,934	8,144	37,716
13,337	4,392	89,667	277,209
<u>\$ 403,506</u>	<u>\$ 154,896</u>	<u>\$ 98,174</u>	<u>\$ 1,021,108</u>

# Combining Statement of Activities

## Nonmajor Component Units

For The Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 7,716	\$ 7,832	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	6,168	7,509	-	-
Connecticut Resources Recovery Authority	130,201	118,893	-	-
Connecticut Innovations, Incorporated	54,577	35,403	616	21,570
UConn Foundation	50,045	9,227	-	-
Capital Region Development Authority	39,154	18,102	6,192	9,097
Clean Energy Finance and Investment Authority	26,626	33,308	10,035	238
Total Nonmajor Component Units	<u>\$ 314,487</u>	<u>\$ 230,274</u>	<u>\$ 16,843</u>	<u>\$ 30,905</u>

General Revenues:

Investment Income

Contributions to Endowments

Total General Revenues and

Contributions

Change in Net Position

Total Net Position - Beginning (as restated)

Total Net Position - Ending

Net (Expense) Revenue and  
Changes in Net Position

Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated	UConn Foundation	Capital Region Development Authority	Clean Energy Finance and Investment Authority	Totals
\$ 116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116
-	1,341	-	-	-	-	-	1,341
-	-	(11,308)	-	-	-	-	(11,308)
-	-	-	3,012	-	-	-	3,012
-	-	-	-	(40,818)	-	-	(40,818)
-	-	-	-	-	(5,763)	-	(5,763)
-	-	-	-	-	-	16,955	16,955
116	1,341	(11,308)	3,012	(40,818)	(5,763)	16,955	(36,465)
388	14	139	(3,739)	25,929	16	31	22,778
-	-	-	-	48,414	-	-	48,414
388	14	139	(3,739)	74,343	16	31	71,192
504	1,355	(11,169)	(727)	33,525	(5,747)	16,986	34,727
14,301	13,286	176,501	170,481	369,981	160,643	81,188	986,381
\$ 14,805	\$ 14,641	\$ 165,332	\$ 169,754	\$ 403,506	\$ 154,896	\$ 98,174	\$1,021,108

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## ***Statistical Section***

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

### **FINANCIAL TRENDS INFORMATION**

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

Net Position by Component	140
Changes in Net Position	142
Fund Balances, Governmental Funds	144
Changes in Fund Balances, Governmental Funds	144

### **REVENUE CAPACITY INFORMATION**

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

Personal Income by Industry	145
Personal Income Tax Rates	146
Personal Income Tax Filers and Liability by Income Level	146

### **DEBT CAPACITY INFORMATION**

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

Legal Debt Margin	147
Ratios of Outstanding Debt by Type	148
Ratios of Net General Bonded Debt	148
Pledged-Revenue Coverage	150

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

Population and Per Capita Personal Income	154
Employment Information	154
Top Ten Employers	156

### **OPERATING INFORMATION**

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

State Employees by Function	157
Operating Indicators by Function	158
Capital Asset Statistics by Function	160

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

## Net Position by Component

Last Ten Fiscal Years  
(Expressed in Thousands)

	2004	2005	2006
Governmental Activities:			
Net Invested in Capital Assets	\$ 3,264,134	\$ 3,294,888	\$ 3,469,145
Restricted	1,686,089	1,324,933	1,496,693
Unrestricted	(10,390,481)	(10,010,444)	(10,041,840)
Total Governmental Activities Net Position	<u>\$ (5,440,258)</u>	<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>
Business-Type Activities:			
Net Invested in Capital Assets	\$ 2,207,057	\$ 2,311,897	\$ 2,405,458
Restricted	1,406,712	1,565,328	1,701,408
Unrestricted	42,945	118,143	181,095
Total Business-Type Activities Net Position	<u>\$ 3,656,714</u>	<u>\$ 3,995,368</u>	<u>\$ 4,287,961</u>
Primary Government:			
Net Invested in Capital Assets	\$ 5,471,191	\$ 5,606,785	\$ 5,874,603
Restricted	3,092,801	2,890,261	3,198,101
Unrestricted	(10,347,536)	(9,892,301)	(9,860,745)
Total Primary Government Net Position	<u>\$ (1,783,544)</u>	<u>\$ (1,395,255)</u>	<u>\$ (788,041)</u>

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

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, etc.
3. In fiscal year 2013, the Connecticut Lottery Corporation, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2013 have been restated to reflect this change.

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 4,269,038	\$ 4,930,749	\$ 5,499,602	\$ 4,910,178	\$ 4,905,025	\$ 5,305,440	\$ 5,824,691
1,384,938	1,641,377	1,617,726	1,777,780	1,809,873	1,647,790	2,282,900
<u>(10,497,613)</u>	<u>(13,460,055)</u>	<u>(16,686,518)</u>	<u>(20,361,003)</u>	<u>(20,764,608)</u>	<u>(21,984,094)</u>	<u>(23,199,567)</u>
<u>\$ (4,843,637)</u>	<u>\$ (6,887,929)</u>	<u>\$ (9,569,190)</u>	<u>\$ (13,673,045)</u>	<u>\$ (14,049,710)</u>	<u>\$ 1,702,000</u>	<u>\$ (15,091,976)</u>
\$ 2,453,640	\$ 2,575,917	\$ 2,609,166	\$ 2,668,683	\$ 2,816,104	\$ 2,950,923	\$ 3,178,740
1,867,463	1,751,658	1,463,854	1,255,683	1,145,155	1,100,297	999,530
<u>275,889</u>	<u>350,717</u>	<u>424,337</u>	<u>352,860</u>	<u>224,463</u>	<u>416,270</u>	<u>455,765</u>
<u>\$ 4,596,992</u>	<u>\$ 4,678,292</u>	<u>\$ 4,497,357</u>	<u>\$ 4,277,226</u>	<u>\$ 4,185,722</u>	<u>\$ 4,467,490</u>	<u>\$ 4,634,035</u>
\$ 6,722,678	\$ 7,506,666	\$ 8,108,768	\$ 7,578,861	\$ 7,721,129	\$ 8,256,363	\$ 9,003,431
3,252,401	3,393,035	3,081,580	3,033,463	2,955,028	2,748,087	3,282,430
<u>(10,221,724)</u>	<u>(13,109,338)</u>	<u>(16,262,181)</u>	<u>(20,008,143)</u>	<u>(20,540,145)</u>	<u>(21,567,824)</u>	<u>(22,743,802)</u>
<u>\$ (246,645)</u>	<u>\$ (2,209,637)</u>	<u>\$ (5,071,833)</u>	<u>\$ (9,395,819)</u>	<u>\$ (9,863,988)</u>	<u>\$ (10,563,374)</u>	<u>\$ (10,457,941)</u>

**Changes in Net Position**

Last Ten Fiscal Years

(Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 101,695	\$ 105,870	\$ 99,542	\$ 113,982	\$ 106,349
General Government	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917	1,752,751	1,565,653	1,508,994	1,987,920	2,036,173
Regulation and Protection	590,377	633,466	712,061	702,467	788,419	768,272	796,124	780,363	853,458	868,187
Conservation and Development	448,077	424,125	396,296	429,057	473,797	562,507	565,836	529,292	692,719	665,365
Health and Hospital	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272	2,278,059	2,443,119	2,300,369	2,475,759	2,540,349
Transportation	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250	1,570,324	1,742,009	1,637,847	1,845,656	1,572,755
Human Services	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810	6,208,275	6,829,916	6,675,895	7,223,118	7,471,625
Education, Libraries, and Museums	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284	4,591,672	4,920,983	4,463,129	4,495,905	4,490,144
Corrections	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053	2,071,331	2,082,743	1,932,375	2,061,176	1,976,657
Judicial	546,163	649,666	654,894	694,442	806,309	793,580	828,128	828,124	910,362	893,860
Interest and Fiscal Charges	577,448	612,115	619,730	635,113	733,791	810,403	792,950	873,847	816,508	779,515
Total Governmental Activities Expenses	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812	21,508,869	22,673,331	21,629,777	23,476,563	23,400,979
Business-Type Activities:										
University of Connecticut and Health Center	1,254,402	1,386,327	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104	1,806,815	1,801,687	1,872,131
State Universities	469,712	506,993	536,026	571,006	610,851	639,397	649,630	651,513	652,092	666,417
Connecticut Community Colleges	295,871	325,413	343,191	363,548	407,422	446,451	448,961	480,985	477,494	488,496
Bradley International Airport	59,338	61,559	62,625	67,244	67,635	67,995	69,471	68,415	64,170	67,353
Employment Security	811,483	580,549	572,602	585,803	631,935	1,573,806	2,700,797	2,306,715	1,823,464	1,514,674
Clean Water	24,759	27,740	26,076	30,183	27,181	30,723	52,761	45,473	53,330	50,194
Other	65,496	80,010	75,883	68,581	68,618	65,091	78,013	61,199	58,152	58,989
Total Business-Type Activities Expenses	2,981,061	2,968,591	3,080,458	3,205,391	3,440,174	4,548,806	5,702,737	5,421,115	4,930,389	4,718,254
Total Primary Government Expenses	\$ 18,554,213	\$ 19,272,706	\$ 20,524,589	\$ 21,323,409	\$ 24,450,986	\$ 26,057,675	\$ 28,376,068	\$ 27,050,892	\$ 28,406,952	\$ 28,119,233
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services, Fees, Fines, and Forfeitures	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375	\$ 1,647,311	\$ 1,952,042	\$ 1,575,556
Operating Grants and Contributions	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086	6,350,067	5,770,935	5,992,403
Capital Grants and Contributions	543,805	335,256	541,875	411,516	442,310	646,416	765,837	725,080	716,056	767,793
Total Governmental Activities Program Revenues	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298	8,722,458	8,439,033	8,335,752
Business-Type Activities:										
Charges for Services, Fees, Fines, and Forfeitures	2,028,089	1,929,925	1,929,537	1,962,507	2,001,573	2,116,366	2,226,126	2,399,181	2,536,002	2,548,389
Operating Grants and Contributions	227,674	262,015	277,357	296,851	322,936	907,050	1,885,115	1,789,697	1,412,355	1,172,820
Capital Grants and Contributions	9,339	86,684	80,082	13,735	35,922	63,757	17,536	40,099	18,089	58,723
Total Business-Type Activities Program Revenues	2,265,102	2,278,624	2,286,976	2,273,093	2,360,431	3,087,173	4,128,777	4,228,977	3,966,446	3,779,932
Total Primary Government Program Revenues	\$ 7,912,711	\$ 7,740,125	\$ 8,242,585	\$ 7,976,557	\$ 8,521,818	\$ 10,776,548	\$ 12,530,075	\$ 12,951,435	\$ 12,405,479	\$ 12,115,684
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (13,819,494)	\$ (14,272,033)	\$ (12,907,319)	\$ (15,037,530)	\$ (15,065,227)
Business-Type Activities	(715,959)	(689,967)	(793,482)	(932,298)	(1,079,743)	(1,461,633)	(1,573,960)	(1,192,138)	(963,943)	(938,322)
Total Primary Government Net Expense	\$ (10,641,502)	\$ (11,532,581)	\$ (12,282,004)	\$ (13,346,852)	\$ (15,929,168)	\$ (15,281,127)	\$ (15,845,993)	\$ (14,099,457)	\$ (16,001,473)	\$ (16,003,549)

Note: In fiscal year 2013, the Connecticut Lottery Corporation, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2013, disclosed in this and the next page, have been restated to reflect this change.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Personal Income	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609	\$ 6,327,263	\$ 7,360,165	\$ 7,743,804
Corporate Income	473,505	538,834	655,607	831,688	548,539	437,444	465,980	726,090	601,509	558,287
Sales and Use	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203	3,365,250	3,880,607	3,953,768
Other	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628	1,655,594	1,953,170	2,327,754
Restricted for Transportation Purposes:										
Motor Fuel	470,001	482,476	515,013	609,427	487,568	492,566	494,222	477,411	713,477	693,444
Other	70,411	69,720	68,418	67,888	192,663	196,034	209,684	237,242	76,618	79,000
Casino Gaming Payments	402,733	417,838	427,527	430,476	411,411	377,805	384,248	359,582	344,645	296,396
Tobacco Settlement	116,578	118,321	108,619	113,691	141,348	153,819	128,977	121,422	123,799	123,745
Lottery Tickets	280,763	268,515	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100
Unrestricted Investment Earnings	18,350	69,332	104,911	165,472	131,915	42,493	27,681	18,434	15,955	3,942
Special Items:										
Statutory Payment from Component Units	17,500	15,000	-	-	-	13,150	-	-	-	-
Other	(174,760)	(165,412)	-	-	-	-	21,000	-	-	-
Transfers-Internal Activities	(697,825)	(961,014)	(996,522)	(1,144,548)	(1,062,256)	(1,156,590)	(1,347,362)	(1,080,151)	(1,227,570)	(1,088,125)
Total Governmental Activities	9,705,231	10,602,996	11,784,673	12,646,919	12,805,133	11,205,210	11,049,370	12,497,437	14,152,375	15,004,115
Business-Type Activities										
Unrestricted Investment Earnings	60,728	67,271	89,553	107,976	98,787	60,759	27,468	20,483	18,141	16,742
Special Items:										
Loss on Disposal of Capital Assets	(4,190)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(21,000)	-	-	-
Extraordinary Item-Loss to Early Retire Debt	(1,983)	-	-	-	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	-	85,000	-	-	-	-
Transfers-Internal Activities	697,825	767,014	996,522	1,144,548	1,062,256	1,156,590	1,347,362	1,080,151	1,227,570	1,088,125
Total Business-Type Activities	752,380	834,285	1,086,075	1,252,524	1,161,043	1,302,349	1,353,830	1,100,634	1,245,711	1,104,867
Total Primary Government	\$ 10,457,611	\$ 11,437,281	\$ 12,870,748	\$ 13,899,443	\$ 13,966,176	\$ 12,507,559	\$ 12,403,200	\$ 13,598,071	\$ 15,398,086	\$ 16,108,982
<b>Changes in Net Position</b>										
Governmental Activities	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (2,614,284)	\$ (3,222,663)	\$ (409,882)	\$ (885,155)	\$ (61,112)
Business-Type Activities	36,421	144,318	292,593	320,226	81,300	(159,284)	(220,130)	(91,504)	281,768	166,545
Total Primary Government	\$ (183,891)	\$ (95,300)	\$ 588,744	\$ 552,591	\$ (1,962,992)	\$ (2,773,568)	\$ (3,442,793)	\$ (501,386)	\$ (603,387)	\$ 105,433
<b>Other Changes in Net Position</b>										
Governmental Activities:										
Prior-Year Adjustments	\$ 100,104	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217	\$ (95,999)	\$ -
Fund Reclassification	26,934	-	-	-	-	-	-	-	-	-
Total Governmental Activities	127,038	289,253	18,470	-	-	(66,976)	(881,193)	33,217	(95,999)	-
Business-Type Activities:										
Prior-Year Adjustments	(9,750)	-	-	(11,195)	-	(21,652)	-	-	-	-
Fund Reclassification	(241,971)	-	-	-	-	-	-	-	-	-
Change in Reporting Period	-	194,336	-	-	-	-	-	-	-	-
Total Business-Type Activities	(251,721)	194,336	-	(11,195)	-	(21,652)	-	-	-	-
Total Primary Government	\$ (124,683)	\$ 483,589	\$ 18,470	\$ (11,195)	\$ -	\$ (88,628)	\$ (881,193)	\$ 33,217	\$ (95,999)	\$ -

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

# Connecticut

## Fund Balances, Governmental Funds

Last Ten Fiscal Years  
(Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149	\$ 451,637	\$ 233,632	\$ 628,429
Unreserved/Unassigned	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)	(1,748,946)	(1,146,053)	(1,217,051)
Total General Fund	\$ (179,590)	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)	\$ (982,822)	\$ (1,297,309)	\$ (912,421)	\$ (588,622)
All Other Governmental Funds										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125	\$ 2,691,530	\$ 2,608,751	\$ 2,592,926
Unreserved/Unassigned										
Transportation Fund	119,203	123,209	128,762	189,630	160,745	89,998	94,074	-	-	-
Special Revenue Funds	512,106	535,689	533,857	539,357	502,679	247,763	352,525	(1,823)	(9)	-
Capital Projects Funds	221,849	168,105	264,513	(171,645)	(156,937)	181,139	229,037	(718)	(718)	(718)
Permanent Funds	-	-	-	-	-	-	-	(3,991)	(4,714)	(5,812)
Total All Other Governmental Fund	\$ 2,149,372	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304	\$ 2,403,761	\$ 2,684,998	\$ 2,603,310	\$ 2,586,396

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years  
(Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568	\$ 12,602,015	\$ 14,712,566	\$ 15,395,003
Assessments	25,827	17,968	21,555	22,841	21,457	28,129	27,268	28,444	-	-
Licenses, Permits, and Fees	515,049	530,148	536,468	531,636	550,025	546,871	611,535	601,767	657,446	617,132
Tobacco Settlement	116,578	118,321	108,619	113,691	141,347	153,819	128,977	121,422	123,799	123,745
Federal Grants and Aid	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397	7,241,824	6,490,516	6,760,196
Lottery Tickets	280,763	268,515	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100
Charges for Services	98,225	95,683	108,797	101,270	100,143	101,500	98,617	98,843	107,327	103,622
Fines, Forfeits, and Rents	138,619	189,525	107,115	37,183	73,444	32,841	86,520	142,355	452,358	74,552
Casino Gaming Payments	402,733	417,838	427,527	430,476	411,410	377,805	384,248	359,582	344,645	296,396
Investment Earnings	27,531	69,342	102,694	165,902	132,490	43,287	27,841	18,626	14,386	3,042
Miscellaneous	456,841	470,567	593,629	658,074	693,292	790,010	704,145	712,466	704,405	804,558
Total Revenues	16,188,465	17,125,140	18,706,459	19,488,040	20,139,340	19,791,688	20,875,616	22,216,644	23,917,448	24,490,346
<b>Expenditures</b>										
Legislative	84,272	86,006	91,733	97,383	104,160	102,088	98,336	99,989	103,512	109,635
General Government	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645	1,502,016	1,876,249	1,996,036
Regulation and Protection	559,219	602,472	686,747	699,927	735,875	750,473	734,718	778,567	784,002	883,063
Conservation and Development	432,590	407,547	384,063	428,251	442,519	510,887	504,250	527,165	662,823	668,303
Health and Hospital	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141	2,271,075	2,374,693	2,472,142
Transportation	527,326	573,035	648,628	1,010,056	1,190,650	1,268,269	1,440,072	1,441,006	1,534,797	1,508,262
Human Services	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132	6,578,719	6,967,044	7,213,996
Education, Libraries, and Museums	3,091,136	3,324,865	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875	4,255,644	4,185,168	4,226,319
Corrections	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466	1,920,179	1,939,091	1,958,289
Judicial	532,784	627,602	648,274	692,392	754,223	775,711	762,290	824,089	858,339	893,276
Capital Projects	780,194	707,023	671,124	304,964	341,148	438,724	435,288	464,023	547,212	757,001
Debt Service:										
Principal	965,313	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055	1,273,278	1,473,894	1,515,283
Interest	647,797	644,563	670,385	709,740	810,297	918,633	935,878	945,781	947,102	888,243
Total Expenditures	16,384,470	17,028,823	18,513,288	19,490,522	22,959,488	22,333,131	22,260,146	22,881,531	24,253,926	25,089,848
Revenue Over (Under) Expenditure	(196,005)	96,317	193,171	(2,482)	(2,820,148)	(2,541,443)	(1,384,530)	(664,887)	(336,478)	(599,502)
<b>Other Financing Sources (Uses) and Special Items</b>										
Bonds Issued	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910	1,619,625	1,554,801	1,802,290
Premiums on Bonds Issued	269,058	93,014	55,244	86,759	69,779	110,560	189,469	74,583	313,715	216,795
Transfers In	1,399,095	766,284	751,789	818,874	928,444	1,040,765	772,174	922,118	933,231	953,198
Transfers Out	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)	(2,005,934)	(2,175,501)	(2,041,323)
Refunding Bonds Issued	1,961,040	447,013	61,020	527,730	231,085	586,940	344,105	412,870	1,219,815	194,890
Payment to Refunded Bond Escrow	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)	(431,550)	(1,388,158)	(224,910)
Capital Lease Obligations	-	27,628	-	117	437	-	-	4,089	6,084	3,556
Special Items:										
Loans to Component Units	(204,117)	-	-	-	-	-	-	-	-	-
Payment from Component Units	17,500	15,000	-	-	-	13,150	-	-	-	-
Other	29,357	-	-	-	-	-	26,099	-	-	-
Total Other Financing Sources (Uses) and Special Items	622,384	412,816	414,186	159,642	2,683,319	832,073	1,447,851	595,801	463,987	904,496
<b>Net Change in Fund Balances</b>	<b>\$ 426,379</b>	<b>\$ 509,133</b>	<b>\$ 607,357</b>	<b>\$ 157,160</b>	<b>\$ (136,829)</b>	<b>\$ (1,709,370)</b>	<b>\$ 63,321</b>	<b>\$ (69,086)</b>	<b>\$ 127,509</b>	<b>\$ 304,994</b>

## Debt Service as a Percentage of

<b>Noncapital Expenditures</b>	10.28%	10.34%	10.01%	10.48%	8.90%	10.23%	10.36%	10.19%	10.39%	10.40%
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NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

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

Personal Income by Industry

Last Ten Calendar Years

(Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm Earnings	\$ 181,512	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000	\$ 177,760	\$ 166,000	\$ 148,000	\$ 166,000
Agricultural Services, Forestry, Fishing	45,653	43,390	48,463	47,947	51,000	50,000	42,963	66,000	57,000	64,000
Mining	183,161	210,433	239,725	241,968	177,000	213,000	85,965	128,000	189,000	198,000
Construction	6,702,149	7,221,766	8,279,075	8,318,690	8,264,000	7,716,000	7,510,494	7,025,000	7,276,000	8,040,000
Durable Goods	12,388,008	12,909,198	13,269,852	13,710,583	13,179,000	12,039,000	11,916,231	12,735,000	13,140,000	13,457,909
Nondurable Goods	5,360,660	5,495,647	5,718,664	5,626,388	4,445,000	4,144,000	3,984,769	4,631,000	4,261,000	4,364,091
Wholesale Trade	5,819,416	6,199,684	6,637,800	6,869,412	7,016,000	6,464,000	6,647,314	6,913,000	7,109,000	7,076,000
Retail Trade	7,533,969	7,696,592	7,938,639	8,061,698	8,149,000	7,877,000	7,737,041	8,062,000	8,281,000	8,405,000
Transportation and Public Utilities	3,639,012	3,664,577	2,631,548	2,837,925	2,996,000	2,587,000	2,630,945	4,006,000	4,167,000	4,200,000
Services	65,546,050	69,407,977	72,920,312	77,525,040	79,229,000	75,901,000	79,284,484	83,227,000	85,720,000	86,442,000
Federal, Civilian	1,685,192	1,651,650	1,731,848	1,760,774	1,762,000	1,904,000	1,968,189	1,943,000	1,769,000	1,716,000
Military	842,406	882,223	932,364	921,195	978,000	1,076,000	1,128,829	1,084,000	882,000	879,000
State and Local	12,467,586	13,126,266	13,846,143	15,044,395	15,815,000	18,150,000	15,849,480	16,579,000	17,833,000	18,422,000
Other <sup>1</sup>	36,501,189	38,118,358	43,670,025	51,468,018	54,757,000	56,466,000	57,335,325	60,683,000	68,335,000	66,763,000
Total Personal Income	\$ 158,895,963	\$ 166,807,307	\$ 177,997,159	\$ 192,569,668	\$ 197,006,000	\$ 194,767,000	\$ 196,299,789	\$ 207,248,000	\$ 219,167,000	\$ 220,193,000
Average Effective Rate <sup>2</sup>	2.97%	3.17%	3.34%	3.46%	3.45%	2.70%	2.83%	3.20%	3.48%	3.46%

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

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

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

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

## Personal Income Tax Rates

Last Nine Calendar Years

(Expressed in Thousands)

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

Income Tax Rates are applied to Taxable Income by income range for the same brackets

For taxable years commencing on or after January 1, 2011: <sup>[2]</sup>

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

### Notes:

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

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

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

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

Source: Department of Revenue Services - Annual Report.

## Personal Income Tax Filers and Liability by Income Level, Calendar Years 2002 and 2011

(Expressed in Thousands)

Income Level	Calendar Year 2002				Calendar Year 2011			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	841,667	54.4%	\$ 337,370,703	4.7%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	380,540	24.6%	1,145,689,459	16.0%
\$100,001 - \$200,000	152,952	11.0%	746,506,146	26.1%	228,237	14.8%	1,578,343,367	22.1%
\$200,001 - \$500,000	43,707	3.1%	452,609,898	15.8%	71,803	4.6%	1,168,881,120	16.3%
\$500,001 - \$2,000,000	12,202	0.9%	330,851,853	11.6%	19,987	1.3%	1,154,451,870	16.1%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	3,765	0.2%	1,770,236,931	24.7%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,545,999	100.0%	\$ 7,154,973,450	100.0%

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

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2011 is the most recent year for which the data is available.

Source: Department of Revenue Services



## Legal Debt Margin Information

Last Ten Fiscal Years

(Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Estimated General Fund Tax Receipts	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600	\$ 14,019,100	\$ 14,019,100	\$ 14,334,000
Statutory Multiplier	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Statutory Debt Limit for Debt Incurred	13,798,400	15,105,760	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160	22,430,560	22,430,560	22,934,400
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	<u>12,233,029</u>	<u>12,486,174</u>	<u>12,938,435</u>	<u>13,481,602</u>	<u>14,266,573</u>	<u>14,876,927</u>	<u>15,110,495</u>	<u>15,493,181</u>	<u>15,180,510</u>	<u>18,970,659</u>
Legal Debt Margin	<u>\$ 1,565,371</u>	<u>\$ 2,619,586</u>	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</u>	<u>\$ 2,373,665</u>	<u>\$ 6,937,379</u>	<u>\$ 7,250,050</u>	<u>\$ 3,963,741</u>
Legal Debt Margin as a percentage of the debt limit	<u>11.34%</u>	<u>17.34%</u>	<u>22.66%</u>	<u>25.11%</u>	<u>28.40%</u>	<u>28.32%</u>	<u>13.58%</u>	<u>30.93%</u>	<u>32.32%</u>	<u>17.28%</u>
Date Calculation was made	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10	10/1/11	2/1/12	7/1/13

**Source:** State of Connecticut General Obligation Bonds Offering Statement dated July 1, 2013.

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

(Expressed in Thousands)

	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental Activities</b>			
General Obligation Bonds	\$ 9,606,611	\$ 9,905,242	\$ 10,211,493
Transportation Obligation Bonds	3,153,949	3,113,875	3,094,001
Long-Term Notes	273,215	209,560	146,090
Capital Leases	53,761	76,955	60,491
<b>Total Governmental Activities</b>	<b>13,087,536</b>	<b>13,305,632</b>	<b>13,512,075</b>
<b>Business-Type Activities</b>			
Revenue Bonds	1,713,805	1,619,658	1,523,130
<b>Total Business-Type Activities</b>	<b>1,713,805</b>	<b>1,619,658</b>	<b>1,523,130</b>
<b>Total Primary Government</b>	<b>\$ 14,801,341</b>	<b>\$ 14,925,290</b>	<b>\$ 15,035,205</b>
<b>Debt as a Percentage of Personal Income</b>	<b>9.32%</b>	<b>8.95%</b>	<b>8.45%</b>
<b>Amount of Debt Per Capita</b>	<b>\$4,234</b>	<b>\$4,256</b>	<b>\$4,274</b>

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

Last Ten Fiscal Years

(Expressed in Thousands)

	<b>2004</b>	<b>2005</b>	<b>2006</b>
General Obligation Bonds	\$ 9,606,611	\$ 9,905,242	\$ 10,211,493
Transportation Obligation Bonds	3,153,949	3,113,875	3,094,001
Debt Service Fund Balance	(635,679)	(677,555)	(674,630)
<b>Net General Obligation Bonded Debt</b>	<b>\$ 12,124,881</b>	<b>\$ 12,341,562</b>	<b>\$ 12,630,864</b>
<b>Net General Obligation Debt as a Percentage of Personal Income</b>	<b>7.63%</b>	<b>7.40%</b>	<b>7.10%</b>
<b>Amount of Net GO Debt Per Capita</b>	<b>\$3,468</b>	<b>\$3,519</b>	<b>\$3,590</b>

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

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228
2,822,585	2,790,682	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875
-	-	228,160	1,143,955	915,795	747,935	573,365
56,244	51,748	47,129	41,702	42,995	42,759	38,218
<u>13,475,410</u>	<u>15,935,000</u>	<u>16,535,829</u>	<u>17,808,850</u>	<u>18,110,725</u>	<u>18,042,610</u>	<u>18,301,686</u>
<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>
<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>
<u>\$ 15,053,133</u>	<u>\$ 17,293,084</u>	<u>\$ 18,137,626</u>	<u>\$ 19,307,230</u>	<u>\$ 19,666,943</u>	<u>\$ 19,481,955</u>	<u>\$ 19,678,384</u>
7.82%	8.78%	9.31%	9.84%	9.49%	8.89%	8.94%
\$4,268	\$4,877	\$5,092	\$5,399	\$5,492	\$5,427	\$5,472

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228
2,822,585	2,790,682	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875
(676,894)	(683,636)	(679,384)	(687,752)	(708,645)	(703,376)	(660,113)
<u>\$ 12,742,272</u>	<u>\$ 15,199,616</u>	<u>\$ 15,581,156</u>	<u>\$ 15,935,441</u>	<u>\$ 16,443,290</u>	<u>\$ 16,548,540</u>	<u>\$ 17,029,990</u>
6.62%	7.72%	8.00%	8.12%	7.93%	7.55%	7.73%
\$3,613	\$4,286	\$4,374	\$4,456	\$4,592	\$4,610	\$4,736

## Pledged-Revenue Coverage

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>University of Connecticut and Health Center</b>				
Gross Revenues	\$ 1,311,797	\$ 1,408,197	\$ 1,476,058	\$ 1,578,763
Operating Expenses	<u>1,154,520</u>	<u>1,270,111</u>	<u>1,327,713</u>	<u>1,388,753</u>
Net Available Revenues	<u>\$ 157,277</u>	<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>
Debt Service:				
Principal	\$ 50,810	\$ 57,660	\$ 61,964	\$ 69,921
Interest	<u>10,198</u>	<u>11,158</u>	<u>13,032</u>	<u>15,901</u>
Total	<u>\$ 61,008</u>	<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>
Coverage	2.58	2.01	1.98	2.21
<b>State Universities</b>				
Gross Revenues	\$ 526,083	\$ 529,180	\$ 549,800	\$ 580,879
Operating Expenses	<u>432,163</u>	<u>464,940</u>	<u>496,923</u>	<u>529,744</u>
Net Available Revenues	<u>\$ 93,920</u>	<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>
Debt Service:				
Principal	\$ 68,312	\$ 63,673	\$ 16,294	\$ 79,813
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 68,312</u>	<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>
Coverage	1.37	1.01	3.25	0.64
<b>Bradley International Airport</b>				
Gross Revenues	\$ 54,862	\$ 60,618	\$ 60,740	\$ 63,314
Operating Expenses	<u>29,464</u>	<u>32,649</u>	<u>33,871</u>	<u>38,636</u>
Net Available Revenues	<u>\$ 25,398</u>	<u>\$ 27,969</u>	<u>\$ 26,869</u>	<u>\$ 24,678</u>
Debt Service:				
Principal	\$ 6,140	\$ 8,780	\$ 10,140	\$ 8,430
Interest	<u>13,397</u>	<u>11,357</u>	<u>11,151</u>	<u>10,684</u>
Total	<u>\$ 19,537</u>	<u>\$ 20,137</u>	<u>\$ 21,291</u>	<u>\$ 19,114</u>
Coverage	1.30	1.39	1.26	1.29
<b>Clean Water</b>				
Gross Revenues	\$ 37,338	\$ 47,439	\$ 54,295	\$ 55,955
Operating Expenses	<u>604</u>	<u>755</u>	<u>856</u>	<u>747</u>
Net Available Revenues	<u>\$ 36,734</u>	<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>
Debt Service:				
Principal	\$ 36,723	\$ 38,207	\$ 34,386	\$ 62,192
Interest	<u>24,155</u>	<u>26,985</u>	<u>25,220</u>	<u>29,436</u>
Total	<u>\$ 60,878</u>	<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>
Coverage	0.60	0.72	0.90	0.60
<b>Second Injury &amp; Compensation Assurance<sup>1</sup></b>				
Gross Revenues	\$ 99,687	\$ 96,918	\$ -	\$ -
Operating Expenses	<u>44,793</u>	<u>55,821</u>	<u>-</u>	<u>-</u>
Net Available Revenues	<u>\$ 54,894</u>	<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:				
Principal	\$ 56,875	\$ 54,255	\$ -	\$ -
Interest	<u>5,274</u>	<u>2,454</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 62,149</u>	<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	0.88	0.72	-	-

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,577,646	\$ 1,806,256	\$ 1,786,129	\$ 1,774,037	\$ 1,975,204	\$ 1,814,856
1,482,749	1,592,289	1,569,966	1,673,797	1,669,601	1,738,237
<u>\$ 94,897</u>	<u>\$ 213,967</u>	<u>\$ 216,163</u>	<u>\$ 100,240</u>	<u>\$ 305,603</u>	<u>\$ 76,619</u>
\$ 74,846	\$ 76,148	\$ 79,655	\$ 95,962	\$ 90,400	\$ 61,905
15,897	52,307	53,523	52,730	49,723	52,254
<u>\$ 90,743</u>	<u>\$ 128,455</u>	<u>\$ 133,178</u>	<u>\$ 148,692</u>	<u>\$ 140,123</u>	<u>\$ 114,159</u>
1.05	1.67	1.62	0.67	2.18	0.67
\$ 631,477	\$ 629,832	\$ 669,388	\$ 702,729	\$ 687,772	\$ 722,893
568,197	589,022	599,792	588,571	589,972	603,660
<u>\$ 63,280</u>	<u>\$ 40,810</u>	<u>\$ 69,596</u>	<u>\$ 114,158</u>	<u>\$ 97,800</u>	<u>\$ 119,233</u>
\$ 18,669	\$ 19,163	\$ 18,976	\$ 32,986	\$ 69,526	\$ 16,211
-	-	-	11,851	11,572	10,300
<u>\$ 18,669</u>	<u>\$ 19,163</u>	<u>\$ 18,976</u>	<u>\$ 44,837</u>	<u>\$ 81,098</u>	<u>\$ 26,511</u>
3.39	2.13	3.67	2.55	1.21	4.50
\$ 64,576	\$ 57,027	\$ 56,517	\$ 64,066	\$ 64,530	\$ 64,098
39,692	40,342	38,445	41,726	40,368	43,604
<u>\$ 24,884</u>	<u>\$ 16,685</u>	<u>\$ 18,072</u>	<u>\$ 22,340</u>	<u>\$ 24,162</u>	<u>\$ 20,494</u>
\$ 9,410	\$ 9,605	\$ 10,145	\$ 172,075	\$ 13,290	\$ 14,245
10,257	10,259	9,789	9,448	7,279	6,106
<u>\$ 19,667</u>	<u>\$ 19,864</u>	<u>\$ 19,934</u>	<u>\$ 181,523</u>	<u>\$ 20,569</u>	<u>\$ 20,351</u>
1.27	0.84	0.91	0.12	1.17	1.01
\$ 50,557	\$ 52,232	\$ 64,648	\$ 59,714	\$ 60,032	\$ 77,527
564	465	8,502	9,468	11,078	10,971
<u>\$ 49,993</u>	<u>\$ 51,767</u>	<u>\$ 56,146</u>	<u>\$ 50,246</u>	<u>\$ 48,954</u>	<u>\$ 66,556</u>
\$ 42,520	\$ 46,897	\$ 53,745	\$ 67,310	\$ 70,687	\$ 70,578
22,048	23,635	37,113	32,724	35,226	33,057
<u>\$ 64,568</u>	<u>\$ 70,532</u>	<u>\$ 90,858</u>	<u>\$ 100,034</u>	<u>\$ 105,913</u>	<u>\$ 103,635</u>
0.77	0.73	0.62	0.50	0.46	0.64
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-

*Continued on next page*

**Pledged-Revenue Coverage (Continued)**

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Bradley Parking Garage</b>				
Gross Revenues	\$ 22,068	\$ 23,351	\$ 24,651	\$ 23,168
Operating Expenses	<u>7,077</u>	<u>7,971</u>	<u>10,467</u>	<u>8,522</u>
Net Available Revenues	<u>\$ 14,991</u>	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>
Debt Service:				
Principal	\$ -	\$ 1,885	\$ 2,040	\$ 2,210
Interest	<u>3,582</u>	<u>3,518</u>	<u>3,099</u>	<u>3,558</u>
Total	<u>\$ 3,582</u>	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>
Coverage	4.19	2.85	2.76	2.54
<b>Drinking Water</b>				
Gross Revenues	\$ 9,205	\$ 5,963	\$ 10,187	\$ 22,664
Operating Expenses	<u>1,508</u>	<u>1,743</u>	<u>3,391</u>	<u>2,570</u>
Net Available Revenues	<u>\$ 7,697</u>	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 20,094</u>
Debt Service:				
Principal	\$ 1,332	\$ 1,513	\$ 1,839	\$ 3,209
Interest	<u>1,906</u>	<u>2,130</u>	<u>2,067</u>	<u>2,081</u>
Total	<u>\$ 3,238</u>	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>
Coverage	2.38	1.16	1.74	3.80
<b>Rate Reduction Bonds<sup>1</sup></b>				
Gross Revenues	\$ -	\$ 23,075	\$ 44,376	\$ 32,417
Operating Expenses	<u>-</u>	<u>150</u>	<u>320</u>	<u>310</u>
Net Available Revenues	<u>\$ -</u>	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>
Debt Service:				
Principal	\$ -	\$ 12,605	\$ 26,145	\$ 27,155
Interest	<u>-</u>	<u>7,428</u>	<u>9,029</u>	<u>7,733</u>
Total	<u>\$ -</u>	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>
Coverage	-	1.14	1.25	0.92

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

<sup>1</sup> Second Injury bonds were liquidated in fiscal year 2005.

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 22,984	\$ 20,375	\$ 18,792	\$ 21,076	\$ 21,723	\$ 23,029
8,968	9,039	8,776	8,609	8,287	9,140
<u>\$ 14,016</u>	<u>\$ 11,336</u>	<u>\$ 10,016</u>	<u>\$ 12,467</u>	<u>\$ 13,436</u>	<u>\$ 13,889</u>
\$ 1,460	\$ 1,550	\$ 1,650	\$ 1,755	\$ 1,865	\$ 1,990
3,451	3,437	3,620	3,378	3,172	3,218
<u>\$ 4,911</u>	<u>\$ 4,987</u>	<u>\$ 5,270</u>	<u>\$ 5,133</u>	<u>\$ 5,037</u>	<u>\$ 5,208</u>
2.85	2.27	1.90	2.43	2.67	2.67
\$ 17,164	\$ 10,714	\$ 14,714	\$ 17,935	\$ 9,706	\$ 12,786
2,576	4,184	7,068	8,802	5,032	5,601
<u>\$ 14,588</u>	<u>\$ 6,530</u>	<u>\$ 7,646</u>	<u>\$ 9,133</u>	<u>\$ 4,674</u>	<u>\$ 7,185</u>
\$ 2,660	\$ 2,718	\$ 3,964	\$ 4,055	\$ 4,643	\$ 4,952
1,633	1,794	2,405	2,141	2,391	2,163
<u>\$ 4,293</u>	<u>\$ 4,512</u>	<u>\$ 6,369</u>	<u>\$ 6,196</u>	<u>\$ 7,034</u>	<u>\$ 7,115</u>
3.40	1.45	1.20	1.47	0.66	1.01
\$ 35,261	\$ 18,319	\$ -	\$ -	\$ -	\$ -
305	747	-	-	-	-
<u>\$ 34,956</u>	<u>\$ 17,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,450	\$ 110,990	\$ -	\$ -	\$ -	\$ -
6,436	-	-	-	-	-
<u>\$ 34,886</u>	<u>\$ 110,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1.00	0.16	-	-	-	-

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## Demographic and Economic Statistics

### Population and Per Capita Personal Income

Last Ten Calendar Years

(Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2003	290,108	0.74%	3,484	0.75%
2004	292,805	0.93%	3,496	0.34%
2005	295,517	0.93%	3,507	0.31%
2006	298,380	0.97%	3,518	0.31%
2007	301,231	0.96%	3,527	0.26%
2008	304,094	0.95%	3,546	0.54%
2009	306,772	0.88%	3,562	0.45%
2010	309,330	0.83%	3,576	0.39%
2011	311,592	0.73%	3,581	0.14%
2012	314,168	0.83%	3,590	0.25%
2013	316,395	0.71%	3,596	0.17%

Sources: U.S. Bureau of Economic Analysis

## Demographic and Economic Statistics

### Employment Information

Last Ten Calendar Years

(Expressed in Thousands)

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%
2010	153,741	139,119	14,623	9.5%
2011	153,421	139,334	14,087	9.2%
2012	155,063	142,974	12,088	7.8%
2013	155,835	144,058	11,777	7.6%

Sources: U.S. Department of Labor



Personal Income		Per Capita Personal Income		% Above the United States
United States	Connecticut	United States	Connecticut	
\$ 9,150,908,000	\$ 148,975,390	\$31,463	\$42,735	35.8%
\$ 9,717,173,000	\$ 158,895,963	\$33,090	\$45,412	37.2%
\$ 10,224,761,000	\$ 166,807,307	\$34,495	\$47,523	37.8%
\$ 11,180,604,000	\$ 177,997,159	\$37,471	\$50,596	35.0%
\$ 11,867,043,000	\$ 192,569,668	\$39,395	\$54,599	38.6%
\$ 12,002,122,000	\$ 197,006,000	\$39,468	\$55,557	40.8%
\$ 12,083,900,000	\$ 194,767,000	\$39,390	\$54,679	38.8%
\$ 12,590,671,000	\$ 196,299,789	\$40,703	\$54,894	34.9%
\$ 13,017,400,000	\$ 207,248,000	\$41,777	\$57,874	38.5%
\$ 13,355,900,000	\$ 219,167,000	\$42,512	\$61,049	43.6%
\$ 14,138,400,000	\$ 220,193,000	\$44,686	\$61,233	37.0%

Connecticut Labor Force			
Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%
1,887	1,721	166	8.8%
1,886	1,715	166	8.8%
1,898	1,728	170	9.0%
1,851	1,702	149	8.0%

## Demographic and Economic Statistics

### Top Ten Non-Governmental Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees in CT</u>	<u>Percentage of State Employment</u>	<u>Rank</u>	<u>Employees in CT</u>	<u>Percentage of State Employment</u>	<u>Rank</u>
United Technologies Corp.	27,000	1.6%	1	27,000	1.5%	1
Yale University	14,750	0.9%	2	10,000	0.6%	5
Stop & Shop Cos., Inc.	13,574 (1)	0.8%	3	15,580	0.9%	2
Yale New Haven Hospital	12,309	0.7%	4	-	0.0%	-
General Dynamics Electric Boat	8,817	0.5%	5	7,285	0.4%	9
Wal-Mart Stores, Inc.	8,761	0.5%	6	-	0.0%	-
Mohegan Sun Casino	8,200	0.5%	7	10,500	0.6%	4
Hartford Financial Services	7,700	0.5%	8	12,000	0.7%	3
Foxwoods Resort Casino	7,667	0.5%	9	8,212	0.5%	7
Travelers Property & Casualty	7,400	0.4%	10	-	0.0%	13
Total	116,178	6.9%		90,577	5.2%	

**Sources:** Hartford Business Journal (HBJ)- May, 2013

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

## State Employees by Function

Last Nine Fiscal Years

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

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

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

## Operating Indicators by Function

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Legislative</u></b>										
<b>Office of Legislative Management</b>										
Number of Public and Special Acts	310	267	319	206	256	200	270	217	273	221
Number of Amendments Drafted	2,359	2,614	2,102	2,040	2,977	2,853	3,889	2,717	3,043	2,458
<b><u>General Government</u></b>										
<b>Office of the State Treasurer</b>										
% of Payments made Electronically	43.4%	51.5%	56.7%	56.2%	64.2%	66.1%	69.0%	68.8%	63.4%	74.6%
Number of Unclaimed Property Claims Paid	13,368	11,938	11,985	22,732	20,930	16,787	14,481	17,360	17,933	18,381
<b>Department of Revenue Services</b>										
% of Income Tax Returns Filed Electronically	n/a	45.0%	54.0%	67.0%	70.2%	72.4%	70.5%	75.0%	78.0%	81.0%
Revenue Collected per \$1 of Agency Expense	\$163	\$191	\$202	\$202	\$207	\$207	\$178	\$203	\$250	\$270
<b>Department of Construction Services</b>										
Number of Construction Contracts Awarded	17	25	27	34	28	13	20	28	22	26
State Floor Space Owned and Leased	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460	7,465,869	7,129,801	7,895,255
<b><u>Regulation and Protection</u></b>										
<b>Department of Emergency Services &amp; Public Protection</b>										
Number of Background Checks - Firearms	34,816	40,508	38,672	35,159	64,766	29,693	44,632	37,194	33,064	38,304
Number of Fingerprint Checks for CT/Pd's	121,849	118,717	107,056	122,193	258,111	178,379	165,603	211,163	138,044	110,452
<b>Department of Motor Vehicles</b>										
Number of Registered Motor Vehicles	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772	3,007,638	2,974,801	2,973,691
Number of Licensed Drivers	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143	2,934,576	2,986,267	3,029,328
<b>Department of Labor</b>										
Number of Initial Unemployment Claims	282,736	248,109	222,770	222,553	215,404	261,400	326,179	299,563	335,166	275,782
Persons Using Employment Service (1)	49,183	54,915	61,103	116,100	140,922	170,701	211,613	228,283	228,203	218,879
<b><u>Conservation and Development</u></b>										
<b>Department of Energy &amp; Environmental Protection</b>										
Nitrogen Discharged into Long Island Sound (2)	12,100	11,607	11,208	10,940	10,558	9,100	8,400	7,670	7,670	7,500
Attained Goal of Open Space (3)	75.2%	77.4%	77.6%	77.8%	78.0%	78.0%	79.0%	81.0%	79.0%	81.0%
<b><u>Health and Hospitals</u></b>										
<b>Department of Public Health</b>										
Number of Tuberculosis Cases Served (severed includes both active and latent cases)	n/a	3,518	3,041	3,238	3,498	2,770	3,124	3,006	2,103	1,988
Number of Licenses Applications - New	11,141	11,592	12,914	12,750	15,439	12,595	12,964	14,899	14,510	13,976
Number of Licenses Applications - Renewal	143,777	145,985	136,069	133,887	140,973	123,014	149,818	151,205	149,370	150,663
<b>Department of Developmental Services</b>										
Number of Qualified Providers	136	132	127	161	184	176	188	204	233	239
Number of Persons Served in Various Programs	20,399	20,148	19,997	20,256	15,148	15,270	15,390	15,495	15,640	15,858
<b><u>Human Services</u></b>										
<b>Department of Social Services</b>										
Number of Medicaid Eligible Clients	385,518	393,998	403,972	399,635	392,179	409,960	434,480	465,667	556,558	581,174
Temp Family Assistance Average Caseload	24,404	24,658	24,104	22,556	21,124	20,203	20,862	20,862	20,517	19,223
Child Care Number of Children Served	26,974	19,799	18,920	21,440	22,523	21,422	18,204	18,204	20,154	20,747
<b><u>Education</u></b>										
<b>Department of Higher Education</b>										
Number of Degrees Conferred - Statewide	32,499	33,659	34,582	35,694	36,045	36,634	38,047	38,912	40,218	n/a
Enrollment - Statewide	170,597	172,631	174,257	176,542	178,855	184,544	191,134	193,212	200,637	n/a

## Operating Indicators by Function

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Transportation</u></b>										
<b>Department of Transportation</b>										
Active Construction Projects	212	190	181	159	175	212	281	257	188	102
Miles of Road Resurfaced	310	362	305	191	218	265	215	282	258	340
Estimated Billions of Persons Using Roadways	4.118	4.154	4.191	4.228	4.265	4.302	4.399	4.313	4,353	4,157
<b><u>Corrections</u></b>										
<b>Department of Corrections</b>										
Incarcerated Population	19,271	18,837	18,390	18,352	18,970	19,482	19,204	18,431	17,631	16,591
Direct Daily Inmate Expenditures	\$73	\$76	\$81	\$84	\$86	\$90	\$92	\$90	\$95	\$95
<b><u>Judicial</u></b>										
<b>Judicial Branch</b>										
Number of Superior Court Cases Filed	535,158	536,501	517,836	542,655	547,354	570,497	563,572	567,607	513,511	468,981
Average Number of Supervised Probationers	54,315	57,516	56,145	58,117	57,597	56,500	56,555	57,778	53,345	50,699

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

(2) Average annual number of tons

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

n/a = statistic not available at time of publication

# Capital Assets by Function

Last Ten Fiscal Years

		2004	2005	2006	2007
<b>Legislative</b>	<b>Total \$</b>	<b>169,586 \$</b>	<b>170,236 \$</b>	<b>169,165 \$</b>	<b>168,585</b>
Buildings		156,802	156,802	156,802	156,802
Equipment		12,784	13,434	12,363	11,783
<b>General Government</b>	<b>Total \$</b>	<b>915,339 \$</b>	<b>649,856 \$</b>	<b>750,105 \$</b>	<b>940,122</b>
Land		106,097	142,117	152,290	156,894
Construction in Progress		336,502	136,592	113,739	330,272
Buildings		312,970	172,778	271,169	201,892
Improvements Other than Buildings		17,369	48,740	51,319	51,319
Equipment		142,401	149,629	161,588	199,745
<b>Regulation and Protection</b>	<b>Total \$</b>	<b>404,200 \$</b>	<b>404,080 \$</b>	<b>407,636 \$</b>	<b>393,026</b>
Land		9,971	9,971	9,971	9,930
Buildings		189,603	192,720	192,720	210,729
Improvements Other than Buildings		13,402	15,620	15,608	16,107
Equipment		191,224	185,769	189,337	156,260
<b>Conservation and Development</b>	<b>Total \$</b>	<b>510,811 \$</b>	<b>396,141 \$</b>	<b>406,522 \$</b>	<b>441,614</b>
Land		314,487	186,985	189,754	221,438
Buildings		92,128	101,792	104,456	106,053
Improvements Other than Buildings		58,716	60,629	61,522	62,957
Equipment		45,480	46,735	50,790	51,166
<b>Health and Hospital</b>	<b>Total \$</b>	<b>264,505 \$</b>	<b>280,546 \$</b>	<b>291,535 \$</b>	<b>301,903</b>
Land		7,624	7,653	7,587	7,587
Buildings		203,328	222,456	233,343	234,072
Improvements Other than Buildings		15,328	15,133	16,922	17,013
Equipment		38,225	35,304	33,683	43,231
<b>Transportation</b>	<b>Total \$</b>	<b>12,646,864 \$</b>	<b>13,446,989 \$</b>	<b>13,845,896 \$</b>	<b>14,333,229</b>
Land		473,967	893,160	902,133	925,204
Construction in Progress		1,335,433	1,244,525	1,544,958	1,629,903
Buildings		478,750	507,662	438,355	467,737
Improvements Other than Buildings		230,308	280,065	246,032	246,088
Equipment		586,292	592,481	636,398	620,978
Infrastructure		9,542,114	9,929,096	10,078,020	10,443,319
<b>Human Services</b>	<b>Total \$</b>	<b>18,018 \$</b>	<b>15,149 \$</b>	<b>13,705 \$</b>	<b>11,478</b>
Improvements Other than Buildings		-	-	-	-
Equipment		18,018	15,149	13,705	11,478
<b>Education, Libraries, and Museums</b>	<b>Total \$</b>	<b>376,740 \$</b>	<b>404,412 \$</b>	<b>425,930 \$</b>	<b>458,586</b>
Land		1,027	1,027	1,027	1,027
Buildings		222,395	245,279	263,280	294,811
Improvements Other than Buildings		8,060	8,060	8,060	8,060
Equipment		145,258	150,046	153,563	154,688
<b>Corrections</b>	<b>Total \$</b>	<b>947,479 \$</b>	<b>1,052,584 \$</b>	<b>940,306 \$</b>	<b>1,059,023</b>
Land		10,319	11,388	20,388	20,388
Buildings		823,300	916,294	809,175	812,869
Improvements Other than Buildings		57,080	59,275	48,581	51,331
Equipment		56,780	65,627	62,162	174,435
<b>Judicial</b>	<b>Total \$</b>	<b>358,862 \$</b>	<b>359,114 \$</b>	<b>384,345 \$</b>	<b>389,968</b>
Land		11,467	11,467	11,467	11,616
Buildings		277,774	277,774	299,165	303,080
Improvements Other than Buildings		1,805	1,805	1,755	1,755
Equipment		67,816	68,068	71,958	73,517
<b>Total Capital Assets at Historical Cost</b>	<b>\$</b>	<b>16,612,404 \$</b>	<b>17,179,107 \$</b>	<b>17,635,145 \$</b>	<b>18,497,534</b>
<b>Total Accumulated Depreciation</b>	<b>\$</b>	<b>(6,993,537) \$</b>	<b>(7,538,788) \$</b>	<b>(7,880,552) \$</b>	<b>(8,545,550)</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$</b>	<b>9,618,867 \$</b>	<b>9,640,319 \$</b>	<b>9,754,593 \$</b>	<b>9,951,984</b>

2008	2009*	2010	2011	2012	2013
\$ 170,185	\$ 168,584	\$ 168,349	\$ 171,245	\$ 170,329	\$ 170,552
158,449	156,585	156,585	156,805	156,805	156,805
11,736	11,999	11,764	14,440	13,524	13,747
\$ 1,060,383	\$ 1,154,135	\$ 1,218,961	\$ 1,189,407	\$ 1,017,372	\$ 1,259,818
158,454	160,947	180,404	191,400	193,063	189,192
386,317	379,176	331,767	296,604	144,159	308,902
206,930	244,017	297,601	297,821	297,896	321,232
51,319	54,768	54,763	54,741	54,741	53,638
257,363	315,227	354,426	348,841	327,513	386,854
\$ 392,819	\$ 376,832	\$ 395,028	\$ 402,401	\$ 452,633	\$ 481,959
9,980	8,823	8,837	8,837	8,775	8,775
201,412	201,776	209,095	210,755	236,968	256,762
26,580	17,076	17,181	19,837	19,846	19,846
154,847	149,157	159,915	162,972	187,044	196,576
\$ 460,286	\$ 475,504	\$ 571,685	\$ 590,538	\$ 603,652	\$ 614,615
233,759	248,585	345,121	355,989	366,999	374,267
107,762	104,476	104,548	107,653	107,146	107,640
63,699	63,340	65,650	69,317	70,753	72,907
55,066	59,103	56,366	57,579	58,754	59,801
\$ 291,844	\$ 300,135	\$ 304,608	\$ 311,328	\$ 298,566	\$ 357,353
6,892	6,913	6,911	6,911	6,767	6,561
224,808	222,123	224,682	239,079	227,432	283,644
16,767	26,061	27,094	18,757	16,988	18,778
43,377	45,038	45,921	46,581	47,382	48,370
\$ 15,043,055	\$ 15,637,149	\$ 16,256,933	\$ 17,338,101	\$ 18,343,934	\$ 19,395,070
958,763	942,688	993,751	1,004,641	1,036,517	1,060,109
956,131	973,326	1,387,610	2,043,549	2,441,123	2,690,602
479,255	466,452	481,206	543,331	560,152	576,030
246,664	247,521	246,075	246,874	254,243	260,263
772,476	740,699	592,510	843,984	1,028,099	1,155,032
11,629,766	12,266,463	12,555,781	12,655,722	13,023,800	13,653,034
\$ 13,807	\$ 13,809	\$ 14,441	\$ 14,142	\$ 13,926	\$ 16,843
-	-	-	667	667	667
13,807	13,809	14,441	13,475	13,259	16,176
\$ 517,232	\$ 570,910	\$ 773,831	\$ 776,143	\$ 779,508	\$ 977,529
1,027	1,027	1,027	1,027	1,027	1,027
350,948	406,118	608,276	608,276	608,276	802,713
8,079	8,200	8,211	8,217	8,217	8,217
157,178	155,565	156,317	158,623	161,988	165,572
\$ 964,442	\$ 978,850	\$ 975,787	\$ 1,003,179	\$ 1,010,491	\$ 1,007,522
19,351	10,351	10,351	10,351	10,305	10,305
721,522	737,481	740,705	760,336	756,975	759,122
48,863	51,437	50,793	51,140	51,481	51,515
174,706	179,581	173,938	181,352	191,730	186,580
\$ 394,221	\$ 439,743	\$ 454,167	\$ 448,899	\$ 450,962	\$ 456,279
11,616	14,616	15,648	15,648	15,648	15,648
303,080	343,153	351,821	351,830	351,922	351,922
1,755	1,767	1,657	1,740	3,242	4,675
77,770	80,207	85,041	79,681	80,150	84,034
\$ 19,308,274	\$ 20,115,651	\$ 21,133,790	\$ 22,245,383	\$ 23,141,373	\$ 24,737,540
\$ (9,280,140)	\$ (9,921,291)	\$ (10,563,938)	\$ (11,321,085)	\$ (12,175,489)	\$ (12,750,730)
\$ 10,028,134	\$ 10,194,360	\$ 10,569,852	\$ 10,924,298	\$ 10,965,884	\$ 11,986,810

\* Restated for comparison purposes.

## Office of the State Comptroller Organization

**Kevin Lembo**  
*State Comptroller*

**Martha Carlson**  
*Deputy Comptroller*

### MANAGEMENT SERVICES DIVISION

Doris Vieira  
*Director*

### ACCOUNTS PAYABLE DIVISION

Mark Aronowitz  
*Director*

### RETIREMENT SERVICES DIVISION

Brenda Halpin  
*Director*

### HEALTHCARE POLICY & BENEFIT DIVISION

Thomas Woodruff  
*Director*

### PAYROLL SERVICES DIVISION

Gary Reardon  
*Director*

### BUDGET & FINANCIAL ANALYSIS DIVISION

John Clark  
*Director*

### Accounting Services

Gerardo Villa, CPA  
*Assistant Director*

Robert Gribbon  
*Assistant Director*

Nancy Walsh  
Julie Wilson  
Christopher Bacon  
Anthony Torcia  
Thomas Deasy  
Richard Haley  
Joann Lacaria  
Yvette Jenkins  
Anne Akerele  
Brian Connery  
Yvonne Pierzchalski  
Rhonda Salvatore