REFUNDING ISSUE—Book Entry Only **(See "Ratings" herein)**

$47,545,000
UNIVERSITY OF CONNECTICUT
Special Obligation Student Fee Revenue Bonds, 2010 Refunding Series A

Dated: Date of Delivery **Due: As shown on inside cover**

The University of Connecticut Special Obligation Student Fee Revenue Bonds, 2010 Refunding Series A (the "2010 Bonds") are special obligations of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), and are issued pursuant to Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, as amended (the "UCONN 2000 Act"), and the Special Obligation Indenture of Trust, dated as of January 1, 1997 (the "Special Obligation Indenture"), as supplemented by certain supplemental indentures, including the Third Supplemental Indenture, dated February 1, 2002 (the "Indentures") for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The 2010 Bonds are special obligations of the University, together with the Bonds heretofore and hereafter issued under the Special Obligation Indenture and any supplements thereto, secured by a parity pledge of and payable from the Trust Estate consisting of Pledged Revenues, which are special revenues to be received by the University from fees and charges for certain auxiliary campus activities, together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" herein.

The 2010 Bonds do not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or any other political subdivision of the State, but shall be payable solely from the resources of the University described herein as the Trust Estate. The issuance of the 2010 Bonds by the University does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation. The University has no taxing power.

The 2010 Bonds are issuable only as fully-registered bonds, without coupons, and when issued will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2010 Bonds. Purchases of the 2010 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the 2010 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners (as defined herein) of the 2010 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the 2010 Bonds will be paid directly to DTC by the Trustee, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. Interest on the 2010 Bonds will be payable semi-annually on May 15 and November 15, in each year, commencing on November 15, 2010. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

(See inside front cover for maturities, interest rates and prices or yields.)

The 2010 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., rendered in reliance upon and assuming the accuracy of and continuing compliance by the University and the State Treasurer with their representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended, under existing law, interest on the 2010 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations, however, with respect to certain corporations (as defined for federal income tax purposes) subject to the alternative minimum tax, such interest is taken into account in determining adjusted earnings for purposes of computing federal alternative minimum tax. See "TAX MATTERS" herein.

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., under existing statutes, interest on the 2010 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The 2010 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel, and the Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut and Bryant Miller Olive P.C., Washington, D.C. It is expected that the 2010 Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about June 16, 2010.

Loop Capital Markets

J.P. Morgan **Jackson Securities, LLC** **Wells Fargo Bank, National Association**

BofA Merrill Lynch **Citi** **Corby Capital Markets, Inc.** **Melvin and Company LLC**
M.R. Beal & Company **Prager, Sealy & Co., LLC** **Ramirez & Co. Inc.**
RBC Capital Markets **Rice Financial Products Company** **Roosevelt & Cross, Inc.**
Siebert Brandford Shank & Co., LLC **Sterne, Agee & Leach, Inc.** **William Blair & Co., LLC**

June 3, 2010

$47,545,000
UNIVERSITY OF CONNECTICUT

Special Obligation Student Fee Revenue Bonds,
2010 Refunding Series A

MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	CUSIP
November 15				
2010	$1,090,000	2.000%	0.280%	914225EK9
2011	945,000	2.000	0.450	914225EL7
2012	3,075,000	3.000	0.750	914225EM5
2013	1,415,000	3.000	1.100	914225EN3
2013	1,760,000	4.000	1.100	914225FG7
2014	3,315,000	5.000	1.440	914225EP8
2015	3,470,000	4.000	1.800	914225EQ6
2016	3,630,000	5.000	2.190	914225ER4
2017	3,770,000	3.000	2.470	914225ES2
2018	1,590,000	3.500	2.670	914225ET0
2018	2,175,000	5.000	2.670	914225FD4
2019	3,200,000	4.000	2.870	914225EU7
2019	1,365,000	5.000	2.870	914225FE2
2020†	2,225,000	4.000	3.020	914225EV5
2020†	2,060,000	5.000	3.020	914225FF9
2021	2,850,000	3.000	3.140	914225EW3
2021†	1,615,000	5.000	3.140	914225FH5
2022†	415,000	4.000	3.250	914225EX1
2022†	765,000	5.000	3.250	914225FJ1
2023	635,000	3.250	3.360	914225EY9
2023†	600,000	5.000	3.360	914225FK8
2024†	1,290,000	5.000	3.450	914225EZ6
2025†	1,360,000	5.000	3.530	914225FA0
2026†	1,430,000	5.000	3.600	914225FB8
2027†	1,145,000	5.000	3.660	914225FL6
2027	355,000	3.625	3.660	914225FC6

† Priced to the call date of November 15, 2019 assuming redemption at par.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2010 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the University of Connecticut and the State of Connecticut and other sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of said University or the State since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In making an investment decision, investors must rely on their own examination of the security for the 2010 Bonds and terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commissioners or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

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CONTENTS OF OFFICIAL STATEMENT

This Official Statement of the University of Connecticut, including the cover and inside cover, the Appendices and Schedules thereto, is provided for the purpose of presenting certain information relating to the University in connection with the sale of $47,545,000 principal amount of its 2010 Bonds.

This Official Statement, including the cover and inside cover page and the Appendices thereto, contains information relating to the 2010 Bonds. Appendix A of this Official Statement contains certain information concerning the University as of its date, except as otherwise provided therein. Appendix B of this Official Statement contains certain information concerning the State of Connecticut. This Official Statement, including the cover page, inside cover page and the Appendices and Schedules thereto should be read collectively and in their entirety.

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OFFICIAL STATEMENT
relating to

$47,545,000
UNIVERSITY OF CONNECTICUT

Special Obligation Student Fee Revenue Bonds,
2010 Refunding Series A

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside cover page, and the appendices attached thereto, is provided for the purpose of presenting certain information in connection with the offering and sale of $47,545,000 Special Obligation Student Fee Revenue Bonds, 2010 Refunding Series A (the "2010 Bonds") of the University of Connecticut (the "University"). The 2010 Bonds are authorized pursuant to The University of Connecticut 2000 Act, Sections 10a-109a to 10a-109y, inclusive, of the General Statutes of Connecticut, Revision of 1958, as amended ("the Act" or the "UCONN 2000 Act") and are authorized and issued under the provisions of a Special Obligation Indenture of Trust, dated as of January 1, 1997, as supplemented and amended by certain supplemental indentures (as amended, the "Special Obligation Indenture"), including the Third Supplemental Indenture, dated as of February 1, 2002 (the "Third Supplemental Indenture"), each by and between the University and U.S. Bank National Association (successor to State Street Bank and Trust Company) of Hartford, Connecticut, as trustee (the "Trustee"), for the benefit of the Bondholders. The Special Obligation Indenture and supplements thereto, including the Third Supplemental Indenture, are collectively referred to herein as the "Indentures".

The University

The University of Connecticut was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research, and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State of Connecticut which in Article VIII, Section 2 provides that the State shall maintain a system of higher education including the University of Connecticut, dedicated to excellence in higher education.

As of October, 2009, the University had approximately 204,500 alumni, and 29,517 students (including the Health Center) studying in 14 colleges and schools offering seven undergraduate and 22 graduate and professional degree programs. In addition to the main campus in Storrs, there are five undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "Health Center"). The Health Center consists of the School of Medicine, the School of Dental Medicine, medical and dental clinics and the John Dempsey Hospital. The University campuses comprise 4,313 acres of land, and are strategically located throughout the State. The University competes with public and private institutions for students.

The State's support for the University reflects the status of the University as the flagship institution of the State system of higher education. The University and the Health Center receive separate State appropriations. See Appendix A attached hereto for additional information concerning the University.

UCONN 2000 Program

The University is defined by the Act as a constituent unit of the state system of public higher education which includes the University of Connecticut Health Center. The Act establishes the University as a body politic and corporate and instrumentality and agency of the State and enables the University to borrow money in its own name on behalf of the State for the purpose of providing sufficient funds for a special capital improvement program for the University (the "UConn 2000 Infrastructure Improvement Program" or "UCONN 2000"). See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below.

The Act was originally enacted in 1995 as a ten year program with an estimated cost of $1,250 million. In 2002, the General Assembly enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UCONN (the "21st Century UCONN Act"). The 21st Century UCONN Act, as amended, extended the UCONN 2000 financing program that was scheduled to end in 2005, to run for an additional eleven years to June 30, 2016. It also authorized additional projects for phase III UCONN 2000 for an estimated cost of $1,348 million. The UCONN 2000 program, including phases I, II and III, is estimated to cost $2,598 million.

The Act provides for a plan of financing UCONN 2000 projects that includes $2,262 million of general obligation bonds of the University secured by the State Debt Service Commitment (the "State Debt Service Commitment"). An additional $18 million of UCONN 2000 projects have been funded through the issuance of State general obligation bonds. The balance of the estimated cost of UCONN 2000 projects which is not to be financed by the University's bonds secured by the State Debt Service Commitment or the State's bonds may be met by the issuance of special obligation bonds ("Special Obligation Bonds") of the University, or from gifts or other revenue or borrowing resources of the University. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below and Appendix A – "UNIVERSITY FINANCES – State Support for the University" for a summary of legislation enacted during the 2010 Session of the Connecticut General Assembly.

2010 Bonds

The 2010 Bonds represent the fifth series of Special Obligation Bonds being issued pursuant to the Act and the Indentures (and the second series of refunding bonds). As of the date of delivery of the 2010 Bonds, the University will have outstanding $164,375,000 of its Special Obligation Bonds, the proceeds of which have funded or will fund UCONN 2000 projects. See Appendix A-"UNIVERSITY FINANCES - University Indebtedness."

Nature of Obligation and Sources of Repayment

The 2010 Bonds are special obligations of the University, and together with Bonds heretofore and hereafter issued under the Special Obligation Indenture, are secured by a parity pledge of and payable solely from the Trust Estate. The Trust Estate consists of Pledged Revenues, which are special revenues or other receipts, funds or moneys held in or set aside in the Trust Estate . All series of bonds issued under the Special Obligation Indenture are herein called the "Bonds" or "Special Obligation Bonds". See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" below.

Additional Information

All references herein to the Act, the Indentures and the Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Appendix F - "DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURES."

NATURE OF OBLIGATION AND SOURCES OF REPAYMENT

Nature of Obligation

The 2010 Bonds are special obligations of the University and together with Bonds heretofore and hereafter issued under the Special Obligation Indenture are secured by a parity pledge of and payable solely from the Trust Estate. Subject only to the provisions of the Indentures permitting the application of certain moneys for the purposes and on the terms set forth in the Indentures, the 2010 Bonds are entitled to the lien created by the pledge under the Indentures on the Trust Estate, which consists of the following:

(a) all monies or securities in the Bond Proceeds Fund, the Debt Service Fund, and the Redemption Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof except, with respect to the foregoing but subject to the Indenture, the Rebate Fund and moneys and securities in the Rebate Fund;

(b) all monies received as "Pledged Revenues," including special revenues, subject to the prior lien on and pledge thereof for a certain loan from the United States of America acting by and through the Secretary of the Department of Education and the parity payment of certain general obligation bonds of the State categorized by the State as self-liquidating, each as noted in the Indenture, to be received by the University from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture; and

(c) all rights of the University under any Bond Facility or Swap Facility, including the right to receive Swap Receipts and Termination Receipts.

University Covenants

The covenants of the University with respect to the 2010 Bonds are set forth in the Special Obligation Indenture. The Act provides for, and the Special Obligation Indenture includes, remedies available to the Trustee for protection and enforcement of any and all rights granted under the financing provisions of the Act, including by mandamus to enforce and compel performance of any duty required to be performed by any officer of the State mentioned in said provisions (including the Treasurer) and the University. See Appendix C - "SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST."

Rate Covenants

Pursuant to the Special Obligation Indenture, the University has covenanted that it will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of: (1) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and (2) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (1) hereof.

For purposes of the foregoing covenant, "Net Revenue Amount" constitutes that amount of Pledged Revenues with respect to the (i) Residential Life Room Fee, (ii) Board (Dining) Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals, and (v) the Greek Housing Fee, after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each of which individual amount as a result thereof may be a plus or minus. "Gross Revenue Amount" for purposes of the foregoing covenant constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee, (ii) the General University Fee prior to any payments, deductions, offsets or provisions, respectively and (iii) any interest earned or gains realized by the investment of monies which are Pledged Revenues and which constitute a part of the Trust Estate.

Statutory Lien

Pursuant to the Act, upon their issuance, securities of the University shall be conclusively presumed to be fully and duly authorized and issued under the laws of the State, and any person shall be estopped from questioning their authorization, sale, issuance, execution or delivery. Any pledge made by the University shall be deemed a statutory lien which shall be valid and binding from the time when the pledge is made against all parties having claims against the University. Neither the Act, the Indentures or resolution, nor any other instrument by which a pledge is created need be recorded. Any revenues or other receipts, funds, moneys so pledged and thereafter received by the University shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act and such lien shall have priority over all other liens. See Appendix C - "SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST."

State Covenant

Pursuant to the Act, the University is authorized and has included the following State covenant in the Special Obligation Indenture as a contract of the State. The State covenants with holders of any securities issued under the Act, in consideration of the acceptance of and payment for the securities until the securities, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the University with or for the benefit of such owners, that the State: (1) will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such securities, other than a lien or pledge created thereon pursuant to the Act; (2) will not in any way impair the rights, exemptions or remedies of the owners; and (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the University to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the securities; provided nothing in the Act shall preclude the State from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the Act if and when adequate provision shall be made by law for the protection of the holders of outstanding securities, pursuant to the resolution or indenture under which the securities are issued.

The Board of Trustees approved the Special Obligation Indenture on November 8, 1996. As required by the Act, the Board of Trustees' resolution approving each Supplemental Indenture for the issuance of Bonds must be submitted to the Governor. The Governor may, not later than thirty days after such submission, disapprove the same by notifying the Board of Trustees and the reasons for it. If the Governor does not act within thirty days, the resolution is deemed approved. The resolution approving the issuance of the refunding bonds and the Third Supplemental Indenture were submitted to the Governor on October 17, 2001 and was approved by the Governor on October 19, 2001.

Pursuant to the Act and the Indentures, the Bonds, including the 2010 Bonds, shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes, or any political subdivision thereof or a pledge of the faith and credit of the University, the State or any political subdivision of the State but shall be payable solely from the resources of the University described in the Special Obligation Indenture as the Trust Estate. Bonds issued under the Special Obligation Indenture may be additionally secured by either the Special Capital Reserve Fund or the Debt Service Reserve Fund or may be secured solely by the Trust Estate. The 2010 Bonds are not secured by either the Special Capital Reserve Fund or the Debt Service Reserve Fund. The University has no taxing power.

Additional Bonds

Pursuant to the Special Obligation Indenture, Special Obligation Bonds of the University are authorized to be issued without limitation as to amount except as provided in the Special Obligation Indenture or as may be limited by law. The Special Obligation Indenture provides that no Additional Series of Bonds may be authorized and issued under the Special Obligation Indenture unless:

(1) in the event of Bonds secured by a Special Capital Reserve Fund, upon the issuance of such Series of Additional Bonds, the amount on deposit in the Special Capital Reserve Fund will be not less than the Special Capital Reserve Fund Maximum Requirement;

(2) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the Project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the reasonable and necessary Project operating expenses of the University which are estimated will be incurred as a result of the issuance of such Additional Series of Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto shall, together with other moneys received or estimated to be received by the University, be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; and

(3) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds.

DESCRIPTION OF THE 2010 BONDS

In General

The 2010 Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000, or any integral multiple thereof.

The 2010 Bonds

The 2010 Bonds will be dated the Date of Delivery, will mature on November 15 in each of the years and in the amounts as set forth on the inside cover page of this Official Statement and will bear interest payable semi-annually on May 15 and November 15 in each year, commencing November 15, 2010, at the rates per annum set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year of twelve 30 day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of April and October in each year or the preceding business day if such last day is not a business day.

Principal of and interest on the 2010 Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See "Book-Entry-Only System."

Optional Redemption. The 2010 Bonds maturing on and after November 15, 2020 will be subject to redemption prior to their maturity, at the election of the University, on or after November 15, 2019 in whole on any date or in part, on any interest payment date (each herein the "Redemption Date") from time to time, and in such maturity or maturities (but by lot within a maturity) as the University shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

Notice of Redemption. Notice of redemption shall be mailed not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, by registered mail, to the registered owner of such bond at such Bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2010 Bonds, all notices of redemption will be sent only to DTC.

PLAN OF REFUNDING

Refunding

The University expects to apply the proceeds from the sale of the 2010 Bonds to refund all or a portion of selected maturities of certain Bonds of the University, including its Special Obligation Student Fee Revenue Bonds, 1998 Series A (the "1998 Series A Bonds") and its Special Obligation Student Fee Revenue Bonds, 2002 Series A (the "2002 Series A Bonds", together with the 1998 Series A Bonds, the "Refunded Bonds"), which will be redeemed on the earliest possible refunding date. The 1998 Series A Bonds and the 2002 Series A Bonds were used to finance the cost of constructing, erecting, renovating, equipping and/or furnishing various UCONN 2000 projects. The University and the Treasurer reserve the right to refund all, only a portion or none of the Refunded Bonds of each series to be refunded.

For additional information regarding these projects and other UCONN 2000 projects, see Appendix A - "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES - Status of UCONN 2000 Projects" and "UNIVERSITY FINANCES - University Indebtedness."

REFUNDED BONDS

Bond Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
1998A	11/15/2010	$ 905,000	4.400%	07/16/2010	100.500%
1998A	11/15/2011	950,000	4.500	07/16/2010	100.500
1998A	11/15/2012	995,000	4.600	07/16/2010	100.500
1998A	11/15/2013	1,040,000	4.700	07/16/2010	100.500
1998A	11/15/2014	1,090,000	5.125	07/16/2010	100.500
1998A	11/15/2015	1,150,000	4.750	07/16/2010	100.500
1998A	11/15/2016	1,205,000	4.750	07/16/2010	100.500
1998A	11/15/2017	1,260,000	4.750	07/16/2010	100.500
1998A	11/15/2018	1,325,000	4.750	07/16/2010	100.500
1998A	11/15/2019	1,390,000	4.750	07/16/2010	100.500
1998A	11/15/2020	1,455,000	4.750	07/16/2010	100.500
1998A	11/15/2021	1,525,000	4.750	07/16/2010	100.500
1998A	11/15/2022	1,600,000	4.750	07/16/2010	100.500
1998A	11/15/2023	1,680,000	4.750	07/16/2010	100.500
1998A	11/15/2024	1,760,000	4.750	07/16/2010	100.500
1998A	11/15/2025	1,845,000	4.750	07/16/2010	100.500
1998A	11/15/2026	1,935,000	4.750	07/16/2010	100.500
1998A	11/15/2027	2,030,000	4.750	07/16/2010	100.500
Total		$25,140,000			

REFUNDED BONDS

Bond Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
2002A	05/15/2013	$1,075,000	4.300%	05/15/2012	100.000%
2002A	05/15/2014	540,000	4.450	05/15/2012	100.000
2002A	05/15/2015	240,000	4.550	05/15/2012	100.000
2002A	05/15/2016	125,000	4.650	05/15/2012	100.000
2002A	05/15/2017	685,000	4.750	05/15/2012	100.000
2002A	05/15/2018	420,000	4.800	05/15/2012	100.000
2002A	05/15/2019	2,795,000	5.000	05/15/2012	100.000
2002A	05/15/2020	2,935,000	5.000	05/15/2012	100.000
2002A	05/15/2021	3,080,000	5.000	05/15/2012	100.000
2002A	05/15/2022	3,235,000	5.000	05/15/2012	100.000
2002A	05/15/2013	1,000,000	5.250	05/15/2012	100.000
2002A	05/15/2014	1,635,000	5.250	05/15/2012	100.000
2002A	05/15/2015	2,045,000	5.250	05/15/2012	100.000
2002A	05/15/2016	2,275,000	5.250	05/15/2012	100.000
2002A	05/15/2017	1,845,000	5.250	05/15/2012	100.000
2002A	05/15/2018	2,235,000	5.250	05/15/2012	100.000
Total		$26,165,000			
Total Refunded Bonds		$51,305,000			

Upon delivery of the 2010 Bonds, proceeds will be deposited in the Redemption Fund pursuant to the Indentures and will be placed in escrow with U.S. Bank National Association (the "Escrow Agent"), under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be dated as of June 16, 2010, between the Escrow Agent and the University. The Escrow Agent will deposit in an irrevocable trust fund called the Escrow Deposit Fund (the "Escrow Deposit Fund") $53,939,351.28 representing $51,812,926.28 of the net proceeds of the 2010 Bonds and $2,126,425 of other funds available, which will be used to purchase $53,939,341 non-callable direct obligations or non-callable obligations guaranteed by the United States of America, including State and Local Government Series Securities (the "Government Obligations"), the principal of and interest on which, when due, along with the uninvested cash amounts of $10.28, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal and premium of, and interest on the Refunded Bonds will be irrevocably deposited by the University in the Escrow Deposit Fund for payment of the Refunded Bonds.

SOURCES AND USES OF PROCEEDS OF THE 2010 BONDS

The University expects to apply the proceeds from the sale of the 2010 Bonds as follows:

Sources

Par Amount of the 2010 Bonds	$47,545,000.00
Net Reoffering Premium of the 2010 Bonds (Discount)	4,618,961.80
Transfer from 1998 Series A Bonds Special Capital Reserve Fund	2,126,425.00
Other Funds Available	440,000.00
Total Sources	$54,730,386.80

Uses

Deposit to Redemption Fund	$53,939,351.28
Costs of Issuance Account for 2010 Bonds	441,436.16
Underwriters' Discount for 2010 Bonds	349,599.36
Total Uses	$54,730,386.80

Amounts in the Costs of Issuance Account under the Special Obligation Indenture shall be invested by the Trustee at the direction of an Authorized Officer of the University in such Investment Obligations permitted by the Special Obligation Indenture and paragraph (f) of Section 3-20 of the Connecticut General Statutes, as amended.

Projected Debt Service and Debt Service Coverage

The following schedule sets forth the debt service payments to be made in each University fiscal year on the Special Obligation Bonds issued and outstanding as of the date of delivery of the 2010 Bonds.

	AMOUNT OUTSTANDING			2010 REFUNDING SERIES A BONDS			TOTAL SPECIAL OBLIGATIONS		
FYE June 30	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2011	$ 3,995,000	$ 5,813,369	$ 9,808,369	$ 1,090,000	$ 1,765,203	$ 2,855,203	$ 5,085,000	$ 7,578,572	$ 12,663,572
2012	4,175,000	5,634,319	9,809,319	945,000	1,912,206	2,857,206	5,120,000	7,546,525	12,666,525
2013	2,630,000	5,449,250	8,079,250	3,075,000	1,856,631	4,931,631	5,705,000	7,305,881	13,010,881
2014	2,765,000	5,317,494	8,082,494	3,175,000	1,754,081	4,929,081	5,940,000	7,071,575	13,011,575
2015	2,915,000	5,168,394	8,083,394	3,315,000	1,614,781	4,929,781	6,230,000	6,783,175	13,013,175
2016	3,075,000	5,011,156	8,086,156	3,470,000	1,462,506	4,932,506	6,545,000	6,473,662	13,018,662
2017	3,240,000	4,845,387	8,085,387	3,630,000	1,302,356	4,932,356	6,870,000	6,147,744	13,017,744
2018	3,415,000	4,670,694	8,085,694	3,770,000	1,155,056	4,925,056	7,185,000	5,825,750	13,010,750
2019	3,595,000	4,486,681	8,081,681	3,765,000	1,016,306	4,781,306	7,360,000	5,502,988	12,862,988
2020	3,790,000	4,292,826	8,082,826	4,565,000	835,981	5,400,981	8,355,000	5,128,807	13,483,807
2021	3,995,000	4,088,469	8,083,469	4,285,000	641,856	4,926,856	8,280,000	4,730,326	13,010,326
2022	4,205,000	3,873,219	8,078,219	4,465,000	462,731	4,927,731	8,670,000	4,335,951	13,005,951
2023	7,830,000	3,646,419	11,476,419	1,180,000	352,181	1,532,181	9,010,000	3,998,600	13,008,600
2024	8,230,000	3,243,625	11,473,625	1,235,000	299,438	1,534,438	9,465,000	3,543,063	13,008,063
2025	8,655,000	2,826,000	11,481,000	1,290,000	241,869	1,531,869	9,945,000	3,067,869	13,012,869
2026	9,090,000	2,387,000	11,477,000	1,360,000	175,619	1,535,619	10,450,000	2,562,619	13,012,619
2027	9,560,000	1,925,750	11,485,750	1,430,000	105,869	1,535,869	10,990,000	2,031,619	13,021,619
2028	10,040,000	1,440,876	11,480,876	1,500,000	35,059	1,535,059	11,540,000	1,475,935	13,015,935
2029	10,545,000	931,625	11,476,625	--	--	--	10,545,000	931,625	11,476,625
2030	11,085,000	396,625	11,481,625	--	--	--	11,085,000	396,625	11,481,625
Total	**$116,830,000**	**$75,449,177**	**$192,279,177**	**$47,545,000**	**$16,989,731**	**$64,534,731**	**$164,375,000**	**$92,438,909**	**$256,813,909**

[1]Totals may not sum due to rounding.

Debt service on the 2010 Bonds is payable from Pledged Revenues of the University derived from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture.

The following table sets forth the historical and projected coverage levels for Pledged Revenues and the debt service coverage calculation for the Bonds with respect thereto. The University's projections are based on various assumptions and contingencies which are uncertain and which may not materialize. Please see the accompanying list of footnotes and assumptions which are an integral part of this coverage table.

University of Connecticut
Statement of Projected Coverage Levels [(1)]
Fiscal Year Ended June 30
(Amounts in Thousands)

	ACTUAL				FORECAST	PROJECTED			
	2006	***2007***	***2008***	***2009***	***2010***	***2011***	***2012***	***2013***	***2014***
Pledged Revenues (Gross)[(A)]									
Infrastructure Maintenance Fee (IMF)	$ 7,607	$ 8,191	$ 8,748	$ 9,504	$ 9,830	$ 10,406	$ 10,584	$ 10,544	$ 10,811
General University Fee (GUF)	22,045	23,806	25,160	27,304	28,981	30,206	30,505	30,415	31,212
Investment Income	142	153	130	42	11	6	6	6	6
Gross Revenue Available	**29,794**	**32,150**	**34,038**	**36,850**	**38,822**	**40,618**	**41,095**	**40,965**	**42,029**
Pledged Revenues (Subject to Expenses Below) [(A)]									
Room Fee and Apartment Rentals	50,184	55,918	57,334	65,395	71,860	77,303	78,322	80,672	83,092
Board Fee	38,420	44,953	45,830	51,390	54,432	57,414	58,569	61,050	62,808
Husky Village (Greek Housing) Fee	1,519	1,598	1,595	1,702	1,907	2,040	2,101	2,165	2,229
Parking and Transportation Fees	5,615	5,693	5,879	5,591	5,536	5,700	5,753	5,862	6,029
Total Pledged Revenues (Subject to Expenses Below)	**95,738**	**108,162**	**110,638**	**124,078**	**133,735**	**142,457**	**144,745**	**149,749**	**154,158**
Expenses[(A)]									
Residence Halls and Apartments	(38,860)	(42,993)	(45,149)	(50,024)	(56,299)	(61,517)	(62,220)	(63,995)	(66,651)
Dining Services	(36,247)	(41,557)	(43,726)	(47,829)	(51,200)	(54,210)	(56,796)	(58,835)	(61,407)
Husky Village (Greek Housing)	(704)	(636)	(836)	(779)	(850)	(891)	(970)	(996)	(1,039)
Parking and Transportation	(2,205)	(2,581)	(2,857)	(3,355)	(3,351)	(3,439)	(3,576)	(3,728)	(3,887)
Total Expenses	**(78,016)**	**(87,767)**	**(92,568)**	**(101,987)**	**(111,700)**	**(120,057)**	**(123,562)**	**(127,554)**	**(132,984)**
Net Revenues Available	**17,722**	**20,395**	**18,070**	**22,091**	**22,035**	**22,400**	**21,183**	**22,195**	**21,174**
Total Gross and Net Revenue Available for Debt Service	**47,516**	**52,545**	**52,108**	**58,941**	**60,857**	**63,018**	**62,278**	**63,160**	**63,203**
Debt Service[(B)]									
Debt Service on 2010 Refunding Series A Revenue Bonds	-	-	-	-	-	(2,855)	(2,857)	(4,932)	(4,929)
Debt Service on 2002 Series A Revenue Bonds	(5,016)	(5,019)	(5,019)	(5,017)	(5,019)	(3,697)	(3,699)	(1,622)	(1,622)
Debt Service on 2002 Refunding Series A Revenue Bonds	(6,116)	(6,115)	(6,112)	(6,117)	(6,113)	(6,111)	(6,111)	(6,458)	(6,461)
Debt Service on 1998 Series A Revenue Bonds	(2,078)	(2,077)	(2,080)	(2,076)	(2,079)	-	-	-	-
Residence Halls/Dining Debt Service	(1,368)	(1,368)	(1,097)	(1,024)	(969)	(775)	(684)	(456)	(372)
Department of Education Loan Debt Service	(137)	(137)	(137)	-	-	-	-	-	-
Total Debt Service	**($14,715)**	**($14,716)**	**($14,445)**	**($14,234)**	**($14,180)**	**(13,438)**	**(13,351)**	**(13,468)**	**(13,384)**
Coverage Calculation [(C)]	**3.23**	**3.57**	**3.61**	**4.14**	**4.29**	**4.69**	**4.66**	**4.69**	**4.72**
(Total Gross & Net Revenue Available -- Debt Service)									
Total Gross and Net Revenue Available for Debt Service	**47,516**	**52,545**	**52,108**	**58,941**	**60,857**	**63,018**	**62,278**	**63,160**	**63,203**
Less: Debt Service	(14,715)	(14,716)	(14,445)	(14,234)	(14,180)	(13,438)	(13,351)	(13,468)	(13,384)
Expenditures for Auxiliary Enterprise Support [(D)]	(22,045)	(23,806)	(25,160)	(27,304)	(28,981)	(30,206)	(30,505)	(30,415)	(31,212)
Expenditures for Operations & Maintenance-UCONN 2000 Projects [(E)]	(5,671)	(6,267)	(6,798)	(7,470)	(7,762)	(8,336)	(8,511)	(8,470)	(8,739)
Transfer to Reserves Available for Renewal, Replacement and Operations	**5,085**	**7,756**	**5,705**	**9,933**	**9,934**	**11,038**	**9,911**	**10,807**	**9,868**
Reserves Available for Renewal, Replacement and Operations [(F)]									
Beginning Balance	13,776	13,847	14,025	14,026	14,177	14,217	14,319	14,147	14,026
Transfer from Operations	5,085	7,756	5,705	9,933	9,934	11,038	9,911	10,807	9,868
Renewal/Replacement Expenditures	(5,014)	(7,578)	(5,704)	(9,782)	(9,894)	(10,936)	(10,083)	(10,928)	(9,787)
Ending Balance	**$ 13,847**	**$ 14,025**	**$ 14,026**	**$ 14,177**	**$ 14,217**	**$ 14,319**	**$ 14,147**	**$ 14,026**	**$ 14,107**

Notes:
[(1)] See the accompanying assumptions and footnotes which are an integral part of this statement.

Assumptions and Footnotes
To Statement of Projected Coverage Levels
Special Obligation Student Fee Revenue Bonds

[(A)] **Assumptions used to build the forecasted and projected revenues and expenses are as follows:**

Revenue-Fee rates have been approved by the Board of Trustees through FY 2011.

Infrastructure Maintenance Fee - The Infrastructure Maintenance Fee, which currently funds Special Obligation Student Fee Revenue debt service and facilities operating and maintenance costs, as well as preventive and deferred maintenance costs, was instituted on July 1, 1997. For FY 2010, the Infrastructure Maintenance Fee rate is $400 for Undergraduate and Graduate/Professional students. In FY 2011, the approved rate increase is 6.5%. The projections for FY's 2012, 2013 and 2014 are based on a rate increase assumption of 3.0% each year. Undergraduate students account for approximately 81% of revenue from the Infrastructure Maintenance Fee and Graduate/Professional students account for approximately 19% of revenue.

General University Fee - The General University Fee primarily supports Athletics, Jorgensen Center for the Performing Arts, Student Health Services, Student Activities, Student Union and certain other departments within the Division of Student Affairs . For FY 2010, the General University Fee rate is $1,584 for Undergraduate students and $1,170 for Graduate/Professional students. In FY 2011, the approved rate increase is 4.55%. The projections for FY's 2012, 2013 and 2014 are based on a rate increase assumption of 3.0% each year.

Investment Income - The projected rate of return for bond funds is conservatively estimated at .35% in FY 2010 increasing to .5% for FY 2011 through FY 2014. The bond proceeds are invested in the State Treasurer's Short Term Investment Fund (STIF).

Room Fee - The Undergraduate regular double room fee for FY 2010 is $5,396 and the Graduate room fee for FY 2010 is $6,356. In FY 2011, the approved rate increase for the Undergraduate regular double room and Graduate room fee is 7.01%. In FY 2012, FY 2013 and FY 2014 the projected rate increase assumption is 3.0% each year. FY 2011 projected occupancy is based on FY 2010 occupancy. FY 2012 projected occupancy is based on FY 2011 adjusted occupancy. FY 2013 and FY 2014 occupancy rates are based on FY 2012.

Board Fee - In FY 2010, the most popular resident plan purchased was the Ultimate Meal Plan which costs $4,724. Other meal plan options are available. In FY 2011, the approved rate increase is 6.01%. Projected revenues for FY 2012, FY 2013, and FY 2014 are based on rate increases of 3% each year. FY 2011 projected occupancy is based on FY 2010 occupancy. FY 2012 projected occupancy is based on FY 2011 adjusted occupancy. FY 2013 and FY 2014 occupancy rates are based on FY 2012.

Husky Village Fee (Greek Housing)- This room fee is $6,356 for FY 2010. The approved rate increase is 7.01% for FY 2011. FY's 2012, 2013, and 2014 reflect the assumption of a 3.0% rate increase each year.

Parking and Transportation Fees- Parking and Transportation Fees consist of the Transit Fee, Parking Permits, Parking Tickets, Transient Parking, Meter Revenue, Event Parking and rental income paid by the UConn Co-op. The UConn Co-op is located adjacent to the South Garage and effective January 1, 2003, began paying an annual rental fee of $300,000 to the University. Revenues in FY 2010 are projected to decrease slightly due to less transient parking and permit revenue from the garages, which were temporily closed for repairs, and lower parking ticket revenues. Increases in revenues are based on the assumption of a 1.0% increase for FY 2011 and FY 2012, a 2.0% increase for FY 2013 and a 3.0% increase for FY 2014.

[A] **Continued - Assumptions used to build the forecasted and projected revenues and expenses are as follows:**

Expenses-Included in expenses are all direct expenses and operating transfers.

Residence Halls- Inflation increases range from 3.0%-7.8% for FY 2011, FY 2012, FY 2013 and FY 2014 due to anticipated collective bargaining increases, fringe benefit costs, deferred maintenance, repairs and utility expenses. The projected increase in FY 2012 includes the payment of a 27th pay period.

Dining Services- Inflation increases range from 5.4%-7.0% for FY 2011, FY 2012, FY 2013 and FY 2014 due to anticipated collective bargaining, fringe benefit costs, increased food costs and utilities. FY 2012 also includes payment of a 27th pay period.

Husky Village(Greek Housing)- The increase in expenses is projected at an average of 5.9% for FY 2011, FY 2012, FY 2013 and FY 2014 due to anticipated collective bargaining increases, fringe benefit costs, repairs, equipment purchases and utility costs. The projected increase in FY 2012 includes payment of a 27th pay period.

Parking and Transportation- The lease agreement for the X-Lot parking area expires in FY 2010. Due to limited ability to renew the lease agreement, expenditures do not include the lease expense beginning in September 2010. FY 2012 includes payment of a 27th pay period.

[B] Pursuant to the Indentures, the debt listed herein is of rank with the pledge created by the 2010 Bonds. Other State debt categorized as self-liquidating ranging from approximately $266,189 in FY 2010 to $170,018 in FY 2017, which is repaid from other revenue sources, is excluded from the above coverage table.

[C] No assurance can be given that these coverage levels will not change since projections can vary and the University may authorize additional projects and issue additional bonds under the Special Obligation Indenture; the effect of which may reduce coverage levels subject to the rate covenant of 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds (including the Additional Bonds). See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT - University Covenants" and "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT - Additional Bonds" herein.

[D] Reflects expenditure of the General University Fee for operating support for various Auxiliary Enterprise programs.

[E] Additional funding for UCONN 2000 O & M expenditures is also provided from other non-pledged operating revenues.

[F] Funds reserved for the payment or reimbursement of extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UCONN 2000 Project financed by the University under the Indentures and other facilities which are part of the physical plant enabling the University to operate and maintain the physical plant in sound operating condition. Funds may also be used in the event of significant revenue or expense variances. Additionally, the University funds a reserve which is available to pay debt service for current and future Special Obligation Student Fee Revenue Bonds and other parity debt. As of June 30, 2009, the reserve had a balance of $22,789,316. The reserve is invested in the STIF.

Prior to being refunded on June 16, 2010 the 1998 Series A Revenue Bonds had a Special Capital Reserve Fund (SCRF) which, pursuant to the Indentures, was valued at historical amortized cost of $2,126,425 (market value at June 30, 2009 was $2,126,684 including accrued income).

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2010 Bonds, payment of interest and other payments on the 2010 Bonds to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2010 Bonds, confirmation and transfer of beneficial ownership interests in the 2010 Bonds and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2010 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the University does not and cannot make any representation concerning these matters.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE UNIVERSITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2010 Bonds. The 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2010 Bond certificate will be issued for each maturity of the 2010 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2010 Bonds, except in the event that use of the book-entry system for a series of the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2010 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and payments on the 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, the Paying Agent, or the University on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent, or the University, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2010 Bonds at any time by giving reasonable notice to the University. Under such circumstances, in the event that a successor depository is not obtained, 2010 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2010 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC Practices

The University can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

The University and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2010 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2010 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the 2010 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The University shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2010 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the University (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2010 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the University; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2010 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2010 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2010 Bonds (other than under the captions "Tax Exemption" and "Continuing Disclosure" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2010 Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2010 Bonds.

Principal and Interest Payments. Principal of the 2010 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2010 Bonds will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of $1,000,000 or more in aggregate principal amount of 2010 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2010 Bonds, and, upon presentation of 2010 Bonds for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2010 Bonds. Any 2010 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2010 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2010 Bond shall be surrendered for transfer, the University shall execute and the Trustee shall authenticate and deliver a new 2010 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2010 Bond during the period 15 days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or University in connection with such exchange.

UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM

Introduction

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a twenty-one year capital budget program in three phases. In 1995, the General Assembly authorized the phase I and phase II projects which were estimated to cost $1,250 million and were to be financed over a ten year period. In 2002, the General Assembly enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UCONN, which, as amended, revised the original Act to extend the UCONN 2000 program for an additional eleven year period and authorized additional phase III UCONN 2000 projects estimated to cost an additional $1,348 million. The UCONN 2000 program, including phases I, II and III, is estimated to cost $2,598 million.

The UCONN 2000 program is to be funded in part by the issuance of $2,262 million of general obligation bonds of the University secured by the State Debt Service Commitment. See "NATURE OF OBLIGATION AND SOURCE OF REPAYMENT." An additional $18 million of UCONN 2000 projects have been funded through the issuance of State general obligation bonds. The balance of the estimated cost of UCONN 2000 projects which is not to be financed by the University's Bonds secured by the State Debt Service Commitment or the State's bonds may be funded by the issuance of Special Obligation Bonds of the University or by gifts or other revenue or borrowing resources of the University.

As of the date of delivery of the 2010 Bonds, the University has issued the following General Obligation and Special Obligation Bonds and Governmental Lease Purchase Agreements pursuant to the UCONN 2000 Act.

UCONN 2000 BONDS AND LEASES

A. UCONN 2000 General Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1996 Series A Bonds	2/21/1996	$83,929,715	$(274,931)	$82,606,220
1997 Series A Bonds	4/24/1997	124,392,432	(2,319,590)	121,080,861
1998 Series A Bonds	6/24/1998	99,520,000	634,629	99,280,000
1999 Series A Bonds	4/08/1999	79,735,000	(45,210)	79,032,919
2000 Series A Bonds	3/29/2000	130,850,000	(120,981)	130,000,000
2001 Series A Bonds	4/11/2001	100,000,000	1,141,140	100,000,000
2002 Series A Bonds	4/18/2002	100,000,000	1,706,295	100,000,000
2003 Series A Bonds	3/26/2003	96,210,000	4,623,183	100,000,000
2004 Series A Bonds	1/22/2004	97,845,000	2,816,971	100,000,000
2005 Series A Bonds	3/16/2005	98,110,000	3,004,101	100,000,000
2006 Series A Bonds	3/15/2006	77,145,000	2,612,437	79,000,000
2007 Series A Bonds	4/12/2007	89,355,000	431,004	89,000,000
2009 Series A Bonds	4/16/2009	144,855,000	6,312,563	150,000,000
2010 Series A Bonds	5/25/2010	97,115,000	8,733,758	105,000,000
Total[2]		**$1,419,062,147**	**$29,255,369**	**$1,435,000,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Trustee Held Escrow
2004 Series A REFUNDING Bonds	1/29/2004	$216,950,000	$27,144,300	$247,794,279
2006 Series A REFUNDING Bonds	3/15/2006	61,020,000	5,103,655	65,472,900
2007 Series A REFUNDING Bonds	4/12/2007	46,030,000	3,897,620	49,505,477
2010 Series A REFUNDING Bonds	5/25/2010	36,095,000	2,903,755	38,704,429
Total[2]		**$360,095,000**	**$39,049,330**	**$401,477,085**

B. UCONN 2000 Special Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1998 Series A Bonds	2/04/1998	$33,560,000	$(888,481)	$30,000,000
2000 Series A Bonds	6/01/2000	89,570,000	(1,159,469)	87,000,000
2002 Series A Bonds	2/14/2002	75,430,000	287,983	72,180,000
Total[2]		**$198,560,000**	**$(1,759,967)**	**$189,180,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Trustee Held Escrow
2002 Series A REFUNDING Bonds	2/27/2002	$ 96,130,000	$1,747,947	$ 96,830,821
2010 Series A REFUNDING Bonds	6/16/2010	47,545,000	4,618,962	51,812,926
Total[2]		**$143,675,000**	**$6,366,909**	**$148,643,747**

C. Governmental Lease Purchase Agreement

	Issue Date	Par Amount	Project Costs
Governmental Lease Purchase Agreement	12/18/2003	$75,000,000	$75,000,000
Governmental Lease Purchase Agreement	08/15/2005	6,900,000	6,900,000
		$81,900,000	**$81,900,000**

[1]Net OIP and Accrued Interest, if any, may be used to fund Construction Account or Escrow Fund and to pay for Costs of Issuance.
[2]Totals may not sum due to rounding.

The Act

Powers. The Act enables the University to borrow money and enter into financing transactions in its own name and expands the authority of the University to directly supervise construction of its projects including all UCONN 2000 projects. In order for the University to construct the UCONN 2000 projects and issue securities for UCONN 2000, the Act, among other things, provides the University with the following powers: (a) to have perpetual succession as a body politic and corporate and an instrumentality and agency of the State; (b) to contract, to sue, to be indemnified, and to defend any action; (c) to indemnify parties and to be sued by the holders of its securities on an express contract; (d) to retain or employ architects, accountants, engineers, legal and securities counsel; (e) to plan, acquire, construct, renovate, equip, own, operate, maintain, dispose of and demolish any project; (f) to acquire, hold or dispose of any interest in real or personal property and to hold, sell, assign, lease, rent or encumber, other than by mortgage, any such interest; (g) to receive money from federal and state governments or others; and (h) to fix and collect fees, tuition, charges, rentals and other charges for enrollment and attendance at and use of the University.

The University may revise, delete and add projects to the list of UCONN 2000 projects, provided a material addition or deletion must be approved by a legislative act of the General Assembly of Connecticut. No revision, addition or deletion can reduce the amount of any State Debt Service Commitment. The University may determine the sequencing and timing of projects, revise estimates of cost and reallocate funds among projects, all in accordance with the Act.

The Act provides that the principal amount of the securities authorized to be issued for a project is deemed an appropriation and allocation of such amount for such project and approval by the Governor is deemed the allotment by the Governor of such capital outlays. Upon such approval, the University may award contracts, and issue and sell securities respecting expenditures under such contracts which will be paid within the year following issuance of such securities and to provide for costs of UCONN 2000 of not more than twenty percent in excess of such expenditures. Certain Costs of Issuance may be added to the amount of securities so issued.

Minimum State Operating Provision. Pursuant to the Act, the State commits to appropriate, annually, an amount for operations of the University, after consideration of other amounts available to the University for its operations, which amount shall be consistent with the University (including the UCONN 2000 projects) continuing to operate in furtherance of and pursuant to the provisions of the Constitution of the State and applicable law as an institution dedicated to excellence in higher education. However, nothing in the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous Fiscal Year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

Special Capital Reserve Fund. The Act permits the issuance of special obligation securities of the University which may be further secured with one or more State supported reserve funds to be known as Special Capital Reserve Funds or a debt service reserve fund. To date, the University has issued four series of Special Obligation Bonds but only one series, its Student Fee Revenue Bonds, 1998 Series A, issued on February 4, 1998, was secured by a Special Capital Reserve Fund, none of which remains outstanding as of the date of this Official Statement. See Appendix A under the subsection, "University Finances - University Indebtedness." A Special Capital Reserve Fund is not available to secure the 2010 Bonds.

Special External Gift and Endowment Funds. The Act creates two funds designed to encourage private sector gifts to fund UCONN 2000 projects and to increase endowment funds of the University.

The Special External Gift Fund is created to receive Special Eligible Gifts from the private sector, in furtherance of UCONN 2000. Special Eligible Gifts and interest or other income earned on the Special External Gift Fund are to be used to pay costs of any UCONN 2000 project.

The Endowment Fund is dedicated to endowed professorships, scholarships and programmatic enhancements. See Appendix A under the subsection, "University Finances – The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc."

Construction of Projects. The UConn Infrastructure Improvement Program currently comprises numerous projects ranging in cost from under $1,000,000 to over $200,000,000. Phase I and phase II projects are for several of the University's campuses, with the preponderance of expenditures currently earmarked for the main campus at Storrs. Phase III projects include projects for the Storrs and regional campuses as well as several projects to be located at the Health Center. The University is authorized to assume the responsibility and supervision of any project including preparation of detailed plans and specifications for each project. Subject to applicable law, the University maintains construction standards for all projects, including provisions relating to materials and equipment, and health and safety. The Act provides an expedited permitting process for the issuance of any license, permit, approval and administrative action required in connection with any University project.

The Act provides that each contract let in accordance with the Act must provide that payment is limited to, and the State and the University shall have no liability beyond, the amount provided therein.

UCONN 2000 Performance Review Report to the General Assembly. The Act provides for semi-annual reporting to certain committees of the General Assembly as well as for periodic performance reviews (due January 15, 1999, January 15, 2006 and January 15, 2011). On January 15, 1999 and January 15, 2006, the University, as required by the Act, submitted to the Governor and to the Joint Standing Committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, a periodic performance review report detailing certain information specified in the Act for each project undertaken to its date under the UCONN 2000 Program. The Act provides for the committees to consider the report and determine whether there has been insufficient progress in implementation of UCONN 2000 or whether there have been significant cost increases over original estimates as a result of actions taken by the University. If so, the committees may make recommendations for appropriate action to the University and to the General Assembly.

RECENT EVENTS

University Administration. On May 11, 2010, President Michael J. Hogan accepted an appointment as president of the University of Illinois. His resignation from the University will become effective on June 11, 2010. Governor M. Jodi Rell has announced that a national search will be conducted for President Hogan's successor. On May 21, 2010, the University's Board of Trustees appointed Philip E. Austin, interim President, effective June 11, 2010, until a successor to President Hogan is selected. Mr. Austin served as President of the University from 1996 until 2007. (See Appendix A – GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – University Administration for additional information).

LITIGATION

There is no litigation of any nature pending or threatened against the University restraining or enjoining the issue, sale, execution or delivery of the 2010 Bonds, or in any way contesting or affecting the validity of the 2010 Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, the application of the proceeds of the 2010 Bonds or the existence or powers of the University. While the University is defending a few legal matters in state and federal courts, the Office of the Attorney General is of the opinion that none of those suits, either individually or collectively, place the assets of the University at any significant risk.

COVENANT OF THE STATE

Under the Act, the State has pledged and agreed with the holders of any bonds and notes issued under the Act, including the 2010 Bonds, that the State will not limit or alter the rights vested in the University until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes.

LEGALITY FOR INVESTMENT

The Act provides that the 2010 Bonds shall be legal investments and public bodies of the State and its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings banks and savings associations, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, board of trustees and other fiduciaries, and all other persons whatsoever who are now or may be authorized to invest in securities of the State, may properly and legally invest funds, including capital, in their control, or belonging to them. Those securities are also made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision and all municipalities and public corporations for any purpose for which the deposit of securities of the State is now or may be authorized by law.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2010 Bonds are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel to the University, and the Law Offices of Joseph C. Reid, P.A., New York, New York, as Co-Bond Counsel to the University. Bond Counsel and Co-Bond Counsel propose to deliver their approving opinions with respect to the 2010 Bonds substantially in the form set forth in Appendix D hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut and Bryant Miller Olive P.C., Washington, D.C. Updike, Kelly & Spellacy, P.C. currently serves as bond counsel to the State in connection with State bond issues and various other matters.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to delivery of the 2010 Bonds in order that interest on the 2010 Bonds not be included in gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. The Tax Regulatory Agreement of the University and the Treasurer which will be delivered concurrently with the delivery of the 2010 Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the University and the Treasurer agree and covenant that each shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that such amounts are excludable from the gross income of the owners thereof for federal income tax purposes under the Code.

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., rendered in reliance upon and assuming the accuracy of and continuing compliance by the University and the Treasurer with their representations and covenants relating to certain requirements of the Code, under existing law, interest on the 2010 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax. For other federal tax information, see "Original Issue Discount", "Original Issue Premium" and "Other Federal Tax Matters" herein.

Original Issue Discount

The initial public offering prices of certain maturities of the 2010 Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds is sold. Under existing law, OID on the 2010 Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the 2010 Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the OID that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the 2010 Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a 2010 Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the 2010 Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters

In addition to the matters addressed above, prospective purchasers of the 2010 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, certain insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2010 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Legislation affecting the exclusion from gross income of interest on bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2010 Bonds will not have an adverse effect upon the tax-exempt status or the market price of the 2010 Bonds.

State Taxes

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., under existing statutes, interest on the 2010 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the 2010 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a 2010 Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of OID Bonds or OIP Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of OID or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of OID Bonds or OIP Bonds.

Owners of the 2010 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2010 Bonds and the disposition thereof.

General

The opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A. are rendered as of their dates, and Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A. assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions.

The discussion above does not purport to deal with all aspects of federal, state or local taxation that may be relevant to a particular owner of a 2010 Bond. Prospective owners of the 2010 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2010 Bonds.

RATINGS

The 2010 Bonds have been rated "Aa2" by Moody's Investors Service ("Moody's"), Seven World Trade Center, New York, New York and "AA-" by Standard & Poor's ("Standard & Poor's"), 55 Water Street, New York, New York. The ratings assigned by Moody's reflect their recalibration of U.S. Public Finance credit ratings to a single global scale rating system. The ratings assigned by Moody's and Standard & Poor's express only the view of such rating agencies. The explanation and significance of the ratings can be obtained from Moody's and Standard & Poor's, respectively. Such ratings are not intended as a recommendation to buy or own the 2010 Bonds. There is no assurance that any ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of any of such ratings on the 2010 Bonds may have an adverse effect on the market price thereof.

CONTINUING DISCLOSURE UNDERTAKING

The Act gives the University the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Pursuant to Article XV of the Special Obligation Indenture, the University, as issuer of the 2010 Bonds under the Rule, has included an article (the "Continuing Disclosure Undertaking", a summary of which is set forth in Appendix E hereof), which article shall constitute the University's written undertaking for the benefit of the beneficial owners of the Bonds and which shall apply to all Bonds of the University under the Special Obligation Indenture. Under the Continuing Disclosure Undertaking, the University agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Undertaking. The Underwriters' obligation to purchase the 2010 Bonds shall be conditioned upon their receiving, at or prior to the delivery of the 2010 Bonds, an executed copy of the Continuing Disclosure Undertaking.

The intent of such undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the University to comply with its written undertaking. The Continuing Disclosure Undertaking shall provide that any failure by the University to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the Bonds under the Special Obligation Indenture.

The University has never defaulted in its obligations to meet any of its undertakings under the Continuing Disclosure Undertaking.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2010 Bonds from the University at an aggregate purchase price of $51,814,362.44 (representing the aggregate principal amount of the 2010 Bonds plus net original issue premium of $4,618,961.80 and less Underwriters' discount of $349,599.36). The 2010 Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2010 Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

FINANCIAL ADVISOR

P.G. Corbin & Company, Inc. and First Southwest Company are serving as financial advisors in connection with the issuance of the 2010 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

AMTEC will deliver to the University, on or before the settlement date of the 2010 Bonds, its attestation report indicating that it has examined the information and assertions provided by the University and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Governmental Obligations (defined in the Indentures) to pay, and, when due, the maturing principal of, interest on and related premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusions that the interest on 2010 Bonds are exempt from Federal taxation and are not "arbitrage bonds" under the Code.

FINANCIAL STATEMENTS OF THE UNIVERSITY

Included in Appendix A is various financial information relating to the University. The audited financial statements of the University and the Health Center (excluding the University of Connecticut Foundation) contained in Schedule 1 and Schedule 2 are included herein in reliance upon the Certificates of Audit of the Auditors of Public Accounts of the State.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the University and its various operations are prepared by officers of the University and provided to the Board of Trustees at its regular monthly meetings. In addition, the University regularly reports to the Governor, the Secretary of the Office of Policy and Management and various committees of the State legislature and regularly receives reports from consultants, commissions and special task forces relating to various aspects of the University's financial affairs.

The University will make available copies of its official statements relating to the issuance of its securities under the Indentures from time to time upon request through the Office of the State Treasurer or the University's Vice President and Chief Financial Officer.

Additional information concerning the University may be obtained upon request of the President, Michael J. Hogan, Attention: Richard D. Gray, Vice President and Chief Financial Officer, 352 Mansfield Road, U-2122, Storrs, Connecticut 06269, (860) 486-3455.

Additional information concerning the State may be obtained upon request of the Office of the State Treasurer, Honorable Denise L. Nappier, Treasurer, Attention: Sarah Sanders, Assistant Treasurer of Debt Management, 55 Elm Street, Hartford, Connecticut 06106, (860) 702-3288.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the University and the State and the purchasers or holders of any of the 2010 Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2010 Bonds by the University and may not be reproduced or used in whole or in part for any other purpose.

Dated: June 3, 2010

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Pursuant to the UCONN 2000 Act, the 2010 Bonds described above have been sold by the Treasurer of the State of Connecticut in conjunction with the University and the inclusion of Appendix B has been authorized by the Treasurer.

TREASURER OF THE STATE OF CONNECTICUT	UNIVERSITY OF CONNECTICUT
By: /s/ Denise L. Nappier	By: /s/ Richard D. Gray
Denise L. Nappier	Richard D. Gray
State Treasurer	Vice President and Chief Financial Officer

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APPENDIX A

UNIVERSITY OF CONNECTICUT
INFORMATION CONCERNING THE UNIVERSITY

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UNIVERSITY OF CONNECTICUT

June 3, 2010

This Appendix A, furnished by the University of Connecticut (the "University") contains information as of the date of delivery of the 2010 Bonds, except as expressly provided herein and in this Official Statement in the section entitled, "RECENT EVENTS". This Appendix A and the schedules attached hereto should be read collectively and in their entirety.

Board of Trustees

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UNIVERSITY OF CONNECTICUT

INTRODUCTION

The University of Connecticut was established and exists as an institution for the education of residents of the State of Connecticut. The University of Connecticut, originally established in 1881, is one of the nation's nine colonial land grant colleges. Since it was established, the University has consistently expanded its academic program and physical plant to meet the higher educational needs of state residents. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. The Storrs Agricultural School opened on September 28, 1881, with twelve students in the first class. Before the turn of the century there were two name changes, to Storrs Agricultural College in 1893 and to Connecticut Agricultural College in 1899. In 1933, it became Connecticut State College, reflecting its steady advances and broadened mission. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research and public service programs. In 1965, the University became the flagship institution of higher education in the state under the new Constitution of the State of Connecticut which in Article VIII, Section 2 provides that the state shall maintain a system of higher education including the University of Connecticut, dedicated to excellence in higher education.

As of October 2009, the University had approximately 204,500 alumni and 29,517 students (including the Health Center) studying in 14 colleges and schools offering seven undergraduate and 22 graduate and professional degree programs. In addition to the main campus in Storrs, there are five undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "Health Center"). The Health Center consists of the School of Medicine, the School of Dental Medicine, medical and dental clinics and the John Dempsey Hospital. The Storrs, regional campuses and Health Center comprise 4,313 acres of land and are strategically located throughout the state. The University competes with public and private institutions for students.

The state's support for the University reflects the status of the University as the flagship institution of the state system of higher education.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Trustees

Composition. The Board of Trustees of the University of Connecticut consists of 21 persons. The Governor, the Commissioner of Education, the Commissioner of Agriculture, the Commissioner of Economic & Community Development and the Chair of the Health Center Board of Directors are ex-officio members of the Board of Trustees. The Governor is the ex-officio President of the Board of Trustees and is authorized to appoint twelve members of the Board of Trustees who reflect the state's geographic, racial and ethnic diversity. Two members of the Board of Trustees are to be elected by the University alumni, and two are to be elected by the students enrolled at the institutions under jurisdiction of the Board of Trustees.

Although governed by a single Board of Trustees with one Chief Executive Officer, the Health Center maintains a separate budget and is by statute a separate entity for purposes of maintaining operating funds and state appropriations. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees has created a board of directors for the governance of the Health Center, and has determined such duties and authority, as it deems necessary and appropriate to delegate to said board of directors. Information concerning the Health Center is included under the heading "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A.

Membership. The name, term, position and affiliation or profession of each member of the Board of Trustees is as follows:

Name	Term Ends	Position	Affiliation/Profession
The Honorable M. Jodi Rell		President ex-officio	Governor of the State of Connecticut
The Honorable Mark K. McQuillan		Member ex-officio	Commissioner of Education
The Honorable Philip Prelli		Member ex-officio	Commissioner of Agriculture
The Honorable Joan McDonald		Member ex-officio	Commissioner of Economic and Community Development
Gerard N. Burrow, M.D.	2011	Member ex-officio, Chair UCHC BOD	Chairman, International Council for the Control of Iodine Deficiency Disorders (ICCIDD)
Lawrence D. McHugh	2015	Chair	President, Middlesex County Chamber of Commerce
Louise M. Bailey	2015	Secretary and Vice-Chair	Government Affairs Consultant
Francis X. Archambault Jr.	2013	Member	Retired Emeritus Professor, University of Connecticut
Michael A. Bozzuto	2011	Member	Chairman, President and CEO, Bozzuto's, Inc.
Richard Colon Jr.	2010	Member	Student, University of Connecticut
Andrea Dennis-LaVigne, D.V.M.	2011	Member	Veterinarian, Bloomfield Animal Hospital
Peter S. Drotch	2013	Vice-Chair	Retired Partner, PricewaterhouseCoopers LLP
Lenworth M. Jacobs, Jr., M.D.	2013	Vice-Chair	Surgeon, Hartford Hospital
Rebecca Lobo	2015	Member	Sports Broadcaster
Michael J. Martinez	2011	Member	Developer, Alliance Five, Inc.
Denis J. Nayden	2013	Vice-Chair	Managing Partner, Oak Hill Capital
Thomas D. Ritter, Esq.	2015	Vice-Chair	Attorney, Brown Rudnick Berlack Israels LLP
Corey M. Schmitt	2011	Member	Student, University of Connecticut
Wayne J. Shepperd	2013	Member	Chief of Staff, Office of the Mayor, City of Danbury
Richard Treibick	2011	Vice-Chair	Chairman of the Board, Alexcom, Inc.
The Honorable Robert M. Ward	2015	Member	Commissioner, Department of Motor Vehicles

Duties of the University of Connecticut Board of Trustees. Subject to statewide policy and guidelines established by the Board of Governors for Higher Education, the Board of Trustees of the University is authorized to establish rules and general policies for the governance of the University, including its mission, regional campuses, degrees and academic programs. The Board of Trustees appoints the President, manages the investments and directs the expenditures of the University. The Board of Trustees is required by law to review and approve University budget requests and propose facility, planning and capital expenditure budget priorities. The Board of Trustees may employ the faculty and other personnel needed to operate and maintain the University. Within the limitation of appropriations from the General Assembly, the Board of Trustees is authorized to fix the compensation of University personnel, establish terms and conditions of their employment and prescribe their duties and qualifications. The Board of Trustees is authorized to constitute its professional staff and establish compensation and classification schedules for such personnel.

Officers of the Board of Trustees. The officers of the Board of Trustees, apart from the Governor who is President ex-officio, are the Chair, Vice-Chairs and Secretary. The Chair is privileged to make or discuss motions, and to vote on all questions. The Chair may designate a Vice-Chair to act in his or her absence.

On July 16, 2009, Governor M. Jodi Rell announced the appointment of Lawrence D. McHugh of Middletown, Connecticut as the new Chairman of the University Of Connecticut Board Of Trustees. McHugh is President of the Middlesex Chamber of Commerce, a position he has held since 1983, and had been serving as the Chairman of the Connecticut State University System ("CSU") Board of Trustees. A 1962 graduate of Southern Connecticut State College (now Southern Connecticut State University), McHugh was a high school teacher and highly successful track and football coach for more than two decades, most of them at Xavier High School in Middletown, Connecticut. From 1975 to 1983 he served as Executive Director of M-X Development Corp., the fund-raising office for Mercy and Xavier high schools. Governor O'Neill first appointed him to the CSU Board of Directors in 1982. He has been reappointed by successive Governors, including Governor Rell in 2005. He also serves on a number of other state panels and commissions, including the Connecticut Employment and Training Commission and the Connecticut Commission on Arts, Tourism, Culture, History and Film.

Committees of the Board of Trustees. The Board of Trustees acts as a committee of the whole on all matters requiring action. The Board of Trustees is authorized by the Act to adopt a resolution delegating to the finance committee of its Board, any officer, official or trustee of such committee or other authorized officer or employee of the University such matters relating to the issuance and sale of securities in the name of the University on behalf of the State of Connecticut as it may determine appropriate, except as to the authorization of the amount of, the nature of, and property to be financed by, such securities; provided that, the Board of Trustees must retain overall control, responsibility and supervision.

During fiscal year 2004, the Board of Trustees restructured and expanded the role of its Joint Audit and Compliance Committee, with a charge that includes oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by the Auditors of Public Accounts. In addition, the University's internal audit function has been reorganized and expanded with the infusion of additional resources.

In 2006, the University, in compliance with state statutory requirements, established a Construction Management Oversight Committee and the Buildings, Grounds and Environment Committee.

University Administration

Administration. The Board of Trustees is authorized by law to appoint a President of the University. The President is the chief executive officer of the University. The President is responsible for carrying out the policies and enforcing the rules adopted by the Board of Trustees. In furtherance of its February 10, 1995 strategic plan and subsequent statements, the Board of Trustees adopted a central management structure. Under this structure, among the officers the President may appoint are a Provost and Executive Vice President for Academic Affairs, who oversees academic programs and student life programs at all of the University's campuses; a Vice President for Health Affairs, who oversees programs at the University of Connecticut Health Center; a Vice President and Chief Operating Officer, with responsibility for operations across the University; a Vice President and Chief Financial Officer, with responsibility for financial affairs of the University; a Vice President for Research, with responsibility for the University's research enterprise; a Vice President for Human Resources and Payroll Services; a Associate Vice President for Diversity and Equity; and a Vice President for Enrollment Management and Planning.

The Board of Trustees appointed Michael J. Hogan, former Provost, Executive Vice President for Academic Affairs, and F. Wendell Miller Professor of History at the University of Iowa from 2004-2007, as the 14th President of the University of Connecticut on September 14, 2007. On May 11, 2010 President Hogan announced his intent to resign, effective June 30, 2010, and accepted an appointment as President of the University of Illinois. The Governor has announced that a national search will be conducted for President Hogan's successor. On May 21, 2010, the University's Board appointed Philip E. Austin, interim President, effective June 11, 2010, until a successor to President Hogan is selected. Mr. Austin served as President of the University from 1996 until 2007.

The names and backgrounds of the other principal administrative officers of the University are as follows:

Name	Position	Background
Peter J. Nicholls	Provost and Executive Vice President for Academic Affairs	Ph.D. Mathematics, Cambridge University (England), 1970; 40 years in higher education including Kansas State and Northern Illinois University; 3 years in an administrative capacity at Colorado State University; and 5 years in an administrative capacity at the University of Connecticut.
Cato T. Laurencin, M.D.	Vice President for Health Affairs and Dean, School of Medicine, Health Center	M.D., Harvard Medical School; Ph.D., Massachusetts Institute of Technology; over 21 years of experience in higher education including University Professor and Lillian T. Pratt Distinguished Professor (University of Virginia) and Helen I. Moorehead Distinguished Professor (Drexel University).
Richard D. Gray	Vice President and Chief Financial Officer	B.A., University of Connecticut, M.B.A., University of New Haven; over 30 years in administration, including Executive Director of the Connecticut Health and Educational Facilities Authority (CHEFA) and Deputy Treasurer of the State of Connecticut as well as various positions in public finance, commercial lending, health care financial management and banking.
Barry M. Feldman	Vice President and Chief Operating Officer	Ph.D., University of Connecticut; over 30 years in public management; prior senior management experience included city manager positions in West Hartford, Connecticut, Sterling Heights, Michigan, and Portsmouth, Ohio.

Legal Services. The University receives services from the State's Office of the Attorney General. Assistant Attorneys Generals are in residence at the Storrs campus and at the Health Center. The University also retains private counsel on occasion through the Office of the Attorney General. The Act authorizes the University, independent of the Attorney General's Office, to use the legal services of private attorneys in connection with the construction, operation or maintenance of any UCONN 2000 Project at its discretion. Pursuant to the Act, the University has retained attorneys in connection with the construction of UCONN 2000 Projects, including claims and litigation arising from such projects. In addition, the Health Center has the statutory authority to engage outside counsel, relative to the Health Center's clinical enterprise, through the statutorily created University of Connecticut Health Center Finance Corporation.

Strategic Planning

Adopted on February 10, 1995, the Strategic Plan now serves as the Board of Trustees' blueprint for the University's future. It describes a University on the road to educational pre-eminence.

> The University of Connecticut aspires to be the outstanding public university in the nation, a center for lifelong learning which excels in both teaching and research, a diverse community whose values promote mutual respect, inspire intellectual curiosity and encourage service to society, an environment that fosters academic and artistic achievement as well as productive and responsible

student life, an institution with a global perspective that recognizes its special obligation to enhance the quality of life and economic well-being of Connecticut.

The Strategic Plan goals approved by the Board of Trustees are as follows:

1. Provide a challenging and supportive learning environment that fosters achievement and intellectual interaction among undergraduates, graduate students and faculty members and promotes excellence in research, scholarship and artistic creativity.

2. Recruit and retain outstanding students, faculty and staff.

3. Create a physical environment that reflects our expectation of excellence and encourages interaction among a diverse population.

4. Enhance our sense of community by increasing and valuing interaction while developing a strong sense of pride and ownership.

5. Allocate and develop resources on the basis of mission value and performance. Hold the community of students, faculty and staff accountable for the success of the University.

6. Streamline administrative functions.

7. Promote the University's role in fulfilling the needs of the state, its citizens and its economic institutions.

8. Foster a sense of partnership with the state.

Just as UCONN 2000 is the General Assembly's blueprint for transforming the physical infrastructure, the Strategic Plan is the blueprint for reshaping UConn's scholastic and social environment. These blueprints may be separate, but they are interdependent; while it is the Board's vision of renewal that sets the context and direction for the capital building program, it is the legislature's support that turns the vision into the bricks and mortar of lecture halls, research labs and residential and recreational facilities.

On September 23, 2008, the Board of Trustees approved a new Academic Plan to set the future direction and priorities for the entire University, including the Health Center, building on the previously identified themes of health and human behavior, the environment, and arts, culture and society from a local to global perspective. Organized into five interrelated areas – undergraduate education; graduate and professional education; research, scholarship and creative activity; diversity; and public engagement – it includes specific goals for each theme and identifies timelines and metrics to evaluate the accomplishment of each goal. The Plan takes into account input from a dozen faculty colloquia on specific themes and feedback from the New England Association of Schools and Colleges institutional reaccreditation team, as well as the recent reorganization that aligns the Health Center more closely with the rest of the University. The Plan represents a systematic approach to guiding the University's strategies for taking the University to the next level as one of the nation's premier public research institutions.

Below is a summary highlighting some of the progress that has been made to date with respect to the UCONN 2000 Program, the Strategic Plan and the Academic Plan.

- Student Recruitment and Enrollment: Student enrollment has increased in size, diversity and academic skill. Since fall 1995, total enrollment at all campuses has increased 28%, freshman enrollment at the main campus has increased 59% and freshman minority enrollment is up 119% at the main campus. The average SAT score of the freshman class for fall 2009 was 99 points higher than the entering class of fall 1996. Since 1995, 1,169 valedictorians and salutatorians have enrolled at all campuses.

- Investments in regional campus facilities have supported the establishment of new degree programs and expanded course offerings at the undergraduate program campuses of Avery Point, Greater Hartford, Stamford, Torrington and Waterbury.

- The Center for Undergraduate Education (CUE), located in the center of campus across from the library, provides one-stop shopping for students' academic needs and houses units that include the Writing and Quantitative Centers, the Advising Center for Exploratory Students, the First Year Experience Program, the Academic Achievement Center, Study Abroad, Individualized Major, Undergraduate Research, Honors, the Office of National Scholarships, Student Support Services, the Institute for Teaching and Learning and Career Services. These centers and programs also serve the regional campuses.

- The University has implemented both residential and non-residential Learning Communities for students. Non-residential Learning Community students take a one-credit course together based on their major. Or, students can opt to live in a residential Learning Community that carries a theme based on their major or a shared interest (Major-based communities: EUROTECH; Fine Arts; Honors; Music; Nursing; Pre-Pharmacy; and Women in Math, Science and Engineering. Interest-based communities: Community Service; Connecting with the Arts; EcoHouse; Global House; Leadership, Learning and Life at UConn; Public Health/Public Service; and Social Justice in a Global Community). Special programming for Learning Communities is provided by schools and colleges to involve students in the academic and co-curricular life of the University through infusing an intellectual component into residence halls.

- The Honors Program grows in strength and prestige through a quality program that attracts high-achieving students through individual attention, opportunities for research, projects, theses, small honors seminars and a sense of community. On average, first-year Honors students have a combined score of 1395 on the SAT and a class rank in the top 5%. All Honors students have access to specially developed Honors Core Curriculum courses in addition to the very popular Honors First Year Seminar taken during their first semester at UConn and the residential Honors Learning Community.

- The University and Mystic Seaport have collaborated to provide summer internships for students in the Maritime, Coastal, and American Studies programs at the Avery Point campus, to make available the museum's maritime history resources to the University's students and faculty, and to share the University's library resources with Mystic Seaport staff.

Recent Significant Improvements and Achievements

The University is nationally recognized for the quality of its programs. The following institutional rankings are recent examples of this recognition:

- For the eleventh consecutive year, the University was named the top public university in New England in the annual U.S. News & World Report rankings. It was ranked 26th among 164 public universities in the nation.

- The University's graduate and professional programs were highly rated in the latest (Spring 2009) U.S. News & World Report: America's Best Graduate Schools. The Neag School of Education was ranked 24th among all graduate schools of education in the country, named the top public graduate school of education in the northeast and rated 14th among all public doctoral education programs in the country. Among public medical schools nationwide, the University ranked 29th in Medical Schools-Primary Care, 27th in Medical Schools-Research, and, in the medical specialties, 4th in Drugs and Alcohol Abuse. In the Liberal Arts and Sciences, the University national public graduate program rankings included 21st in Speech-Language Pathology, 30th in Psychology, and 34th in Public Affairs. Public graduate and professional program rankings nationwide in other disciplines included: 25th in Law, 42nd in Nursing, and 42nd in Engineering (and in the engineering specialties, 27th in Materials Engineering, 30th in Mechanical Engineering, 34th in Chemical Engineering, and 35th in Environmental Engineering). The rankings in U.S. News & World Report are based on expert opinion about program quality and statistical indicators of quality of faculty, research, and students. U.S. News does not rank all programs or all specialties every year.

- The University's School of Business was recognized by Business Week for having the best full-time MBA program among public institutions in New England and for ranking among the top 20 among public institutions nationwide. Business Week also rated the UConn MBA program 16th globally and 7th nationally in its "return on investment" category. The biennial ranking of full-time MBA programs is based on three elements: a survey of new MBA recipients, a poll of corporate recruiters, and an evaluation of faculty research output.

- The University, including both the Health Center and the Storrs-based programs, ranked 80/679 among all institutions and 55/393 among public universities nationwide in research and development expenditures, as measured by the National Science Foundation.

- Six University faculty members received a Fulbright Scholar award for the 2009-10 academic year, placing the University in the top 10 among U.S. research institutions in terms of the number of faculty selected.

- The Center for Science and Technology Commercialization manages the commercial application of the discoveries, inventions and technologies developed at all the campuses of the University. Each year, the Center receives approximately 75 new invention disclosures and files about 20 U.S. patent applications. Ten to fifteen commercial development agreements (options, licenses, etc.) are completed annually.

The University's student services in general and intercollegiate athletics in particular receive nation-wide attention and acclamation. For example:

- The University's Storrs Campus has the highest percentage of undergraduate students living on campus of any of its public research university peers nationally, according to the U.S. News & World Report: America's Best Colleges. More than 11,800 students live on the main campus at the University, including 73% of the Storrs undergraduate population.

- The latest (2010) HuskyTHON Dance Marathon raised more than $150,000 for the Connecticut Children's Medical Center in Hartford and for the national Children's Miracle Network. The 24-hour marathon, held each spring at the Storrs campus, is the University's largest student-run philanthropic event. In the past 11 years, HuskyTHON has raised over $440,000 for these two organizations.

- The University has 650 student-athletes participating in 24 intercollegiate sports at the Division I level, the highest level of athletics in the collegiate ranks. This past year, student-athletes achieved a sixth national title for University's women's basketball team and the third appearance in the Final Four for the men's basketball team. The football team made its second consecutive bowl appearance and third in five years, winning the 2009 International Bowl in Toronto. Husky teams captured a total of five Big East Championships.

The University provides national and international leadership in a variety of public service arenas, including technologies and training for homeland security and emergency response programs, human rights and ecological conservation, and health care:

- The University's commitment to human rights and social justice is evidenced in interdisciplinary instruction in theoretical, comparative, and historical perspectives on human rights through classroom courses, supervised internships, the undergraduate human rights minor, and the graduate certificate in human rights. The University's support for human rights is also evident in the research and public events sponsored by the Human Rights Institute, internationally renowned speakers on human rights issues brought to the campus through the The Raymond and Beverly Sackler Distinguished Lecture Series, activities and archival collections at the Thomas J. Dodd Research Center, the University's UNESCO (United Nations Educational, Scientific and Cultural Organization) Chair in Human Rights, one of 52 Chairs worldwide, and student organizations, such as the Student Ambassadors and Idealists United, who promote human rights and social justice awareness on campus. The Journal of Human Rights, a major international scholarly publication, is based at UConn with a University faculty member as the editor.

- Eleven University scientists received state-funded grant awards totaling $5.4 million from the Connecticut Stem Cell Research Advisory (SCRAC) to advance embryonic and human adult stem cell research in Connecticut. The grants, awarded to faculty members at the Health Center and Storrs Campus, were among a total of nearly $9.8 million awarded this year to fund 24 research proposals in the third round of funding issued by the SCRAC. The new grants bring the University's total of state stem cell funding to nearly $20 million. The funding program, approved by the legislature and Governor M. Jodi Rell in 2005, set aside $100 million for Connecticut based embryonic and adult stem cell research through 2015. Research on stem cells promises to advance human health care by developing innovative cell transplantation, therapies for diabetes, cancers, heart and blood diseases, Parkinson's, Multiple Sclerosis, and Alzheimer's diseases.

- The University was named a Campus Sustainability Leader and is one of only 20 public universities nationwide to receive a "B" or better by the Sustainable Endowments Institute (SEI) on its Green Campus Report Card, which rates the universities with the 300 largest endowments and assesses 43 factors, from green building initiatives to recycling programs to endowment investment policies. The University also received an "A" in a new category introduced this year, Student Involvement. The University was praised by SEI for its green building policies, student involvement, administrative efforts (signing the American College and Universities Presidents Climate Commitment, and having an Office of Environmental Policy with senior level management and leadership), and a notable environmental ethic in its Dining Services, which buys locally grown produce and dairy products, raises bees for honey production, and has removed trays from the dining halls in order to reduce food waste.

- The Center for Entrepreneurship and Innovation (CCEI), funded by the legislature and developed through a partnership between UConn's School of Business and School of Law, annually serves more than 130 Connecticut companies from the software, biotech, energy and engineering industries and involves nearly 150 UConn student participants from degree programs in business, law, engineering, and the liberal arts and sciences.

- In addition to the comprehensive health care services of the UConn Health Center, the University has many centers and services offering health care and educational information to the University community and to the public. Examples include: Center for Health Communication and Marketing; Center for Health, Intervention and Prevention (CHIP); Center for Healthcare and Insurance Studies; Centers for Biochemical Toxicology and Pharmaceutical Processing Research; Child Development Laboratories; Connecticut Center for Eliminating Health Disparities among Latinos; Expanded Food and Nutrition Education Program; Functional Foods Initiative; Humphrey Clinic for Individual, Couple and Family Therapy; Nayden Physical Therapy Rehabilitation Clinic; and Speech and Hearing Clinics.

- The School of Nursing's full-time accelerated Master's Entry into Nursing Program expanded from the Storrs Campus to the Waterbury and Stamford campuses to help ease the state's nursing shortage. The 45 credit program takes 11 months to complete and is geared for those who hold bachelor's degrees or higher in fields other than nursing. It culminates in a certificate that allows students to take the licensing exam in Connecticut and enroll in the master's program in nursing at UConn. A Post-Master's Doctor of Nursing Practice (DNP) program also has been developed to serve nurse practitioners, clinical nurse specialists, midwives, nurse anesthetists, and administrators who prefer an alternative to doctoral programs focused on research. It is the only program in Connecticut and the second in New England to be offered in direct response to the national need for doctorally prepared nursing leaders in practice. The School of Nursing also offers a traditional Ph.D. doctoral program in nursing.

- Each year, School of Fine Arts events in art, music and dramatic arts serve over 300,000 on campus and over 560,000 in locations throughout the state. Some 600,000 annually register for the wide variety of non-credit programs offered by the schools and colleges, offices, and all the campuses of the University.

Status of UCONN 2000 Projects

The following table lists the UCONN 2000 Projects, the funding source and the construction status of the project:

Projects Authorized	**Project Construction Status**[1]
General Obligation Bonds	
Total – Storrs and Regional Campus Project List	
Agricultural Biotechnology Facility	Completed August 2002
Agricultural Biotechnology Facility Completion	Completed August 2002
Alumni Quadrant Renovations[4]	Completed August 2002
Arjona and Monteith (new classroom buildings)	Design and Construction
Avery Point Campus Undergraduate and Library Building	Design
Avery Point Marine Science Research Center - Phase I	Completed December 2001
Avery Point Marine Science Research Center - Phase II	Completed December 2001
Avery Point Renovation	Design and Construction
Beach Hall Renovations	Planning
Benton State Art Museum Addition (Phases I & II)	Completed December 2003
Benton State Art Museum Addition (Phase III)	Design and Construction
Biobehavioral Complex Replacement	Design
Bishop Renovation	Planning
Business School Renovation – Phase II	Completed December 2003
Central Warehouse - New	Completed December 2000
Chemistry Building	Completed November 1998
Deferred Maintenance & Renovation Lump Sum - Phase I	Completed
Deferred Maintenance & Renovation Lump Sum - Phase II	Continuing
Deferred Maintenance/Code/ADA Renovation Lump Sum - Phase III	Continuing
East Campus North Renovations[4]	Completed August 2003
Engineering Building (with Environmental Research Institute)	Design
Equipment, Library Collections & Telecommunications - Phase I	Completed
Equipment, Library Collections & Telecommunications - Phase II	Continuing
Equipment, Library Collections & Telecommunications - Phase III	Continuing
Family Studies (DRM) Renovation	Design and Construction
Farm Buildings Repairs/Replacement	Design and Construction
Fine Arts Phase II	Planning
Floriculture Greenhouse	Design and Construction
Gant Building Renovations	Design and Construction
Gant Plaza Deck	Completed September 2001
Gentry Completion	Completed December 2009
Gentry Renovations	Completed July 2004
Grad Dorm Renovations	Completed August 2003
Heating Plant Upgrade[2]	Completed May 1999
Hilltop Dormitory Renovations	Completed October 2001
Ice Rink Enclosure	Completed November 1998
International House Conversion (a.k.a Museum of Natural History)	Completed May 2001
Intramural, Recreational and Intercollegiate Facilities	Completed September 2006
Jorgensen Renovation	Design and Construction
Koons Hall Renovation/Addition	Design
Lakeside Renovation	Completed July 2007
Law School Renovations/Improvements	Design and Construction
Litchfield Agricultural Center – Phase I	Completed August 2001
Mansfield Apartments Renovation	Completed September 2002
Mansfield Training School Improvements – Phase II	Completed
Mansfield Training School Improvements – Phase III	Planning and Design
Monteith Renovation	Completed September 2001

Music Drama Addition	Completed September 1999
Natural History Museum Completion	Completed July 2007
North Campus Renovation[4]	Completed August 2003
North Hillside Road Completion	Design
North Superblock Site & Utilities	Completed November 1997
Northwest Quadrant Renovation - Phase I	Completed September 2000
Northwest Quadrant Renovation - Phase II	Completed September 2000
Old Central Warehouse	Planning
Parking Garage-North	Completed January 1998
Pedestrian Spinepath & Walkways/(a.k.a. Fairfield Road Pedestrian Mall)	Completed December 1998
Psychology Building Renovation/Addition	Design and Construction
Residential Life Facilities	Design and Construction
School of Business	Completed September 2001
School of Pharmacy	Completed June 2005
School of Pharmacy / Biology Completion	Completed June 2005
Shippee/Buckley Renovations[4]	Completed August 2002
South Campus Complex[6]	Completed January 1999
Stamford Campus Improvements	Design and Construction
Stamford Downtown Relocation – Phase I	Completed December 1998
Storrs Hall Addition	Design and Construction
Student Union Addition – Phase II & III	Completed June 2006
Support Facility (Architectural and Engineering Services)	Planning
Technology Quadrant-Phase IA[3]	Completed December 2002
Technology Quadrant-Phase II	Completed May 2003
Torrey Life Science Renovation	Completed 2006
Torrey Renovation Completion and Biology Expansion	Planning
Torrington Campus Improvements	Planning
Towers Renovation[4]	Completed August 2003
Underground Steam & Water Upgrade - Phase I	Completed January 2001
Underground Steam & Water Upgrade Completion - Phase II	Completed January 2001
Waring Building Conversion	Completed September 2001
Waterbury Downtown Campus	Design and Construction
Waterbury Property Purchase	Completed January 1999
West Campus Renovations	Completed August 2004
West Hartford Campus Renovations/Improvements	Design and Construction
White Building Renovation	Completed May 1999
Wilbur Cross Building Renovation	Completed August 2002
Young Building Renovation/Addition	Planning and Design

HEALTH CENTER

CLAC Renovation Biosafety Level 3 Lab	Design
Deferred Maintenance/Code/ADA Renovation Lump Sum - Health Center	Continuing
Dental School Renovation	Design and Construction
Equipment, Library Collections and Telecommunications - Health Center	Continuing
Library/Student Computer Center Renovation	Phase I Completed 2008/Phase II Planning
Main Building Renovation	Phase I Completed 2009/Phase II Design
Medical School Academic Building Renovation	Completed 2008
Research Tower	Construction
Support Building Addition/Renovation	Planning

Special Obligation Student Fee Revenue Bonds

Alumni Quadrant Renovations[4]	Completed August 2002
East Campus North Renovations[4]	Completed August 2003
Hilltop Dormitory New[5]	Completed August 2001
Hilltop Student Rental Apartments[5]	Completed August 2001
North Campus Renovation (including Suites & Apartments)[4]	Completed August 2003

Parking Garage-South[5]	Completed November 2002
Shippee/Buckley Renovations[4]	Completed August 2002
South Campus Complex[6]	Completed January 1999
Towers Renovation (including Greek Housing)[4]	Completed August 2003

[1] Some projects listed as in construction might be substantially complete for use purposes. Also, note that some projects might reflect a completed status for recently completed work, but future funding may still be available for which work has not yet begun.
[2] In addition, the University has entered into a tax-exempt lease financing for a Co-Generation Facility for the Heating Plant in the amount of $81.9 million under the UCONN 2000 authority.
[3] On February 9, 2000 construction was halted on the Biological Sciences building and the University terminated its relationship with the general contractor for the project, HRH/Atlas Construction, due to concerns with the contractor's performance. Since then, the University and the holder of the payment and performance bonds, Liberty Mutual, signed a Fronting Agreement whereby Liberty Mutual paid the University $25.35 million to complete the project.
[4] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the proceeds of the University's Student Fee Revenue Bonds, 2002 Series A.
[5] The Hilltop Dormitory New and the Hilltop Student Rental Apartments comprise the Hilltop Housing Complex which was funded along with the Parking Garage South with the proceeds of the Student Fee Revenue Bonds, 2000 Series A.
[6] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 1998 Series A.

The Board of Governors for Higher Education

The University, including the Health Center, is a constituent unit of the state system of higher education. The Board of Governors for Higher Education is the statewide policy-making body for the state system of higher education. For a discussion of the Board of Governor's role in presenting the University's budget, see "UNIVERSITY FINANCES - Budget and Budgeting Procedure of the University" below in this Appendix A.

Campuses and Physical Plant

General Information. Of the eight campuses, Storrs is the largest campus with 3,423 acres and 159 major buildings. Additionally, as of fall 2009, there are 119 residential facilities, including the Hilltop Housing Complex, all on the Storrs campus, serviced by eight large dining halls designed to provide room and board for over 12,300 graduate and undergraduate students. There are five undergraduate regional campuses strategically located throughout the state at Avery Point in Groton, Stamford, Torrington, Waterbury and West Hartford. In addition to the regional campuses, the University includes the University of Connecticut School of Law, located in West Hartford, and the Health Center, located in Farmington. Collectively these campuses are serving a student body of 29,517 in the 2009-10 academic year. The University is involved in a construction program for UCONN 2000 costing in excess of $2.3 billion for which the proceeds of the 2010 Series A Bonds will be used. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" in this Official Statement.

Academic Programs and Degrees Conferred

The University offers a broad spectrum of liberal arts and sciences, professional and graduate education degree programs through its 14 colleges and schools, including the School of Dental Medicine, School of Medicine and School of Law. The University confers seven kinds of undergraduate degrees in 101 majors, 17 graduate degrees in 86 research and professional practice fields of study and five graduate professional programs. The University also offers individualized majors and interdisciplinary fields of study. The University has several special facilities and programs, including its Biotechnology/Bioservices Center; Booth Engineering Center for Advanced Technology; Center for Conservation and Biodiversity; Center for Environmental Health; Center for Integrative Geosciences; Center for Nursing Research; Center for Optics, Sensing and Tracking in Homeland Security; Center for Oral History; Center for Public Health and Health Policy; Center for Real Estate and Urban Economic Studies; Center for Regenerative Biology; Center for Science and Technology Commercialization; Center for Survey Research and Analysis; Connecticut Center for Economic Analysis; Connecticut Global Fuel Cell Center; Connecticut Information Technology Institute; Connecticut Transportation Institute; Institute of Materials Science; Marine Sciences and Technology Center; Neag Center for Gifted Education and Talent Development; and Thomas J. Dodd Research Center.

COMPETITION AND COMPETITIVENESS

Accreditation and Ranking

The New England Association of Schools and Colleges and several other accreditation bodies for specific schools and programs accredit the University.

The National Science Foundation ranks the University 55 out of 393 public universities in the country in research and development spending. The Carnegie Foundation currently classifies the institution with only 96 other public institutions nationwide in the highest category of Research University (Very High Research Activity). To qualify for this classification, universities must annually award at least 20 doctorates and demonstrate high levels of research based on several aggregate and per-capita (full-time faculty) measures, including research and development expenditures, postdoctoral appointees, non-faculty research staff, and doctoral conferrals in humanities, social sciences, STEM (science, technology, engineering, and mathematics) fields, and other fields (e.g., business, education, public policy, social work).

The quality of the University's diverse graduate programs is enhanced by the presence of exceptional graduate students. About 5,700 graduate students matriculated at both the master's and doctoral levels in academic year 2009-10; of this figure approximately 2,200 are supported on merit based graduate assistantships and approximately 800 on merit based pre-doctoral and other fellowships. This support is available in 86 fields of study in the arts and sciences and professional disciplines. These assistantships and fellowships have made it possible for the University to compete for quality graduate students.

Student Enrollment and Admission

Enrollment. Fall 2009, compared to fall 2008, freshman enrollment decreased by 10.2%; and undergraduate degree enrollment increased by 0.7%. Planned freshman enrollment growth for the near future will be modest for Storrs and the regional campuses.

Total Enrollment Data (Head Count)[1]
Fall 2005 – 2009

Undergraduates	**2005**	**2006**	**2007**	**2008**	**2009**
Storrs	16,091	16,339	16,340	16,754	16,996
Regional Campuses[2]	4,434	4,445	4,506	4,618	4,500
Total	20,525	20,784	20,846	21,372	21,496
Graduates/Professionals[3]	7,073	7,210	7,344	7,508	7,505
Health Center					
Medicine	319	328	323	331	346
Dental Medicine	166	159	164	172	170
Total	485	487	487	503	516
GRAND TOTAL	**28,083**	**28,481**	**28,677**	**29,383**	**29,517**

[1] Includes non-degree and part-time students.
[2] Includes miscellaneous locations.
[3] Includes master's and doctoral students at all campuses, including the Health Center, and students in the professional degree programs in Law and Pharmacy.

Percentage of Enrollment by Residence Status
Fall 2005 - 2009

	Undergraduate				Graduate/Professional	
	Storrs Campus		Total University		Total University (excl. Schools of Medicine and Dental Medicine)	
Fall	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**
2005	75.9%	24.1%	80.5%	19.5%	72.3%	27.7%
2006	75.8%	24.2%	80.3%	19.7%	71.0%	29.0%
2007	76.4%	23.6%	80.6%	19.4%	70.4%	29.6%
2008	75.7%	24.3%	80.3%	19.7%	70.0%	30.0%
2009	75.8%	24.2%	80.3%	19.7%	71.5%	28.5%

Schedule of Freshmen Enrollment - All Campuses
Fall 2005 – 2009

Fall	Freshmen Applications	% Change in Applications	Accepted	Enrolled	% Change in Enrolled	Enrolled as a % of Accepted
2005	19,763	1.0%	12,227	4,246	(0.7%)	34.7%
2006	20,996	6.2%	13,359	4,381	3.2%	32.8%
2007	22,355	6.5%	14,006	4,326	(1.3%)	30.9%
2008	22,346	0.0%	15,649	4,858	12.3%	31.0%
2009	23,289	4.2%	15,768	4,362	(10.2%)	27.7%

Admissions. The University of Connecticut is rated as "highly competitive" by Barron's Profiles of American Colleges, Edition 28 for 2009. For the past nine years, the Scholastic Aptitude Test (SAT) scores for students entering the University consistently exceeded the statewide and national SAT score averages.

Average Total SAT Scores
Fall 2005 - 2009

Fall	Storrs Campus	Regional Campuses	State of Connecticut Average	National Average
2005	1189	1033	1034	1028
2006	1195	1011	1028	1021
2007	1192	1019	1022	1017
2008	1200	1012	1022	1017
2009	1212	1038	1022	1016

Tuition and Other Fees (Storrs and Regional Campuses)

Pursuant to state law, the Board of Trustees is authorized to adopt a comprehensive schedule of tuition and other fees, which is expected to prevail during the following fiscal year.

Tuition. For the academic year 2010, students classified as full-time undergraduate residents of Connecticut pay tuition of $7,632. Full-time out-of-state undergraduates pay $23,232 per year. In the 2009 academic year, total tuition revenues were $210.3 million of which $88.2 million were out-of-state tuition revenues. Undergraduate degree seeking students accounted for 87.1% of tuition revenues in the 2008-09 academic year. In February 2010, the Board of Trustees approved a tuition rate increase of 5.6% over the 2010 rate for academic year 2011 for in-state students.

Mandatory Fees. For academic year 2010, undergraduate students must pay a General University Fee of $1,584 per year. Students also pay $670 per year in other fees, of which $174 is for various student-controlled organizations, $400 is for infrastructure maintenance, $70 is a transit fee, and $26 is for a Student Union Building Fee. For academic year 2009, the General University fee generated $27.3 million of revenue. In February 2010, the Board of Trustees approved increases in mandatory fees for academic year 2011 to the following amounts: General University Fee - $1,656 and other fees - $696. Commencing in 1998, certain fees have been pledged for the payment of debt service on the University's Special Obligation Bonds, 1998 Series A, 2002 Series A and 2002 Series A Refunding. See "UNIVERSITY FINANCES – University Indebtedness" in this Appendix A.

Other Fees. There are numerous optional fees at the University. The primary optional fees for the academic year 2010 are the room ($5,396) and board ($4,506) fee. In February 2010, the Board of Trustees approved a 7% increase in the Room Fee for 2011 to $5,774 and a 6% increase in the Board Fee to $4,778.

Annual Cost of an Undergraduate
In-State Student Enrolled at the University
Academic Years 2006-2011

	2006	2007	2008	2009	2010	2011
Tuition	$ 6,096	$ 6,456	$ 6,816	$ 7,200	$ 7,632	$ 8,064
Room & Board[1]	7,704	8,086	8,658	9,300	9,902	10,552
General University Fee	1,272	1,344	1,416	1,488	1,584	1,656
Other Fees[2]	544	562	620	650	670	696
TOTAL	**$15,616**	**$16,448**	**$17,510**	**$18,638**	**$19,788**	**$20,968**

[1] Beginning in 2007, the Board Fee reflects the cost of the Value Meal Plan. Lower and higher cost meal plan options are available. Before 2007, the Board Fee reflected the most expensive meal plan available.

[2] Other Fees includes fees collected by the University on behalf of various student-controlled organizations. The Student Union Building Fee ($26) to support the renovation and expansion of the Student Union is included and was first imposed in 2004.

Undergraduate Tuition, Fees, Room and Board
for the University's Top Competitors
for Fiscal Year 2009-10

	In-State Student Cost*	Out-of-State Student Cost*
Boston College	51,400	51,400
Boston University	50,540	50,540
Fairfield University	49,160	49,160
Northeastern University	48,062	48,062
Syracuse University	47,678	47,678
Quinnipiac College	44,780	44,780
Providence College	44,360	44,360
University of Hartford	41,346	41,346
Pennsylvania State	23,222	34,752
University of Vermont	22,880	40,736
Rutgers	22,562	33,472
University of New Hampshire	22,417	36,387
University of Massachusetts	20,486	28,709
University of Rhode Island	20,260	36,758
University of Connecticut	***20,006***	***34,606***
University of Delaware	18,844	32,544
University of Maine	17,974	32,224
University of Maryland	17,628	33,565

*Student cost includes tuition, mandatory fees, standard double room rate and the most expensive board rate.

Student Financial Aid

The University provides financial aid and counseling. The University has a policy of admitting students without regard to financial ability and a policy of providing assistance to those admitted who demonstrate need. During fiscal year 2009, approximately 77% of the students received some form of University administered student aid.

Scholarships, Grants and Work-Study. There are a number of state, federal and private student financial aid programs available, including the Federal Pell Grant of $400 to $5,550 (for FY11) and the Federal Supplemental Education Opportunities Grant (SEOG) of up to $2,000. Both are awarded annually based on need. In addition, the University offers a number of scholarships. The University also offers Federal Work-Study employment, which is need-based, and Student Labor employment, which is available to all students.

Loan Programs. There are several loan programs at the University. The Federal Perkins Loan Program and the Federal Direct Subsidized Federal Stafford Loan are based on financial need. Federal Direct Unsubsidized Federal Stafford Loans are available to students who do not qualify for the Federal Direct Subsidized Federal Stafford Loans. Additionally, there is the Federal Direct Parent Loan to Undergraduate Students (PLUS) program, and the Federal Direct Graduate PLUS loan is available to eligible graduate students.

Tuition Waivers and Graduate Assistantships. The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62 and graduate assistants. The University is required by collective bargaining agreements to waive tuition for dependents of certain employees. The foregone revenue resulting from such waivers in the 2009 academic year was $45.3 million, of which 91% was provided to graduate assistants.

Financial Aid to University Students
for Fiscal Years 2005 - 2009

	2005	2006	2007	2008	2009
Scholarships/Grants					
Institutional	$ 35,793,104	$38,328,581	$44,925,126	$42,561,348	$49,116,123
State - CT	7,951,209	8,804,055	9,603,126	14,253,371	14,137,471
State - Non CT	107,990	136,850	128,725	126,125	108,871
Federal Funds	9,355,547	9,521,469	10,917,715	12,051,039	13,767,499
Private	15,555,129	15,584,300	16,110,926	16,788,268	18,336,787
Total Scholarships/Grants	68,762,979	72,375,255	81,658,618	85,780,151	95,466,751
Loans					
Private	6,385,001	10,099,864	21,811,278	22,465,616	23,139,585
Federal	94,736,231	101,376,633	96,371,587	105,921,351	117,680,583
Total Loans	101,121,232	111,476,497	118,182,865	128,386,967	140,820,168
Student Employment					
University Student Payroll	11,412,160	11,427,678	11,690,685	13,073,900	15,080,915
Federal Work Study	1,215,426	1,233,281	1,249,050	1,247,636	1,299,529
Total Student Employment	12,627,586	12,660,959	12,939,735	14,321,536	16,380,444
GRAND TOTAL	**$182,511,797**	**$196,512,711**	**$212,808,218**	**$228,488,65**	**$252,667,363**

UNIVERSITY FINANCES

Financial Management

As noted earlier, the University's Board of Trustees has the authority for fiscal oversight of the University. Under the Board of Trustees central management structure, among the officers the President may appoint are a Provost and Executive Vice President for Academic Affairs, a Vice President for Health Affairs and Dean, School of Medicine, Health Center, a Vice President and Chief Operating Officer, and a Vice President and Chief Financial Officer. In addition to the state appropriation, the University receives tuition, fees and grants and contract revenues. Some of these revenues may be restricted or dedicated as to use by the terms of the appropriation, gift, grant or contract.

The authority granted to the University in the Act builds upon the successful implementation of the operational autonomy and responsibility provided in several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. Unprecedented for Connecticut state government, the University became responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The responsibilities assigned to the University included a block grant state appropriation, check-writing authority, position control, purchasing authority and management of capital projects not exceeding $2 million. This dollar limitation has been eliminated with the passage of UCONN 2000. The enactment of UCONN 2000 was an extension of the authority vested in the University by the Flexibility Acts, and the result, in part, of the University's documented effectiveness in using the powers granted to it thereby.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this official statement reflect budget execution results consistent with spending plans, operating and capital budgets approved by the Board of Trustees. In addition, in fiscal year 2004, the Board of Trustees restructured and expanded the role of its Joint Audit and Compliance Committee, with a charge that includes oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors (the "Auditors of Public Accounts"). The Auditors of Public Accounts annually issue an Independent Auditors' Report on the financial statements of the University.

In 2006, in compliance with state statutory requirements, the University established a Construction Management Oversight Committee, the Buildings, Grounds and Environment Committee of the Board of Trustees, and the Construction Assurance Office. The University has also implemented and staffed a new organizational structure for capital program contracting and procurement.

As required by Public Act 06-134, the University engaged UHY, LLC to perform a comprehensive audit of the UCONN 2000 program. The audit assignment is complete and a report was provided to the Board of Trustees, Joint Audit and Compliance Committee in September 2009. The audit gives the University's construction accounting a clean bill of health for 2008.

Financial Statements of the University

The audited financial statements of the University of Connecticut and the University of Connecticut Health Center (excluding the University of Connecticut Foundation, Inc.) for the fiscal year ended June 30, 2009 are included as Schedule 1 and Schedule 2 to this Official Statement.

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2005, 2006, 2007, 2008 and 2009. See "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A for the same information for the Health Center.

Statements of Revenues, Expenses, and Changes in Net Assets

	2005	2006	2007	2008	2009
OPERATING REVENUES					
Student tuition and fees[1]	$ 162,442,352	$ 177,210,259	$ 183,468,732	$ 199,720,598	$ 215,641,536
Federal grants and contracts	86,277,144	79,604,501	81,282,959	85,328,534	92,375,974
State and local grants and contracts	16,879,914	17,305,776	18,994,517	25,429,642	27,853,272
Nongovernmental grants and contracts	9,293,290	10,298,876	11,823,648	10,506,027	12,347,917
Sales and services of educational departments	13,755,026	15,504,841	14,937,691	15,280,038	17,216,404
Sales and services of auxiliary enterprises[2]	113,537,985	119,203,886	127,527,596	133,471,934	149,500,934
Other sources	10,007,008	10,231,304	11,059,294	10,907,810	10,681,689
Total Operating Revenues	412,192,719	429,359,443	449,094,437	480,644,583	525,617,726
OPERATING EXPENSES					
Educational and general					
Instruction	227,084,420	245,567,278	256,079,892	279,086,991	284,054,407
Research	64,364,998	55,933,021	59,641,605	60,345,206	64,028,438
Public Service	31,076,037	31,184,522	32,190,108	33,854,891	37,128,819
Academic support	72,2136,723	74,664,985	82,234,793	81,516,934	87,046,815
Student services	29,365,354	30,570,516	35,022,525	36,006,579	36,711,365
Institutional support	53,927,431	60,767,532	67,336,935	72,314,553	83,169,130
Operations and maintenance of plant	54,321,765	65,676,823	60,611,434	64,110,720	71,478,092
Depreciation	84,508,242	86,528,795	88,030,170	100,186,738	89,556,846
Student aid	3,806,841	3,822,397	3,971,727	4,009,588	3,917,207
Auxiliary enterprises	116,021,275	121,955,025	126,828,040	135,061,206	144,375,731
Other operating expenses	-	-	-	16,491,610	30,579,207
Total Operating Expenses	736,690,086	776,670,894	811,947,229	882,982,016	932,046,057
Operating Loss	(324,497,367)	(347,311,451)	(362,852,792)	(402,337,433)	(406,428,331)
NONOPERATING REVENUES (EXPENSES)					
State appropriation	273,085,313	285,675,894	305,943,066	328,176,623	327,751,422
State debt service commitment for interest	32,332,930	33,093,947	35,863,883	39,525,537	37,846,218
State match to endowment	994,759	35,093	93,864	-	-
Gifts	15,290,616	20,476,003	24,423,566	24,770,574	21,805,530
Investment income	4,551,132	9,647,570	12,299,820	10,384,021	4,267,674
Interest expense	(41,864,618)	(43,262,087)	(47,462,929)	(51,246,898)	(48,915,717)
Other nonoperating revenues (expenses), net	(3,254,416)	(4,204,731)	(686,574)	(2,869,076)	(4,247,111)
Net Nonoperating Revenues	281,135,716	301,461,689	330,474,696	348,740,781	338,505,016
Loss Before Capital Additions (Deductions)	(43,361,651)	(45,849,762)	(32,378,096)	(53,596,652)	(67,923,315)
OTHER CHANGES IN NET ASSETS					
State debt service commitment for principal	81,720,000	61,569,575	65,179,575	-	104,910,000
Capital appropriation	-	-	-	8,000,000	-
Capital grants and gifts	9,163,961	9,965,822	3,029,866	6,802,586	3,813,671
Disposal of property and equipment, net	(511,441)	(897,448)	(3,457,020)	(874,837)	(438,433)
Additions to permanent endowments	-	-	-	56,711	19,703
State match to endowment	-	-	-	59,484	-
Capital other	(33,072,921)	(10,593,490)	1,623,610	-	-
Net Other Changes in Net Assets	57,299,599	60,044,459	66,376,031	14,043,944	108,304,941
Increase (Decrease) in Net Assets	13,937,948	14,194,697	33,997,935	(39,552,708)	40,381,626
NET ASSETS					
Net Assets-beginning of year	1,355,518,978	1,369,456,926	1,383,651,623	1,417,649,558	1,378,096,850
Net Assets-end of year	$ 1,369,456,926	$ 1,383,651,623	$ 1,417,649,558	$ 1,378,096,850	$ 1,418,478,476

[1] Net of scholarship allowances of $56,964,921, $59,503,422, $68,954,741, $72,915,047 and $81,473,702 respectively.
[2] Net of scholarship allowances of $1,240,886, $2,194,046, $2,501,839, $2,524,596 and $2,947,782 respectively.

Note: Reclassifications were made for the year ended June 30, 2008 to better reflect changes in the classification of operating expenses. This had no effect on net assets shown on the Statements of Revenues, Expenses, and Changes in Net Assets. Reclassifications were made between the categories of Student tuition and fees and Student aid for the year ended June 30, 2005. This had no effect on the operating loss shown on the Statements of Revenues, Expenses, and Changes in Net Assets.

Budget and Budgeting Procedure of the University

The University submits separate biennial operating and capital budgets to the Governor and General Assembly through the Board of Governors for Higher Education. The operating budget request sets forth a proposed expenditure plan for the amount necessary to meet cost increases while providing a constant level of services. It may also include an amount for new or expanded programs. The operating budget includes various revenue sources including the state appropriation and tuition and fees as well as other revenue sources. The Health Center submits separate operating and capital budgets and receives a separate appropriation and allotment. For discussion of the Health Center, see "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A.

The University's Board of Trustees annually approves separate Unrestricted Operating Budgets for the University and the Health Center. The Governor may reduce state agency allotments by not more than 5% unless approved by the Appropriations Committee of the General Assembly. Allotment reductions shall be applied by the Board of Governors for Higher Education among the appropriations to the boards of trustees of the constituent units. The Board of Governors for Higher Education shall apply such reductions after consultation with the Secretary of the Office of Policy and Management and the State Higher Education constituent unit boards of trustees. Any reductions of more than five percent of the appropriations of any constituent units shall be submitted to the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such reduction.

During each fiscal year, the Board of Trustees of the University must submit to the General Assembly, through the Department of Higher Education and the Office of Policy and Management, a report of the actual expenditures of the University of Connecticut Operating and Research Funds containing such relevant information as the Board of Governors for Higher Education may require. Currently, the University submits a quarterly report of annual budgeted and actual year-to-date revenues and expenditures for the Operating (including the state appropriation) and Research Funds. Effective July 1, 1996, the General Fund, which consisted of the state appropriations, was merged into and became part of the Operating Fund at the University.

The University is required to submit its biennial budget request on forms prescribed by the Office of Policy and Management (Governor's fiscal office) and the Department of Higher Education. The budget request reflects the use of Department of Higher Education formulas for calculation of instruction, library and physical plant current services.

The General Assembly appropriates and allocates funds directly to the University and Health Center separately. The University's Capital Budget request process has been replaced by the Act. The Act provides for a twenty-one year Capital Budget program of the University and authorizes projects estimated to cost $2,598 million of which $2,262 million was or will be financed by general obligation bonds of the University, secured by the state debt service commitment, and $18 million has been funded by state general obligation bonds. Gifts or other revenue may finance the balance unless projects are deferred or savings are achieved. Phase I for fiscal years 1996-99 totaled $382 million, phase II for fiscal years 2000-05 totaled $580 million and phase III for fiscal years 2005-16 totals $1,300 million. Rather than annual requests, the University is required to provide a semAnnual update as to the progress of capital projects approved as part of UCONN 2000.

University Budget (Storrs and Regional Campuses)

Fiscal Year 2010 Spending Plan. The fiscal year 2010 spending plan was presented to and approved by the Board of Trustees on November 5, 2009. The Spending Plan included $991.3 million in expenditures plus a $3 million transfer to the State's General Fund. This budget included $992.3 million of revenue to cover $994.3 million in expenses and transfers, yielding a $2.0 million loss. The loss is a net result of the $1.0 million reserve repayment for the November 2001 drawdown from reserves of $11.5 million for the Towers Dining Center and Student Union, and a $3.0 million transfer from University operating reserves to the State's General Fund.

Fiscal Year 2010 Revenue. For fiscal year 2010, state support is budgeted at a level of $325.3 million (appropriation/allotments $233.0 million; fringe benefits $92.3 million), a decrease of $2.5 million or 0.8% under the fiscal year 2009 amount. State support is the largest source of revenue for the University. Tuition is the second largest source of revenue (excluding waivers) and is budgeted at $225.5 million, an increase of $15.2 million or 7.2% over the fiscal year 2009 amount. Tuition revenue collections reflect a 6.0% rate increase coupled with a 0.7% increase in the number of undergraduate degree-seeking students who account for approximately 87.1% of budgeted tuition revenues. Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off-campus MBA, EMBA, etc). Also included in this category is the General University Fee, which supports multiple Auxiliary Enterprise programs. Finally, there are various other fees included in this category such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The Fee collections for fiscal year 2010 are budgeted to be $87.5 million, an increase of $4.6 million or 5.5% over the fiscal year 2009 amount. Auxiliary Enterprise Revenue is budgeted to be $161.5 million, which is an increase of $9.1 million or 6.0% over the fiscal year 2009 amount. Residence halls and rental properties, dining services and athletics generate most of the Auxiliary Enterprise Revenue. With respect to the Research Fund, the granting agency or donor restricts most of the revenues. Research Fund revenues for fiscal year 2010 are budgeted to be $85.8 million, which is a $5.2 million or 6.5% increase over fiscal year 2009.

Fiscal Year 2010 Expenditures/Transfers. Total fiscal year 2010 expenditures and transfers of $994.3 million are budgeted to increase by $39.5 million or 4.1% over the fiscal year 2009 amount. The University's Operating Fund is budgeted to increase by 3.6%. Personal services expenditures are expected to reach $397.0 million or $6.3 million less than fiscal year 2009. Fringe benefit expenditures are expected to be $138.6 million or $1.9 million more than fiscal year 2009. Financial Aid expenditures are budgeted to be $102.6 million, which is an increase of $12.2 million or 13.5% over the fiscal year 2009 amount.

On April 14, 2010, AN ACT CONCERNING DEFICIT MITIGATION FOR THE FISCAL YEAR ENDING JUNE 30, 2010 was passed by the Governor and the General Assembly. This plan requires the University to transfer an additional $5 million of operating reserves to the State's General Fund. This additional cut will be taken into consideration as the University prepares the budget forecast for the end of the year.

In addition to actual results of operations for fiscal years 2007-2009, the following schedule reflects the fiscal year 2010 spending plan as approved by the Board of Trustees on November 5, 2009 and the forecast as presented to the Board of Trustees on February 18, 2010.

Statement of Current Funds Operations (in millions)

Current Funds Revenues:	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Budget	FY10 Forecast (as of 12/31/09)
Operating Fund					
State Support	$305.9	$328.2	$327.8	$325.3	$325.3
Tuition (Net of Discounts)	177.8	190.0	210.3	225.5	225.5
Fees	74.6	78.9	82.9	87.5	86.7
Auxiliary Enterprise Revenue	130.0	136.0	152.4	161.5	161.5
All Other Revenues	102.2	109.3	105.7	106.7	105.4
Total Operating Fund	790.5	842.4	879.1	906.5	904.4
Research Fund	71.8	72.9	80.6	85.8	85.8
Total Current Funds Revenues	$862.3	$915.3	$959.7	$992.3	$990.2
Current Funds Expenditures / Transfers:					
Operating Fund					
Personal Services	$358.8	$385.7	$403.3	$397.0	$392.5
Fringe Benefits	122.2	134.2	136.7	138.6	138.6
Other Expenses	173.7	172.7	185.1	192.9	189.1
Equipment	10.9	11.0	14.8	21.3	20.8
Student Financial Aid	76.7	81.2	90.4	102.6	104.2
Transfers	41.5	43.5	46.3	56.1	57.9
Total Operating Fund	783.8	828.3	876.6	905.5	903.1
Research Fund Expenditures	69.2	74.5	78.2	85.8	85.8
Total Current Funds Expenditures / Transfers	$853.0	$902.8	$954.8	$994.3	$988.9
Net Gain (Loss)	**$9.3**	**$12.5**	**$4.9**	**($2.0)**	**$1.3**

Fiscal Year 2011 Budget. The preliminary fiscal year 2011 budget was submitted to the state in August 2008. On September 8, 2009, AN ACT CONCERNING EXPENDITURES AND REVENUE FOR THE BIENNIUM ENDING JUNE 30, 2011 was passed which requires the University to transfer $5 million of operating reserves to the State's General Fund. On April 14, 2010, AN ACT CONCERNING DEFICIT MITIGATION FOR THE FISCAL YEAR ENDING JUNE 30, 2010 was passed which requires the University to transfer an additional $10 million of operating reserves to the State's General Fund in fiscal year 2011. This budget will be updated and presented to the Board of Trustees for approval in June, 2010.

State Support of the University - Appropriations

The State of Connecticut develops a biennial budget which contains the University budget. However, the appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The University has historically received a substantial percentage of its operating revenue from the State General Fund Appropriation. In the state system of higher education, the University of Connecticut receives more state support than any other state institution of higher education. The annual state appropriation the University receives is in the form of a block grant and is allocated biweekly. The University has independent authority to purchase goods and services, hire, fire and promote administrators, faculty and staff, and plan, design and construct capital projects. The University's state appropriation is $233.0 million for each of the fiscal years ending June 30, 2010 and June 30, 2011 which amounts reflect all action taken by the legislature and Governor during the 2010 Session of the Connecticut General Assembly.

Schedule of State Operating Support and Fringe Benefits to the University for Fiscal Years 2007 – 2010 (in millions)

Fiscal Year	Operating Appropriations[1] and Allotments	Fringe Benefits	Operating Total
2007	$222.1	$83.8	$305.9
2008	$234.5	$93.7	$328.2
2009	$234.1	$93.7	$327.8
2010	$233.0	$92.3	$325.3

[1] Excludes state general obligation bonds issued to fund University capital projects.

State Support of the University - Bond Issuance

In addition to appropriating funds for the general operating support of the University, the state has authorized its general obligation bonds to fund capital projects of the University. Certain of those state bonds are categorized as self-liquidating, meaning the University reimburses the state for the principal and interest on such bonds from revenues generated by the University from the operation of the projects funded with the proceeds of the state bonds. For further discussion of the University's liability to the state with respect to these self-liquidating state general obligation bonds, see Schedule 1, "UNIVERSITY OF CONNECTICUT JUNE 30, 2009 AUDITED FINANCIAL STATEMENTS."

State Legislative Bond Authorizations for the University (excluding the Health Center other than 21st Century UConn) for Fiscal Years 1996 - 2016

Fiscal Year	State General Obligation Bonds	UCONN 2000[1]	Total
1996	$18,000,000[2]	$112,542,000	$130,542,000
1997	$9,400,000[2]	$112,001,000	$121,401,000
1998		$93,146,000	$93,146,000
1999		$64,311,000	$64,311,000
2000	$2,000,000[3]	$130,000,000	$132,000,000
2001	$20,000,000[3]	$100,000,000	$120,000,000
2002		$100,000,000	$100,000,000
2003		$100,000,000	$100,000,000
2004		$100,000,000	$100,000,000
2005[4]		$100,000,000	$100,000,000
2006		$79,000,000	$79,000,000
2007		$89,000,000	$89,000,000
2008		$115,000,000	$115,000,000
2009		$140,000,000	$140,000,000
2010		$140,500,000	$140,500,000
2011		$146,500,000	$146,500,000
2012		$123,100,000	$123,100,000
2013		$114,500,000	$114,500,000
2014		$111,500,000	$111,500,000
2015		$100,000,000	$100,000,000
2016		$90,900,000	$90,900,000

[1] Secured by State Debt Service Commitment. See proposed legislative change to authorizations below.
[2] For Babbidge Library on the Storrs campus.
[3] For the development of a new downtown campus for the University of Connecticut in Waterbury.
[4] For fiscal year 2005, $50,000,000 was authorized under UCONN 2000 Phase II and an additional $50,000,000 was authorized under UCONN 2000 Phase III. Fiscal years 2005-16 represent authorizations under UCONN 2000 Phase III including approximately $305,400,000 for Health Center projects.

Legislative Change to Authorizations. On May 5, 2010, legislation was adopted to establish the UConn Health Network – a unique partnership with area hospitals aimed at creating jobs and improving access to quality health care in the State. The centerpiece of the partnership is a new patient care tower and renovations to John Dempsey Hospital at the Health Center.

The establishment of the UConn Health Network is estimated to cost $362 million. Funding is anticipated to be provided by a variety of sources including a $25 million reallocation from existing UCONN 2000 Health Center allocations, $100 million from federal or other non-State funds, an increase in UCONN 2000 authorizations of $207 million and $30 million of State general obligation bonds. The Governor is expected to sign the legislation to establish and fund the State portion of the UConn Health Network which changes the authorized amounts of the remaining fiscal year allocations for the UCONN 2000 program and extends the UCONN 2000 program for two additional fiscal years to Fiscal Year 2018 as follows:

Fiscal Year	Prior Allocation	New Allocation
2010	$140,500,000	-0-
2011	$146,500,000	$138,800,000
2012	$123,100,000	$157,200,000
2013	$114,500,000	$143,000,000
2014	$111,500,000	$140,000,000
2015	$100,000,000	$128,500,000
2016	$90,900,000	$119,500,000
2017	-0-	$116,000,000
2018	-0-	$91,000,000

Should the $100 million from federal or other non-State funding sources not be raised prior to June 30, 2015, the UConn Health Network initiatives shall cease and the annual fiscal year allocations for the UCONN 2000 program shall revert to the allocations in place prior to the legislation.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $132.6 million in fiscal year 2009, representing 25.2% of total operating revenues reported by the University in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009, included in this Appendix A. Revenue from federal, state and local governmental grants and contracts, including financial aid and recovery of indirect costs, totaled $120.2 million for this time period, which represented 22.9% of total operating revenues.

Governmental Grants and Contracts
for Fiscal Years 2005 - 2009
(in Millions of Dollars)

Fiscal Year	Amount
2005	$103.2
2006	$96.9
2007	$100.3
2008	$110.8
2009	$120.2

The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc.

Two other entities also support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and the University of Connecticut Law School Foundation, Inc. (Law School Foundation). For financial reporting purposes, the Law School Foundation is included as a component unit with the University; the Foundation is an independent, privately governed institution which is separately audited. It operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the

University and the Health Center. The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and the Health Center.

Gift revenue to the University, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation and Law School Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. Both the Foundation and the Law School Foundation disburse funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These gifts, including capital gifts, received by the University from both Foundations totaled approximately $25.4 million in fiscal year 2009 compared to $27.7 million in fiscal year 2008. Both Foundations also paid approximately $3.9 million in fiscal year 2009 ($5.0 million in fiscal year 2008) to third parties on behalf of the University. This amount is not reflected in the University's financial statements. In addition, the University receives gifts directly. Total nonoperating gifts and capital gifts and grants revenue to the University from all sources amounted to $9.4 million and $12.2 million in fiscal years 2009 and 2008, respectively.

In September 2009, the Foundation publicly launched the $600 million fundraising effort: *Our University. Our Moment. The Campaign for UConn*. The campaign will dramatically increase private support for scholarships and fellowships for UConn's students; endowed chairs and research support for faculty; new programmatic improvements on every campus; and countless enhancements across the entire University community. In addition to growing the University's endowment to a target of $500 million, other campaign priorities include increasing the number of student scholarship and fellowship funds from 750 to 1,200; establishing 50 new endowed faculty positions; and enhancing academic, research, outreach, and diversity programs. The financial objectives are: $200 million for undergraduate education, $155 million for the UConn Health Center, $135 million for graduate and professional education and $110 million for Athletics.

As of March 1, 2010, *Our University. Our Moment. The Campaign for UConn.* has recorded approximately $207 million in contributions toward the overall campaign goal, including $58 million raised for endowment. The amount received reflects 41 gifts of $1 million or more since counting began during the quiet phase of the Campaign on July 1, 2006. *Our University. Our Moment. The Campaign for UConn*. is expected to run through the end of fiscal year 2014.

University of Connecticut Foundation, Inc.
Summary of Total Assets, Revenue and Expenditures
for Fiscal Years 2005 - 2009

	2005 $000's	2006 $000's	2007 $000's	2008 $000's	2009 $000's
Assets					
Endowment assets	$271,984	$298,953	$335,488	$316,737	$244,031
All other assets	71,012	67,470	72,412	80,065	78,111
Total Assets	342,996	366,423	407,900	396,802	322,142
Support and Revenue					
Contributions and educational support	29,526	29,526	29,384	35,978	22,466
Payment from the University	8,348	8,348	8,513	8,586	9,028
Investment income, net	34,154	34,154	48,334	(12,503)	(63,441)
Other revenues	1,209	1,209	614	697	610
Total Support and Revenue	66,170	73,237	86,845	32,758	(31,337)
Expenditures					
Disbursements to and on behalf of the University	33,649	33,649	33,332	31,339	28,823
Foundation expenses (development, asset mgt, admin.)	11,668	11,668	13,655	14,357	14,444
Total Expenditures	38,660	45,317	46,987	45,696	(31,337)
Support and Revenues Over/Under Expenditures	$ 27,510	$ 27,920	$ 39,858	($12,938)	($74,604)

Note: Due to the negative market volatility over the past few years, the endowment assets have seen a significant loss in value. This decrease was caused primarily by negative investment returns. It is important to note that the value of college endowments declined a national average of 23% from 2008 to 2009, the result of record investment losses and a precipitous drop in giving, according to a study by the National Association of College and University Business Officers.

University Indebtedness

The UCONN 2000 Act, as amended, empowers the University to borrow money and issue securities to finance the acquisition, construction, reconstruction, improvement or equipping of any UCONN 2000 Project and to provide for the security and payment of those securities and to refund such securities. Toward this purpose, to date, the University has issued General Obligation Bonds and Special Obligation Bonds and also entered into a privately placed Governmental Lease Purchase Agreement.

The University of Connecticut General Obligation Bonds are issued pursuant to the Master Indenture of Trust, as amended (the "Master Indenture"), and are secured by the full faith and credit of the University and are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is defined by the Act and the Master Indenture as the commitment by the state to pay an annual amount for the punctual payment of Special Debt Service Requirements on securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal on serial General Obligation Bonds or sinking fund installments on term General Obligation Bonds and interest accruing thereon. As of the date of delivery of the 2010 Bonds, the University's General Obligation Bonds principal outstanding will be $877,492,441.

The University of Connecticut also has issued Special Obligation Bonds pursuant to the Special Obligation Indenture of Trust, dated as of January 1, 1997, between the University, as Issuer, and U.S. Bank N.A., as successor to State Street Bank & Trust Company, as Trustee, as amended (the "Special Obligation Master Indenture"). The Board of Trustees approved the Special Obligation Master Indenture on November 8, 1996. Unlike the UCONN 2000 General Obligation Bonds that are paid from the State's General Fund, debt on the Special Obligation Bonds are paid from certain pledged revenues, including student fees of the University as defined in the Special Obligation Master Indenture. To date, nine projects have been authorized to receive $189,180,000 of the UCONN 2000 Special Obligation Bond proceeds, and some of these projects also were supported by State General Obligation Bonds or other funding (See Appendix A "STATUS OF UCONN 2000 PROJECTS"). As of the date of delivery of the 2010 Bonds, the Special Obligation Bonds principal outstanding is $164,375,000.

A privately placed Governmental Lease Purchase Agreement (the "Lease"), with Caterpillar Financial Services Corporation, a Delaware Corporation, secured by the University's general obligation was entered into to finance the cogeneration facility portion of the UCONN 2000 Heating Plant Upgrade project. The $81,900,000 original principal amount of the Lease is a UCONN 2000 debt obligation entered into under certain separately negotiated documents and agreements and is not secured by the Master Indenture or the Special Obligation Master Indenture. On December 18, 2003 the University entered into the Lease in the principal amount of $75,000,000 at a nominal interest rate of 4.42% compounded monthly. On August 15, 2005, the University amended the Lease for an additional amount of $6,900,000 at a 5.09% interest rate compounded monthly. The cogeneration facility is part of the UCONN 2000 Heating Plant Upgrade project, as defined under the UCONN 2000 Act, which generates substantially all of the needs for electrical power, heating and cooling on the main campus at Storrs. The University has drawn down the maximum $81,900,000 of advances under the Lease. Monthly lease payments of $517,135 are due over 240 months, and the first payment was made on January 29, 2006. The UCONN 2000 Heating Plant Upgrade project also has been partially funded with General Obligation Bonds of the University secured by the State Debt Service Commitment. As of the date of delivery of the 2010 Bonds, the amount of the Lease outstanding will be $69,525,067.

In addition to UCONN 2000 indebtedness, the University has certain other limited indebtedness; see Schedule 1, "UNIVERSITY OF CONNECTICUT JUNE 30, 2009 AUDITED FINANCIAL STATEMENTS".

The following schedule sets forth the debt service payments to be made in each University fiscal year on the general obligation bonds issued and outstanding by the University as of the date of delivery of the 2010 Bonds.

Debt Service on General Obligation Bonds[1]
as of June 16, 2010

Fiscal Year Ending June 30th	Outstanding General Obligation Bonds			This Issue General Obligation Bonds			Total Debt Service
	Principal[2]	Interest[3]	Subtotal	Principal	Interest	Subtotal	
2010	0	0	0	0	0	0	0
2011	62,752,441	36,271,688	99,024,129	$10,430,000	$4,076,147	$14,506,147	$113,530,276
2012	60,350,000	31,578,996	91,928,996	8,945,000	5,435,296	14,380,296	106,309,293
2013	60,880,000	28,958,274	89,838,274	4,885,000	5,166,946	10,051,946	99,890,220
2014	61,605,000	26,082,773	87,687,773	7,340,000	4,923,446	12,263,446	99,951,219
2015	59,465,000	23,355,460	82,820,460	9,320,000	4,619,546	13,939,546	96,760,006
2016	58,810,000	20,569,675	79,379,675	5,350,000	4,198,146	9,548,146	88,927,821
2017	56,005,000	17,721,233	73,726,233	6,540,000	3,944,259	10,484,259	84,210,491
2018	48,800,000	15,070,053	63,870,053	10,695,000	3,692,709	14,387,709	78,257,761
2019	45,515,000	12,678,253	58,193,253	10,210,000	3,235,209	13,445,209	71,638,461
2020	44,275,000	10,486,310	54,761,310	6,105,000	2,758,109	8,863,109	63,624,419
2021	34,615,000	8,421,885	43,036,885	9,695,000	2,574,959	12,269,959	55,306,844
2022	34,845,000	6,850,423	41,695,423	4,855,000	2,138,115	6,993,115	48,688,538
2023	29,950,000	5,277,258	35,227,258	4,855,000	1,899,065	6,754,065	41,981,323
2024	25,190,000	3,920,939	29,110,939	4,855,000	1,660,765	6,515,765	35,626,704
2025	20,060,000	2,800,380	22,860,380	4,855,000	1,418,015	6,273,015	29,133,395
2026	15,400,000	1,893,609	17,293,609	4,855,000	1,186,365	6,041,365	23,334,974
2027	11,310,000	1,217,174	12,527,174	4,855,000	950,315	5,805,315	18,332,489
2028	7,110,000	696,243	7,806,243	4,855,000	707,565	5,562,565	13,368,808
2029	7,345,000	348,888	7,693,888	4,855,000	464,815	5,319,815	13,013,703
2030	0	0	0	4,855,000	235,190	5,090,190	5,090,190
Totals[4]	**$744,282,441**	**$254,199,514**	**$998,481,955**	**$133,210,000**	**$55,284,982**	**$188,494,982**	**$1,186,976,932**

[1] Secured by State Debt Service Commitment, net of bonds previously refunded.
[2] Principal payments on General Obligation Bonds include aggregate initial values of capital appreciation bonds.
[3] Interest payments on General Obligation Bonds include the difference between the aggregate stated initial values and the aggregate maturity amounts of capital appreciation bonds.
[4] Totals may not sum due to rounding.

The following table sets forth all bonds and capital leases issued by the University under the UCONN 2000 program and outstanding as of the date of delivery of the 2010 Bonds.

Total Bonds And Leases Outstanding as of June 16, 2010

	Original Par Amount	Amount Outstanding Currently[1]	Dated Date[2]
General Obligation Debt Service Commitment Bonds			
GO DSC 1996 Series A	$ 83,929,715	$2,122,441	January 1, 1996
GO DSC 1997 Series A	124,392,432	0	April 1, 1997
GO DSC 1998 Series A	99,520,000	0	June 1, 1998
GO DSC 1999 Series A	79,735,000	0	March 1, 1999
GO DSC 2000 Series A	130,850,000	0	March 1, 2000
GO DSC 2001 Series A	100,000,000	4,960,000	March 15, 2001
GO DSC 2002 Series A	100,000,000	10,000,000	April 1, 2002
GO DSC 2003 Series A	96,210,000	25,595,000	March 1, 2003
GO DSC 2004 Series A	97,845,000	59,445,000	January 15, 2004
GO DSC 2004 Series A Refunding[3]	216,950,000	191,840,000	January 15, 2004
GO DSC 2005 Series A	98,110,000	71,970,000	February 15, 2005
GO DSC 2006 Series A	77,145,000	61,710,000	March 15, 2006
GO DSC 2006 Series A Refunding[4]	61,020,000	59,555,000	March 15, 2006
GO DSC 2007 Series A	89,355,000	73,545,000	April 12, 2007
GO DSC 2007 Series A Refunding[5]	46,030,000	46,030,000	April 12, 2007
GO DSC 2009 Series A	144,855,000	137,510,000	April 16, 2009
GO DSC 2010 Series A	97,115,000	97,115,000	May 25, 2010
GO DSC 2010 Series A Refunding[6]	36,095,000	36,095,000	May 25, 2010
Total[7]	**$1,779,157,147**	**$877,492,441**	
Special Obligation Student Fee Revenue Bonds			
UCONN 2000 SPEC OB 2002-A	$ 75,430,000	$ 36,325,000	January 15, 2002
UCONN 2000 SPEC OB 2002-A Refunding[8]	96,130,000	80,505,000	February 1, 2002
UCONN 2000 SPEC OB 2010-A Refunding[9]	47,545,000	47,545,000	June 16, 2010
Total[10]	**$219,105,000**	**$164,375,000**	
Capital Leases			
Governmental Lease Purchase Agreement	$75,000,000	$63,610,060	December 18, 2003
Governmental Lease Purchase Agreement	6,900,000	5,915,007	August 15, 2005
Total[10]	**$81,900,000**	**$69,525,067**	

[1] Net of bonds previously refunded but excluding the 2010 Bonds and including the Bonds to be refunded with the 2010 Bonds.

[2] The General Obligation Bonds issued in 1996 and 1997 include capital appreciation bonds, which were dated their date of delivery.

[3] The General Obligation 2004-A Refunding Bonds refunded $223,160,000 of the outstanding GO DSC Series 1996-A, 1997-A, 1998-A, 2000-A, 2001, and 2002-A Bonds.

[4] The General Obligation 2006-A Refunding Bonds refunded $61,675,000 of the outstanding GO DSC Series 1998-A, 1999-A, 2000-A, 2001-A and 2002-A Bonds.

[5] The General Obligation 2007-A Refunding Bonds refunded $46,695,000 of the outstanding GO DSC Series 2002-A and 2003-A Bonds

[6] The General Obligation 2010-A Refunding Bonds refunded $35,885,000 of the outstanding GO DSC Series 1999-A, 2001-A, 2003-A and 2004-A Bonds.

[7] Debt Service on the General Obligation Bonds is payable from the Debt Service Commitment of the state.

[8] The SPEC OB 2002-A Refunding Bonds refunded all of the outstanding $89,570,000 SPEC OB Series 2000-A Bonds.

[9] The SPEC OB 2010-A Refunding Bonds refunded all of the outstanding SPEC OB Series 1998-A Bonds.

[10] Debt Service on the Special Obligation Bonds are payable from certain Pledged Revenues of the University as further defined in the Special Obligation Indenture of Trust, dated as of January 1, 1997 as amended.

[11] As of the date of delivery of the 2010 Bonds. Does not include capital lease obligations subject to annual appropriation.

Employee Data

Faculty and Staff. As of October 2009, the University had 4,309 full-time equivalent ("FTE") employees. Full and part-time faculty accounted for 1,308 FTE employees. The University hires adjunct lecturers on a semester-by-semester basis, as needed, who are not included in the above employee count. In fall 2009, 62% of full-time teaching faculty were tenured, 18% were tenure track and the remaining were non-tenure track faculty.

The average age of full-time faculty was 50. Additionally, the University also has 469 FTE graduate student assistants who receive stipends.

Seven bargaining units represented approximately 3,931 FTE union members as of October 2009. Approximately 9% of University faculty and staff were non-union employees. The University bargains with two units covering 3,051 FTE employees; the American Association of University Professors and the University of Connecticut Professional Employees Association, both of which have settled contracts that expire on June 30, 2012. Law school faculty, University exempt (management) and certain temporary and part-time employees are not represented by bargaining units. The remaining five unions covering 880 FTE employees bargain directly with the state. They currently have settled contracts that expire on June 30, 2012.

Pension Plans. Most state employees receive pension benefits under a state pension plan. The state pays directly to plan providers the cost of providing such pension benefits to University employees. The University reimburses the state for the cost of providing pension benefits under state pension plans to University employees, to the extent that their salary is not paid out of the State General Fund Appropriation. Various retirement plans are available for University employees none of which are administered by the University. Approximately 38% of University employees are covered under the state pension plan and the balance are covered under private pension plans.

Insurance

The University, as an agency of the state, is self-insured, for general liability purposes, on an unreserved basis. The state purchases blanket policies covering other risks, including property, casualty and hazard insurance for all state agencies. The state pays all premiums for such insurance policies. The University reimburses the state for the cost of coverage of items purchased with other than state appropriation funds. The University may request an allotment of insurance proceeds resulting from the loss of University property. The Act authorizes the University to purchase insurance for its assets, actions and activities. In regard to design and construction projects, the University requires errors and omissions insurance from the lead project design professional (project architect of record), and selected sub-consultants on all construction projects. The University requires that contractors engaged in all construction projects provide and maintain general liability, automobile and statutory workers' compensation coverage. In regard to builders risk polices and protection of construction work in progress for existing buildings, the state, through its property policy provides builders risk coverage subject to a deductible. The University requires the contractors to provide builders risk insurance for construction projects involving new buildings.

UNIVERSITY OF CONNECTICUT HEALTH CENTER

General

An organizational unit of the University of Connecticut, the Health Center is a comprehensive state-owned academic Health Center which has the traditional tripartite missions of education, patient care and research facility as well as community service and public health. Its main campus is located in a complex of buildings in suburban Farmington, Connecticut. The Health Center was established in 1961 and is currently comprised of the School of Medicine, the School of Dental Medicine, the John Dempsey Hospital, and related ambulatory clinic facilities, research laboratories, health sciences/medical library–and administrative and other support facilities. It operates more than 400 clinical and educational programs throughout Connecticut and is a referral center for persons with certain illnesses requiring complex patient care. The Health Center also provides comprehensive healthcare services for Connecticut's incarcerated inmates through the Correctional Managed Healthcare program. As of fall 2009, the Health Center had 516 professional students in the Schools of Medicine and Dental Medicine, 355 graduate students in Master's and Doctoral programs, and 588 residents, interns and postdoctoral fellows. It also provides an extensive array of continuing education activities to health professionals throughout the state. The Health Center submits separate operating and capital budgets to the Governor and the General Assembly and receives its appropriation and allotment separate from the University. See "UNIVERSITY FINANCES - Budget and Budgeting Procedure of the University" in this Appendix A.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Directors

Composition. The Board of Directors of the University of Connecticut Health Center consists of 18 members. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees for the University created the board of directors for the governance of the Health Center, and has determined such duties and authority as it deemed necessary and appropriate to delegate to said board of directors. The Board consists of nine members at large appointed by a nominating committee of the Board of Directors, three members appointed by the Chairperson of the Board of Trustees, three members appointed by the Governor, and three voting Ex Officio members (the Secretary of the State's Office of Policy and Management, the President of the University and the Commissioner of Public Health).

Membership. The name, term, position and affiliation or profession of each member of the Board of Directors is as follows:

Name	Term Ends	Position	Affiliation/Profession
Michael J. Hogan[1]		Member ex-officio	President, University of Connecticut
Richard Barry	2013	Member at Large	Chairman, President and Chief Executive Officer of New England Region of Citizens Bank of Connecticut
Mark Bertolini	2010	Member at Large	President, Aetna, Inc.
Andy F. Bessette	2013	Member at Large	EVP & CAO, The Travelers Companies, Inc.
Frank Borges	2013	Member at Large	Chairman of Landmark Partners, Inc.
Gerard N. Burrow	2011	Appointed by Chairperson, Board of Trustees	Chairman, International Council for the Control of Iodine Deficiency Disorders (ICCIDD)
Cheryl Chase	2010	Member at Large	EVP and General Counsel, Chase Enterprises
Karen Christiana	2013	Appointed by the Governor	Regional Chapter Manager of the Connecticut Offices of the American Automobile Association
Michael J. Cicchetti		Member ex-officio	Deputy Secretary, Office of Policy and Management
Sanford Cloud, Jr.	2011	Member at Large	Chairman and CEO, Cloud Company, LLC
John F. Droney	2010	Member at Large	Levy & Droney, P.C.
The Honorable Robert Galvin		Member ex-officio	Commissioner, Public Health
Tim Holt	2013	Member at Large	Retired Senior Vice President, Chief Investment Officer, and Chief Enterprise Risk Officer at Aetna
Lenworth M. Jacobs, Jr., M.D.	2011	Appointed by Chairperson, Board of Trustees	Director, Emergency Medical Services/ Trauma and Rehabilitation Medicine, Hartford Hospital, and Chairman, Department of Traumatology and Emergency Medicine, University of Connecticut School of Medicine
Teresa Ressel	2012	Appointed by the Governor	CEO, UBS Securities
Robert T. Samuels	2009*	Appointed by Chairperson, Board of Trustees	Founder, ABS Development Company

Wayne J. Shepperd	2010	Member at Large	Chief of Staff, Office of the Mayor, City of Danbury
Kathleen Woods	2012	Appointed by the Governor	Former Vice President, Bank of America

[1]Resigned effective June 11, 2010. See "University Administration" herein.

*Members appointed by the Governor or Chairperson of the Board of Trustees continue to serve until replaced.

Duties of the University of Connecticut Health Center Board of Directors. Subject to duties outlined by the University's Board of Trustees, the Board is authorized to establish rules and general policies for the governance of the Health Center, and its academic programs. The Board of Directors manages and directs the expenditures of the Health Center. The Board of Directors is required by law to review and approve Health Center budget requests and propose facility, planning and capital expenditure budget priorities.

Officers of the Board of Directors. The officers of the Board of Directors are the Chair of the Board and each of its subcommittees: Academic Affairs, Clinical Affairs and Finance. The Chair is privileged to make or discuss motions and to vote on all questions. The Chair may designate a Vice-Chair to act in his or her absence.

Academic Programs of the School of Medicine and School of Dental Medicine

Post Baccalaureate Programs. The Schools of Medicine and Dental Medicine each conduct a four-year post baccalaureate program leading to the M.D. and D.M.D. degrees, respectively.

Residency. The School of Medicine and the School of Dental Medicine each offer residency programs which provide advanced training in preparation for licensure practice and certification within a field of specialization. Approximately 590 residents and fellows populate John Dempsey and other regional hospitals.

Graduate Programs. Programs leading to either a Ph.D. or Master's degree in medically related sciences are offered in nine biomedical sciences and in community health and dental sciences. There are also programs of post-doctoral education of biomedical scientists.

Continuing Education. The schools provide facilities and/or opportunities for the practicing professionals to continue their education by offering a wide variety of courses, lectures, seminars, and visiting lectureships.

Research. The faculty of the Schools of Medicine and Dental Medicine are generally expected to develop an active research program, both to advance knowledge within their field of expertise and to enhance the quality of the educational program. Approximately $88.3 million was generated in fiscal year 2009 by the research activities of the various faculties which supplements appropriations from the State of Connecticut.

Student Enrollment and Admission

Enrollment. The Health Center's enrollment in fall 2009 was 346 in the School of Medicine, 170 in the School of Dental Medicine, and 339 Graduate students, taught by over 450 full time faculty members.

Average Total MCAT and DAT Scores
Fall 2005- 2009

Fall	MCAT	DAT
2005	30.2	20.6
2006	30.8	20.1
2007	31.0	20.7
2008	31.4	19.7
2009	31.4	19.7

Each year, approximately 340 students work toward their medical doctor's degree and 175 toward their doctor of medical dentistry degree. Admission to each school is highly competitive, but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards.

Passing Rates on National Exams
2005- 2009

Year	School of Medicine	School of Dental Medicine
2005	99%	100%
2006	99%	99%
2007	90%	100%
2008	96%	100%
2009	95%	100%

Tuition and Other Fees

Pursuant to state law, the Board of Directors is authorized to adopt a comprehensive schedule of tuition and other fees which are expected to prevail during the following fiscal year. Such tuition and fees must comply with the policy of the Board of Governors of Higher Education that requires them to be between the 70th and 75th percentiles of public schools nationally.

Tuition. For the academic year 2010, students classified as full-time residents of Connecticut paid tuition of $20,824 for the School of Medicine and $19,030 for the School of Dental Medicine. Regional students paid $36,442 for the School of Medicine and $34,285 for the School of Dental Medicine per year. Out-of-state students paid $43,869 for the School of Medicine and $45,120 for the School of Dental Medicine per year. The Board of Directors approved a School of Medicine in-state combined tuition and fee rate increase of 5% over the 2010 rate for academic year 2011. The increase is 5% for the School of Dental Medicine.

Mandatory Fees. For academic year 2010, students must pay a Fee of $8,752 for the School of Medicine and $8,549 for the School of Dental Medicine per year. This fee includes payments for student health, commencement, student affairs and a student activity fee.

Annual Cost of In-State Student's Enrolled at the Health Center by School
Academic Years 2006- 2011

School of Medicine

	2006	2007	2008	2009	2010	2011
Tuition	$15,870	$18,250	$18,889	$19,833	$20,824	$21,865
Fees	6,670	7,670	7,938	8,335	8,752	9,190
TOTAL	**$22,540**	**$25,920**	**$26,927**	**$28,168**	**$29,576**	**$31,055**

School of Dental Medicine

	2006	2007	2008	2009	2010	2011
Tuition	$12,752	$14,665	$16,674	$ 17,508	$19,592	$ 20,572
Fees	6,130	7,000	7,245	7,607	7,987	8,386
TOTAL	**$18,882**	**$21,665**	**$23,919**	**$25,115**	**$27,579**	**$28,958**

Percentage of Enrollment by Residence Status
Fall 2005- 2009

	School of Medicine		School of Dental Medicine	
Fall	In-State	Out-of-State	In-State	Out-of-State
2005	90.2%	9.8%	75.5%	24.5%
2006	90.5%	9.5%	77.4%	22.6%
2007	93.2%	6.8%	82.3%	17.7%
2008	91.6%	8.4%	83.8%	16.2%
2009	91.3%	8.7%	89.4%	10.6%

University of Connecticut Health Center Clinical Operations

UConn Medical Group and University Dentists. The faculty practices of the Health Center, UConn Medical Group (UMG) and University Dentists are the key components of the Health Center's integrated health care delivery system administratively designated the "University of Connecticut Clinical Operations" ("Clinical Operations"). The Clinical Operations include an extensive array of ambulatory clinics representing the range of specialty and primary fields that comprise medicine and dentistry operated by UMG and University Dentists. Clinical Operations is the vehicle through which the Health Center contracts with managed care and other health care payors and engages in joint ventures and other arrangements. Clinical Operations also does business through the University of Connecticut Health Center Finance Corporation (the "Finance Corporation"), a statutory corporation authorized to enter into joint ventures, other affiliations and contracts in furtherance of the operations of the clinical programs.

The John Dempsey Hospital. The John Dempsey Hospital has 224 licensed beds (204 general acute care beds and 20 nursery beds), and is located in Farmington, a suburb of Hartford. It serves as the primary teaching hospital for the Schools of Medicine and Dental Medicine, and participates in the clinical education of students from other health profession education programs. As the primary teaching hospital, it contains a full range of services, including surgery, medicine, cardiac care, psychiatry, and obstetrics and gynecology. The Hospital is also the focus of specialized programs, including programs dealing with arthritis, lupus, alcoholism, cancer, hemophilia, high-risk pregnancies, newborn intensive care, dental diseases in the handicapped, and taste and smell deficiencies. The Hospital also provides dental care through the Dental Clinics. The Dental Clinics offer comprehensive dental care provided by dental students (pre-doctoral students) in multidisciplinary clinics or by dental residents (postdoctoral students) receiving advanced or specialty training under the supervision of licensed clinical faculty. The Predoctoral Teaching Program is designed to train dental students to be future general dentists or specialists. Dental care provided in the predoctoral program is provided by students under the supervision of experienced dentists. The Postdoctoral Teaching Program is a practice comprised of licensed dentists who spend 2 to 6 years under intensive training to be specialists in endodontics, periodontics, oral surgery, orthodontics, pediatric dentistry, prosthodontics, or advanced education general dentistry (AEGD).

Correctional Managed Health Care. The Health Center is responsible for providing all health care services for all persons incarcerated in Connecticut's jails and prisons. The vast majority of these activities take place at facilities operated by the Department of Correction, but the John Dempsey Hospital does maintain a high security prison ward for patients requiring in-patient services.

Patient Service Revenue

Pursuant to the Master Indenture, patient revenues or any other revenues derived from clinical operations of the University are excluded from the definition of Assured Revenues.

Strategic Plan Initiative

In June 2000, the University Board of Trustees adopted a new Strategic Plan for the Health Center. The Plan articulated the following mission for the Health Center:

> *The University of Connecticut Health Center will provide outstanding medical, dental and graduate education, research and clinical care. The Health Center will deliver a highly innovative educational curriculum that will be coordinated with focused areas of research excellence and clinical programs that are an essential part of community health services which benefit Connecticut's population and enhances the vitality of the region.*

The Integrated Strategic Plan incorporated the Education and Research Plans with a new Clinical Plan. The primary focus of the Integrated Strategic Plan is in four areas: Brain and Human Behavior, Cancer, Musculoskeletal Disease, Connecticut Health (initiatives promoting the health of Connecticut citizens). This Plan has been revised since, delaying investments in Brain and Human Behavior, adding Cardiology and Expanding Connecticut Health into a broader Public Health focus.

In June 2004, the University of Connecticut Health Center Board of Directors approved the following vision statement for the year 2020:

> *The University of Connecticut Health Center will be nationally recognized for improving the health of the citizens of Connecticut through innovative integration of research, education and clinical care.*

Market Assessment and Regional Planning

The Health Center employs a variety of means to assess the market. Using data available from the Connecticut Hospital Association and the Office of Health Care Access, John Dempsey Hospital assesses its performance relative to other hospitals and in terms of market share. Both John Dempsey Hospital and UConn Medical Group use publicly available and purchased data sets relative to population and disease trends, utilization rates for services, physician and service demand. Health Center executives and product line leaders, both physician and non-physician staff, through professional associations, networking with peers and patient interactions, supply data, information and expertise that is used for assessment and planning. Public input is sought through formal and informal interactions with the Health Center Board of Directors of the Board of Trustees, the State Legislature, Town of Farmington, Connecticut officials, community leaders, patients and the many people who attend the public programs of the Health Center. Strategic plans are developed given the market assessment, in combination with an assessment of the strengths of the Health Center programs and staff. The Health Center has focused efforts on programs that integrate the academic, research, and clinical strengths of the institution to serve the health care needs of the citizens of the State of Connecticut. In order to best extend the access to the Health Center services, it has established and continues to seek relationships with other health care providers including and especially primary care providers.

The Health Center is expected to continue to be challenged by managed care and federal reimbursement rates. The Health Center has adopted a strategy of actively monitoring the market and pursuing agreements with all managed care payors. The Health Center has entered into participation agreements with most of the major HMOs and PPOs. Payors are increasingly interested in shared risk arrangements with providers. The Health Center has executed a number of shared risk agreements and will likely be requested to do more. The Health Center is actively developing the programs and systems necessary to accept and manage risk.

On March 9, 2010, Governor M. Jodi Rell announced plans to establish the UConn Health Network – a unique partnership with area hospitals aimed at creating jobs and improving access to quality health care in the state. The centerpiece of the partnership is a new patient care tower and renovations to John Dempsey Hospital at the Health Center.

The UConn Health Network would involve the cooperation of all the area hospitals including Hartford Hospital, St. Francis Hospital and Medical Center, Connecticut Children’s Medical Center, and other health care facilities and providers.

The plan is estimated to cost $362 million and funding would come from various sources. Features of the Network include:

- Neonatal Intensive Care Unit: The operations will be managed by Connecticut Children’s Medical Center. Patients will continue to be treated at the Health Center; NICU physicians and staff will remain Health Center employees.
- Nationally recognized cancer center: The goal will be to achieve National Institutes of Health designation as a Comprehensive Cancer Center, making it the second in the state outside of Yale.
- Regional Simulation Center: It will train up to 2,000 medical practitioners each year on newest equipment and technology in simulated care settings and will be located at Hartford Hospital.
- Primary Care Institute: It will be located at St. Francis Hospital and will develop new models of chronic disease management and primary care delivery and education. It will also address the impending shortage of primary care providers in Connecticut.

- Health Disparities Institute: It will promote enhanced healthcare research, training and delivery to minority communities.
- Institute for Clinical and Translational Sciences: It will be a super-site by network partners and will speed lab-to-bedside clinical trials and breakthrough medicine.
- Bioscience Enterprise Zone: It will offer state tax breaks to private companies that create jobs and work with UConn Health Network partners.

The UConn Health Network plan received approval from the Health Center Board of Directors, the University of Connecticut's Board of Trustees and the Connecticut General Assembly. It is expected that the Governor will sign the legislation.

Professional Liability, Insurance and Litigation

Professional Liability. As a state agency, the Health Center is immune under the doctrine of sovereign immunity from suit and liability, unless such sovereign immunity is expressly waived by an act of, or pursuant to power granted by, the General Assembly. Fetterman v. University of Connecticut, 192 Conn. 539 (1984). The General Assembly has not enacted a general waiver of the sovereign immunity; however, the General Assembly has granted power to the State Claims Commissioner to grant permission to sue the state for the acts and omissions of the state, including its agencies (such as the Health Center), if the Claims Commissioner finds it just and equitable and where a claimant has presented a question of law or fact under which the state, were it a private person, could be liable. The Health Center is not legally obligated to satisfy judgments resulting from damages ordered as a result of such suits. In addition, the state has statutorily granted immunity to and obligated itself to protect and save harmless state officers, employees and students enrolled at the Health Center who are engaged in a supervised program of clinical practice for credit, which is part of the curriculum of the Health Center, unless such person acted in a wanton, reckless or malicious manner in the discharge of their duties or function.

Insurance. The Health Center operates a statutorily created insurance fund designated the "Medical Malpractice Trust Fund" (the "Fund"). The Fund is a separate trust fund of the Finance Corporation. The Fund is required by state law to be established and operated by the Finance Corporation and to be held by the State Treasurer. The Fund is charged with all payments required to satisfy claims against the Health Center arising from the delivery of health care services. Since the Fund was established in 1987, the Health Center has not maintained private professional liability insurance. The Fund has paid all claims against the Health Center and the state for professional liability since 1987. The Hospital Group has implemented quality assurance, risk assessment and peer review processes to mitigate, identify and evaluate risks. On September 8, 2009, AN ACT CONCERNING EXPENDITURES AND REVENUE FOR THE BIENNIUM ENDING JUNE 30, 2011, (Public Act No. 09-3), became Connecticut law. Sec. 74. of this public act states "(Effective from passage) (a) Notwithstanding the provisions of section 10A-256 of the general statutes, the sum of $10,000,000 shall be transferred from the University of Connecticut Health Center Medical Malpractice Trust Fund and credited to the resources of the General Fund for each of the fiscal years ending June 30, 2010, and June 30, 2011". The transfer of these dollars has changed the management of the Fund from an actuarially based funding that maintained the investment balance equal to the actuarially calculated liability to a cash based funding that maintains the investment balance to cover expected current payments for the fiscal year.

Litigation. The Health Center is currently defending several suits in state and federal court. The Assistant Attorney General for the Health Center is of the opinion that none of those suits, individually or collectively, place the assets of the Health Center at a significant risk.

Employment

The Health Center employs approximately 5,300 employees as of January 2010. Health Center employees are state employees. See "Pension and Retirement Systems" in Part III of this Official Statement for information pertaining to the employees of the Health Center. The terms and conditions of employment of approximately 3,900 employees as of January 2010 are governed by collective bargaining agreements with seven bargaining units. The state bargains with all bargaining units representing Health Center employees except the University Health Professions (the "UHP") which negotiates directly with the Health Center. The UHP, covering 2,403 employees, has a settled contract that expires on June 30, 2012. The remaining seven unions covering 1,492 employees bargain directly with the state and have settled contracts that expire on June 30, 2012. Health Center faculty recently voted to unionize but have not negotiated a contract. University exempt (management) and certain temporary and part-time employees are not represented by bargaining units. This includes approximately 888 additional exempt personnel.

HEALTH CENTER FINANCES

Financial Statements of the Health Center

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2005, 2006, 2007, 2008, and 2009.

	2005	2006	2007	2008	2009
OPERATING REVENUES					
Student tuition and fees[1]	$ 8,321,010	$ 9,209,712	$ 10,038,089	$ 10,857,096	$ 11,578,853
Patient services[2]	348,799,319	368,563,662	375,948,065	399,252,009	413,226,263
Federal grants and contracts	70,187,854	66,921,657	67,728,461	61,214,230	60,479,262
Nongovernmental grants and contracts	21,200,597	24,343,306	23,204,664	25,787,409	27,784,536
Contract and other operating revenues	48,196,931	48,450,061	49,572,571	50,418,339	52,017,838
Total operating revenues	496,705,711	517,488,398	526,491,850	547,529,083	565,086,752
OPERATING EXPENSES					
Educational and General					
Instruction	100,192,686	100,072,838	104,108,143	109,503,140	115,260,386
Research	60,469,782	58,519,762	60,855,860	60,274,554	59,329,330
Patient services	363,872,294	385,029,829	398,266,901	445,745,818	471,209,020
Academic support	15,169,210	15,316,392	15,117,594	15,686,832	16,110,423
Student services	-	-	-	-	
Institutional support	42,519,275	54,862,516	63,643,242	62,514,306	59,122,168
Operations and maintenance of plant	18,939,314	20,241,322	22,881,307	23,549,107	27,073,219
Depreciation	20,914,597	25,172,041	27,359,818	28,225,548	29,168,032
Loss on disposal	128,029	189,089	240,695	228,173	280,860
Student aid	616,426	543,726	414,697	417,306	659,089
Total operating expenses	622,281,613	659,947,515	692,888,257	746,144,784	778,212,527
Operating (loss) income	(126,115,902)	(142,459,117)	(166,396,407	(198,615,701)	(213,125,775)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	124,580,676	130,527,835	157,279,599	190,742,826	208,531,369
Gifts	1,507,042	974,337	1,181,589	2,698,560	981,803
Interest income[3]	2,339,388	5,385,122	5,831,577	6,624,727	5,884,533
Interest on capital asset – related debt	(1,626,794)	(2,863,424)	(2,972,544)	(2,767,549)	(2,574,423)
Net nonoperating revenues	126,800,312	134,023,870	161,320,221	197,298,574	212,823,282
Income before other revenues, expenses, gains or losses	684,410	(8,435,247)	(5,076,186)	(1,317,127)	(302,493)
Capital appropriations	16,890,000	14,920,425	22,961,941	(165,790)	40,275,800
Total other revenues	16,890,000	14,920,425	22,961,941	(165,790)	40,275,800
Increase in net assets	17,574,410	6,485,178	17,885,755	(1,482,917)	39,973,307
NET ASSETS					
Net assets-beginning of year	230,569,010	248,143,420	254,628,598	272,514,353	271,031,436
Net assets-end of year	$248,143,420	$254,628,598	$272,514,353	$271,031,436	$311,004,743

[1] Net of scholarship allowances of $2,750,102, $3,322,672, $4,004,087, $3,779,696, and $4,134,654 respectively.
[2] Net of charity care of $1,278,242, $393,055, $64,496, $967,138, and $840,699 respectively.
[3] Net of investment expense of $63,996, $65,196, $625,855, $79,941 and $83,615 respectively for the primary institution.

Note: Although governed by a single Board of Trustees with one Chief Executive Officer, the University and the Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees has created a board of directors for the governance of the Health Center, and has determined such duties and authority as it deems necessary and appropriate to delegate to said board of directors. Please see Budget and Budgeting Procedure of the Health Center – Fiscal Year 2009 in this Appendix A.

Budget and Budgeting Procedure of the Health Center

The Health Center submits separate biennial operating and capital budgets to the Governor and General Assembly through the Board of Governors for Higher Education. The operating budget request sets forth a proposed expenditures plan for the amount necessary to meet cost increases while providing a constant level of service. The budget may also include funds for expansion of Health Center programs. The operating budget includes various revenue sources including patient services, federal and private grant funding and state appropriations.

The Health Center's Board of Directors approves annually the Unrestricted Operating Budgets for the Health Center which then must be approved by the University's Board of Trustees. The Governor may reduce state agency allotments by not more than five percent unless approved by the Appropriations Committee of the General Assembly. Allotment reductions shall be applied by the Board of Governors for Higher Education among the appropriations to the boards of trustees of the constituent units. The Board of Governors for Higher Education shall apply such reductions after consultation with the Secretary of the Office of Policy and Management and the State Higher Education constituent unit boards of trustees. Any reductions of more than five percent of the appropriations of any constituent units shall be submitted to the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such reduction.

During each fiscal year, the Board of Trustees must submit to the General Assembly, through the Department of Higher Education and the Office of Policy and Management, a report of the actual expenditures of the Health Center containing such relevant information as the Board of Governors for Higher Education may require. Currently, the Health Center submits a quarterly report detailing the year-to-date annual budgeted and actual revenues and expenditures (including the state appropriation). Unlike the University, the Health Center has not combined its General and Operating Funds and maintains the two funds individually.

The Health Center is required to submit its biennial budget request on forms prescribed by the Office of Policy and Management (Governor's fiscal office) and the Department of Higher Education. The budget request reflects the use of Department of Higher Education formulas for calculation of instruction, library and physical plant current services.

The General Assembly appropriates and allocates funds directly to the Health Center. The Health Center's Capital Budget request process is combined with the University as part of UCONN 2000 Phase III for fiscal years 2005-2016. Rather than annual requests, the University is required to provide a semAnnual update as to the progress of capital projects approved as part of UCONN 2000.

Fiscal Year 2009. The Health Center ended fiscal year 2009 with a loss of $302,493 before capital appropriations. This deficit was the result of operating losses of the clinical operations, John Dempsey Hospital and UConn Medical Group. The deficit was partially funded by a $22.2 million deficit appropriation from the state.

Fiscal Year 2010 Spending Plan. The fiscal year 2010 spending plan was presented to and approved by the Board of Trustees on November 5, 2009. The proposed spending plan includes total revenue of $604.0 million, state appropriations and in-kind fringe benefits of $176.7 million and total expenditures of $780.6 million resulting in a net loss of about $15,000.

Fiscal Year 2010 Revenue. For fiscal year 2010, Net Patient Revenues are budgeted at a level of $331.2 million, an increase of $17.4 million or 5.5% over the fiscal year 2009 amount. Net Patient Revenues are the largest source of revenue for the Health Center. State support is the second largest source of revenue for the Health Center. State support of $176.7 million (appropriation/allotments $117.7 million; fringe benefits $59.0 million) increased $29.4 million or 20.0% over the fiscal year 2009 amount before the deficit appropriation of $22.2 million was approved for fiscal year 2009. Research, both federal and non-federal research grants and contracts, represents the next largest revenue stream with $88.8 million. This represents an increase of approximately $1.4 million from the prior year. The Health Center was also budgeted to receive $100.1 million in exchange for its services rendered to the Department of Corrections. This amount is $0.7 million or 0.7% greater than in fiscal year 2009. Tuition and fee revenue collections in the amount of $17.6 million represent 2.9% of total revenue streams.

Fiscal Year 2010 Expenditures/Transfers. Estimated fiscal year 2010 expenditures and transfers of $780.6 million are budgeted to increase by $38.8 million or 5.2% over the fiscal year 2009 amount, not including fringe benefit expense associated with Correctional Managed Health Care program that is covered by the state. Personal services expenditures are expected to reach $373.5 million or $21.8 million more than fiscal year 2009. Fringe benefit expenditures are expected to be $116.6 million or $9.5 million more than fiscal year 2009.

As of February 28, 2010, the Health Center is forecasting a $1.9 million surplus at year end.

In addition to actual results of operations for fiscal years 2007-2009, the following schedule reflects the fiscal year 2010 spending plan as approved by the Board of Trustees on November 5, 2009 and the forecast.

University of Connecticut Health Center
Statement of Operations (in millions)

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Forecast (As of 2/28/10)
Revenues:					
Tuitions	$4.9	$5.7	$6.0	$11.4	$10.6
Fees	5.1	5.2	5.6	6.2	6.1
Federal Research Grants and Contracts	66.8	70.4	67.6	68.7	65.6
Non-Federal Research Grants and Contracts	22.8	16.0	19.8	20.1	20.1
Auxiliary Enterprises	15.4	12.0	13.2	14.6	13.1
Interns and Residents	31.0	34.3	35.1	43.7	43.6
Net Patient Care	284.6	298.8	313.8	331.2	329.3
Correctional Managed Health Care	94.1	102.2	99.4	100.1	95.1
Endowment/Foundation Income	3.4	3.8	4.1	4.3	3.2
Investment Income	2.3	2.9	1.1	1.0	0.3
Other Income	3.1	5.5	4.7	2.7	5.0
Total Revenues	**$533.5**	**$556.8**	**$572.0**	**$604.0**	**$592.0**
Expenses:					
Personal Services	$323.2	$348.5	$351.7	$373.5	$359.4
State Supported Fringe Benefits	27.3	37.5	40.4	45.5	44.0
Fringe Benefits	66.1	64.8	66.7	71.1	68.8
Medical Contractual Support	8.5	15.7	15.6	16.3	15.2
Medical/Dental House Staff	32.6	34.3	36.5	39.5	55.2
Outside Agency Per Diems	2.3	1.9	1.6	1.1	2.0
Drugs	32.0	35.6	34.9	35.3	31.0
Medical Supplies	38.7	40.6	46.5	48.3	49.5
Utilities	16.2	16.3	15.9	16.7	13.6
Outside & Other Purchased Services	49.6	53.6	55.8	57.8	56.8
Insurance	3.9	5.5	11.4	7.2	6.5
Repairs & Maintenance	11.7	9.2	10.7	11.9	10.0
Other Expenses	27.0	24.1	24.6	23.6	22.8
Depreciation	27.8	28.4	29.5	32.8	30.6
Total Expenses	**$666.9**	**$716.0**	**$741.8**	**$780.6**	**$765.4**
Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations	**($133.4)**	**($159.2)**	**($169.8)**	**($176.6)**	**($173.4)**
State Appropriation-Block Grant	100.7	96.8	106.0	117.7	117.7
Deficiency Appropriation		21.9	22.2		
State Supported Fringe Benefits & Other Adjustments	27.6	39.2	41.3	59.0	57.6
Excess/(Deficiency)	**($5.1)**	**($1.3)**	**($0.3)**	**$0.1**	**$1.9**

Fiscal Year 2011 Budget. Preliminary fiscal year 2011 budget was presented in the biennial budget report sent to the state on September 10, 2008. The budget will be updated and presented to the Board of Trustees for approval in June 2010.

State Support of the Health Center – Appropriations

The State of Connecticut develops a biennial budget which contains the Health Center's budget. However, the appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The Health Center's state appropriations for the fiscal years ending June 30, 2010 and June 30, 2011 are $117.7 million and $119.3 million respectively.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $88.3 million in fiscal year 2009, representing 15.6% of total operating revenues reported by the Health Center in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009, included in this Appendix A.

Governmental Grants and Contracts
for Fiscal Years 2005 - 2009
(in Millions of Dollars)

Fiscal Year	Amount
2005	$91.4
2006	$91.2
2007	$90.9
2008	$87.0
2009	$88.3

Health Center Long Term Liabilities

Summarized information on the Health Center long-term liabilities is presented in the breakout of long term debt presented below. Proceeds of State General Obligation Bonds allocated to the Health Center were used to fund capital additions such as buildings, a parking garage and a Magnetic Resonance Imaging (MRI) machine.

The Health Center is self-insured with respect to medical malpractice risks. The estimated malpractice reserve was $25,225,000 at June 30, 2009, of which it was estimated that $6,910,000 could be used in fiscal 2010 in settling cases.

The scope of the Health Center's assessment for establishing reserves for malpractice costs encompasses physicians, dentists and all other University of Connecticut Health Center health care providers and support staff. The Health Center has established a trust fund for the payment of medical malpractice claim settlements. The trust is funded based on actuarially determined amounts.

The Health Center also maintains certain accrued compensated absences, to the extent that they are not expected to be utilized in the current year, as long term liabilities. These amounts have been accrued as payables and will offset future payroll expenses as they are utilized.

The following schedules present the Health Center's composition and current year activity related to long term debt and a breakout of debt service payments to be made in each of the Health Center's upcoming fiscal years related to debt outstanding as of June 30, 2009.

Long-term liability composition and activity for the years ended June 30, 2008 and 2009 was as follows:

Long-Term Liability
for Years Ended June 30, 2008 and 2009

	June 30, 2008 Balance	Additions	Reductions	June 30, 2009 Balance	Amounts Due Within 1 Year
Long-Term Debt					
Bonds Payable John Dempsey Hospital	$ 19,183		$ 19,183		
Bonds Payable Primary Institution	46,794		46,794		
Loans payable John Dempsey Hospital	3,736,783		830,396	$ 2,906,387	$ 830,396
Lease Agreements John Dempsey Hospital	6,679,361		2,377,883	4,301,478	1,983,114
Mortgage Agreements Primary Institution	31,725,924		1,013,497	30,712,427	1,082,535
Total Long-Term Debt	42,208,045		4,287,753	37,920,292	3,896,045
Malpractice Reserve	21,290,000	$ 8,789,693	4,854,693	25,225,000	6,910,000
Compensated Absences	35,898,744	24,172,425	22,318,297	37,752,872	17,743,850
Total Long-Term Liabilities	$99,396,789	$32,962,118	$31,460,743	$100,898,164	$28,549,895

The University of Connecticut Health Center
Total Debt Service by Fiscal Year

Fiscal Year Ending June 30th	Principal[1]	Interest	Total Long Term Debt
2009	$ 4,287,754	$ 2,591,337	$ 6,879,091
2010	3,896,046	2,379,300	6,275,346
2011	13,523,336	1,834,979	15,358,316
2012	2,332,923	1,204,168	3,537,091
2013	1,832,828	1,082,433	2,915,261
2014	1,007,480	1,006,708	2,014,187
2015	1,073,243	940,944	2,014,187
2016	1,143,299	870,888	2,014,187
2017	1,217,928	796,259	2,014,187
2018	1,297,429	716,759	2,014,188
2019	1,382,118	632,069	2,014,187
2020	1,472,336	541,851	2,014,187
2021	1,568,443	445,744	2,014,187
2022	1,670,824	343,364	2,014,188
2023	1,779,887	234,301	2,014,188
2024	1,896,069	118,118	2,014,187
2025	826,105	13,140	839,245
Totals	$42,208,048	$15,752,362	$57,960,410

[1]Totals may not sum due to rounding

SCHEDULE 1

UNIVERSITY OF CONNECTICUT JUNE 30, 2009
AUDITED FINANCIAL STATEMENTS

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University of Connecticut

Financial Report
For the Year Ended June 30, 2009

Message from the Vice President and Chief Financial Officer

Founded in 1881, the University of Connecticut (University) serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service and outreach. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

This financial report for the fiscal year ended June 30, 2009 represents the transactions and balances of the University, here defined as all programs except the Health Center. This includes Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law and the School of Social Work. The University's enrollment in fiscal year 2009 was 28,880 students, taught by 1,324 full-time faculty members and an additional 705 part-time faculty and adjuncts. In total, the University employs 4,631 full and part-time faculty and staff. The University has shifted its focus accordingly from managing growth to growing quality. Two other entities also support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and the University of Connecticut Law School Foundation, Inc. (Law School Foundation).

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is responsible for the budgetary allocation of its State appropriation, check-writing authority, human resource control, purchasing authority, and, with the advent of UCONN 2000 in 1995, management of capital projects.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans, operating and capital budgets, approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight of all University financial reporting and processes, and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors. An important component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the University. They are responsible for auditing its financial operations and their opinion appears in this report.

The fiscal operations of the University are not an end in themselves—rather, the maintenance of fiscal health and stability serves the ultimate goal of enabling the University to achieve its academic, research, service and outreach mission. The growth and diversification of the University's funding streams, combined with the physical transformation through UCONN 2000, have led the University to record enrollments, research success and ever-growing contributions to the economic well-being of the State of Connecticut.

The financial condition of the University is closely tied to the state's economic condition. There are significant financial and economic challenges facing the state and the nation. Since June 30, 2009, the University experienced an approximate reduction of $3.2 million in state support for the fiscal year 2010 and the University will continue to face a very difficult financial climate. The University has been managing funding reductions and limited refill of employee vacancies without impeding student progress or the quality of the education delivered. The University's Costs, Operations & Revenue Efficiencies Task Force will continue to identify new cost-savings, efficiencies, and revenue enhancements by studying a broad range of the University's operations and processes. In all of this, the University is committed to continue its high standard of service to its students and the citizens of the state.

Among its many accomplishments, for the tenth consecutive year, the University was named the top public university in New England in the annual *U.S. News and World Report* rankings. In fiscal year 2009, the University was ranked 26th among 164 public universities in the nation.

- Undergraduate enrollment is at an all-time high, while the quality and diversity of students choosing the University has shown a documented rise every year since the mid-1990's. Compared to fall of 1995, fall 2008 freshman enrollment at the main campus was up 78%, minority freshman enrollment was up 131% and, since 1996, average SAT scores were up 87 points. Thirty-nine percent of these students ranked in the top 10% of their high school class. In fiscal year 2009, the University added 30 full-time faculty members to address the increased instructional demand.
- The University's freshman-to-sophomore retention rate at the main campus is 92% and is substantially higher than the 80% average for 424 colleges and universities in the national Consortium for Student Retention Data Exchange. The 6-year graduation rate is 76% and the average time to graduate is 4.3 years among students completing Bachelor's within six years.
- Approximately 6,860 degrees were conferred in the 2008-09 school year for the completion of undergraduate, graduate and professional programs at the Storrs and regional campuses.
- Research awards for the Storrs-based program grew from $55.9 million in fiscal year 1996 to $120 million in fiscal year 2009.
- UConn, including both the Health Center and Storrs-based programs, ranked 80/679 among all institutions and 55/393 among public universities nationwide in research and development expenditures, as measured by the National Science Foundation.
- The Foundation's endowment, including both the Health Center and Storrs-based programs, which stood at $43 million at the start of 1995, is now valued at $247 million. Total Foundation net assets reached $322 million. The University received $28.8 million in disbursements in support of scholarships, faculty, programs and facilities from the Foundation in 2009.
- By 2009, the UCONN 2000 program had led to the completion of 100 major projects and 9.7 million square feet of new and renovated space.
- The Board of Trustees approved an Academic Plan that will set the future direction and priorities for the entire University. The Plan builds on the themes of health and human behavior, the environment, and arts, culture and society from a local to global perspective.

Respectfully Submitted,

Paul R McDowell

Richard D. Gray
Vice President and Chief Financial Officer
University of Connecticut

Paul R. McDowell
Chief Financial Officer
Storrs-based Programs

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

KEVIN P. JOHNSTON

210 CAPITOL AVENUE

ROBERT G. JAEKLE

HARTFORD, CONNECTICUT 06106-1559

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
University of Connecticut

We have audited the accompanying statements of net assets of the University of Connecticut (University) as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and statements of cash flows for the years then ended. The University is a component unit of the University of Connecticut system, which includes the University of Connecticut, the University of Connecticut Health Center and the University of Connecticut Foundation, Inc. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Connecticut Law School Foundation, Inc., a discretely presented component unit, which represented .63 and .51 percent of the assets of the University as of June 30, 2009 and 2008, respectively. The University of Connecticut Law School Foundation, Inc. experienced negative revenues that effected a .12 percent reduction in total revenues and other additions for the year ended June 30, 2009; it represented .03 percent of the combined revenues and other additions for the year ended June 30, 2008. 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 University of Connecticut Law School Foundation, Inc., is based solely on the reports of the other auditors. The audits of the University of Connecticut Law School Foundation, Inc. were conducted in accordance with auditing standards generally accepted in the United States of America.

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

In our opinion, based upon our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University, as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 through 14 is not a required part of the basic financial statements of the University, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

Kevin P. Johnston

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

February 9, 2010
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. The MD&A, which is unaudited, includes an analysis of the financial position and results of activities of the University of Connecticut (University, as defined below) for the fiscal year ended June 30, 2009, based on currently known facts, decisions, or conditions. It also includes selected comparative information for the years ended June 30, 2008 and 2007. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

Founded in 1881, the University of Connecticut serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service and outreach. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and the Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

This financial report for the fiscal year ended June 30, 2009 represents the transactions and balances of the University, here defined as all programs except the Health Center. This includes Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law and the School of Social Work.

During the year ended June 30, 2004, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which amends GASB Statement No. 14, *The Financial Reporting Entity*. As a result, The University of Connecticut Law School Foundation, Inc. (Law School Foundation) is included as a component unit with the University (see Note 1). A related, but independent, corporate entity, The University of Connecticut Foundation, Inc. (Foundation), operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the University and the Health Center (see Note 12). The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and the Health Center which are separately audited, producing their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or the Health Center would distort its actual contribution or economic benefit to that entity, and therefore the Foundation is not included as a component unit in the accompanying financial statements.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its state appropriation, check-writing authority, human resource control, purchasing authority and, with the advent of UCONN 2000 in 1995, management of capital projects.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing external review. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University's Board of Trustees. The Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the University. They are responsible for auditing its financial operations and their opinion appears on Page 1.

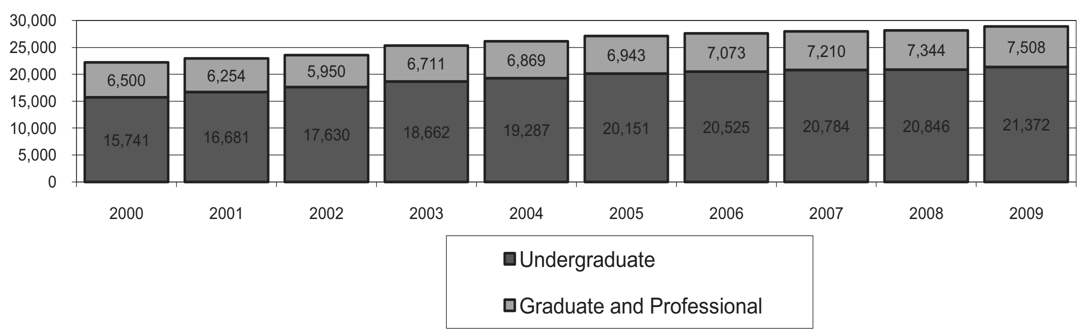
FINANCIAL HIGHLIGHTS AND ECONOMIC OUTLOOK

The University submits separate biennial operating and capital budgets to the Governor and General Assembly through the Board of Governors for Higher Education. The General Assembly appropriates and allocates funds directly to the University. In general, the Governor may reduce state agency allotments by not more than 5%, although in recent years the General Assembly has afforded the Governor certain specified additional reduction authority.

The financial statements contained herein show an operating loss of $406.4 million for the year ending June 30, 2009 (fiscal year 2009) as compared to $402.3 million for the year ending June 30, 2008 (fiscal year 2008), and $362.9 million for the year ending June 30, 2007 (fiscal year 2007). The increase in operating loss in fiscal year 2009 from fiscal year 2008 was due to an increase in total operating expenses of 5.6%, primarily caused by a 4.7% increase in salaries as a result of a 1.7% increase in full-time equivalent staff and negotiated raises. The increase in operating loss in fiscal year 2008 from fiscal year 2007 was due to an increase in total operating expenses of 8.7%, primarily caused by a 9.9% increase in salaries as a result of a 2.0% increase in full-time equivalent staff and negotiated raises. For public institutions, the measure more indicative of normal and recurring activities is income or loss before other changes in net assets, which includes revenue from state appropriations. The University experienced a loss before other changes in net assets of $67.9 million in fiscal year 2009 as compared to $53.6 million and $32.4 million for fiscal years 2008 and 2007, respectively. Total operating revenues grew $45.0 million in fiscal year 2009 and $31.6 million in fiscal year 2008. At the same time, operating expenses increased $49.1 million in fiscal year 2009 as compared to an increase in fiscal year 2008 of $71.0 million over fiscal year 2007. Investment income decreased $6.1 million in fiscal year 2009 and $1.9 million in fiscal year 2008 after three years of increases, including an increase of $2.7 million in fiscal year 2007.

Sources of recurring revenues continued to exhibit strength, with increases in operating revenues the past three fiscal years. The University's total enrollment in fiscal year 2003 topped 25,000 students and grew to 28,880 students in fiscal year 2009. These students are taught by 1,324 full-time faculty members (an increase of 30 faculty over the prior year) and an additional 705 part-time faculty and adjuncts. Undergraduate enrollment at the University reached 21,372 students in fiscal year 2009, 2.5% more than fiscal year 2008 (.3% more students in fiscal year 2008 over 2007). At the same time, an in-state tuition and mandatory fee increase of 5.49% and an out-of-state increase of 5.5% were approved for fiscal year 2009. Graduate and professional enrollment increased by 2.2% with an in-state tuition and mandatory fee increase of 5.39% and an out-of-state increase of 5.44%. The increased enrollment of all students, when combined with the tuition and mandatory fee increases, resulted in an increase in tuition and fee revenue, before scholarship allowances, of $24.5 million (9.0%) as compared to a $20.2 million (8.0%) increase in fiscal year 2008. Sales and services of auxiliary enterprises, before scholarship allowances, increased $16.5 million (12.0%), primarily as a result of an overall increase in room and board fees of 7.39% for undergraduate students and graduate students and an increase in room occupancy of 5.9% over fiscal year 2008. In fiscal year 2008, sales and services of auxiliary enterprises, before scholarship allowances, increased $6.0 million (4.7%), primarily as a result of an overall increase in room and board fees of 7.1% for undergraduate students and graduate students, offset by a decrease in room occupancy of 3.4%. Grant and contract revenues increased $11.3 million (9.3%) in fiscal year 2009 as compared to $9.2 million (8.2%) in fiscal year 2008 over 2007.

HEADCOUNT ENROLLMENT IN FALL OF EACH FISCAL YEAR
TEN YEAR COMPARISON



The 21st Century UConn program, also known as Phase III of UCONN 2000, began in fiscal year 2005. It represents a $1.3 billion, 10-year extension of the original UCONN 2000 program (see Note 5), and provides $1.0 billion for facilities improvements at Storrs, the regional campuses, the School of Law and the School of Social Work, and $305.4 million for improvements at the Health Center. The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year, without any change in the total amount. This commitment from the state provides long-term funds for capital enhancement and preservation and will allow the University to provide quality facilities commensurate with the enrollment growth experienced in recent years.

The financial condition of the University is closely tied to the state's economy. There are significant financial and economic challenges facing the state and the nation. In fiscal year 2009, the University experienced an approximate $15.7 million decrease in state support due to an appropriation rescission and an associated reduction in fringe benefit support. These funds have not been restored to the University's appropriation in fiscal year 2010 and an additional $3 million was taken by the state from unrestricted funds in November, 2009. The University will continue to face a very difficult financial climate as further reductions are possible. A Costs, Operations, and Revenue Efficiencies (CORE) Task Force was convened in November, 2008 to address this severe economic downturn. Approximately $5 to $7 million in savings or new revenues were identified by this task force through fiscal year 2010. Although future reductions in state funding are possible, the University is committed to continue its high standard of service to its students and the citizens of the state.

FINANCIAL STATEMENTS

Effective July 1, 2001, the University adopted GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. GASB Statement No. 35 establishes standards for financial reporting for public colleges and universities. The University's financial report includes three basic financial statements: Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and Statements of Cash Flows. In addition, the following elements are included with these general-purpose financial statements: Management's Discussion and Analysis and Notes to the Financial Statements. GASB No. 35 focuses on the University as a whole rather than on accountability by individual fund groups and provides accounting and financial reporting guidelines, enhancing the usefulness and comprehension of financial reports by external users. The adoption of these standards resulted in the conversion from fund accounting statements to statements presented in a single-column format.

The financial statements reflect budget execution results consistent with operating budgets and spending plans approved by the University's Board of Trustees. The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format.

STATEMENTS OF NET ASSETS

The Statements of Net Assets present the assets, liabilities, and net assets of the University as of the end of the fiscal year, June 30. The Statements of Net Assets are a point in time financial statement – a snapshot – and a measure of the financial condition of the University. These statements present end-of-year data concerning assets, classified as current (those available for use within one year) and noncurrent (those available beyond one year), liabilities, categorized as current (those maturing and due within one year) and noncurrent (those maturing and due after one year), and net assets that represent the difference between total assets and total liabilities. Assets represent what is owned by or what is owed to the University, including payments made to others before a service was received. Assets are recorded at their current value, except for property and equipment that are recorded net of accumulated depreciation. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the University.

Readers of the Statements of Net Assets are able to determine the assets available to continue the operations of the University. The net asset value of the University is the residual interest or equity in the University's assets after liabilities are deducted. Over time, an increase in net assets is an indicator of the University's improving financial strength.

The following table shows condensed Statements of Net Assets at June 30 (in millions):

	2009	2008	2007
Current assets	$ 532.9	$ 421.2	$ 453.4
Noncurrent assets			
State debt service commitment	780.2	700.1	763.4
Investments	9.5	12.3	14.9
Property and equipment, net	1,411.8	1,459.1	1,487.1
Other	19.5	18.9	20.3
Total assets	$2,753.9	$2,611.6	$2,739.1
Current liabilities	$ 274.6	$ 250.7	$ 259.9
Noncurrent liabilities			
Long-term debt and bonds payable	1,039.0	962.7	1,040.3
Other	21.8	20.2	21.3
Total liabilities	$1,335.4	$1,233.6	$1,321.5
Invested in capital assets, net	$1,142.7	$1,186.9	$1,200.1
Restricted	128.6	55.3	95.7
Unrestricted	147.2	135.8	121.8
Total net assets	$1,418.5	$1,378.0	$1,417.6

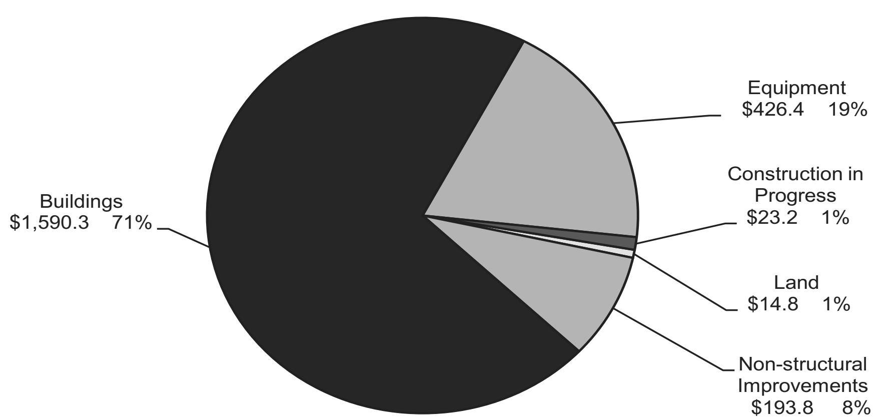
The total assets increased $142.3 million in fiscal year 2009 over 2008 and decreased $127.5 million in fiscal year 2008 over 2007. The increase in fiscal year 2009 was primarily due to a $22.4 million ($22.8 million in fiscal year 2008) increase in cash and cash equivalents and a $2.8 million decrease in due from State of Connecticut ($10.0 million increase in fiscal year 2008), a $94.6 million increase in deposit with bond trustee ($64.2 million decrease in fiscal year 2008), a $82.0 million increase in the state debt service commitment ($59.3 million decrease in fiscal year 2008), a $2.4 million decrease in accounts receivable ($9.3 million decrease in fiscal year 2008) and a net decrease of $47.3 million to property and equipment ($28.0 million decrease in fiscal year 2008).

The total liabilities for fiscal year 2009 increased $101.9 million ($87.9 million decrease in fiscal year 2008) primarily due to newly acquired debt through the sale of general obligation bonds (fiscal year 2009 only) and other new debt, totaling $151.6 million ($1.1 million in fiscal year 2008) offset by the retirement of debt on existing bonds and loans of $73.1 million ($75.6 million in fiscal year 2008) and an increase in due to affiliate of $21.6 million in fiscal year 2009 ($13.8 million decrease in fiscal year 2008). The combination of the increase in total assets of $142.3 million ($127.5 million decrease for fiscal year 2008) and total liabilities of $101.9 million ($87.9 million decrease for fiscal year 2008) yields an increase in total net assets of $40.4 million ($39.6 million decrease in fiscal year 2008).

Capital and Debt Activities

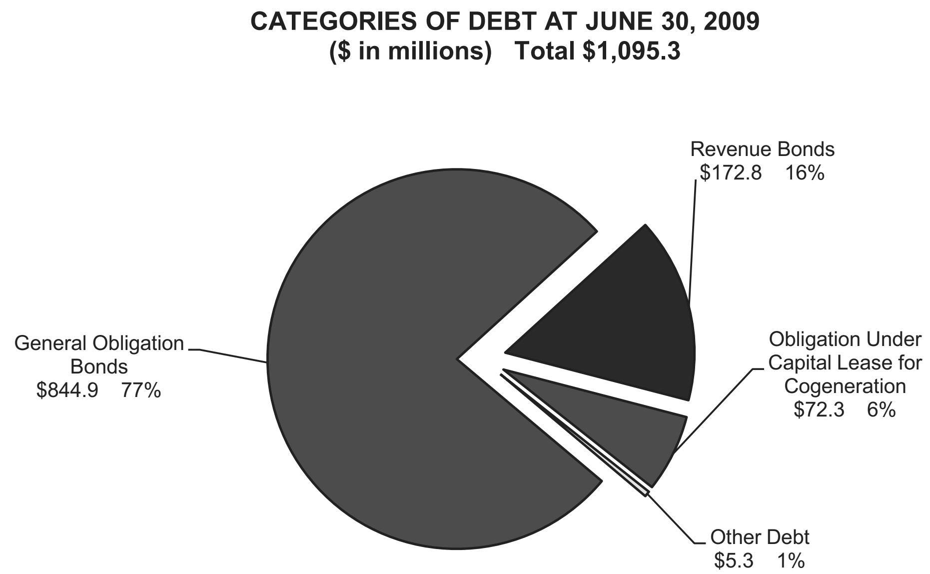
During fiscal year 2009, the University recorded additions to property and equipment totaling $43.1 million ($73.1 million and $53.9 million in fiscal years 2008 and 2007, respectively) of which $18.9 million related to buildings and construction in progress ($28.7 million and $27.2 million in fiscal years 2008 and 2007, respectively). The growth of the University's property and equipment is a direct result of the successful UCONN 2000 program. The third phase of the program, also known as 21st Century UConn, expands and builds on the success of UCONN 2000 with an additional $1.3 billion for improvements to facilities at the University and the Health Center (see Note 5). The following pie chart presents the total property and equipment at cost:

TOTAL PROPERTY AND EQUIPMENT AT COST AT JUNE 30, 2009
($ in Millions) Total $2,248.5



In fiscal year 2009, the University issued UCONN 2000 general obligation bonds with a face value of $144.9 million of which $39.9 million was committed to the Health Center for its UCONN 2000 projects (see Note 5). No general obligation bonds were issued in fiscal year 2008. The state has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt, inclusive of 21st Century UConn. As the general obligation debt is incurred, the commitment from the state is recorded as a current and noncurrent receivable (state debt service commitment in the accompanying Statements of Net Assets). When bonds are issued, the amount of the commitment for the Health Center is reflected as a liability by the University. During fiscal year 2008, the University paid off the remaining balances on two loans, the Towers Loan financed by the U.S. Department of Education and the Financial Accelerator Loan.

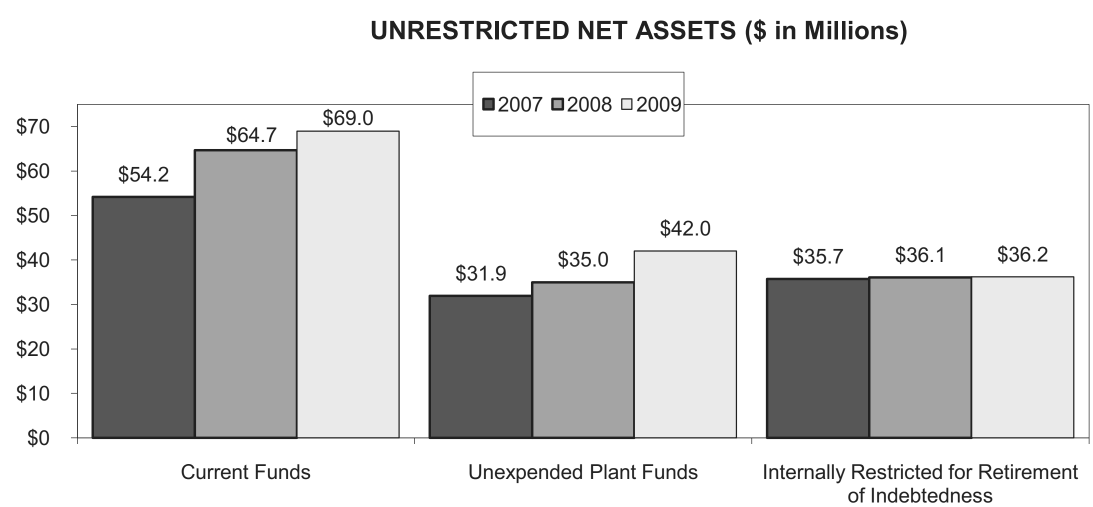
The chart on the next page illustrates the categories of debt as of June 30, 2009, exclusive of premiums, discounts and debt differences due to refunding:



See Notes 4 and 5 of the financial statements for further information on capital and debt activities.

Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the University's equity in property and equipment. The restricted net assets category is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes, and in the University's Statements of Net Assets this amount represents endowment assets. Expendable restricted net assets are available for expenditure by the institution, but must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are defined by GASB to include funds not restricted by third-parties, including all unrestricted funds formerly (prior to fiscal year 2002) included in the balances of unrestricted current funds, retirement of indebtedness funds, and plant funds on the Statement of Net Assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. GASB prohibits a breakout of designated unrestricted funds on the face of the Statements of Net Assets. Unrestricted net assets are available to the University for any lawful purpose of the institution. The following shows a comparison between fiscal years by category of unrestricted net assets:



Substantially all unrestricted net assets are internally designated for academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.

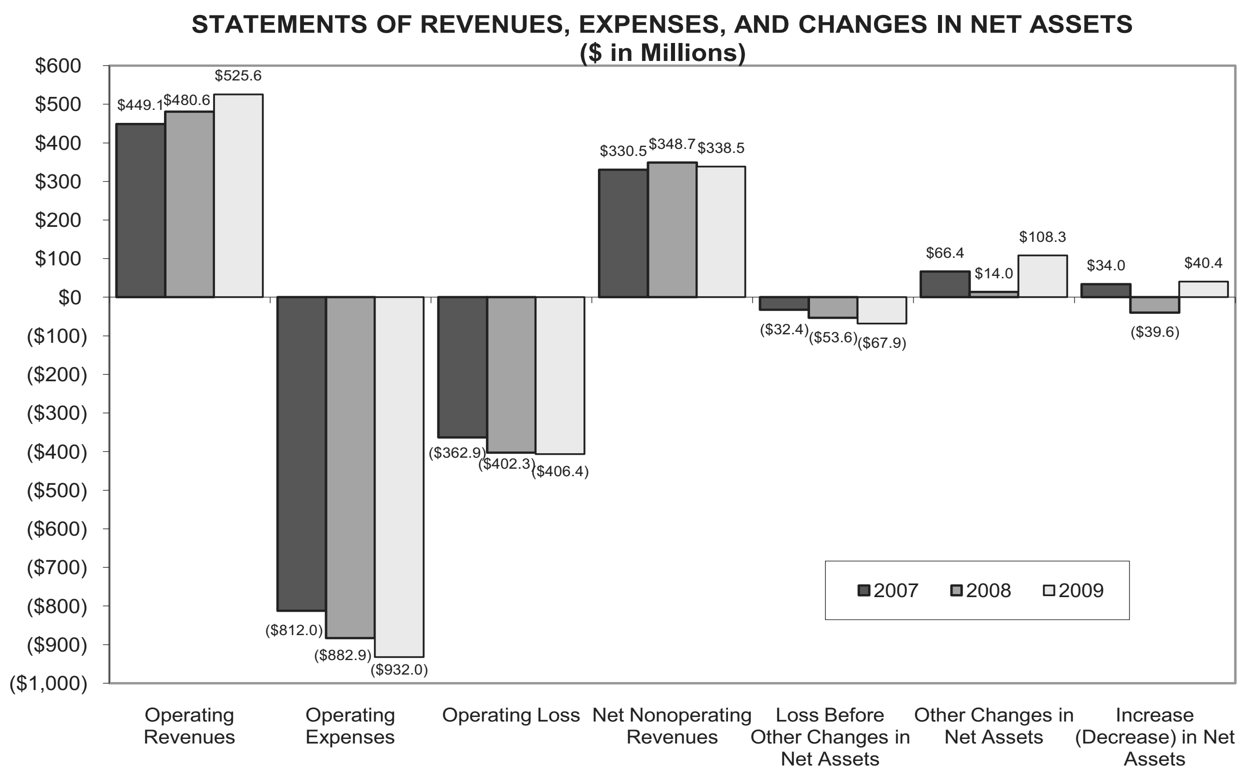
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Revenues and expenses are classified as operating, nonoperating, or other changes in net assets according to definitions prescribed by GASB. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include state appropriations for general operations, state debt service commitment for interest, noncapital gifts, and short-term investment income. By its very nature, a state funded institution does not receive tuition, fees, and room and board revenue sufficient to support the operations of the University. Therefore, these nonoperating revenues are essential to the programs and services provided by the University. Unless a significant increase in tuition and fees and room and board revenues occurs, the University will always show a loss from operations.

The following table shows condensed Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30 (in millions):

	2009	2008	2007
Operating revenues	$ 525.6	$ 480.6	$ 449.1
Operating expenses	932.0	882.9	812.0
Operating loss	(406.4)	(402.3)	(362.9)
Net nonoperating revenues	338.5	348.7	330.5
Loss before other changes in net assets	(67.9)	(53.6)	(32.4)
Net other changes in net assets	108.3	14.0	66.4
Increase (Decrease) in net assets	$ 40.4	$ (39.6)	$ 34.0

While the Statements of Net Assets present the financial condition at a point in time, the Statements of Revenues, Expenses, and Changes in Net Assets represent the activity for a period of time – one year. These statements present either an increase or decrease to net assets based on the revenues received by the University, both operating and nonoperating, the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University.



Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operation of the University and represent those expenses paid to acquire or produce the goods and services provided in return for the operating revenues. Operating expenses also include the provision for estimated depreciation of property and equipment. The difference between operating revenues and operating expenses is the operating income or loss. As a state funded agency, the University is expected to experience an operating loss each year.

Nonoperating revenues are revenues received for which goods and services are not provided, including state appropriations and state debt service commitment for interest. Such revenues are provided by the state to the University without the state directly receiving commensurate goods and services in exchange for those revenues. Nonoperating revenues (expenses) also include noncapital gifts, investment income, interest expense, and other expenses not considered in the functional classification of operating expenses.

Other changes in net assets are comprised of the state's debt service commitment for principal payments on general obligation bonds used for capital purposes, capital appropriation, capital grants and gifts, the disposal of property and equipment, additions to permanent endowments, state match on endowments and other changes in net assets. The Statements of Revenues, Expenses, and Changes in Net Assets reflect an increase in the net assets of $40.4 million in fiscal year 2009, a decrease of $39.6 million in fiscal year 2008 and an increase $34.0 million for fiscal year 2007.

Revenues

The following table summarizes operating and nonoperating revenues and other changes in net assets for the fiscal years ended June 30 (in millions):

	2009	2008	2007
Operating revenues:			
Student tuition and fees, net	$ 215.6	$ 199.7	$ 183.5
Grants and contracts	132.6	121.2	112.1
Sales and services of educational departments	17.2	15.3	14.9
Sales and services of auxiliary enterprises, net	149.5	133.5	127.5
Other sources	10.7	10.9	11.1
Total operating revenues	525.6	480.6	449.1
Nonoperating revenues:			
State appropriation	327.8	328.2	305.9
State debt service commitment for interest	37.8	39.5	35.9
Gifts	21.8	24.8	24.4
Investment income	4.3	10.4	12.3
Total nonoperating revenues	391.7	402.9	378.5
Other changes in net assets:			
State debt service commitment for principal	105.0	-	65.2
Capital appropriation	-	8.0	-
Capital grants and gifts	3.8	6.8	3.0
Additions to permanent endowments and state match to endowments	-	.1	.1
Other changes in net assets	-	-	1.6
Total other changes in net assets	108.8	14.9	69.9
Total revenues	$ 1,026.1	$ 898.4	$ 897.5

Revenue highlights, for fiscal years 2009 and 2008 and comparison between fiscal years, including operating and nonoperating revenues and other changes in net assets, presented on the Statements of Revenues, Expenses, and Changes in Net Assets are as follows:

- Student tuition and fees, net of scholarship allowances, increased 8.0% in fiscal year 2009 (8.9% in fiscal year 2008) and 9.0% before scholarship allowances (8.0% in fiscal year 2008). The increase in fiscal year 2009 was due in part to a 2.5% (.3% in fiscal year 2008) increase in undergraduate enrollment at the University and an increase of 5.49% (5.8% in fiscal year 2008) for undergraduate in-state tuition and mandatory fees charged, and 5.5% (5.72% in fiscal year 2008) for out-of-state tuition and mandatory fees.

- Total grants and contracts increased $11.3 million (9.3%) in fiscal year 2009 ($9.2 million or 8.2% in fiscal year 2008) as a result of higher than anticipated financial aid and an increase in federal grants, including funding from the Federal American Recovery and Reinvestment Act.

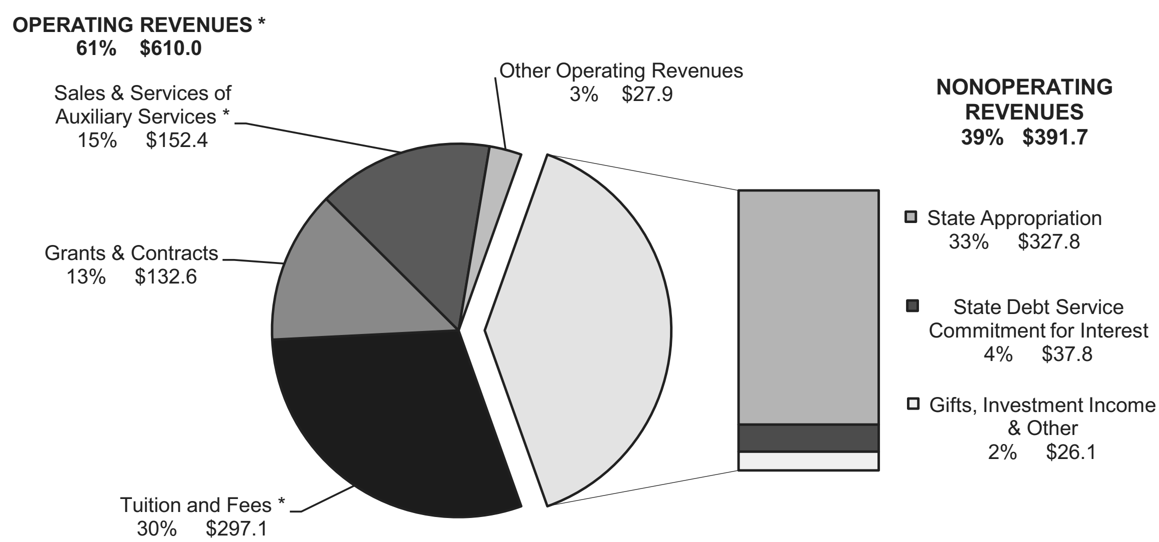
- Sales and services of auxiliary enterprises, net of scholarship allowances, increased approximately 12.0% and 4.7% during fiscal years 2009 and 2008, respectively. The increase in fiscal year 2009 resulted from an increase in fees charged for both room and board of 7.39% for undergraduate students and graduate students and an increase in room occupancy of 5.9% over fiscal year 2008. The increase in fiscal year 2008 resulted primarily from an increase in fees charged for both room and board of 7.1% for undergraduate students and graduate students, offset by a decrease in room occupancy of 3.4% over fiscal year 2007.

- The largest source of revenue, state appropriation including fringe benefits, decreased $.4 million in fiscal year 2009 and increased $22.2 million (7.3%) in fiscal year 2008. The state appropriation is included in the nonoperating section. The state also provides state debt service commitment for the interest payments made annually on general obligation bonds. State debt service commitment for interest revenue is included with nonoperating revenues and corresponds to the total interest paid and accrued on general obligation bonds. Effectively, this revenue offsets a significant portion of interest expense each year. Also, as general obligation bonds are issued (see Note 5) the state commits to the repayment of the future principal amounts and a receivable is recorded on the Statements of Net Assets to reflect this commitment. This results in revenue that is recorded in other changes in net assets that totaled $105.0 million in fiscal year 2009. There were no general obligation bonds issued in fiscal year 2008. In fiscal year 2008, included in other changes in net assets, the state provided a capital appropriation totaling $8 million related to a project at the University's School of Law.

- Gift revenue, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation and Law School Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. Both the Foundation and the Law School Foundation disburse funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These gifts, including capital gifts, received by the University from both Foundations totaled approximately $19.4 million in fiscal year 2009 compared to $21.6 million in fiscal year 2008. On a combined basis, both Foundations also paid approximately $3.7 million in fiscal year 2009 ($4.7 million in fiscal year 2008) to third parties on behalf of the University. This amount is not reflected in the University's financial statements. In addition, the University receives gifts directly from donors. Total nonoperating gifts and capital gifts and grants revenue to the University from all sources amounted to $25.6 million and $31.6 million in fiscal years 2009 and 2008, respectively.

Revenues, excluding other changes in net assets, come from a variety of sources and are illustrated in the following graph:

REVENUES FOR FISCAL YEAR 2009 ($ in Millions)
Total: $1,001.7



* Shown here at gross amounts, not netted for student financial aid totaling $84.4 million.

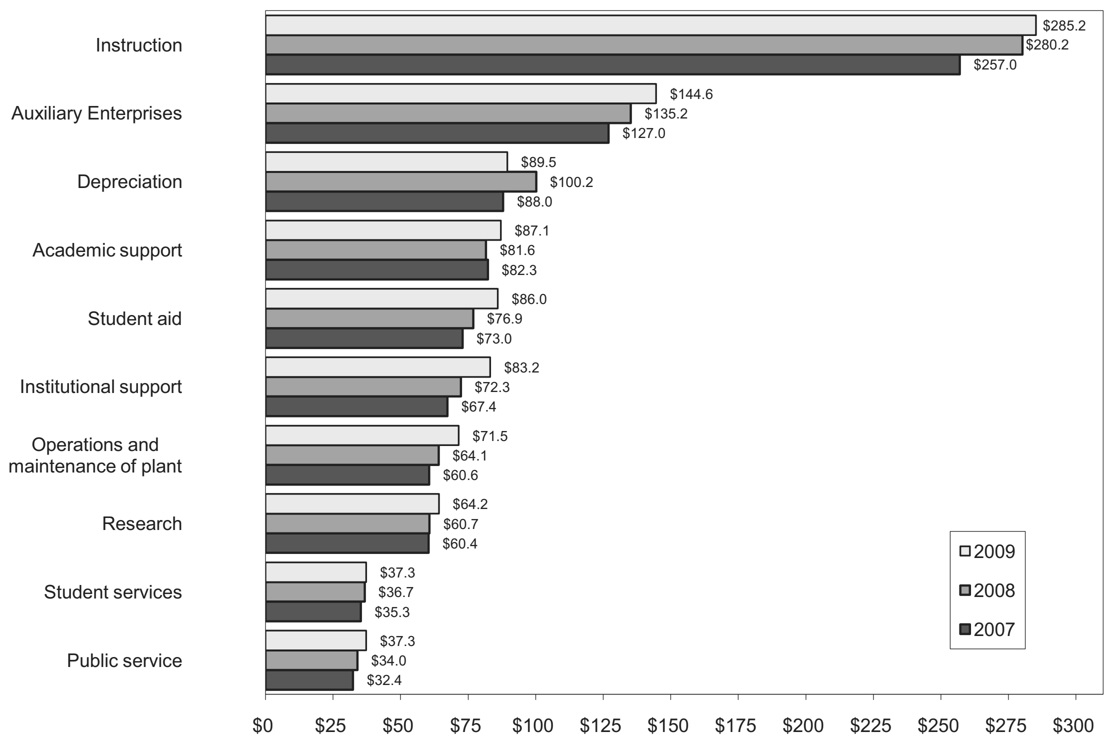
Expenses

The following table summarizes operating and nonoperating expenses and other changes in net assets for the fiscal years ended June 30 (in millions):

	2009	2008	2007
Operating expenses:			
Instruction	$ 284.1	$ 279.1	$ 256.1
Research	64.0	60.3	59.6
Operations and maintenance of plant	71.5	64.1	60.6
Auxiliary enterprises	144.4	135.1	126.8
Depreciation	89.6	100.2	88.0
Other	278.4	244.1	220.9
Total operating expenses	932.0	882.9	812.0
Nonoperating expenses:			
Interest expense	48.9	51.2	47.5
Other nonoperating expense, net	4.2	2.9	.6
Total nonoperating expenses	53.1	54.1	48.1
Other changes in net assets:			
Disposal of property and equipment, net	.4	.9	3.4
Total other changes in net assets	.4	.9	3.4
Total expenses	$ 985.5	$ 937.9	$ 863.5

Operating expenditures are classified by function in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. These functions directly contribute to the major mission of the University. The following chart depicts comparative functional expenditures of the University. It does not include other operating expenses:

EXPENSES BY FUNCTIONAL CLASSIFICATION
($ in Millions)
(Shown here at gross amount, not netted for student financial aid.)



Total operating expenses were $932.0 million and $883.0 million in fiscal years 2009 and 2008, respectively, netted for student financial aid totaling $84.4 million and $75.5 million, respectively. Natural or object classification includes salaries, fringe benefits, utilities, and supplies and other expenses (see Note 14 for operating expenses classified by object).

Highlights of expenses, including operating and nonoperating expenses and other changes in net assets, presented on the Statements of Revenues, Expenses, and Changes in Net Assets are as follows:

- Instruction, the University's largest operating expense, increased $5.0 million (1.8%) in fiscal year 2009 primarily due to an increase of approximately 29 full-time equivalent faculty and staff, and an average compensation increase for the bargaining units of approximately 5% offset by a 6.3% decrease in supplies, commodities and other expenditures. In fiscal year 2008, instruction increased $20.6 million (8.0%) due to approximately 32 more full-time equivalent faculty and staff, an average compensation increase for the bargaining units of approximately 5% and a 6.7% increase in supplies, commodities and other expenditures.

- In fiscal year 2009, research expenses increased $3.7 million or 6.1% ($.7 million or 1.2% in fiscal year 2008). This is commensurate with an increase in fiscal years 2009 and 2008 in associated research revenues. These expenditures are related primarily to sponsored research revenues and are affected by the timing of salaries and the purchase of supplies and commodities that can be charged to grants.

- Even with a decrease in fulltime equivalent staff of 1.6%, academic support increased $5.5 million in fiscal year 2009 (decrease of $.7 million in fiscal year 2008). This increase resulted from the timing of purchases for supplies, commodities and other expenditures, which included major periodicals and subscriptions.

- In fiscal years 2009 and 2008, institutional support experienced increases of $10.9 million or 15.0% and $5.0 million or 7.4%, respectively. This resulted from a 2.8% increase (5.1% in fiscal year 2008) in the number of full-time equivalent staff and an average compensation increase for the bargaining units of approximately 5% in both years. Also, in fiscal year 2009 supplies, commodities and other expenditures increase $6.4 million compared to a small decrease for the same expenditures in fiscal year 2008.

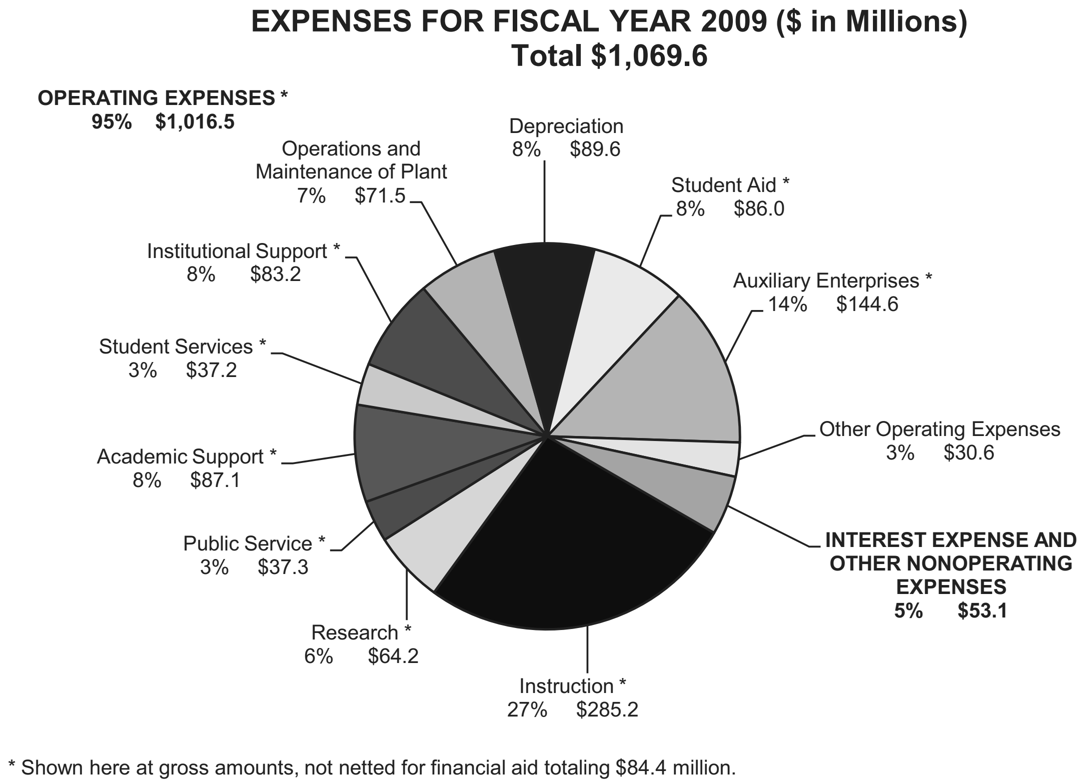
- Operations and maintenance of plant increased $7.4 million or 11.5% in fiscal year 2009 ($3.5 million or 5.8% in fiscal year 2008). The University began providing on-site generation of electricity, steam and chilled water for heating and cooling for the University at its Storrs campus in fiscal year 2006, with fiscal year 2007 the first full year of operation. Fiscal years 2009 and 2008 experienced a 14.4% and 36.2% reduction, respectively, in electricity consumption (rates increased approximately 18.8% and 8.6%, including distribution and demand charges) while natural gas consumption, the primary energy source that fuels the cogeneration plant, increased 14.1% and 4.7%. An increase in natural gas prices of approximately 4.0% and 9.1% was experienced in fiscal years 2009 and 2008, respectively.

- Fiscal year 2008 depreciation expense was higher than fiscal year 2009 and prior years due to certain adjustments for property additions and changes in the capitalization policy in fiscal year 2008.

- Auxiliary enterprises expenditures increased 6.9% in fiscal year 2009 (6.5% in fiscal year 2008), primarily due to contractual salary increases and the hiring of 17 full-time equivalent staff (11 in fiscal year 2008).

- For fiscal year 2009, a total of $16.5 million was expensed in other operating expenses for a project to correct structural deficiencies related to the construction of the Law School Library building. These expenditures will not increase the value of the building or extend its useful life (see Note 4). Also, in fiscal year 2009, a total of $8.7 million was expensed ($11.6 million in fiscal year 2008) in other operating expenses for inspections, fire and safety code updates and other corrective action needed in order to achieve safety goals for all buildings. Other amounts in other operating expenses included costs not capitalized under University policy such as repairs, project management fees, capital project studies, and mold, lead and asbestos removal projects and other miscellaneous capital-related costs and adjustments.

The pie chart below illustrates operating expenses by function, not netted for financial aid, and it also includes other operating expenses. A significant portion of student aid is reflected as an allowance against tuition and fees revenue and sales and services of auxiliary enterprises on the Statements of Revenues, Expenses, and Changes in Net Assets. The chart also shows interest expense and other nonoperating expenses.



STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present detailed information about the cash activity of the University during the year. The first section of these statements, cash flows from operating activities, will always be different from the Statements of Revenues, Expenses, and Changes in Net Assets' operating loss amount. The difference results from noncash items such as depreciation expense and the use of the accrual basis of accounting in preparing the Statements of Revenues, Expenses, and Changes in Net Assets. These statements show revenues and expenses when incurred, not necessarily when cash is received or used. The Statements of Cash Flows, on the other hand, show cash inflows and outflows without regard to accruals. The Statements of Cash Flows have four additional sections including: cash flows from noncapital financing activities including state appropriation, gifts and other nonoperating revenues and expenses; cash flows from capital financing activities that reflect the cash received and used by the University for financing, principally capital in nature, capital grants and gifts, and state debt service commitments for principal and interest; cash flows from investing activities showing the purchases, proceeds and interest received from investing activities; and a reconciliation of operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Assets to net cash used in operating activities.

The following table shows condensed Statements of Cash Flows for the years ended June 30 (in millions):

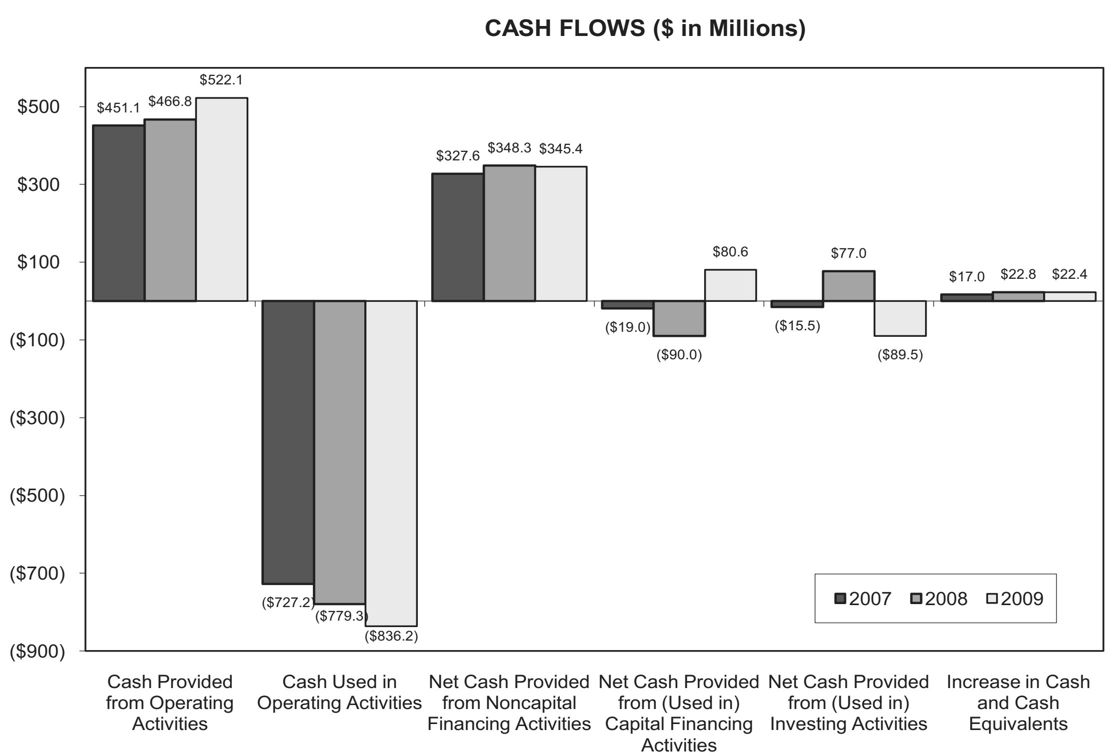
	2009	2008	2007
Cash provided from operating activities	$ 522.1	$ 466.8	$ 451.1
Cash used in operating activities	(836.2)	(779.3)	(727.2)
Net cash used in operating activities	(314.1)	(312.5)	(276.1)
Net cash provided from noncapital financing activities	345.4	348.3	327.6
Net cash provided from (used in) capital financing activities	80.6	(90.0)	(19.0)
Net cash provided from (used in) investing activities	(89.5)	77.0	(15.5)
Net increase in cash and cash equivalents	$ 22.4	$ 22.8	$ 17.0

Net cash used in operating activities was $314.1 million and $312.5 million in fiscal years 2009 and 2008, respectively, and is consistent with the operating loss discussed earlier after adding back depreciation (a noncash expense), the major difference between the two statements. GASB requires that cash flows from noncapital financing activities include state appropriation and noncapital gifts. Cash flows from these activities totaled $345.4 million in fiscal year 2009 ($348.3 million in fiscal year 2008), a $2.8 million decrease from fiscal year 2008 ($20.7 increase from fiscal year 2007).

Cash flows provided from capital financing activities was $80.6 million in fiscal year 2009 and $90.0 million used in fiscal year 2008. The major difference between fiscal years 2009 and 2008 is an increase in proceeds from bonds of $150.0 million in fiscal year 2009 ($89.0 million decrease in fiscal year 2008) and a decrease in the amount of purchases of property and equipment of $12.4 million ($12.5 million increase in 2008).

Net cash used in investing activities was $89.5 million in fiscal year 2009 and net cash provided from investing activities was $77.0 million in fiscal year 2008. The major difference between fiscal years 2009 and 2008 is that $150.0 million in bond proceeds were received in fiscal year 2009 ($0 in fiscal year 2008) which were invested in the deposit with bond trustee.

Total cash and cash equivalents increased $22.4 million and $22.8 million in fiscal years 2009 and 2008, respectively, as a result of these activities. The following bar graph shows the cash flows from and used by major categories and as described in the preceding paragraphs:



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FINANCIAL STATEMENTS

UNIVERSITY OF CONNECTICUT
STATEMENTS OF NET ASSETS
As of June 30, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 240,211,599	$ 217,773,679
Accounts receivable, net	28,359,703	30,803,831
Student loans receivable, net	2,573,325	2,615,922
Due from State of Connecticut	46,244,528	49,042,365
Due from related agencies	59,465	4,628
State debt service commitment	79,923,083	78,045,650
Inventories	3,078,130	2,781,158
Deposit with bond trustee	128,909,965	34,283,667
Deferred charges	1,014,731	982,777
Prepaid expenses	2,556,415	4,857,018
Total Current Assets	532,930,944	421,190,695
Noncurrent Assets		
Cash and cash equivalents	1,471,795	1,468,489
Investments	9,497,273	12,310,361
Student loans receivable, net	9,547,902	9,288,331
State debt service commitment	780,167,441	700,089,715
Property and equipment, net of accumulated depreciation	1,411,814,151	1,459,143,806
Deferred charges	8,500,782	8,182,465
Total Noncurrent Assets	2,220,999,344	2,190,483,167
Total Assets	$ 2,753,930,288	$ 2,611,673,862
LIABILITIES		
Current Liabilities		
Accounts payable	$ 21,091,031	$ 28,225,300
Deferred income	19,411,476	21,695,631
Wages payable	52,718,457	48,478,932
Compensated absences	17,363,619	16,855,310
Due to the State of Connecticut	19,441,793	17,569,745
Due to affiliate (see Note 5)	35,488,325	13,871,320
Due to related agencies	-	35,105
Current portion of long-term debt and bonds payable	75,053,811	72,972,797
Other current liabilities	34,077,858	30,991,622
Total Current Liabilities	274,646,370	250,695,762
Noncurrent Liabilities		
Compensated absences	9,087,379	8,162,754
Deposits held for others	3,221,648	2,484,812
Long-term debt and bonds payable	1,039,045,777	962,679,046
Refundable for federal loan program	9,450,638	9,554,638
Total Noncurrent Liabilities	1,060,805,442	982,881,250
Total Liabilities	$ 1,335,451,812	$ 1,233,577,012
NET ASSETS		
Invested in capital assets, net of related debt	$ 1,142,659,278	$ 1,186,905,318
Restricted nonexpendable	10,819,220	13,778,850
Restricted expendable		
Research, instruction, scholarships and other	15,146,605	14,629,093
Loans	3,758,595	3,728,763
Capital projects	88,449,046	13,235,167
Debt service	10,397,121	10,035,433
Unrestricted (see Note 15)	147,248,611	135,784,226
Total Net Assets	$ 1,418,478,476	$ 1,378,096,850

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Student tuition and fees (Net of scholarship allowances of $81,473,702 for 2009 and $72,915,047 for 2008. See Note 1. Net revenues totaling approximately $36,808,000 for 2009 and $33,908,000 for 2008 were used as security for revenue bonds. See Note 5.)	$ 215,641,536	$ 199,720,598
Federal grants and contracts	92,375,974	85,328,534
State and local grants and contracts	27,853,272	25,429,642
Nongovernmental grants and contracts	12,347,917	10,506,027
Sales and services of educational departments	17,216,404	15,280,038
Sales and services of auxiliary enterprises (Net of scholarship allowances of $2,947,782 for 2009 and $2,524,596 for 2008. See Note 1. Net revenues totaling approximately $19,857,000 for 2009 and $15,048,000 for 2008 were used as security for revenue bonds. See Note 5.)	149,500,934	133,471,934
Other sources (Net revenues totaling approximately $2,542,000 for 2009 and $3,022,000 for 2008 were used as security for revenue bonds. See Note 5.)	10,681,689	10,907,810
Total Operating Revenues	525,617,726	480,644,583
OPERATING EXPENSES		
Educational and general		
Instruction	284,054,407	279,086,991
Research	64,028,438	60,345,206
Public service	37,128,819	33,854,891
Academic support	87,046,815	81,513,934
Student services	36,711,365	36,006,579
Institutional support	83,169,130	72,314,553
Operations and maintenance of plant	71,478,092	64,110,720
Depreciation	89,556,846	100,186,738
Student aid	3,917,207	4,009,588
Auxiliary enterprises	144,375,731	135,061,206
Other operating expenses	30,579,207	16,491,610
Total Operating Expenses	932,046,057	882,982,016
Operating Loss	(406,428,331)	(402,337,433)
NONOPERATING REVENUES (EXPENSES)		
State appropriation	327,751,422	328,176,623
State debt service commitment for interest	37,843,218	39,525,537
Gifts	21,805,530	24,770,574
Investment income (Income totaling approximately $42,000 for 2009 and $130,000 for 2008 were used as security for revenue bonds. See Note 5.)	4,267,674	10,384,021
Interest expense	(48,915,717)	(51,246,898)
Other nonoperating expenses, net	(4,247,111)	(2,869,076)
Net Nonoperating Revenues	338,505,016	348,740,781
Loss Before Other Changes in Net Assets	(67,923,315)	(53,596,652)
OTHER CHANGES IN NET ASSETS		
State debt service commitment for principal	104,910,000	-
Capital appropriation	-	8,000,000
Capital grants and gifts	3,813,671	6,802,586
Disposal of property and equipment, net	(438,433)	(874,837)
Additions to permanent endowments	19,703	56,711
State match to endowments	-	59,484
Net Other Changes in Net Assets	108,304,941	14,043,944
Increase (Decrease) in Net Assets	40,381,626	(39,552,708)
NET ASSETS		
Net Assets-beginning of year	1,378,096,850	1,417,649,558
Net Assets-end of year	$ 1,418,478,476	$ 1,378,096,850

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 211,124,206	$ 195,073,604
Grants and contracts	131,954,380	119,992,809
Sales and services of auxiliary enterprises	148,826,102	129,967,728
Sales and services of educational departments	16,841,653	15,042,921
Payments to suppliers and others	(237,806,623)	(204,201,259)
Payments to employees	(449,299,559)	(429,268,293)
Payments for benefits	(149,104,408)	(145,812,607)
Other receipts, net	13,396,280	6,697,091
Net Cash Used in Operating Activities	(314,067,969)	(312,508,006)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriation	322,996,059	325,566,212
Gifts	22,989,941	23,711,662
Other nonoperating expenses, net	(535,366)	(1,019,853)
Net Cash Provided from Noncapital Financing Activities	345,450,634	348,258,021
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from bonds	150,000,000	-
State debt service commitment	100,743,059	98,832,438
Purchases of property and equipment	(51,171,301)	(63,552,008)
Proceeds from sale of property and equipment	396,048	-
Principal paid on debt and bonds payable	(71,859,929)	(73,329,800)
Interest paid on debt and bonds payable	(49,733,299)	(52,088,551)
Capital grants and gifts	2,182,405	148,634
Net Cash Provided from (Used in) Capital Financing Activities	80,556,983	(89,989,287)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net	(36,942)	1,365,114
Interest on investments	5,164,818	11,488,412
Deposits with bond trustee	(94,626,298)	64,169,954
Net Cash Provided from (Used in) Investing Activities	(89,498,422)	77,023,480
INCREASE IN CASH AND CASH EQUIVALENTS	22,441,226	22,784,208
BEGINNING CASH AND CASH EQUIVALENTS	219,242,168	196,457,960
ENDING CASH AND CASH EQUIVALENTS	$ 241,683,394	$ 219,242,168
ACCOMPANYING SCHEDULE OF NON-CASH TRANSACTIONS		
Obligations under capital leases	$ 322,112	$ 51,198

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended June 30, 2009 and 2008

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating Loss	$ (406,428,331)	$ (402,337,433)
Adjustments to Reconcile Operating Loss to Net Cash		
Used in Operating Activities:		
Depreciation expense	89,556,846	100,186,738
Property and equipment	4,928,119	1,616,376
Investments	(100,000)	-
Changes in Assets and Liabilities:		
Receivables, net	349,937	9,334,816
Inventories	(296,971)	85,311
Prepaid expenses	2,300,601	(4,848,646)
Accounts payable, wages payable and compensated absences	3,679,835	(2,396,667)
Deferred income	(2,284,155)	(1,540,806)
Deferred charges	1,425	152,645
Deposits	736,836	7,590
Due from State of Connecticut	9,425,250	2,771,368
Due to affiliate	(18,327,996)	(13,799,733)
Due from related agencies	(76,858)	1,996
Other liabilities	2,684,467	(2,423,390)
Loans to students and employees	(216,974)	681,829
Net Cash Used in Operating Activities	$ (314,067,969)	$ (312,508,006)

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

UNIVERSITY OF CONNECTICUT
COMPONENT UNIT
THE UNIVERSITY OF CONNECTICUT LAW SCHOOL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2009 and 2008

ASSETS	2009	2008
Current Assets		
Cash and cash equivalents	$ 769,736	$ 686,860
Investments	12,589,103	15,137,921
Pledges receivable, net of allowance	554,072	625,059
Other receivable	75,230	67,900
Prepaid expenses	20,122	-
Total Current Assets	14,008,263	16,517,740
Property and equipment, net of accumulated depreciation of $97,856 for 2009 and $88,248 for 2008	26,412	20,021
Total Assets	$ 14,034,675	$ 16,537,761
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable	$ 2,403	$ 1,515
NET ASSETS		
Unrestricted	1,157,947	1,242,789
Temporarily restricted	1,141,320	3,965,419
Permanently restricted	11,733,005	11,328,038
Total Net Assets	14,032,272	16,536,246
Total Liabilities and Net Assets	$ 14,034,675	$ 16,537,761

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2009 and 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
REVENUES AND SUPPORT					
Contributions and grants	$ 405,353	$ 116,621	$ 404,967	$ 926,941	$ 1,095,394
Interest and dividends	28,344	438,173	-	466,517	584,120
Realized and unrealized gains and losses	(271,487)	(2,362,735)	-	(2,634,222)	(1,382,141)
Net assets released from restrictions	1,016,158	(1,016,158)	-	-	-
Total Revenues and Support	1,178,368	(2,824,099)	404,967	(1,240,764)	297,373
EXPENSES					
Program Expenses					
Scholarships and awards	197,150	-	-	197,150	185,391
Student support and faculty support	476,622	-	-	476,622	894,096
Alumni and graduate relations	121,905	-	-	121,905	96,960
Total Program Expenses	795,677			795,677	1,176,447
Support Expenses					
Management and general	379,925	-	-	379,925	436,178
Fundraising	87,608	-	-	87,608	80,350
Total Support Expenses	467,533	-	-	467,533	516,528
Total Expenses	1,263,210	-	-	1,263,210	1,692,975
Changes in Net Assets	(84,842)	(2,824,099)	404,967	(2,503,974)	(1,395,602)
Net Assets-beginning of year	1,242,789	3,965,419	11,328,038	16,536,246	17,931,848
Net Assets-end of year	$ 1,157,947	$ 1,141,320	$ 11,733,005	$ 14,032,272	$16,536,246

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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Entities
The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University of Connecticut and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. This financial report for the fiscal years ended June 30, 2009 and 2008 represents the transactions and balances of the University, here defined as all programs except the Health Center.

Two related, but independent, corporate entities support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) (see Note 12) and The University of Connecticut Law School Foundation, Inc. (Law School Foundation). These Foundations raise funds to promote, encourage, and assist education and research at the University and the Health Center.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, requires that legally separate and tax exempt entities be presented as component units of the reporting entity if they meet all of the following criteria: the economic resources of the organization are entirely or almost entirely for the direct benefit of the reporting unit; the reporting unit is entitled to access all or a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the reporting unit. As a result, the Law School Foundation, which is organized for the benefit of the University and whose economic resources can only be used by or for the benefit of the University, is included as a component unit of the University.

The Foundation materially supports the mission of the University and the Health Center, which are both separately audited, producing their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or the Health Center would distort its actual contribution or economic benefit to that entity, and therefore, the Foundation is not included as a component unit in the accompanying financial statements.

Financial Statement Presentation
The financial statements have been prepared using the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has the option to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Effective July 1, 2001, the University adopted GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. GASB Statement No. 35 establishes standards for financial reporting for public colleges and universities. These reporting standards focus on the University as a whole rather than on accountability by individual fund groups and provide accounting and financial reporting guidelines, enhancing the usefulness and comprehension of financial reports by external users. To that end, GASB requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation, and reduced by outstanding principal balances of bonds (net of state debt service commitment) and notes that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted nonexpendable:** Represents endowment and similar type assets in which donors or outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** Net assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** Consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” These assets are not subject to externally imposed stipulations. These assets, while not restricted, are generally designated to support instruction, research, auxiliary enterprises, capital projects, and retirement of indebtedness (see Note 15).

Expenses are charged to either restricted or unrestricted net assets based on a variety of factors, including consideration of prior or future revenue sources, the type of expense incurred, the University’s budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost.

GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, was adopted by most universities as of July 1, 2007. The state funds the postretirement benefits of University employees and, therefore, no liability is recorded in the University’s financial statements (see Note 8).

For reporting periods beginning after June 15, 2005, GASB Statement No. 47, *Accounting for Termination Benefits*, is required for universities. This statement requires employers to recognize a liability and expense for voluntary termination benefits when the termination offer is accepted and the amount of the benefits can be estimated. Any pension liability related to early retirement is the state’s responsibility and therefore none is recorded by the University (see Note 6). However, an accrual for compensated absences is recorded as of June 30, 2009 in the Statements of Net Assets that includes a component that is related to a retirement incentive plan (see Note 7).

Effective for reporting periods beginning after December 15, 2006, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* requires the University to disclose in the notes to the financial statements additional information about pledged revenues (see Note 5).

The University adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* as of July 1, 2007. This statement requires that outlays for pollution remediation obligations should be accrued as a liability and expensed if reasonably estimable, and disclosed in the notes to the financial statements (see Note 4).

GASB Statement No. 50, *Pension Disclosures,* was adopted by most universities as of July 1, 2007. This statement expands the footnote disclosures required for pension obligations in GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The state is responsible for and separately funds the pension benefits of University employees. Therefore, no liability is recorded in the University’s financial statements (see Note 6).

The University adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* as of July 1, 2008. This statement requires that certain intangible assets are identified and recorded as capital assets. The University capitalizes certain costs related to internally generated software as capital assets according to the provisions of this statement (see Note 4).

Certain reclassifications were made to the Statements of Revenue, Expense and Changes in Net Assets and the Statements of Cash Flows for the year ended June 30, 2008 to reflect changes in the classification of operating expenses. These changes have no effect on net assets and ending cash balance for the year ended June 30, 2008.

The University follows the “business-type activities” (BTA) requirements of GASB 35. BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services. All significant intra-agency transactions have been eliminated.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained internally following the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Cash Equivalents (see Note 2)
For the purposes of the Statements of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer’s Short Term Investment Fund are considered cash equivalents.

Investments (see Note 2)
The University accounts for its investments at fair value in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*. Changes in the unrealized gain (loss) on the carrying value are recorded in Nonoperating Revenues (Expenses) in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. Noncurrent investments are externally restricted by donors or outside sources that have stipulated as a condition of the gift instrument that the principal be maintained inviolate and in perpetuity. Noncurrent investments also include those amounts restricted by creditors for certain debt service payments (see Note 5).

Accounts Receivable (see Note 3)
Accounts receivable consist of tuition, fees, and auxiliary enterprises service fees charged to students, faculty, staff and others, and amounts due from state and federal governments for grants and contracts. Accounts receivable are recorded net of an estimated allowance for doubtful accounts.

Inventories
Consumable supplies are expensed when received with the exception of certain central inventories. Inventory is valued at cost as determined by various methods, including the first-in, first-out method.

Deposit with Bond Trustee (see Note 5)
Tax-exempt bond proceeds are deposited to various accounts held by the Trustee Bank as required by certain trust indentures. The funds are invested and disbursed as directed by the University. The University's bond proceeds investment policy is to balance an appropriate risk-return level, heavily weighted towards safety of assets, as defined and permitted under the relative indentures and Connecticut General Statutes.

The University directs the Trustee Bank to invest UCONN 2000 General Obligation construction fund proceeds in the State Treasurer's Short Term Investment Fund. Similarly, the University has directed the Trustee Bank to invest the debt services funds for the Special Obligation Bonds in dedicated Short Term Investment Fund accounts. The 1998 Special Obligation Special Capital Reserve Fund, which can be invested in various Investment Obligations as defined in the Special Obligation Indenture of Trust, is wholly invested in the Short Term Investment Fund.

Investment earnings from UCONN 2000 General Obligation bond proceeds are retained by the State Treasurer's Office and do not flow to the University or to the Trustee Bank. The Student Fee Revenue Bonds investment earnings are part of the Pledged Revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. The earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds, Series 2004-A, 2006-A and 2007-A, and the Special Obligation Student Fee Revenue Refunding Series 2002-A Redemption Fund escrow, form part of the irrevocable escrows and are used by the Trustee Bank to meet the debt service payments on the defeased bonds until called.

Also included in the accompanying Statement of Net Assets in deposit with bond trustee, is the remaining portion of an advance request that the University received related to the lease purchase agreement for the cogeneration plant construction project at the University. Although these funds are not held by the Trustee Bank, they are invested in a dedicated State Treasurer's Short Term Investment Fund or Tax Exempt Proceeds Fund, and are invested and disbursed as directed by the University similar to bond proceeds (see Note 5).

Deferred Charges – Current and Noncurrent (see Note 10)
Deferred charges consist of payments made in advance of revenues being earned. Deferred charges also represent the cost of issuance which will be amortized over the terms of the respective bond issues.

Noncurrent Cash and Cash Equivalents (see Note 2)
Noncurrent cash and cash equivalents are related to endowment assets and are externally restricted as to use.

Property and Equipment (see Note 4)
Property and equipment are reported at cost at date of acquisition or fair value at date of donation as in the case of gifts. Property and equipment that are exchanged for other assets are recorded based on the fair value of the asset given up or the fair value of the asset received, whichever value is most clearly evident. Renovations that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance, and certain library materials, are charged to

operating expense in the year the expenditure was incurred. Building components and non-structural improvements have estimated useful lives of 2 years to 60 years. Equipment has estimated useful lives of 3 years to 30 years.

Deferred Income (see Note 10)
Deferred income includes amounts received for services rendered in a future accounting period including tuition and fee revenues and event ticket sales. It also includes amounts received for certain restricted research grants that are included in revenue when the funds are expended.

Compensated Absences (see Note 7)
Employee vacation and sick leave is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statements of Net Assets and in the various expense functions on the Statements of Revenues, Expenses, and Changes in Net Assets. The liability for compensated absences is also classified as current and noncurrent based on the amount estimated to be paid to employees in one year and beyond one year.

Noncurrent Liabilities
Noncurrent liabilities include the long-term portion of compensated absences, deposits held for others that are included in the assets of the University, principal payments due on bonds (net of unamortized premiums and discounts), loans and capital leases with a maturity of more than one year, and governmental advances for revolving loan programs that would be returned to the federal government upon cessation of the student loan program.

Revenues and Expenses
Operating revenues consist of tuition and fees, state and federal grants and contracts, sales and services of educational activities, auxiliary enterprises revenue and other sources of revenue. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is recognized to the extent expended or in the case of fixed price contracts, when the contract terms are met or completed.

Operating expenses, except for depreciation and other operating expenses, are reported using functional classification, including those under educational and general and auxiliary enterprises. See Note 14 for operating expenses by object. All other revenues and expenses of the University are reported as nonoperating revenues and expenses including state appropriation and debt service commitment, noncapital gifts, investment income, and interest expense, and other changes in net assets. Revenues are recognized when earned and expenses are recognized when incurred.

GASB No. 35 requires that revenues be reported net of discounts and scholarship allowances. Student aid for scholarships and fellowships, recorded in the Statements of Revenues, Expenses and Changes in Net Assets, includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Component Unit
The Law School Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the Law School Foundation's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets:** Net assets that are not subject to donor-imposed restrictions.
- **Temporarily Restricted Net Assets:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Law School Foundation and/or passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- **Permanently Restricted Net Assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Law School Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Investments are reported at fair value based upon quoted market prices.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB Statement No. 40 requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as they relate to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the University's name.

The University's total cash and cash equivalents balance was $241,683,394 and $219,242,168 as of June 30, 2009 and 2008, respectively, and included the following:

	2009	2008
Cash maintained by State of Connecticut Treasurer	$ 218,195,602	$ 194,718,834
Invested in State of Connecticut Investment Pool	18,730,752	20,152,054
Invested in State of Connecticut Investment Pool - Endowments	1,471,795	1,468,489
Invested in Short-term Corporate Notes	2,772,576	2,063,521
Deposits with Financial Institutions and Other	512,669	839,270
Total cash and cash equivalents	241,683,394	219,242,168
Less: current balance	240,211,599	217,773,679
Total noncurrent balance	$ 1,471,795	$ 1,468,489

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut are insured by the Federal Deposit Insurance Corporation or collateralized. As a state agency, the University benefits from this protection, though the extent to which the deposits of an individual state agency such as the University are protected cannot be readily determined.

The University's cash management investment policy permits the University to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The $18,730,752 and $1,471,795 invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2009. The $2,772,576 invested in Short-term Corporate Notes includes repurchase agreements held with a financial institution and is collateralized by the Federal National Mortgage Association with an AAA Standard and Poor's rating.

The University designated the Foundation as the manager of the University's endowment funds. Gifts that are internally designated as endowments, and externally designated endowment gifts that are to be processed for transfer to the Foundation, are included in cash and cash equivalents (see table above for total amounts). The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State of Connecticut statutes. The University's governing board may appropriate for expenditure, according to the uses and purposes for which the endowment fund was established, a portion of the realized or unrealized appreciation in the fair value of the endowment fund over the historic dollar value of the fund.

The Foundation's pooled endowment portfolio is professionally managed on a total return basis. Each quarter, an amount equal to 1.0625% (4.25% per annum) of the prior twelve-quarter average unitized market value will be distributed for spending in accordance with the respective purposes of the individual endowment funds. Spending distributions may be made from current or accumulated investment return, and calculations for individual endowment funds will be performed on a unitized basis. If an individual endowment fund does not have sufficient funds to support its computed spending allocation from the current period net total return and/or from accumulated gains from prior periods, the amount allocated for spending will be limited to the interest and dividends of the fund from the current period.

The cost and fair value of the University's investments including those managed by the Foundation at June 30, 2009 and 2008 are:

	2009		2008	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Endowments:				
Foundation Managed	$ 9,426,073	$ 9,347,425	$ 9,387,131	$ 12,308,361
Corporate Bonds	-	-	2,000	2,000
Other:				
Campus Associates Limited Partnership Interest	149,848	149,848	-	-
Total Investments	$ 9,575,921	$ 9,497,273	$ 9,389,131	$ 12,310,361

University endowment investments are managed by the Foundation in its pooled portfolio, which is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for its pooled investment portfolio, which provides that the maximum exposure with any one manager would be 20% for liquid assets and 5% for illiquid assets. The Foundation Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio (see following table). The Foundation expects that portfolios will be invested in only the strategies described in the table, not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

Investment Objective/Strategies	Allocation Range as Percentage of Market Value
Growth	
High yield fixed income	0% - 10%
Global equities – high beta	20% - 60%
Private capital	0% - 20%
Long/short equities	0% - 15%
Global macro strategies	0% - 10%
Event driven strategies (ex diversified)	0% - 10%
Real estate (public & private)	0% - 10%
Other opportunistic	0% - 10%
Total Growth	40% - 85%
Inflation Hedge	
TIPS	0% - 10%
Natural resources/commodities	0% - 15%
Other inflation hedging strategies	0% - 10%
Total Inflation Hedge	5% - 25%
Risk Minimizing	
Investment grade fixed income	0% - 20%
Relative value/Event driven (diversified)	0% - 15%
Cash equivalents	0% - 10%
Other low volatility strategies	0% - 10%
Total Risk Minimizing	5% - 40%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. The bond mutual funds had average credit quality of Aa2/AA (Moody's and Standard and Poor's) and pooled investments of high yield fixed income had an average credit quality of B1/B+ (Moody's and Standard and Poor's). A portion of the University's endowment pool is also invested with WCM Investment Management (WCM) in a separate account with U.S. Bank as custodian, and inherent in such investments is custodial credit risk. These investments are all publicly traded U.S. equities and money market accounts and are uncollateralized. The value of the equities at June 30, 2009 and 2008 was $149,147 and $217,179, respectively. The money market balance held in the account available for WCM to use for purchases was $2,397 at June 30, 2009 and $3,971 at June 30, 2008. The University's endowment invested by the Foundation also has investments in foreign publicly traded equities totaling $861,556 and $2,600,366 and there are amounts included in private capital investments totaling approximately $1,194,641 and $1,311,703 at June 30, 2009 and 2008, respectively.

Certain other funds are held by outside fiscal agents and are not under the direct control of the University. Accordingly, the assets of these funds are not included in the financial statements. The fair value of these funds was $10,260,341 and $12,613,173 as of June 30, 2009 and 2008, respectively. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the years ended June 30, 2009 and 2008 was $467,853 and $515,368, respectively.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Grants and contracts	$ 16,864,814	$ 18,412,847
Recovery of costs related to corrective work	-	500,000
Student and general	15,701,380	15,396,343
Investment income	311,304	1,221,532
Allowance for doubtful accounts	(4,517,795)	(4,726,891)
Total accounts receivable, net	$ 28,359,703	$ 30,803,831

4. PROPERTY AND EQUIPMENT

Land, buildings, non-structural improvements, and equipment are reported at cost at date of acquisition or fair value at date of donation as in the case of gifts. Property and equipment that are exchanged for other assets are recorded based on the fair value of the asset given up or the fair value of the asset received, whichever value is most clearly evident. Any gains or losses on the exchange are recognized immediately.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets. Building components and non-structural improvements have estimated useful lives of 2 years to 60 years. Equipment has estimated useful lives of 3 years to 30 years. Library materials have an estimated useful life of 15 years. The value of library materials, before depreciation, is $77,947,457 and $76,435,763 at June 30, 2009 and 2008, respectively. Historical collections and art are recognized at their estimated fair values at the time of donation, and are not depreciated. Historical collections and art totaled $50,815,253 and $49,587,345 at June 30, 2009 and 2008, respectively. Capitalized software has an estimated life of 5 years. The value of capitalized software, before depreciation, is $25,028,075 and $21,657,933 at June 30, 2009 and 2008, respectively. Library materials, historical collections and art, and capitalized software are all included in equipment in the schedule of Changes in Property and Equipment.

For the year ended June 30, 2009, a total of $16,472,807 was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for a project to correct structural deficiencies related to the construction of the Law School Library building. These expenditures will not increase the value of the building or extend its useful life. While the University intends to pursue remedies from the construction and design professionals involved in the original construction of the building, the total amount that may be recovered is unknown as of the date of these financial statements.

In the accompanying Statements of Net Assets, an accrual for estimated expenditures totaling $499,541 and $2,728,102 at June 30, 2009 and 2008, respectively, is recorded in other current liabilities to complete a project to close and remediate an existing landfill. The project involves capping and diversion of water from its vicinity, and expenditures primarily include professional fees, preparation for capping, and contouring of surrounding land. The total project expenditures of

$28,123,049 have been expensed in other operating expenses from fiscal year ending June 30, 2004 through fiscal year ending June 30, 2009.

For the year ended June 30, 2008, a total of $695,325 was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for estimated outlays to remove contaminated soil from the old Waterbury campus in accordance with the provisions of GASB Statement No. 49. At June 30, 2009 and 2008, an accrual for estimated costs to complete the remediation totaling $624,892 and $656,191, respectively, is recorded in other current liabilities in the Statement of Net Assets.

For the years ended June 30, 2009 and 2008, a total of $8,652,156 and $11,551,156, respectively, was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for inspections, fire and safety code updates and other corrective action needed in order to achieve safety goals for all buildings. At June 30, 2009 and 2008, an accrual for estimated expenditures to complete these projects totaling $15,492,877 and $9,922,043, respectively, is recorded in other current liabilities in the Statement of Net Assets. While the University intends to pursue the recovery of costs related to the code updates and corrective work, the total amount to be recovered is unknown as of the date of these financial statements.

The following table describes the changes in property and equipment for the years ended June 30, 2009 and 2008.

Changes in Property and Equipment for the Year Ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Transfers and Other	Balance June 30, 2009
Property and equipment:					
Land	$ 14,826,476	$ -	$ -	$ -	$ 14,826,476
Non-structural Improvements	188,051,215	4,896,762	-	809,208	193,757,185
Buildings	1,571,665,366	10,219,659	(49,437)	8,488,728	1,590,324,316
Equipment	439,555,454	19,221,282	(32,392,201)	-	426,384,535
Construction in Progress	23,758,837	8,723,969	-	(9,297,936)	23,184,870
Total property and equipment	2,237,857,348	43,061,672	(32,441,638)	-	2,248,477,382
Less accumulated depreciation:					
Non-structural Improvements	75,863,612	8,047,020	-	-	83,910,632
Buildings	453,206,775	56,705,976	(30,302)	-	509,882,449
Equipment	249,643,155	24,803,850	(31,576,855)	-	242,870,150
Total accumulated depreciation	778,713,542	89,556,846	(31,607,157)	-	836,663,231
Property and equipment, net:					
Land	14,826,476	-	-	-	14,826,476
Non-structural Improvements	112,187,603	(3,150,258)	-	809,208	109,846,553
Buildings	1,118,458,591	(46,486,317)	(19,135)	8,488,728	1,080,441,867
Equipment	189,912,299	(5,582,568)	(815,346)	-	183,514,385
Construction in Progress	23,758,837	8,723,969	-	(9,297,936)	23,184,870
Property and equipment, net:	$ 1,459,143,806	$ (46,495,174)	$ (834,481)	$ -	$ 1,411,814,151

Changes in Property and Equipment for the Year Ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements	Transfers and Other	Balance June 30, 2008
Property and equipment:					
Land	$ 14,806,476	$ 20,000	$ -	$ -	$ 14,826,476
Non-structural Improvements	183,705,201	2,937,588	-	1,408,426	188,051,215
Buildings	1,551,130,347	12,803,261	-	7,731,758	1,571,665,366
Equipment	413,069,080	41,490,152	(15,003,778)	-	439,555,454
Construction in Progress	17,043,892	15,855,129	-	(9,140,184)	23,758,837
Total property and equipment	2,179,754,996	73,106,130	(15,003,778)	-	2,237,857,348
Less accumulated depreciation:					
Non-structural Improvements	67,912,338	7,951,274	-	-	75,863,612
Buildings	395,282,256	57,924,519	-	-	453,206,775
Equipment	229,461,151	34,310,945	(14,128,941)	-	249,643,155
Total accumulated depreciation	692,655,745	100,186,738	(14,128,941)	-	778,713,542
Property and equipment, net:					
Land	14,806,476	20,000	-	-	14,826,476
Non-structural Improvements	115,792,863	(5,013,686)	-	1,408,426	112,187,603
Buildings	1,155,848,091	(45,121,258)	-	7,731,758	1,118,458,591
Equipment	183,607,929	7,179,207	(874,837)	-	189,912,299
Construction in Progress	17,043,892	15,855,129	-	(9,140,184)	23,758,837
Property and equipment, net:	$ 1,487,099,251	$ (27,080,608)	$ (874,837)	$ -	$ 1,459,143,806

5. LONG-TERM DEBT PAYABLE

In fiscal year 2002, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). This Act amended Public Act No. 95-230 that enabled the University to borrow money in its own name for a special ten year capital improvement program (UCONN 2000) designed to modernize, rehabilitate, and expand the physical plant of the University. The Act extended the UCONN 2000 financing program that was scheduled to end in 2005, for an additional 10 years to June 30, 2015. The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. The original Public Act No. 95-230 authorized projects for Phases I and II of UCONN 2000, estimated to cost $1,250,000,000, of which $962,000,000 was to be financed by bonds of the University; $18,000,000 was to be funded by State General Obligation bonds; and the balance of $270,000,000 to be financed by gifts, other revenue, or borrowing resources of the University. The new Act authorized additional projects for the University and the Health Center for what is called Phase III of UCONN 2000 at an estimated cost of $1,348,400,000, of which $1,300,000,000 is to be financed by bonds of the University and $48,400,000 is to be financed by the issuance of special obligation bonds of the University, from gifts, other revenue or borrowing resources of the University, or through the deferring of projects or achieved savings. The project costs authorized are $305,400,000 for the Health Center and $1,043,000,000 for the University. The UCONN 2000 program, including Phases I, II and III, is estimated to total $2,598,400,000.

General obligation bonds issued to finance UCONN 2000 projects as of June 30, 2009 are (see page 36 for outstanding balances):

1996 Series A	$ 83,929,715
1997 Series A	124,392,432
1998 Series A	99,520,000
1999 Series A	79,735,000
2000 Series A	130,850,000
2001 Series A	100,000,000
2002 Series A	100,000,000
2003 Series A	96,210,000
2004 Series A	97,845,000
2005 Series A	98,110,000
2006 Series A	77,145,000
2007 Series A	89,355,000
2009 Series A	144,855,000
Total issued	$ 1,321,947,147

The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. Sufficient proceeds were deposited to irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt (see Note 1). These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the state to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State Debt Service Commitment.

The 2009 Series A bonds principal amount of $144,855,000 recorded as state debt service commitment for principal, together with part of the original issue premium, resulted in total construction fund proceeds of $150,000,000. The proceeds included $39,945,000 to finance projects for the Health Center. As noted above, Phase III of UCONN 2000 includes a commitment to fund projects totaling $305,400,000 for the Health Center. As bonds are issued, the amount of the commitment for the Health Center is reflected as an offset to the revenue for the University. In fiscal year 2009 this offset totaled $39,945,000 resulting in net revenue of $104,910,000 recorded in the Other Changes in Net Assets section of the Statements of Revenues, Expenses, and Changes in Net Assets of these financial statements. A corresponding liability is recorded in due to affiliate in the Statement of Net Assets for the unspent portion of the bonds due to the Health Center ($35,488,325 and $13,871,320 at June 30, 2009 and 2008, respectively). Also, for the years ended June 30, 2009 and 2008, nonoperating revenues include state debt service commitment for interest on general obligation bonds of $37,843,218 and $39,525,537, respectively. There were no bonds issued in fiscal year 2008.

The University may also issue Special Obligation bonds backed by certain pledged revenues of the University. Certain Special Obligation bonds may also be secured by the State's Special Capital Reserve Fund, which enables state funds to be used to pay debt service if the University does not meet its obligation. On February 4, 1998, the University issued $33,560,000 of the Student Fee Revenue Bonds 1998 Series A to fund $30,000,000 of the South Campus Project, $2,126,425 of a Special Capital Reserve Fund held by the Trustee Bank, and the remainder to pay costs of issuance, including the underwriters' discount. The Special Capital Reserve Fund is invested in the State Treasurer's Short-term Investment Fund and held by the Trustee Bank pursuant to the Indenture and restrictions thereof. The bonds have a final maturity of November 15, 2027.

The 2000 Series A bonds dated May 15, 2000 represented the second series of Special Obligation bonds issued in the amount of $89,570,000. Bond proceeds funded three UCONN 2000 projects: Hilltop Dormitory at $21,000,000, Hilltop Student Rental Apartments at $42,000,000 and Parking Garage South at $24,000,000. These bonds were refunded in advance of maturity in fiscal year 2002 with the issuance of Student Fee Revenue Bonds 2002 Refunding Series A on February 27, 2002 in the amount of $96,130,000 and have a final maturity of November 15, 2029. Consistent with general obligation bond refundings, the proceeds are deposited into an escrow account to meet all obligations.

On February 14, 2002, the University issued $75,430,000 of the Student Fee Revenue Bond 2002 Series A to fund five UCONN 2000 projects: Alumni Quadrant Renovations at $7,000,000, Shippee/Buckley Renovations at $5,000,000, East Campus North Renovations at $1,000,000, Towers Renovations (including Greek Housing) at $14,180,000, and North Campus Renovations at $45,000,000. The bonds have a final maturity of May 15, 2030.

The State of Connecticut issues certain general obligation bonds that are categorized as self-liquidating bonds. These bonds were issued to fund the construction and renovations of revenue-generating capital projects. The University reimburses the state primarily with revenue from student fee charges in the amount equal to the debt service on self-liquidating bonds.

The Special Obligation bonds are secured by certain pledged revenues, as defined in the indenture, including gross and net revenue amounts. The total gross and net pledged revenues of the University are approximately $59,247,000 and $52,108,000 in fiscal years 2009 and 2008, respectively. Gross pledged revenues include the infrastructure maintenance fee and the general university fee plus investment income on the bond accounts held by the Trustee Bank, prior to any payments, deductions, offsets, or provisions. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, the board (dining) fee, and the parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed. Special Obligation bond investment earnings amounted to approximately $42,000 and $130,000 for the fiscal years ending June 30, 2009 and 2008, respectively. These investment earnings are part of the pledged revenues and are directly retained by the Trustee Bank to pay debt service on the Special Obligation bonds. In addition to securing revenue bonds, the gross and net pledged revenues available are pledged toward certain other debt, including the U.S. Department of Education loan. The University has covenanted to collect in each fiscal year fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in such fiscal year for the Special Obligation bonds.

As of June 30, 2009 and 2008, the total principal and interest remaining to be paid on all Special Obligation bonds are $279,505,200 and $292,714,151, respectively. The total amount paid by pledged revenues for this debt for principal were $4,500,000 and $4,325,000, and for interest were $8,708,951 and $8,885,721 at June 30, 2009 and 2008, respectively.

In December 2003, the University entered into a lease purchase agreement for a project to provide on-site generation of electricity, steam and chilled water for heating and cooling for the University at its Storrs campus. The project initially assumed a total cost of $75,000,000 and included construction of a building, engineering, design and installation of certain equipment at the Storrs campus. The lease was amended in August, 2005 as a result of an increase in the total anticipated cost to $81,900,000. In December 2005, the University requested a final advance from the lessor related to this lease purchase agreement. At June 30, 2009 and 2008, $0 and $61,210, respectively, of the unspent advance are included in deposit with bond trustee in the Statements of Net Assets. Although these funds are not held by the Trustee Bank, they are invested in a dedicated State Treasurer's Short Term Investment Fund or Tax Exempt Proceeds Fund, and are invested and disbursed as directed by the University similar to bond proceeds (see Note 1). With the amendment, monthly payments of $471,254 increased to $517,135. Payments began January, 2006 and the lease matures 20 years from commencement with interest at a nominal rate of 4.42% on the first $75,000,000 and 5.09% for the last $6,900,000 of advances. Amounts advanced by the lessor include capitalized interest during construction, and are reflected as long-term debt in the accompanying financial statements. At the completion of the lease term, the University has an option to purchase the project assets for one dollar.

During fiscal year 2009, the University purchased a unit in Campus Associates Limited Partnership for $49,848. The related loan is included in long-term debt in the accompanying financial statements.

Net unamortized premium, discounts and debt difference due to refundings are recorded as additions to the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums and increasing it for discounts.

Long-term debt activity, including refunding of debt, for the years ended June 30, 2009 and 2008 was as follows:

Long-term Debt Activity for the Year Ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Current Portion
General Obligation Bonds	$ 763,413,355	$ 144,855,000	$ (63,323,640)	$ 844,944,715	$ 64,777,274
Revenue Bonds	177,330,000	-	(4,500,000)	172,830,000	4,695,000
Self Liquidating Bonds	5,808,324	32,484	(1,055,124)	4,785,684	993,466
Installment Loans	177,491	322,112	(120,336)	379,267	63,719
Obligation Under Capital Lease for Cogeneration	75,196,110	-	(2,898,221)	72,297,889	3,030,571
Campus Associates Limited Partnership Loan	-	49,848	(12,500)	37,348	24,894
Total long-term debt	1,021,925,280	145,259,444	(71,909,821)	1,095,274,903	73,584,924
Premiums/discounts/debt difference due to refunding	13,726,563	6,312,563	(1,214,441)	18,824,685	1,468,887
Total long-term debt, net	$ 1,035,651,843	$ 151,572,007	$ (73,124,262)	$1,114,099,588	$ 75,053,811

Long-term Debt Activity for the Year Ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Current Portion
General Obligation Bonds	$ 823,132,147	$ -	$ (59,718,792)	$ 763,413,355	$ 63,323,640
Revenue Bonds	181,655,000	-	(4,325,000)	177,330,000	4,500,000
Self Liquidating Bonds	7,021,902	1,017,209	(2,230,787)	5,808,324	1,017,733
U.S. Dept. of Ed. Towers Loan	1,647,906	-	(1,647,906)	-	-
Installment Loans	867,844	51,198	(741,551)	177,491	85,069
Obligation Under Capital Lease for Cogeneration	77,967,770	-	(2,771,660)	75,196,110	2,898,221
Financial Accelerator Loan	2,946,710	-	(2,946,710)	-	-
Total long-term debt	1,095,239,279	1,068,407	(74,382,406)	1,021,925,280	71,824,663
Premiums/discounts/debt difference due to refunding	14,910,860	-	(1,184,297)	13,726,563	1,148,134
Total long-term debt, net	$ 1,110,150,139	$ 1,068,407	$ (75,566,703)	$1,035,651,843	$ 72,972,797

Long-term debt outstanding at June 30, 2009 and 2008 consisted of the following:

Type of Debt and Issue Date	Type of Issue	Principal Payable	Maturity Dates Through Fiscal Year	Interest Rate	Balance 2009	Balance 2008
Bonds:						
GO 1996 Series A	original	annually	2011	5.05-5.1%	$ 4,369,715	$ 4,369,715
GO 1997 Series A	original	annually	2009	5.30%	-	3,553,640
GO 1999 Series A	original	annually	2012	4.3-4.5%	13,000,000	19,000,000
GO 2000 Series A	original	annually	2010	5.0%	6,550,000	15,825,000
GO 2001 Series A	original	various	2021	4.0-4.75%	20,675,000	25,675,000
GO 2002 Series A	original	annually	2012	4.0-4.46%	15,000,000	20,000,000
GO 2003 Series A	original	annually	2023	2.3-4.4%	37,205,000	41,930,000
GO 2004 Series A	original	annually	2024	2.5-5.0%	73,370,000	78,265,000
GO 2004 Ref. Series A	refund	annually	2020	3.9-5.0%	203,080,000	212,285,000
GO 2005 Series A	original	annually	2025	3.25-3.7%	76,870,000	83,410,000
GO 2006 Series A	original	annually	2026	3.45-5.0%	65,570,000	69,430,000
GO 2006 Ref. Series A	refund	various	2020	4.75-5.0%	59,555,000	59,555,000
GO 2007 Series A	original	annually	2027	3.5-5.0%	78,815,000	84,085,000
GO 2007 Ref. Series A	refund	various	2022	5.0%	46,030,000	46,030,000
GO 2009 Series A	original	annually	2029	2.0-5.0%	144,855,000	-
Total General Obligation Bonds					844,944,715	763,413,355
Rev 1998 Series A	original	annually	2028	4.3-5.125%	26,010,000	26,840,000
Rev 2002 Series A	original	annually	2030	3.95-5.25%	64,305,000	66,050,000
Rev 2002 Ref. Series A	refund	annually	2030	4.0-5.25%	82,515,000	84,440,000
Total Revenue Bonds					172,830,000	177,330,000
March 1993	original	annually	2012	5.4-5.5%	195,000	260,000
October 1993	refund	various	2012	6.0%	205,690	205,690
March 1994	original	annually	2010	5.5%	76	112
August 1994	original	annually	2009	5.8%	-	9
September 1997	refund	annually	2009	5.0-5.5%	-	75,066
February 1998	refund	annually	2009	4.5%	-	2,193
June 2001	refund	annually	2016	4.4 -5.5%	633,610	892,056
November 2001	refund	various	2014	3.6-5.13%	1,174,156	1,313,541
June 2002	refund	annually	2010	5.0 -5.5%	296,248	593,151
August 2002	refund	various	2016	3.5-5.5%	551,867	551,867
December 2003	refund	annually	2011	5.0%	420,003	638,089
April 2005	refund	various	2017	4.38-5.25%	274,800	274,800
December 2007	refund	annually	2015	3.5-5.0%	1,001,750	1,001,750
March 2009	refund	annually	2010	2.0%	32,484	-
Total Self-Liquidating Bonds					4,785,684	5,808,324
Total Bonds					1,022,560,399	946,551,679
Loans and other debt:						
Installment Loans		various	various	1.0-5.604%	379,267	177,491
Obligation Under Capital Lease for Cogeneration		monthly	2026	4.42-5.09%	72,297,889	75,196,110
Campus Associates Limited Partnership Loan		Semi-annually	2011	0.75%	37,348	-
Total loans and other					72,714,504	75,373,601
Total bonds, loans and installment purchases					1,095,274,903	1,021,925,280
Premiums/discounts/debt difference due to refunding					18,824,685	13,726,563
Total bonds, loans and installment purchases, net					1,114,099,588	1,035,651,843
Less: current portion, net					75,053,811	72,972,797
Total noncurrent portion, net					$1,039,045,777	$ 962,679,046

Long-term debt including general obligation bonds, revenue bonds and loans are scheduled to mature in the following fiscal years as of June 30:

	General Obligation Bonds			Long-term Debt Other than General Obligation Bonds			Total Obligations		
Year(s)	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	$ 64,777,274	$ 39,219,582	$ 103,996,856	$ 8,882,110	$ 11,939,377	$ 20,821,487	$ 73,659,384	$ 51,158,959	$ 124,818,343
2011	67,752,441	38,002,699	105,755,140	9,011,967	11,538,685	20,550,652	76,764,408	49,541,384	126,305,792
2012	64,350,000	33,090,007	97,440,007	9,309,407	11,124,439	20,433,846	73,659,407	44,214,446	117,873,853
2013	60,880,000	30,289,284	91,169,284	9,782,555	10,703,011	20,485,566	70,662,555	40,992,295	111,654,850
2014	64,055,000	27,413,783	91,468,783	10,115,712	10,233,964	20,349,676	74,170,712	37,647,747	111,818,459
2015-2019	286,645,000	93,949,468	380,594,468	56,793,717	43,220,720	100,014,437	343,438,717	137,170,188	480,608,905
2020-2024	175,260,000	35,497,602	210,757,602	70,903,317	27,900,095	98,803,412	246,163,317	63,397,697	309,561,014
2025-2029	61,225,000	6,956,293	68,181,293	64,446,403	10,573,804	75,020,207	125,671,403	17,530,097	143,201,500
2030	-	-	-	11,085,000	396,625	11,481,625	11,085,000	396,625	11,481,625
Total	$844,944,715	$304,418,718	$1,149,363,433	$250,330,188	$137,630,720	$387,960,908	$1,095,274,903	$442,049,438	$1,537,324,341

6. RETIREMENT PLAN

All regular full-time employees participate in one of two retirement plans. The State Employees' Retirement System, a single employer defined benefit public employee retirement system, is administered by the state and covers approximately 44% of full-time employees. The State of Connecticut is statutorily responsible for the pension benefits of University employees who participate in this plan. The University makes contributions on behalf of the employees through a fringe benefit charge assessed by the state. Employees may also choose to participate in the Alternative Retirement Plan (ARP) which is a defined contribution plan administered through a third-party administrator, ING Life Insurance and Annuity Company. Under this arrangement, the University and the plan participants make annual contributions to the plan.

With respect to the University’s Department of Dining Services (DDS), of its approximately 552 full-time employees, 84 participate in either the State Employees’ Retirement System or ARP, while 468 are eligible to participate in two other retirement plans: the Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan. Under the provisions of MPPP, the University DDS is required to contribute 6% or 7% of employee’s covered compensation for eligible employees and its employees do not make any contributions to the Plan. The MPPP is a defined contribution plan administrated through a third-party administrator, Pension Consultants, Inc. On behalf of MPPP participants, the University DDS contributed $553,355 and $498,155 to the plan for the years ended June 30, 2009 and 2008, respectively.

7. COMPENSATED ABSENCES AND WAGES PAYABLE

Compensated absences are recorded in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, and represent the amounts earned by eligible employees. The liability for compensated absences is classified as current and noncurrent based on the amount estimated to be paid to employees in one year and beyond one year, respectively. Compensated absences include accrued unused vacation and sick leave balances for employees, and at June 30, 2009 totaled $24,553,669 and $1,897,329, respectively, and at June 30, 2008 totaled $23,589,495 and $1,428,569, respectively. During fiscal year 2009, the State of Connecticut offered a Retirement Incentive Plan (RIP) to University employees. According to the terms of the RIP, unused vacation and sick leave will be paid in three equal payments on July 1 of each year, beginning July 1, 2012. Included in the noncurrent compensated absences liability as of June 30, 2009, are $1,660,331 for accrued vacation and $421,491 for sick leave for University employees that participated in RIP. A reclassification was made to compensated absences in the accompanying Statements of Net Assets to better reflect the current and noncurrent portions at June 30, 2008.

Wages payable includes salaries and wages for amounts owed at June 30. The State of Connecticut administers benefit and retirement plans for the University. Therefore, the payable for fringe benefits related to wages payable is included in Due to the State of Connecticut as of June 30.

8. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the state provides post retirement health care and life insurance benefits to University employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the state pays 100% of their health care insurance premium cost (including the cost of dependents' coverage). In addition, the state pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of state service that the retiree had at the time of retirement. The state finances the cost of post retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund.

9. COMMITMENTS

On June 30, 2009, the University had outstanding commitments exceeding $100,000 each, totaling $84,996,006, which included $70,291,853 of commitments related to capital projects. Of this amount, commitments totaling $34,689,236 related to UCONN 2000 capital projects that are administered by the University for the Health Center. The commitments on behalf of the Health Center are included in the Due to Affiliate (See Note 5). Of the total amount of outstanding commitments, $3,555,973 was included in accounts payable at June 30, 2009. In addition to the amount for capital outlay, commitments were also related to research, academic, institutional support and operating leases for building space. Of these commitments, the University expects $4,256,224 to be reimbursed by federal grants.

10. DEFERRED INCOME AND CHARGES

Deferred income is comprised of certain restricted research grants that are not included in revenue until the funds are expended; tuition and fees and auxiliary enterprises fees received in advance of services rendered for summer and fall sessions; athletic ticket sales and commitments received in advance of the season; and other revenues received but not earned. As of June 30, 2009 and 2008 deferred income is as follows:

	2009	2008
Certain restricted research grants	$ 8,728,099	$ 9,762,544
Tuition and fees and auxiliary enterprises	6,633,967	7,104,697
Athletic ticket sales and commitments	3,116,151	3,339,216
Other	933,259	1,489,174
Total deferred income	$ 19,411,476	$ 21,695,631

A portion of current deferred charges totaling $836,982 and $803,603 and noncurrent deferred charges totaling $8,500,782 and $8,182,465 at June 30, 2009 and 2008, respectively, represent the cost of issuance on certain bond issues which will be amortized over the terms of the respective bond issues (see Note 5).

11. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the Statement of Revenues, Expenses and Changes in Net Assets. This increases tuition and fee revenues and operating expenses by $3,971,970 for the year ended June 30, 2009, and $3,703,591 for the year ended June 30, 2008. Waivers not reflected in the accompanying financial statements totaled $41,344,583 and $38,236,803 in fiscal years 2009 and 2008, respectively. In fiscal years 2009 and 2008, approximately 91% of such waivers were provided to graduate assistants.

12. RELATED PARTY TRANSACTIONS

The Foundation is a tax-exempt organization supporting the University and the Health Center (see Note 1). The University has entered into a written agreement with the Foundation whereby the University agreed to reimburse the Foundation for certain administrative services and operating expenses and the Foundation agreed to reimburse the University for certain personal services performed. The following transactions occurred between the University and the Foundation as of and for the years ended June 30, 2009 and 2008:

	2009	2008
Amount paid to the Foundation for its guaranteed contractual services	$ 7,582,000	$ 7,242,000
Reimbursements from the Foundation for personal services and operating expenses	$ 671,925	$ 476,248
Capital and noncapital gifts and grants received from the Foundation	$ 19,050,811	$ 21,351,641
Amount receivable from the Foundation	$ 4,543,300	$ 4,793,553

The State of Connecticut supports the University's mission primarily via two mechanisms: State appropriations and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the State's general fund. Payments for fringe benefits were made by the State for reimbursements related to salaries expensed from the general fund. The transactions were as follows for the years ended June 30, 2009 and 2008:

	2009	2008
Amount of general fund appropriations received from State of Connecticut	$234,057,728	$234,481,293
Amount of payments for fringe benefits received from State of Connecticut	88,938,332	91,084,919
Amount of general fund payroll included in receivable from State of Connecticut	4,755,362	2,610,411
Total appropriations and payments for fringe benefits from the State of Connecticut	$327,751,422	$328,176,623

The Office of Technology Commercialization (OTC) is a university-wide function consisting of the following divisions: the Center for Science and Technology Commercialization, the Research and development Corporation, and the Technology Incubation Program. The funding for these divisions is consolidated into the Health Center's budget, a part of which is reimbursed by the University in accordance with an annual memorandum of agreement for the transfer of funds. The amount contributed by the University to fund the OTC was $1,087,933 in fiscal year 2009 and $1,029,445 in fiscal year 2008. The University also engaged in certain cost share arrangements with the Health Center for shared services such as senior management salaries.

The University and the University of Connecticut Alumni Association (Association), a Connecticut non-stock corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code have an agreement that recognizes the benefits of a coordinated approach to alumni relationship building and defines the responsibilities of the parties. During the years ended June 30, 2009 and 2008, the University directed funding to the Association in the amount of $323,007 and $312,507, respectively.

The University entered into a land lease with Campus Associates Limited Partnership on February 1, 2000. The limited partnership was formed for the purpose of managing the Nathan Hale Inn, a hotel located on campus. The lease will continue for a term of fifty years and provides for base rents of $5,000 for the first five years and $25,000 for the sixth year. For the seventh year and every year thereafter, base rent will be adjusted by the increase in the Consumer Price Index. In exchange for a rent concession amounting to $100,000 in total for five years, the University received two limited partnership units. On June 15, 2009, the University purchased a third unit in the limited partnership paying $49,848 for the limited partnership interest (see Note 2). As of June 30, 2009, the University owed Campus Associates Limited partnership $37,348 (see Note 5).

In addition, the University has also provided office space and administrative support for certain other related parties.

13. CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on the University's financial statements.

14. OPERATING EXPENSES BY OBJECT

The table below details the University's operating expenses by object for the years ended June 30, 2009 and 2008.

Operating Expenses by object for the Year Ended June 30, 2009:

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation	Total
Instruction	$ 198,676,752	$ 59,882,773	$ 25,494,882	$ -	$ -	$ 284,054,407
Research	36,163,139	8,219,381	19,645,918	-	-	64,028,438
Public Services	22,787,611	7,187,062	7,154,146	-	-	37,128,819
Academic Support	50,019,745	18,320,531	18,706,539	-	-	87,046,815
Student Services	22,988,198	8,336,228	5,050,777	336,162	-	36,711,365
Institutional Support	45,109,153	19,257,642	18,696,789	105,546	-	83,169,130
Operations and Maintenance	19,373,491	10,548,524	20,336,027	21,220,050	-	71,478,092
Depreciation	-	-	-	-	89,556,846	89,556,846
Student Aid	410,812	-	3,506,395	-	-	3,917,207
Auxiliary Enterprises	59,769,448	23,174,108	49,493,652	11,938,523	-	144,375,731
Other Operating Expenses	803,393	288,603	29,487,211	-	-	30,579,207
	$ 456,101,742	$ 155,214,852	$ 197,572,336	$ 33,600,281	$ 89,556,846	$ 932,046,057

Operating Expenses by object for the Year Ended June 30, 2008:

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation	Total
Instruction	$ 191,401,515	$ 60,482,368	$ 27,203,108	$ -	$ -	$ 279,086,991
Research	34,720,246	8,103,480	17,521,480	-	-	60,345,206
Public Services	20,914,047	6,629,221	6,311,577	46	-	33,854,891
Academic Support	48,461,671	18,110,942	14,941,321	-	-	81,513,934
Student Services	22,434,810	8,324,136	4,948,120	299,513	-	36,006,579
Institutional Support	41,798,676	18,088,008	12,303,950	123,919	-	72,314,553
Operations and Maintenance	18,537,572	9,801,817	17,454,618	18,316,713	-	64,110,720
Depreciation	-	-	-	-	100,186,738	100,186,738
Student Aid	415,906	-	3,593,682	-	-	4,009,588
Auxiliary Enterprises	56,315,159	22,122,801	46,139,971	10,483,275	-	135,061,206
Other Operating Expenses	751,828	225,200	15,514,582	-	-	16,491,610
	$ 435,751,430	$ 151,887,973	$ 165,932,409	$ 29,223,466	$ 100,186,738	$ 882,982,016

15. UNRESTRICTED NET ASSETS

The University adopted GASB No. 35 for external reporting purposes, which requires net assets to be classified for accounting and reporting purposes into one of three net asset categories, as discussed in Note 1 to the financial statements. Unrestricted net assets, as defined by the GASB, are not subject to externally imposed stipulations; however, they are subject to internal restrictions. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are internally designated for academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.

Trustees and Financial Officers
As of June 30, 2009

UNIVERSITY OF CONNECTICUT
1881

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SCHEDULE 2

UNIVERSITY OF CONNECTICUT HEALTH CENTER JUNE 30, 2009
AUDITED FINANCIAL STATEMENTS

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University of Connecticut Health Center

Financial Report

For the Year Ended June 30, 2009

Message from the Vice President and the Chief Financial Officer

Founded in 1881, the University of Connecticut (University) serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of the Health Center only.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriation, check-writing authority, human resource control, and purchasing authority and, with the advent of UCONN 2000 in 1995, management of capital activities, including projects for the Health Center starting in 2005.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans, operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors. An important component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the Health Center. They are responsible for auditing its financial operations and their opinion appears in this report.

The University of Connecticut Health Center is an academic medical center composed of the School of Medicine, School of Dental Medicine, John Dempsey Hospital, the UConn Medical Group and University Dentists. Established in 1961, the Health Center pursues its mission of providing outstanding health care education in an environment of exemplary patient care, research and public service. With approximately 4,600 full-time equivalent employees, the Health Center is one of Connecticut's largest employers and an important contributor to the local and regional economy. The Health Center's campus in Farmington is situated on 206 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University's main campus is in Storrs, about 30 miles east of Hartford.) The Health Center campus includes 39 buildings totaling over 2 million square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, the Health Center offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals. Combined degree programs, such as the M.D./Ph.D., D.M.D./Ph.D., Dental Clinical Specialty/Ph.D. and M.D./M.P.H. are also offered.

The UConn Health Center is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn's dental students with an especially strong foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry).

Each year at UConn, about 330 students work toward the medical doctor's degree and 170 toward the doctor of medical dentistry degree. Admission to each school is highly competitive; both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards, ranking first among the country's 55 dental schools on these examinations in 2001 and again in 2003. In the years since the Health Center graduated its first students in 1972, 1,329 men and women have received the D.M.D. degree; 2,819 the M.D. degree.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 550 newly graduated M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as the surgical specialties, internal medicine, and primary care. Some of the residency training occurs on the Health Center's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending the Health Center's positive impact on the region.

Research Programs

Since the Health Center's inception, high-quality research programs have been part of the institution's fabric. This history has enabled the Health Center to recruit distinguished researchers with expertise in neuroscience, molecular biology, molecular pharmacology, biochemistry, cell physiology, toxicology, and endocrinology, among other fields. The Alcohol Research Center is one of only 14 such federally supported centers in the nation; the Connecticut Clinical Chemosensory Research Center, one of five. In recent years, the University has also become a leader in stem cell research. Clinical research is facilitated by the Lowell Weicker General Clinical Research Center and the Clinical Trials Unit. Research awards have grown from $44.8 million in FY 97 to over $90.4 million in FY 09.

Health Care Services

Through John Dempsey Hospital (224 licensed beds), the Health Center provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular, cancer and musculoskeletal services, as well as high risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. Health Center physicians make up the UConn Medical Group, the largest medical practice in Greater Hartford, offering primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to have strong volume, the challenges of the health care marketplace (recruitment, malpractice reserves and low reimbursement) continue to take their toll. John Dempsey Hospital's financial health is also directly affected by its small size, bed distribution (only half are medical/surgical), poorly reimbursed services provided as part of its public mission and cost factors resulting from its status as a state entity.

Connecticut Health

UConn Health Center faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city and town governments, community-based organizations and the public to serve the poor and uninsured by providing better medical care and health education. The UConn Health Center is committed to finding new and effective ways to reach out to the public at large as part of the University's ongoing effort to bring a better quality of life to all our citizens.

Respectfully Submitted,

Richard D. Gray
Vice President and Chief Financial Officer
University of Connecticut

John M. Biancamano
Chief Financial Officer
University of Connecticut Health Center

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

We have audited the accompanying statements of net assets of the University of Connecticut Health Center (Health Center) as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and statements of cash flows for the years then ended. The Health Center is a component unit of the University of Connecticut system, which includes the University of Connecticut, the Health Center and the University of Connecticut Foundation, Inc. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the John Dempsey Hospital, which represented 24 and 25 percent of the assets of the Health Center as of June 30, 2009 and 2008, respectively and 32 and 30 percent of the revenues of the Health Center for the years then ended. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the John Dempsey Hospital, is based on the reports of the other auditors. The audits of the John Dempsey Hospital were conducted in accordance with auditing standards generally accepted in the United States of America.

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

In our opinion, based upon our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Health Center, as of June 30, 2009 and 2008, and the results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements of the Health Center, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health Center's basic financial statements. The introductory section and the consolidating statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The consolidating statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

Kevin P. Johnston

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

February 11, 2010
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center (the "Health Center") for the year ended June 30, 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (University) serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center. Although governed by a single Board of Trustees, the University of Connecticut and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

The financial statements presented here represent the transactions and balances of the Health Center only. The Health Center offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. The Health Center's component parts are the School of Medicine, School of Dental Medicine, UConn Medical Group, the University of Connecticut Finance Corporation and University Dentists ("Primary Institution") and John Dempsey Hospital (the "Hospital"). The Health Center's enrollment in fiscal year 2009 was 331 in the School of Medicine, 172 in the School of Dental Medicine, and 325 Graduate students, taught by over 560 full time equivalent (FTE) faculty members. The Health Center in total employs approximately 4,600 FTE's. John Dempsey Hospital (JDH) has 204 acute care beds and 20 nursery beds and in fiscal year 2009 provided care to over 380,000 inpatient and outpatient visits. UConn Medical Group (UMG) in fiscal year 2009 provided care to over 563,000 unique patient visits.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of the Health Center for the fiscal year ended June 30, 2009, based on currently known facts, decisions, or conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

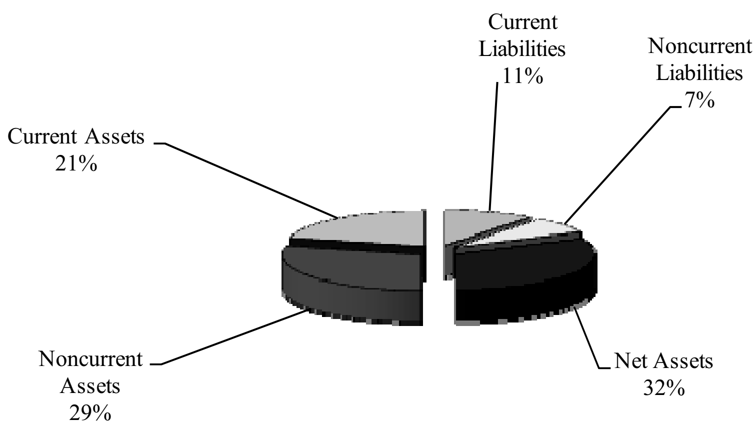
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows) present the financial position of the Health Center at June 30, 2009, and the results of operations and financial activities for the year then ended. These statements report information about the Health Center using accounting methods similar to those used by private-sector companies. In addition, a prior year column is presented for comparison purposes. The statement of net assets includes all of the Health Center's assets and liabilities. The statement of revenues, expenses and changes in net assets reflects the year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. These statements report the Health Center's net assets and how they have changed. Net assets (the difference between assets and liabilities) are one way to measure financial health or position. The statements of cash flows provides relevant information about each year's cash receipts and cash payments and classifies them as to operating, investing, noncapital financing and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

The Health Center's financial position at June 30, 2009, consisted of assets of $485.1 million and liabilities of $174.1 million. Net assets, which represent the residual interest in the Health Center's assets after liabilities are deducted, increased $40 million in fiscal year 2009 to $311.0 million at June 30, 2009.

Statement of Net Assets



The increase in net assets is primarily attributable to an increase in capital appropriations.

Changes in net assets represent the operating activity of the Health Center, which results from revenues, expenses, gains and losses, and are summarized for the years ended June 30, 2009, 2008 and 2007 as follows:

	(in millions) 2009	2008	2007
Total operating revenue	$ 565.1	$ 547.5	$ 526.5
Total operating expenses	778.2	746.1	692.9
Operating (loss)	(213.1)	(198.6)	(166.4)
Other changes in net assets	253.1	197.1	184.3
(Decrease) / Increase in net assets	$ 40.0	$ (1.5)	$ 17.9

The financial statements contained herein show an operating loss of $213.1 million for the year ending June 30, 2009 (fiscal year 2009). The measure more indicative of normal and recurring activities is net income before capital appropriations, which includes revenue from state appropriations. Additions to capital assets are, in a large part, funded by capital appropriations from the state and issuance of UCONN 2000 bond funds, which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income, so a loss under this measurement is expected. The Health Center experienced a loss before capital appropriations of $302,000 in fiscal year 2009.

Sources of recurring operating and nonoperating revenues increased in 2009 and most are expected to have slight increases in 2009, including tuition and fees revenue, patient service revenues and contract revenues. State support, not including state funded capital appropriations, increased 9.3% from the prior year inclusive of a current year deficit appropriation of $22.9 million versus the deficit appropriation of $21.9 million in the FY 2008.

STATEMENTS OF NET ASSETS

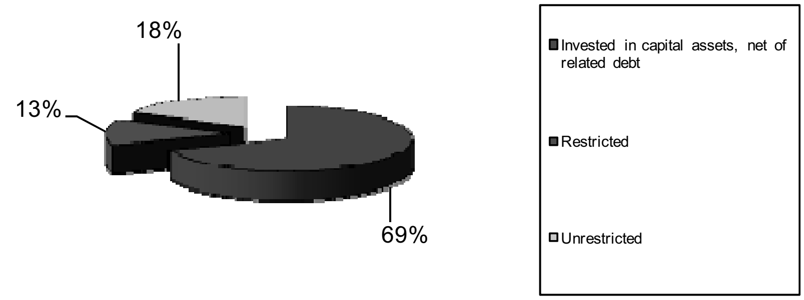
The statements of net assets present the financial position of the Health Center at the end of the fiscal years and includes all assets and liabilities of the Health Center. The difference between total assets and total liabilities—net assets—is one indicator of the current financial condition of the Health Center, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summary of the Health Center's assets, liabilities and net assets at June 30, 2009, 2008 and 2007 is as follows:

	(in millions)		
	2009	**2008**	**2007**
Current assets	$ 204.9	$ 177.4	$ 180.0
Noncurrent assets:			
Capital assets, net	252.8	239.9	235.4
Other	27.4	27.6	22.2
Total assets	485.1	444.9	437.6
Current liabilities	101.7	100.3	90.1
Noncurrent liabilities	72.4	73.6	75.0
Total liabilities	174.1	173.9	165.1
Net assets	$ 311.0	$ 271.0	$ 272.5

The total assets of the Health Center increased by $40 million, or 9.0%, over the prior year. The increase was primarily due to capital appropriations associated with UCONN 2000 bond funds held by the University for the Health Center. The unspent portion of these appropriations is held in the Due from Affiliates line in the Statement of Net Assets.

The total liabilities for the year increased by $150,000 or less than 1% with increases in Accrued Salaries, Compensated Absences, and Malpractice Reserves offset by lower Accounts Payable and scheduled principal payments on long term debt made during FY 2009.

Net Assets
Net assets represent the residual interest in the Health Center's assets after liabilities are deducted. The Health Center had net assets of $311.0 million at June 30, 2009, which were made up of the following:



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The statement of revenues, expenses and changes in net assets presents the Health Center's results of operating and nonoperating activities. A summary of the Health Center's revenues, expenses and changes in net assets for the years ended June 30, 2009, 2008 and 2007 are as follows:

	(in millions)		
	2009	**2008**	**2007**
Operating revenues			
Patient Services	$ 413.2	$ 399.3	$ 375.9
Grants and Contracts	88.3	87.0	90.9
Other	63.6	61.2	59.7
Total operating revenue	565.1	547.5	526.5
Operating expenses			
Patient services	471.2	445.7	398.3
Instruction	115.3	109.5	104.1
Other	191.7	190.9	190.5
Total operating expenses	778.2	746.1	692.9
Operating (loss)	(213.1)	(198.6)	(166.4)
Net nonoperating revenues	212.8	197.3	161.3
Total other revenues	40.3	(0.2)	23.0
Inc/(Dec) in net assets	$ 40.0	$ (1.5)	$ 17.9

Revenue highlights for the year ending June 30, 2009, including operating and nonoperating revenues and capital additions, presented on the Statements of Revenues Expenses, and Changes in Net Assets are as follows:

- The largest source of revenue was patient service revenue. Net Patient service revenue increased $14.0 million or 3.5% over the prior year. Prior to eliminations the increase for John Dempsey Hospital was $16.4 million.

Increases in John Dempsey Hospital are the result of strategic changes to the charge master and increased outpatient volumes. Correctional Managed Health Care program revenues decreased $2.3 million or 2.3% which reflects decreased costs related to the agreement with the State of Connecticut Department of Correction. More detailed information about the Health Center's patient revenue is presented in note 4 of the financial statements.

- The state appropriation (including in-kind fringe benefits), which is included in nonoperating revenues, totaled $208.5 million. This represents a 9.3% increase over the prior year and includes both the deficiency appropriation of $22.9 million and increases in in-kind fringe benefits associated with salary expense of general funded employees.

Highlights of expenses including operating and nonoperating expenses presented on the Statements of Revenues, Expenses and Changes in Net Assets are as follows:

- Patient service expense is the largest expense category for the Health Center; it accounts for 60.6% of total operating expenses. It increased to $471.2 million or 5.7% over the prior year. The increase is mainly attributable to the increase in patient volume for the John Dempsey Hospital and UConn Medical Group.

- Instruction, the Health Center's second largest operating expense, increased $5.8 million or 5.3%. The increase reflects slight increases in average faculty salaries and increase in fringe benefit expense some of which is included in the in-kind fringe benefit recovery reported as income in the state appropriation line in the nonoperating revenues (expenses) section.

STATEMENTS OF CASH FLOWS

The statements of cash flows provide additional information about the Health Center's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the years ended June 30, 2009, 2008 and 2007 is as follows:

	(in millions)		
	2009	**2008**	**2007**
Cash received from operations	$ 566.5	$ 563.5	$ 507.0
Cash expended for operations	(667.2)	(634.1)	(601.2)
Net cash used in operating activities	(100.7)	(70.6)	(94.2)
Net cash provided by (used in) investing activities	7.5	(1.6)	6.1
Net cash provided by noncapital financing activities	132.8	117.4	98.1
Net cash used in capital and related financing activities	(29.6)	(23.2)	(24.8)
Net increase (decrease) in cash and cash equivalents	10.0	22.0	(14.8)
Cash and cash equivalents, beginning of the year	67.1	45.1	59.9
Cash and cash equivalents, end of the year	$ 77.1	$ 67.1	$ 45.1

CAPITAL AND DEBT ACTIVITIES

During fiscal year 2009 the Health Center participated in the UCONN 2000 program. This is the third phase of the program also known as 21st Century UConn, which provides $1.3 billion for improvements to facilities at the University and the Health Center. The Health Center is scheduled to receive $305 million over the life of this program. During fiscal year 2009 the Health Center received $39.9 million from the UCONN 2000 bond issuance which is included in the capital appropriation line in the Statements of Revenues, Expenses, and Changes in Net Assets. There was no bond issuance during the prior year and therefore no associated revenue was recorded.

At June 30, 2009, the Health Center had plant and equipment, net of accumulated depreciation, of $252.8 million. The Health Center's fiscal 2010 capital budget projects spending of approximately $122.6 million, includes $90.5 million from issuance of UCONN 2000 Bond Funds, $279,000 from allocated State bond funds, and $31.8 million from other Health Center sources.

Debt activity during fiscal year 2009 was the annual payments for the bonds and loans outstanding and lease payments on capital leases entered into by the Hospital. More detailed information about the Health Center's capital assets and debt activities are presented in notes 5 and 7 of the financial statements.

FISCAL YEAR 2010 OUTLOOK

Results of operations for the first five months of Fiscal Year 2010 indicate a $3.5 million gain as compared to a budgeted breakeven. Achieving a breakeven for the Health Center appears achievable.

CONTACTING THE HEALTH CENTER'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of the Health Center's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, University of Connecticut Health Center, Farmington, Connecticut 06030.

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FINANCIAL STATEMENTS

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF NET ASSETS
As of June 30, 2009 and 2008

		2009		2008
ASSETS				
Current Assets				
Cash and cash equivalents	$	57,935,895	$	50,163,361
Assets limited as to use		-		123,447
Patient receivables, net		48,523,927		47,834,207
Contract and other receivables		32,460,165		33,404,551
Due from Affiliates		35,488,325		13,871,321
Due from State of Connecticut		7,593,527		6,961,955
Due from Department of Correction		6,098,479		9,423,851
Inventories		7,447,932		7,638,663
Due from third party payors		2,676,748		2,398,463
Prepaid expenses		6,646,457		5,608,982
Total current assets		204,871,455		177,428,801
Noncurrent Assets				
Restricted cash and cash equivalents		19,220,613		16,979,813
Other assets		740,937		691,609
Assets limited as to use		6,746,019		8,300,000
Due from State of Connecticut		713,824		1,653,782
Capital assets, net		252,786,451		239,902,389
Total noncurrent assets		280,207,844		267,527,593
Total assets	$	485,079,299	$	444,956,394
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	31,833,081	$	33,831,908
Due to State of Connecticut		4,880,610		4,725,008
Accrued salaries		26,744,974		25,302,618
Compensated absences		17,743,850		16,513,422
Deferred revenue		9,717,727		10,668,635
Malpractice reserve		6,910,000		4,958,000
Long-term debt - current portion		3,896,045		4,287,753
Total current liabilities		101,726,287		100,287,344
Noncurrent Liabilities				
Malpractice reserve		18,315,000		16,332,000
Compensated absences		20,009,022		19,385,322
Long-term debt		34,024,247		37,920,292
Total noncurrent liabilities		72,348,269		73,637,614
Total liabilities	$	174,074,556	$	173,924,958
NET ASSETS				
Invested in capital assets, net of related debt	$	216,043,925	$	197,694,344
Restricted for				
Nonexpendable				
Scholarships		61,451		61,451
Expendable				
Research		4,250,376		4,030,868
Loans		2,400,875		2,512,492
Capital projects		32,802,019		14,361,529
Unrestricted		55,446,097		52,370,752
Total net assets	$	311,004,743	$	271,031,436

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $4,134,654 and $3,779,696, respectively)	$ 11,578,853	$ 10,857,096
Patient services (net of charity care of $840,699 and $967,138, respectively)	413,226,263	399,252,009
Federal grants and contracts	60,479,262	61,214,230
Nongovernmental grants and contracts	27,784,536	25,787,409
Contract and other operating revenues	52,017,838	50,418,339
Total operating revenues	565,086,752	547,529,083
OPERATING EXPENSES		
Educational and General		
Instruction	115,260,386	109,503,140
Research	59,329,330	60,274,554
Patient services	471,209,020	445,745,818
Academic support	16,110,423	15,686,832
Institutional support	59,122,168	62,514,306
Operations and maintenance of plant	27,073,219	23,549,107
Depreciation	29,168,032	28,225,548
Loss on disposal	280,860	228,173
Student aid	659,089	417,306
Total operating expenses	778,212,527	746,144,784
Operating loss	(213,125,775)	(198,615,701)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	208,531,369	190,742,826
Gifts	981,803	2,698,560
Investment income (net of investment expense of $83,615 and $79,941, respectively)	5,884,533	6,624,737
Interest on capital asset - related debt	(2,574,423)	(2,767,549)
Net nonoperating revenues	212,823,282	197,298,574
Loss before other revenues, expenses, gains or losses	(302,493)	(1,317,127)
Capital appropriations	40,275,800	(165,790)
Total other revenues	40,275,800	(165,790)
Increase/(Decrease) in net assets	39,973,307	(1,482,917)
NET ASSETS		
Net assets-beginning of year	271,031,436	272,514,353
Net assets-end of year	$ 311,004,743	$ 271,031,436

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from patients and third-party payors	$ 415,583,629	$ 410,145,730
Cash received from tuition and fees	11,578,853	10,857,096
Cash received from grants, contracts and other revenue	139,315,114	142,468,034
Cash paid to employees for personal services and fringe benefits	(438,088,917)	(420,926,139)
Cash paid for other than personal services	(229,069,438)	(213,102,333)
Net cash used in operating activities	(100,680,759)	(70,557,612)
Cash flows from investing activities:		
Net change in malpractice, advances and bond trust funds	1,677,428	(8,176,114)
Interest received	5,819,033	6,532,960
Net cash provided by (used in) investing activities	7,496,461	(1,643,154)
Cash flows from noncapital financing activities:		
State appropriations	131,812,205	114,697,173
Gifts	981,803	2,698,560
Net cash provided by noncapital financing activities	132,794,008	117,395,733
Cash flows from capital and related financing activities:		
Additions to property and equipment	(42,332,954)	(29,965,749)
Capital appropriations	19,598,754	14,091,803
Interest paid	(2,574,423)	(2,767,549)
Net repayment, proceeds of long-term debt	(4,287,753)	(4,495,431)
Net cash used in capital and related financing activities	(29,596,376)	(23,136,926)
Net increase in cash and cash equivalents	10,013,334	22,058,041
Cash and cash equivalents at beginning of year	67,143,174	45,085,133
Cash and cash equivalents at end of year	$ 77,156,508	$ 67,143,174
Accompanying schedule of non-cash transactions		
Proceeds from capital leases	$ —	$ 2,979,106

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended June 30, 2009 and 2008

Reconciliation of operating loss to net cash used in operating activities:

	2009	2008
Operating loss	$ (213,125,775)	$ (198,615,701)
Adjustments to reconcile operating income to net cash		
Used in operating activities:		
Depreciation and loss on disposal	29,448,892	28,453,721
Personal services and fringe benefits in-kind from State	76,018,160	73,815,240
Changes in assets and liabilities:		
Patients receivables, net	(689,720)	3,876,843
Contract and other receivables	1,079,318	5,978,610
Due from DOC	3,325,372	5,988,887
Inventories	190,731	(761,636)
Third party payors	(278,285)	1,027,991
Prepaid expenses	(77,475)	(1,444,385)
Other assets	(49,328)	(137,553)
Accounts payable and accrued liabilities	(1,998,827)	6,018,620
Due to State of Connecticut	155,602	265,898
Accrued salaries	1,442,356	3,347,955
Compensated absences	1,854,128	1,133,520
Deferred revenue	(1,910,908)	(795,622)
Malpractice reserve	3,935,000	1,290,000
Net cash used in operating activities	$ (100,680,759)	$ (70,557,612)

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Entities

The University of Connecticut Health Center (the "Health Center") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, the Health Center and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of the Health Center for the years ended June 30, 2009 and 2008, which includes the School of Medicine, School of Dental Medicine, UConn Medical Group, University of Connecticut Health Center Finance Corporation and University Dentists (the "Primary Institution") and John Dempsey Hospital (the "Hospital") The Health Center offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. There is also an affiliated entity that supports the mission of the Health Center: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education and research at the University, including its Health Center.

Basis of Presentation

The Health Center's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," states that proprietary activities may elect to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Health Center has not elected this option.

For reporting periods beginning after June 15, 2005, GASB Statement No. 47, *Accounting for Termination Benefits*, was required for universities. This statement requires employers to recognize a liability and expense for voluntary termination benefits when the termination offer is accepted and the amount of the benefits can be estimated. Any pension liability related to early retirement is the State's responsibility and therefore none is recorded by the Health Center (see Note 10).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting

The Health Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. All revenues and expenses are subject to accrual.

Basis of Presentation

All significant intra-agency transactions have been eliminated in the presentation of the Consolidated Financial Statements. Additional information about eliminations may be found in the supplemental schedules.

Operating and Non-operating revenues:

The Health Center breaks out revenues between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. Exchange transactions principally include services provided by the Health Center to the community. Non-exchange transactions include State Appropriations, Gifts, and Investment returns.

Cash and Cash Equivalents:
The Health Center considers all funds that have not been otherwise board designated and which are held on its behalf by the State of Connecticut to be cash.

Accounts Receivable and Net Patient Service Revenues
Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Investments and Investment Income
The State of Connecticut has established various funds to account for the operations of the Health Center. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the John Dempsey Hospital Malpractice Trust Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Trust Fund accounts for assets set aside based on actuarial funding recommendations. The Operating Fund acts as a "General Fund" for the Health Center, accounting for all operations not accounted for elsewhere.

Unrestricted Research Foundation Fund and Malpractice Trust Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds controlled by the Health Center are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to day of withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

Though Operating Fund participation in STIF is not significant, the Health Center earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays the Health Center STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from the Health Center's civil list funds into the direct disbursement account used to process checks issued directly to vendors by the Health Center. Though the balance in this account may include assets of the Operating, Research Foundation and Hospital Funds, all interest earned is credited to the Operating Fund.

The Hospital Fund does not participate in STIF or, other than described above, the Treasurer's interest credit program.

Investment Income also includes amounts received from endowments.

Inventories
Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others.

Capital Assets
Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

Medical Malpractice
Health care providers and support staff of the Hospital are fully protected by state statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against the Health Center's malpractice self-insurance fund. Effective July 1, 1999, the Health Center developed a methodology by which it could allocate malpractice costs between the Hospital and UMG. For the years ended June 30, 2009, and 2008, these costs are included in the statements of revenues, expenses and changes in net assets.

Reclassification
Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

Regulatory Matters
The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Care Access ("OHCA"), and is required to file annual cost reports with Medicare and Medicaid.

2. CASH DEPOSITS AND INVESTMENTS

Statement No. 40 of the GASB requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Health Center's name.

The Health Center's cash and cash equivalents, current and noncurrent, balance was $77,156,508 and $67,143,174, as of June 30, 2009 and 2008, respectively and included the following:

	2009	2008
Cash maintained by State of Connecticut Treasurer	$ 20,612,497	$ 12,247,206
Invested in State of Connecticut Short-Term Investment Fund	56,193,372	54,410,502
Deposits with Financial Institutions and Other	349,139	483,966
Currency (Change Funds)	1,500	1,500
Total cash and cash equivalents	77,156,508	67,143,174
Less: current balance	57,935,895	50,163,361
Total noncurrent balance	$ 19,220,613	$ 16,979,813

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, the Health Center benefits from this protection, though the extent to which the deposits of an individual State agency such as the Health Center are protected cannot be readily determined.

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, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statement of net assets.

The Health Center's cash management investment policy authorizes the Health Center to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements and savings accounts. The $56,193,372 invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2009.

Certain funds are held by outside fiscal agents and are not under the direct control of the Health Center. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was $2,538,880 and $2,534,032 as of June 30, 2009 and 2008, respectively. Investment income earned on these assets is transferred to the Health Center in accordance with the applicable trust agreement. Income received from those sources for the years ended June 30, 2009 and 2008 was $37,521 and $104,047, respectively.

3. CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. During 2009 and 2008, the Hospital provided charity care services of $840,699 and $967,138, respectively. The cost basis of these services was $416,379 and $468,055, respectively. All related expenses are included in operating expenses.

4. NET PATIENT SERVICE REVENUE

The Health Center provides health care services primarily to residents of the region. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Health Center.

The Health Center has agreements with third-party payors that provide for payments at amounts different from its established rates. These third party payors include Medicare, Medicaid and certain commercial insurance carriers and Health Maintenance Organizations. Additionally, under the Correctional Managed Health Care Program, the Health Center provides medical, dental and psychiatric care to the inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction.

Patient service revenue for the Health Center is as follows:

		2009			2008	
John Dempsey Hospital						
Gross patient services revenue	$	469,647,440		$	406,763,316	
Less allowances		218,514,352			170,678,351	
Less bad debts		4,252,105			5,570,353	
Net patient service revenue			246,880,983			230,514,612
UConn Medical Group						
Gross patient services revenue		194,182,838			181,168,489	
Less allowances		114,385,267			102,207,030	
Less bad debts		995,025			557,702	
Net patient service revenue			78,802,546			78,403,757
Correctional Managed Health Care			99,371,423			101,660,324
All other			3,692,526			3,119,556
Total net patient service revenue per business unit			428,747,478			413,698,249
Eliminations			(15,521,215)			(14,446,240)
Total net patient service revenue	$		413,226,263	$		399,252,009

(Amounts above include internal transactions eliminated on face of statements. See Supplemental Information for greater details)

5. CAPITAL ASSETS

Capital assets at June 30, 2009 and 2008 consisted of the following:

		2009	2008
Land	$	8,423,594	8,423,594
Construction in Progress		50,636,930	40,262,025
Buildings		344,771,942	334,750,500
Equipment		212,665,658	199,821,569
Capital leases		13,776,275	13,776,275
		630,274,399	597,033,963
Less accumulated depreciation		377,487,948	357,131,574
Capital assets, net	$	252,786,451	239,902,389

The Health Center's fine art collection is capitalized on the statements of net assets. This collection is included in equipment in the Primary Institution and totaled $645,736 at June 30, 2009 and 2008. Plant and equipment activity and related information on accumulated depreciation for the Health Center for the years ended June 30, 2009 and 2008 was as follows:

	2008	Additions	Deletions	2009
Property and equipment:				
Land	$ 8,423,594	$ -	$ -	$ 8,423,594
Construction in Progress	40,262,025	29,486,805	(19,111,900)	50,636,930
Buildings	324,248,447	10,004,789	-	334,253,236
Improvements other than buildings	10,502,053	16,653	-	10,518,706
Equipment	199,821,569	21,936,607	(9,092,518)	212,665,658
Capital leases	13,776,275	-	-	13,776,275
Total property and equipment	597,033,963	61,444,854	(28,204,418)	630,274,399
Less accumulated depreciation:				
Buildings	190,479,329	10,720,847	-	201,200,176
Improvements other than buildings	6,794,334	284,863	-	7,079,197
Equipment	152,483,462	15,997,198	(8,811,658)	159,669,002
Capital Leases	7,374,449	2,165,124	-	9,539,573
Total accumulated depreciation	357,131,574	29,168,032	(8,811,658)	377,487,948
Net property and equipment:				
Land	8,423,594	-	-	8,423,594
Construction in Progress	40,262,025	29,486,805	(19,111,900)	50,636,930
Buildings	133,769,118	(716,058)	-	133,053,060
Improvements other than buildings	3,707,719	(268,210)	-	3,439,509
Equipment	47,338,107	5,939,409	(280,860)	52,996,656
Capital leases	6,401,826	(2,165,124)	-	4,236,702
Total capital assets, net	$ 239,902,389	$ 32,276,822	$ (19,392,760)	$ 252,786,451

	2007	Additions	Deletions	2008
Property and equipment:				
Land	$ 8,423,594	$ -	$ -	$ 8,423,594
Construction in Progress	32,031,865	15,355,090	(7,124,930)	40,262,025
Buildings	319,319,968	4,928,479	-	324,248,447
Improvements other than buildings	8,810,112	1,691,941	-	10,502,053
Equipment	187,550,388	15,115,169	(2,843,988)	199,821,569
Capital leases	10,797,169	2,979,106	-	13,776,275
Total property and equipment	566,933,096	40,069,785	(9,968,918)	597,033,963
Less accumulated depreciation:				
Buildings	180,132,794	10,346,535	-	190,479,329
Improvements other than buildings	6,547,854	246,480	-	6,794,334
Equipment	139,942,649	15,156,628	(2,615,815)	152,483,462
Capital leases	4,898,544	2,475,905	-	7,374,449
Total accumulated depreciation	331,521,841	28,225,548	(2,615,815)	357,131,574
Net property and equipment:				
Land	8,423,594	-	-	8,423,594
Construction in Progress	32,031,865	15,355,090	(7,124,930)	40,262,025
Buildings	139,187,174	(5,418,056)	-	133,769,118
Improvements other than buildings	2,262,258	1,445,461	-	3,707,719
Equipment	47,607,739	(41,459)	(228,173)	47,338,107
Capital leases	5,898,625	503,201	-	6,401,826
Total capital assets, net	$ 235,411,255	$ 11,844,237	$ (7,353,103)	$ 239,902,389

Construction in progress at June 30, 2009 and 2008, represents accumulated costs for various Health Center construction projects. The Health Center has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in plant category and depreciation will commence.

6. ENDOWMENTS

The Health Center designated the Foundation as manager of the Health Center's endowment funds. The Foundation makes spending allocation distributions to the Health Center for each participating endowment. The distribution is spent by the Health Center in accordance with the respective purposes of the endowments and with the policies and procedures of the Health Center.

7. LONG-TERM LIABILITIES

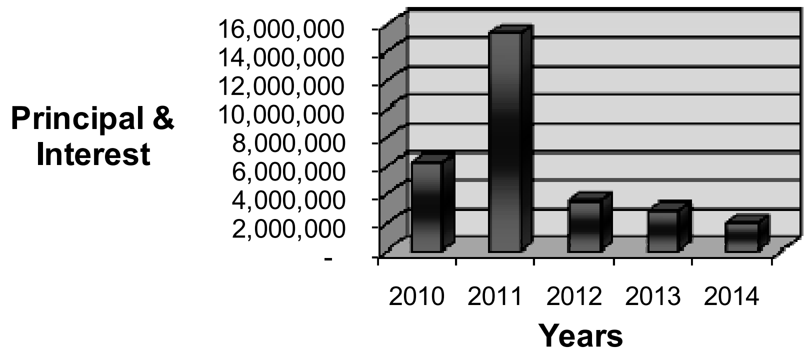
Long-term liability activity for the years ended June 30, 2009 and 2008 was as follows:

	June 30, 2008 Balance	Additions	Reductions	June 30, 2009 Balance	Amounts due within 1 year
Long-Term debt:					
Bonds Payable John Dempsey Hospital	$ 19,183	-	19,183	-	-
Bonds Payable Primary Institution	46,794	-	46,794	-	-
Loans payable John Dempsey Hospital	3,736,783	-	830,396	2,906,387	830,396
Lease Agreements John Dempsey Hospital	6,679,361	-	2,377,883	4,301,478	1,983,114
Mortgage Agreements Primary Institution	31,725,924	-	1,013,497	30,712,427	1,082,535
Total Long-Term Debt	42,208,045	-	4,287,753	37,920,292	3,896,045
Malpractice reserve	21,290,000	8,789,693	4,854,693	25,225,000	6,910,000
Compensated absences	35,898,744	24,172,425	22,318,297	37,752,872	17,743,850
Total Long - Term Liabilities	$ 99,396,789	32,962,118	31,460,743	100,898,164	28,549,895

	June 30, 2007 Balance	Additions	Reductions	June 30, 2008 Balance	Amounts due within 1 year
Long-Term debt:					
Bonds Payable John Dempsey Hospital	$ 162,967	-	143,784	19,183	19,183
Bonds Payable Primary Institution	294,473	-	247,679	46,794	46,794
Loans payable John Dempsey Hospital	4,567,179	-	830,396	3,736,783	830,396
Lease Agreements John Dempsey Hospital	6,027,173	2,979,106	2,326,918	6,679,361	2,377,882
Mortgage Agreements Primary Institution	32,672,578	-	946,654	31,725,924	1,013,498
Total Long-Term Debt	43,724,370	2,979,106	4,495,431	42,208,045	4,287,753
Malpractice reserve	20,000,000	3,291,309	2,001,309	21,290,000	4,958,000
Compensated absences	34,765,224	22,366,323	21,232,803	35,898,744	16,513,422
Total Long - Term Liabilities	$ 98,489,594	28,636,738	27,729,543	99,396,789	25,759,175

Estimated cash basis interest and principal requirements for the long-term debt for the next five years are as follows:

Long-Term Debt Requirement



Year		Long-Term Debt
2010	$	6,275,346
2011		15,358,316
2012		3,537,091
2013		2,915,261
2014		2,014,187
Thereafter		20,981,117
Totals	$	51,081,318

The Health Center is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under the Hospital's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined present value estimates that incorporate the Hospital's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors.

The scope of the Hospital's assessment for establishing reserves for malpractice costs encompasses physicians, dentists and all other University of Connecticut Health Center health care providers and support staff that are part of the primary institution.

The Health Center is involved in litigation claiming damages arising in the ordinary course of business. Claims alleging malpractice have been asserted against the Health Center and are currently in various stages of litigation. It is the opinion of management, however, that the amounts accrued for estimated malpractice costs at June 30, 2009 are adequate to provide for potential losses resulting from pending or threatened litigation and an actuarially determined estimate for incurred but not reported claims.

The Hospital has established a trust fund for the payment of medical malpractice claim settlements. The trust is funded based on actuarially determined amounts and is funded by the Hospital and the primary institution.

8. RESIDENCY TRAINING PROGRAM

The Health Center's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to the Health Center, in accordance with an established rate schedule, for services provided. The Health Center, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll and the provision of related fringe benefits to the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements as current unrestricted revenues and expenditures, respectively.

9. BOND FINANCED ALLOTMENTS

The Health Center recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from Health Center resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). This Act amended Public Act No. 95-230 that enabled the University to borrow money in its own name for a special ten year capital improvement program (UCONN 2000) designed to modernize, rehabilitate, and expand the physical plant of the University. The 21st Century UConn Act, as amended, extended the UCONN 2000 financing program that was scheduled to end in 2005, to run for an additional 11 years to June 30, 2016. The new Act authorized additional projects for the University and the Health Center for what is to be called Phase III of UCONN 2000 at an estimated cost of $1,348,400,000. Project costs include $305,400,000 authorized for the Health Center.

The University recorded total revenue of $150,000,000 as State debt service commitment for principal for the 2009 Series A bonds which includes $39,945,000 to finance projects for the Health Center. As noted above, Phase III includes a commitment to fund projects totaling $305,400,000 for the Health Center. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for the Health Center. A corresponding receivable is recorded for the unspent portion of the bonds ($35,488,325 at June 30, 2009) in the Statement of Net Assets.

10. RETIREMENT PLAN

All regular full-time employees participate in one of two retirement plans. The State Employees' Retirement System, a single employer defined benefit public employee retirement system, is administered by the State and covers most full-time employees. The State of Connecticut is statutorily responsible for the pension benefits of the Health Center employees who participate in this plan. The Health Center makes contributions on behalf of the employees through a fringe benefit charge assessed by the State.

Alternatively, employees may choose to participate in the Connecticut Alternate Retirement Program (CARP). CARP is a State-administered, portable pension plan offered to eligible employees of the State's constituent units of higher education as an alternate to the State Employees' Retirement System. This plans third party administrator is ING. Under this defined contribution plan, plan members are required to contribute 5 percent of their annual salaries; the State is required to contribute 8 percent of covered salary.

11. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the State provides post retirement health care and life insurance benefits to eligible Health Center employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined in a formula based on the number of years of State service that the retiree had at time of retirement. The State finances the cost of post retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund.

12. COMMITMENTS

On June 30, 2009, the Health Center had individual outstanding commitments exceeding $300,000 in amount, totaling $13,208,324. A portion of this amount was included in the June 30, 2009 accounts payable. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on the Health Center's behalf. Such obligations would be paid directly from proceeds of current and future bond issuances.

The Health Center agreed to pay $39,917,800 during the 2009-2010 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll and related fringe benefits to the interns and residents participating in the School of Medicine Residency Training Program. These costs are to be funded by participating hospitals, which will remit payments to the Health Center, in accordance with an established rate schedule, for services provided.

The Health Center leases various building space under operating lease commitments, which expire at various dates through fiscal year 2021. Expenses related to these leases were approximately $2,870,000 and $2,405,000 for the years ended June 30, 2009 and 2008, respectively. Future minimum rental payments at June 30, 2009 under non-cancelable operating leases are approximately as follows:

Year		Payments
2010	$	2,486,036
2011		2,081,381
2012		1,713,894
2013		1,393,519
2014		1,344,814
Thereafter		6,536,226
Total	$	15,555,870

13. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including its Health Center. The Foundation is a consolidated part of the University and therefore an affiliated party. As is the case with the University's Storrs based program, the Health Center has entered into a written agreement with the Foundation whereby the Health Center agrees to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse the Health Center for certain services performed and for operating expenses for the benefit of the Foundation. The following transactions occurred between the Health Center and the Foundation during the year ended June 30, 2009:

Amount paid to the Foundation	$	1,000,000
Amount received from the Foundation for personal services and operating expenses	$	94,329
Amount received from the Foundation from endowments and gifts	$	4,055,443

In addition, The Health Center engages in transactions with the University. Listed below are the material transactions with the University. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 for which notation has been made in note 9.

Funds Received in Support of Office of Technology and Commercialization	$	1,033,536
Funds Paid to the University of Connecticut	$	919,241

The Health Center is a component unit of the State of Connecticut. Through the Health Center, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports the Health Center's mission primarily via two mechanisms: State Appropriations and the provision of In Kind benefits. State Appropriations represent amounts the State allows the Health Center to charge back directly to the State's General Fund. In Kind benefits take the form of forgone fringe benefit expense reimbursements related to salaries expensed on the General Fund. For the year ended June 30, 2009, the amounts of these benefits recognized were as follows:

Amount of General Fund Appropriations from State of Connecticut	$	128,212,205
In Kind Fringe Benefits:		
Recognized through CMHC		35,434,497
Recognized in John Dempsey		3,600,000
Received elsewhere in Primary Institution		41,284,667
Total In Kind Fringe Benefits received from State of Connecticut:	$	80,319,164
Total Appropriations and In Kind benefits received from State of Connecticut	$	208,531,369

14. CONTINGENCIES

The Health Center is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on the Health Center's financial statements.

15. HYPOTHECATION

Individual components of the Health Center are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the University Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. University Medical Group is allowed to borrow at up to 70% of its accounts receivable. As of June 30, 2009 and 2008, the Hospital had drawn down $13,431,939and $17,945,885, respectively, under the State statute As of June 30, 2009 and 2008, the Hospital has available $13,372,322 and 19,405,251, respectively under the State statute.

16. SUBSEQUENT EVENT

On September 8, 2009 An *Act Concerning Expenditures and Revenue for the biennium Ending June 30, 2011*, (Public Act No. 09-3), became Connecticut law. Sec. 74. of this public act states "(Effective from passage) (a) Notwithstanding the provisions of section 10a-256 of the general statutes, the sum of $ 10,000,000 shall be transferred from The University of Connecticut Health Center Medical Malpractice Trust Fund and credited to the resources of the General Fund for each of the fiscal years ending June 30, 2010, and June 30, 2011. At the time of issuance of these statements, management has not determined what impact that this cash transfer will have on the malpractice trust fund or the payment and funding of claims in the future.

SUPPLEMENTAL INFORMATION

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF NET ASSETS
As of June 30, 2009

	2009			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 64,717,409	$ -	$ (6,781,514)	$ 57,935,895
Assets limited as to use	-	-	-	-
Patient receivables, net	14,758,929	33,764,998	-	48,523,927
Contract and other receivables	31,405,285	1,054,880	-	32,460,165
Due from Affiliates	35,488,325	-	-	35,488,325
Due from State of Connecticut	7,593,527	-	-	7,593,527
Due from Primary Institution	-	739,573	(739,573)	-
Due from Department of Correction	6,098,479	-	-	6,098,479
Inventories	1,543,341	5,904,591	-	7,447,932
Due from third party payors	-	2,676,748	-	2,676,748
Prepaid expenses	3,331,597	3,314,860	-	6,646,457
Total current assets	164,936,892	47,455,650	(7,521,087)	204,871,455
Noncurrent Assets				
Restricted cash and cash equivalents	572,486	18,648,127	-	19,220,613
Other assets	139,792	601,145	-	740,937
Assets limited as to use	6,746,019	-	-	6,746,019
Due from State of Connecticut	713,824	-	-	713,824
Capital assets, net	193,212,657	59,573,794	-	252,786,451
Total noncurrent assets	201,384,778	78,823,066	-	280,207,844
Total assets	$ 366,321,670	$ 126,278,716	$ (7,521,087)	$ 485,079,299
LIABILITIES				
Current Liabilities				
Cash overdraft	$ -	$ 6,781,514	$ (6,781,514)	$ -
Accounts payable and accrued liabilities	21,783,452	10,049,629	-	31,833,081
Due to State of Connecticut	2,129,353	2,751,257	-	4,880,610
Accrued salaries	20,284,822	6,460,152	-	26,744,974
Compensated absences	12,224,669	5,519,181	-	17,743,850
Due to John Dempsey Hospital	739,573	-	(739,573)	-
Deferred revenue	9,717,727	-	-	9,717,727
Malpractice reserve	-	6,910,000	-	6,910,000
Long-term debt - current portion	1,082,535	2,813,510	-	3,896,045
Total current liabilities	67,962,131	41,285,243	(7,521,087)	101,726,287
Noncurrent Liabilities				
Malpractice reserve	-	18,315,000	-	18,315,000
Compensated absences	13,785,265	6,223,757	-	20,009,022
Long-term debt	29,629,892	4,394,355	-	34,024,247
Total noncurrent liabilities	43,415,157	28,933,112	-	72,348,269
Total liabilities	$ 111,377,288	$ 70,218,355	$ (7,521,087)	$ 174,074,556
NET ASSETS				
Invested in capital assets, net of related debt	$ 163,315,529	$ 52,728,396	$ -	$ 216,043,925
Restricted for				
Nonexpendable				
Scholarships	61,451	-	-	61,451
Expendable				
Research	4,106,196	144,180	-	4,250,376
Loans	2,400,875	-	-	2,400,875
Capital projects	32,802,019	-	-	32,802,019
Unrestricted	52,258,312	3,187,785	-	55,446,097
Total net assets	$ 254,944,382	$ 56,060,361	$ -	$ 311,004,743

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF NET ASSETS
As of June 30, 2008

	2008			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 63,274,569	$ -	$ (13,111,208)	$ 50,163,361
Assets limited as to use	-	123,447	-	123,447
Patient receivables, net	13,822,297	34,011,910	-	47,834,207
Contract and other receivables	32,754,705	649,846	-	33,404,551
Due from Affiliates	13,871,321	-	-	13,871,321
Due from State of Connecticut	6,961,955	-	-	6,961,955
Due from Primary Institution	-	3,383,768	(3,383,768)	-
Due from Department of Correction	9,423,851	-	-	9,423,851
Inventories	1,506,820	6,131,843	-	7,638,663
Due from third party payors	-	2,398,463	-	2,398,463
Prepaid expenses	2,535,017	4,033,965	(960,000)	5,608,982
Total current assets	144,150,535	50,733,242	(17,454,976)	177,428,801
Noncurrent Assets				
Restricted cash and cash equivalents	899,468	16,080,345	-	16,979,813
Other assets	-	691,609	-	691,609
Assets limited as to use	8,300,000	-	-	8,300,000
Due from State of Connecticut	1,653,782	-	-	1,653,782
Capital assets, net	178,732,080	61,170,309	-	239,902,389
Total noncurrent assets	189,585,330	77,942,263	-	267,527,593
Total assets	$ 333,735,865	$ 128,675,505	$ (17,454,976)	$ 444,956,394
LIABILITIES				
Current Liabilities				
Cash overdraft	$ -	$ 13,111,208	$ (13,111,208)	$ -
Accounts payable and accrued liabilities	24,315,380	9,516,528	-	33,831,908
Due to State of Connecticut	1,955,503	2,769,505	-	4,725,008
Accrued salaries	18,840,383	6,462,235	-	25,302,618
Compensated absences	10,812,097	5,701,325	-	16,513,422
Due to John Dempsey Hospital	3,383,768	-	(3,383,768)	-
Deferred revenue	11,621,475	7,160	(960,000)	10,668,635
Malpractice reserve	-	4,958,000	-	4,958,000
Long-term debt - current portion	1,060,292	3,227,461	-	4,287,753
Total current liabilities	71,988,898	45,753,422	(17,454,976)	100,287,344
Noncurrent Liabilities				
Malpractice reserve	-	16,332,000	-	16,332,000
Compensated absences	12,692,462	6,692,860	-	19,385,322
Long-term debt	30,712,426	7,207,866	-	37,920,292
Total noncurrent liabilities	43,404,888	30,232,726	-	73,637,614
Total liabilities	$ 115,393,786	$ 75,986,148	$ (17,454,976)	$ 173,924,958
NET ASSETS				
Invested in capital assets, net of related debt	$ 146,959,362	$ 50,734,982	$ -	$ 197,694,344
Restricted for				
Nonexpendable				
Scholarships	61,451	-	-	61,451
Expendable				
Research	3,884,523	146,345	-	4,030,868
Loans	2,512,492	-	-	2,512,492
Capital projects	14,361,529	-	-	14,361,529
Unrestricted	50,562,722	1,808,030	-	52,370,752
Total net assets	$ 218,342,079	$ 52,689,357	$ -	$ 271,031,436

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009

	2009 Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees, net	$ 11,578,853	$ -	$ 11,578,853	$ -	$ 11,578,853
Patient services, net	181,866,494	246,880,984	428,747,478	(15,521,215)	413,226,263
Federal grants and contracts	60,479,262	-	60,479,262	-	60,479,262
Nongovernmental grants and contracts	27,784,536	-	27,784,536	-	27,784,536
Contract and other operating revenues	61,121,166	3,729,727	64,850,893	(12,833,055)	52,017,838
Total operating revenues	342,830,311	250,610,711	593,441,022	(28,354,270)	565,086,752
OPERATING EXPENSES					
Educational and General					
Instruction	126,009,236	-	126,009,236	(10,748,850)	115,260,386
Research	59,329,330	-	59,329,330	-	59,329,330
Patient services	232,289,402	256,525,038	488,814,440	(17,605,420)	471,209,020
Academic support	16,110,423	-	16,110,423	-	16,110,423
Institutional support	59,122,168	-	59,122,168	-	59,122,168
Operations and maintenance of plant	27,073,219	-	27,073,219		27,073,219
Depreciation	18,377,652	10,790,380	29,168,032	-	29,168,032
Loss on disposal	237,581	43,279	280,860	-	280,860
Student aid	659,089	-	659,089	-	659,089
Total operating expenses	539,208,100	267,358,697	806,566,797	(28,354,270)	778,212,527
Operating loss	(196,377,789)	(16,747,986)	(213,125,775)	-	(213,125,775)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	204,931,369	3,600,000	208,531,369	-	208,531,369
Gifts	(186,607)	1,168,410	981,803	-	981,803
Hospital transfer	(14,900,000)	14,900,000	-	-	-
Investment income, net	5,018,021	866,512	5,884,533	-	5,884,533
Interest on capital asset - related debt	(2,158,491)	(415,932)	(2,574,423)	-	(2,574,423)
Net nonoperating revenues	192,704,292	20,118,990	212,823,282	-	212,823,282
Loss before other revenues, expenses, gains or losses	(3,673,497)	3,371,004	(302,493)	-	(302,493)
Capital appropriations	40,275,800	-	40,275,800	-	40,275,800
Total other revenues	40,275,800	-	40,275,800	-	40,275,800
Increase/(Decrease) in net assets	36,602,303	3,371,004	39,973,307	-	39,973,307
NET ASSETS					
Net assets-beginning of year	218,342,079	52,689,357	271,031,436	-	271,031,436
Net assets-end of year	$ 254,944,382	$ 56,060,361	$ 311,004,743	$ -	$ 311,004,743

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	2008				
	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees, net	$ 10,857,096	$ -	$ 10,857,096	$ -	$ 10,857,096
Patient services, net	183,183,637	230,514,612	413,698,249	(14,446,240)	399,252,009
Federal grants and contracts	61,214,230	-	61,214,230	-	61,214,230
Nongovernmental grants and contracts	25,787,409	-	25,787,409	-	25,787,409
Contract and other operating revenues	59,747,464	1,955,370	61,702,834	(11,284,495)	50,418,339
Total operating revenues	340,789,836	232,469,982	573,259,818	(25,730,735)	547,529,083
OPERATING EXPENSES					
Educational and General					
Instruction	120,260,590	-	120,260,590	(10,757,450)	109,503,140
Research	60,274,554	-	60,274,554	-	60,274,554
Patient services	222,987,256	237,731,847	460,719,103	(14,973,285)	445,745,818
Academic support	15,686,832	-	15,686,832	-	15,686,832
Institutional support	62,514,306	-	62,514,306	-	62,514,306
Operations and maintenance of plant	23,549,107	-	23,549,107		23,549,107
Depreciation	17,074,565	11,150,983	28,225,548	-	28,225,548
Loss on disposal	186,945	41,228	228,173	-	228,173
Student aid	417,306	-	417,306	-	417,306
Total operating expenses	522,951,461	248,924,058	771,875,519	(25,730,735)	746,144,784
Operating loss	(182,161,625)	(16,454,076)	(198,615,701)	-	(198,615,701)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	190,742,826	-	190,742,826	-	190,742,826
Gifts	1,631,571	1,066,989	2,698,560	-	2,698,560
Investment income, net	5,551,774	1,072,963	6,624,737	-	6,624,737
Interest on capital asset - related debt	(2,228,350)	(539,199)	(2,767,549)	-	(2,767,549)
Net nonoperating revenues	195,697,821	1,600,753	197,298,574	-	197,298,574
Loss before other revenues, expenses, gains or losses	13,536,196	(14,853,323)	(1,317,127)	-	(1,317,127)
Capital appropriations	(165,790)	-	(165,790)	-	(165,790)
Total other revenues	(165,790)	-	(165,790)	-	(165,790)
Increase (decrease) in net assets	13,370,406	(14,853,323)	(1,482,917)	-	(1,482,917)
NET ASSETS					
Net assets-beginning of year	204,971,673	67,542,680	272,514,353	-	272,514,353
Net assets-end of year	$ 218,342,079	$ 52,689,357	$ 271,031,436	$ -	$ 271,031,436

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DIRECTORS AND FINANCIAL OFFICERS
June 30, 2009

BOARD OF DIRECTORS

FINANCIAL OFFICERS

Richard Gray, Vice President and Chief Financial Officer
John Biancamano, Chief Financial Officer
Jeffrey P. Geoghegan, Controller

TRUSTEES
As of June 30, 2009

BOARD OF TRUSTEES

UNIVERSITY OF CONNECTICUT HEALTH CENTER

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APPENDIX B

THE STATE OF CONNECTICUT

As of February 24, 2010

There follows in this **Appendix B** a brief description of the State of Connecticut (the "State" or "Connecticut"), together with certain information concerning its governmental organization, its economy and a description of certain State financial procedures.

The information in this **Appendix B** is derived from portions of the State's Annual Information Statement dated as of February 24, 2010 with certain limited updates as of May 12, 2010 to the Consensus Revenue Estimates and Unemployment Rate.

GOVERNMENTAL ORGANIZATION AND SERVICES

Introduction

The components and structure of State governmental organization are laid out in the State's Constitution and the General Statutes of Connecticut. A number of State-wide and regional authorities and similar bodies are also created or provided for in the General Statutes or by Special Act of the General Assembly. County government was functionally abolished in Connecticut in 1960. Local governmental functions are generally performed by the 169 cities and towns, or by special purpose authorities, districts and similar bodies located within the cities and towns. A number of regional bodies exist to perform governmental functions that would otherwise be performed at the local level. Most of the State's 169 cities and towns were established or incorporated during the 18th and 19th centuries, and many are still governed under charters enacted by the General Assembly by Special Act. The State's Constitution grants home rule powers to cities and towns, within certain limitations. A large number of smaller municipalities lack charters, and the components and structure of these municipalities are determined directly by the General Statutes. The General Statutes also contain a variety of provisions pertaining to the organization and operation of all units of local government, including both those with charters and those without. In addition to the 169 cities and towns that are the basic units of local government in Connecticut, the General Statutes provide procedures for the creation of many types of local special purpose authorities, districts and similar bodies. These include, among others, local housing authorities, regional school districts, and a variety of special tax and service districts.

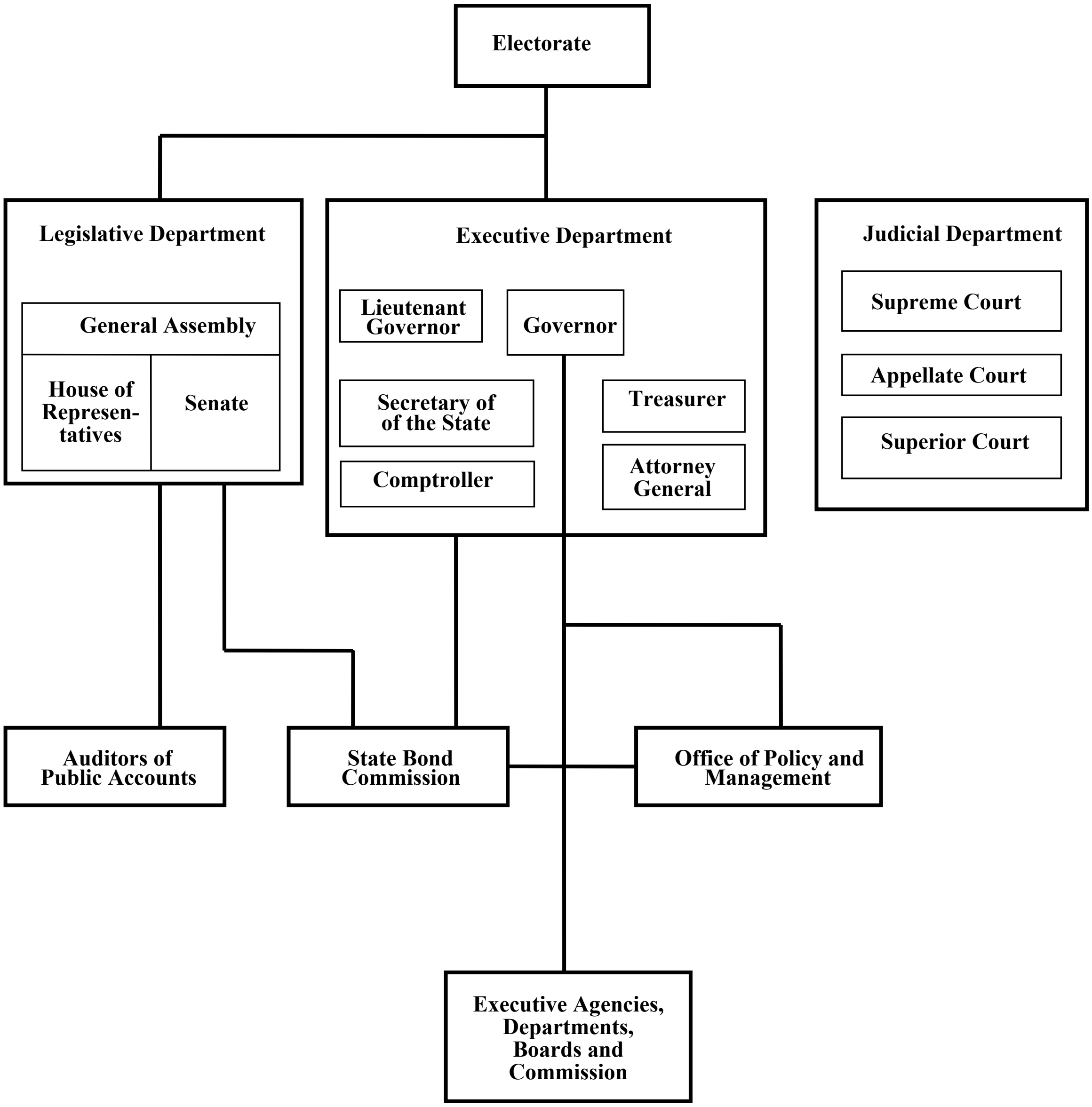
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute to file petitions to become debtors under Chapter Nine of Title 11 of the Federal Bankruptcy Code without the prior written consent of the Governor.

State Government Organization

Under the State Constitution, the legislative, executive and judicial functions and powers of State government are divided among three distinct branches referred to in the Constitution as "departments": the legislative department, the executive department and the judicial department. The following table shows the structure of the three departments.

TABLE B-1

Structure of State Government



Legislative Department. Legislative power is vested in the General Assembly, composed of the Senate and House of Representatives. Currently the Senate consists of 36 members, each representing a single senatorial district, and the House of Representatives consists of 151 members, each representing a single assembly district. Both the number of members and the boundaries of the legislative districts may vary in accordance with the requirements of the State's Constitution. The General Assembly is assisted by a full-time staff. General Assembly employees are included under the legislative function in **Tables B-2** and **B-3** below.

General Assembly members are elected biennially at the general election in November in even numbered years and take office in the January following their election. Elections for the General Assembly were held in November 2008, and the new members took office in January 2009.

A regular session of the General Assembly is held each year. These sessions run from January through June in odd-numbered years and February through May in even-numbered years. The General Assembly reconvenes for special sessions in general only in emergencies or to consider bills or appropriations vetoed by the Governor. Even-year sessions are supposed to be limited to budgetary, revenue and financial matters, bills and resolutions raised by committees of the General Assembly and certified emergencies.

Two Auditors of Public Accounts, who cannot be of the same political party, are appointed by the General Assembly to four-year terms. The State Auditors are required to make an annual audit of the accounts of the Treasurer and the Comptroller and, biennially or as frequently as they deem necessary, to audit the accounts of each officer, department, commission, board and court of the State government authorized to expend State appropriations. The Auditors are required to report unauthorized, illegal, irregular or unsafe handling or expenditure of State funds or any actual or contemplated breakdown in the safeguarding of any resources of the State promptly upon discovery to the Governor, the State Comptroller, the Attorney General and appropriate legislative agencies. Each budgeted agency of the State must keep its accounts in such form and by such methods as to exhibit facts required by the State Auditors. A full-time staff assists the State Auditors. Employees of the State Auditors are included under the legislative function in **Tables B-2** and **B-3** below.

Executive Department. The Governor, Lieutenant Governor, Secretary of the State, Treasurer, Comptroller and Attorney General, whose offices are mandated by the State's Constitution, were elected at the general election in November 2006 for terms beginning in January 2007. Elections for all of these offices are held every four years. The Governor and Lieutenant Governor are elected as a unit.

The supreme executive power of the State is vested in the Governor. The Governor has the constitutional responsibility for ensuring that the laws are faithfully executed, giving the General Assembly information on the state of the government, and recommending to the General Assembly such measures as the Governor may deem expedient. The Governor is empowered to veto bills and line items in appropriations bills, but the General Assembly may reconsider and repass such matters upon a two-thirds vote of each house, whereupon such bills or appropriations become law. Broad appointive and investigative powers are conferred upon the Governor by statute. The Lieutenant Governor serves as President of the Senate and becomes Governor in case of the inability of the Governor to exercise the powers and perform the duties of the office.

The Treasurer is primarily responsible for receiving and disbursing all monies belonging to the State, superintending the collection of State taxes and revenues and the investment of State funds, administering certain State trust funds and managing State property. Subject to the approval of the Governor, the Treasurer is authorized, when necessary, to make temporary borrowings evidenced by State obligations. In addition, the State Bond Commission may delegate to the Treasurer the responsibility for determining the terms and conditions and carrying out the issuance of State debt.

The Secretary of the State administers elections, has custody of all public records and documents, and certifies to the Treasurer and the Comptroller the amount and purpose of each appropriation made by the General Assembly.

The Comptroller's primary duties include adjusting and settling public accounts and demands and prescribing the method of keeping and rendering all public accounts. All warrants and orders for the disbursement of public money are registered with the Comptroller. The Comptroller also has authority to require reports from State agencies upon any matter of property or finance and to inspect all records in any public office, and is responsible for examining the amount of all debts and credits of the State. The Comptroller is required to issue monthly reports on the financial condition of the State, which are prepared on a modified cash basis and are not audited.

The Attorney General has general supervision over all legal matters in which the State is an interested party except those legal matters over which prosecuting officers have discretion. The duties of the office include giving advice and on request rendering legal opinions to the legislative and executive departments as to questions of law. Among the Attorney General's statutory duties concerning State financial matters are membership on the State Bond Commission, the approval of all State contracts or leases and appearing before any committee of the General Assembly to represent the State's best interests when any measure affecting the State Treasury is pending.

In addition to the constitutionally mandated offices, the General Statutes provide for a number of executive branch agencies, departments and commissions, each of which generally has its own agency head appointed by the Governor, in most cases with the advice and consent of one or both houses of the General Assembly. Of these statutorily established offices, the one most directly related to the fiscal operation and condition of the State is the Office of Policy and Management. The Secretary of the Office of Policy and Management is directly responsible to the Governor for policy development in four major areas: budget and financial management, policy development and planning, management and program evaluation, and intergovernmental policy. The Office of Policy and Management has significant responsibility in preparing the State budget, in assisting the Governor in policy development and in representing the State in most collective bargaining negotiations. It is the duty of the Office of Policy and Management to prepare and furnish to the General Assembly and Comptroller financial and accounting statements relating to the State's financial condition and general accounts, and to examine and assist in the organization, management and policies of departments and institutions supported by the State in order to improve their effectiveness. The Secretary of the Office of Policy and Management, like the Comptroller, is empowered to inspect the financial records and to require reports of State agencies.

Employees of the executive department are included in **Tables B-2** and **B-3** below under all function headings except the legislative and judicial functions. A list of the major executive branch agencies, departments and commissions, by function headings, is found in **Table B-5**.

Judicial Department. The State's judicial department consists of three principal trial and appellate courts: the Superior Court, the Appellate Court, and the Supreme Court.

The Superior Court is vested with original trial court jurisdiction over all civil and criminal matters. There are approximately 172 sitting Superior Court judges, each nominated by the Governor and appointed by the General Assembly to eight-year terms.

On July 1, 1983 the Appellate Court was created and the appellate session of the Superior Court was dissolved. The Appellate Court hears appeals from decisions of the Superior Court except for certain matters which are directly appealable to the Supreme Court. There are ten Appellate Court judges nominated by the Governor and appointed by the General Assembly to eight-year terms.

The Connecticut Supreme Court reviews decisions of the Appellate Court and, in certain cases, of the Superior Court. Except in cases where original jurisdiction exists in the Supreme Court, there is no right of review in the Supreme Court unless specifically provided by statute. The Supreme Court consists of seven Justices (one Chief Justice and six Associate Justices) nominated by the Governor and appointed by the General Assembly to eight-year terms.

In addition to the principal trial and appellate courts, there is a Court of Probate in each of 117 probate districts situated throughout the State. Effective January 5, 2011 the number of probate courts will be reduced to fifty-four.

Employees of the judicial department are shown in **Tables B-2** and **B-3** under the judicial function heading.

Quasi-Public Agencies. In addition to the budgeted components of State government provided for in the State's Constitution and the General Statutes, important State-wide governmental functions are performed by quasi-public agencies, authorities and similar bodies created under the General Statutes. A number of these entities receive significant funding from the State, although they are not budgeted agencies of the State. Each of these entities is governed by a board of directors chosen in accordance with its respective enabling statute. These boards generally include legislative appointees, gubernatorial appointees and ex officio directors holding certain executive branch offices.

State Employees

Employment Statistics. Statistics regarding approximate filled permanent full-time positions within budgeted components of State government are shown on the following two tables.

TABLE B-2

State Employees[(a)]
By Function of Government

Function Headings[(b)]	2005	2006	2007	2008	2009
Legislative	586	575	613	571	582
General Government	3,429	3,428	3,610	3,650	3,563
Regulation and Protection	4,211	4,279	4,360	4,338	4,325
Conservation and Development	1,358	1,267	1,299	1,325	1,321
Health and Hospitals	7,593	7,665	8,018	8,130	7,791
Transportation	3,150	3,035	3,220	3,318	3,191
Human Services	1,827	1,883	2,010	2,095	2,019
Education	15,077	15,446	16,055	16,453	16,720
Corrections	9,573	9,551	10,275	10,379	9,919
Judicial	4,386	4,322	4,745	4,612	4,616
Total	51,190	51,451	54,205	54,871	54,047

(a) Table shows approximate filled full-time positions as of June 30 in each of the listed years.
(b) A breakdown of the budgeted agencies, boards, commissions and similar bodies included in each of the listed government function headings is shown in **Table B-5**.

SOURCE: Office of Policy and Management

TABLE B-3
State Employees as of June 30, 2009[a][b]

By Function of Government and Fund Categories

Function Headings	General Fund	Special Transportation Fund	Other Appropriated Funds	Special Funds – Non-Appropriated	Federal Funds	Private Contributions	TOTALS
Legislative	582	0	0	0	0	0	582
General Government	2,997	0	0	311	10	245	3,563
Regulation and Protection	2,268	596	537	694	121	109	4,325
Conservation and Development	578	0	7	387	255	94	1,321
Health and Hospitals	7,437	0	0	28	318	8	7,791
Transportation	0	3,079	0	112	0	0	3,191
Human Services	1,709	0	11	1	259	39	2,019
Education	10,020	0	0	6,463	182	54	16,720
Corrections	9,804	0	0	87	27	1	9,919
Judicial	4,543	0	26	0	5	42	4,616
Total	39,938	3,675	581	8,083	1,177	592	54,047

(a) Table shows approximate filled full-time positions.

(b) Breakdown for 2009 reflects the funding breakdown on Core-CT chart of accounts coding. Some positions which in years prior to 2005 were designated as being paid out of private contributions are now coded as being paid out of special funds – non appropriated in order to properly reflect how they are coded on Core-CT.

SOURCE: Office of Policy and Management

Collective Bargaining Units and Process. The General Statutes guarantee State employees, other than elected or appointed officials and certain management employees and others with access to confidential information used in collective bargaining, the right to organize and participate in collective bargaining units. There are presently 32 such bargaining units representing State employees.

The General Statutes establish the general parameters of the collective bargaining process with respect to bargaining units representing State employees. At any given point in time, there are generally a number of collective bargaining units with agreements under negotiation. All collective bargaining agreements require approval of the General Assembly. The General Assembly may approve any such agreement as a whole by a majority vote of each house or may reject any such agreement as a whole by a majority vote of either house. Subject to certain parameters set forth in the General Statutes, if the State and the bargaining unit are unable to reach an agreement, one or both parties may initiate arbitration. The award of the arbitrator shall be final and binding upon the parties unless rejected by the legislature. An arbitration award may be rejected in whole by a two-thirds vote of either house of the General Assembly upon a determination that there are insufficient funds for full implementation of the award.

The General Statutes deny State employees the right to strike. Questions concerning employment or bargaining practices prohibited by the sections of the General Statutes governing collective bargaining with regard to State employees may generally be brought before the State Board of Labor Relations.

Information regarding employees participating in collective bargaining units and employees not covered by collective bargaining is shown on the following table:

TABLE B-4

Full-Time Work Force
Collective Bargaining Units and
Those Not Covered by Collective Bargaining

Bargaining Unit/Status Group	Percentage of State Employees Represented[a]	Contract Status, if any
Covered by Collective Bargaining		
Correction Officers	9.54%	Contract in place through 6/30/2011
Administrative Clerical	7.73%	Contract in place through 6/30/2012
Maintenance and Service	7.33%	Contract in place through 6/30/2012
Health Care Non-Professionals	6.80%	Contract in place through 6/30/2012
Social and Human Services	6.84%	Contract in place through 6/30/2012
Administrative and Residual	5.61%	Contract in place through 6/30/2012
Health Care Professionals	5.49%	Contract in place through 6/30/2012
Engineering, Scientific and Technical	4.70%	Contract in place through 6/30/2012
University of Connecticut Faculty	4.29%	Contract in place through 6/30/2012
University Health Professionals (University of Connecticut Health Center)	3.72%	Contract in place through 6/30/2012
University of Connecticut Professional Employee Association	3.04%	Contract in place through 6/30/2012
Connecticut State University Faculty	2.72%	Contract in place through 6/30/2012
Judicial Employees	2.70%	Contract in place through 6/30/2012
Judicial Professionals	2.42%	Contract in place through 6/30/2012
Congress of Connecticut Community Colleges	2.33%	Contract in place through 6/30/2012
Vocational Technical School Faculty	2.15%	Contract in place through 6/30/2012
State Police	2.05%	Contract in place through 6/30/2012
Protective Services	1.57%	Contract in place through 6/30/2012
Education Professionals (Institutions)	1.39%	Contract in place through 6/30/2012
Other Bargaining Units (13 units)	4.80%	Varies by Unit
Total Covered by Collective Bargaining	87.21%	
Not Covered by Collective Bargaining		
Auditors of Public Accounts	0.21%	Not Applicable
Other Employees	12.58%	Not Applicable
Total Not Covered by Collective Bargaining	12.79%	
Total Full-Time Work Force	100.00%	

(a) Percentage expressed reflects approximately 54,000 filled full-time positions as of June 30, 2009.

SOURCE: Office of Policy and Management

Governmental Services

Services provided by the State or financed by State appropriations are classified under one of ten major government function headings or are classified as "non-functional". These function headings are used for the State's General Fund and for other funds of the State used to account for appropriated moneys. State agencies, boards, commissions and other bodies are each assigned to one of the function headings for budgeting purposes. The following table shows a breakdown of the government function headings according to the major agencies, boards, commissions and other bodies assigned to them.

TABLE B-5
Function of Government Headings [(a)(b)]

Legislative
Legislative Management
Auditors of Public Accounts
Commission on Aging
Commission on the Status of Women
Commission on Children
Latino and Puerto Rican Affairs Commission
African-American Affairs Commission
Asian Pacific American Affairs Commission

General Government
Governor's Office
Lieutenant Governor's Office
Secretary of the State
Elections Enforcement Commission
Office of State Ethics
Freedom of Information Commission
Judicial Selection Commission
Contracting Standards Board
State Treasurer
State Comptroller
Department of Revenue Services
Division of Special Revenue
Office of Policy and Management
Department of Veterans' Affairs
Office of Workforce Competitiveness
Board of Accountancy
Department of Administrative Services
Department of Information Technology
Department of Public Works
Attorney General
Division of Criminal Justice

Regulation and Protection
Department of Public Safety
Department of Emergency Management and Homeland Security
Police Officer Standards and Training Council
Board of Firearms Permit Examiners
Department of Motor Vehicles
Military Department
Commission on Fire Prevention and Control
Department of Banking
Insurance Department
Office of Consumer Counsel
Department of Public Utility Control
Office of the Health Care Advocate
Department of Consumer Protection
Department of Labor
Office of the Victim Advocate
Commission on Human Rights and Opportunities
Office of Protection and Advocacy for Persons with Disabilities
Office of the Child Advocate
Workers' Compensation Commission

Conservation and Development
Department of Agriculture
Department of Environmental Protection
Council on Environmental Quality
Commission on Culture and Tourism
Department of Economic and Community Development
Agricultural Experiment Station

Health and Hospitals
Department of Public Health
Office of the Chief Medical Examiner
Department of Developmental Services
Department of Mental Health and Addiction Services
Psychiatric Security Review Board

Transportation
Department of Transportation

Human Services
Department of Social Services
State Department on Aging
Soldiers', Sailors', and Marines' Fund

Education, Libraries and Museums
Department of Education
Board of Education and Services for the Blind
Commission on the Deaf and Hearing Impaired
State Library
Department of Higher Education
University of Connecticut
University of Connecticut Health Center
Charter Oak State College
Teachers' Retirement Board
Regional Community-Technical Colleges
Connecticut State University

Corrections
Department of Correction
Department of Children and Families

Judicial
Judicial Department
Public Defender Services Commission
Child Protection Commission

(a) In addition to the ten listed government function headings, the State also employs a "non-functional" heading under which are grouped various miscellaneous accounts including debt service and State employee fringe benefit accounts.

(b) Listing of agencies, boards, commissions and similar bodies is as of January 1, 2010.

SOURCE: Office of Policy and Management

In addition to services provided directly by the State, various State-wide and regional quasi-public agencies, authorities and similar bodies also provide services. Such entities principally assist in the financing of various types of facilities and projects. In addition to their own budgetary resources and the proceeds of their borrowings, a number of such entities have received substantial funding from the State, which the entities generally use to provide financial assistance to the general public and the private and nonprofit sectors.

Because Connecticut does not have an intermediate county level of government between State and local government, local entities provide all governmental services not provided by the State and quasi-public agencies. Such services are financed principally from property tax revenues, State funding of various types and federal funding.

Department of Emergency Management and Homeland Security. The Department of Emergency Management and Homeland Security was established as of January 1, 2005 to provide a coordinated and integrated program for statewide emergency management and homeland security. The mission of the Department is to direct and coordinate all available resources to protect the life and property of the citizens of Connecticut in the event of a disaster or crisis, through a collaborative program of prevention, planning, preparedness, response, recovery and public education. Among the Department's primary functions is the administration and management of federal grant funds related to emergency management and homeland security. The Department oversees the state Emergency Operations Center during emergencies. In addition, the Department's Commissioner directs the preparation of state emergency plans, which are submitted to the Governor for approval. For planning purposes with respect to events requiring mass evacuations and sheltering in the State, the Department has given priority for preparedness to the following potential scenarios: (i) a Category 3 hurricane hitting the State coast and all of New England, (ii) a large scale terrorist attack in New York City, and (iii) a Millstone Power Plant release of contamination. The State has been divided into five regions to coordinate planning, training and response.

Each year, in accordance with its statutory mandate, the Department reviews and approves local emergency operations plans, which are submitted to the Department after having been reviewed and approved by municipal officials. The Department continues to advance emergency planning for the State by bringing multiple partners at the local, state and federal level together. Recent planning initiatives include: evacuation and shelter guides; commodity distribution; donations management; disaster recovery centers and debris management. The Department continues to conduct many exercises around the state to test plans and first responder preparedness. The Department continues to support the training of emergency volunteers. The Department continues to be heavily invested in interoperable communications, including the distribution, testing and maintenance of numerous communications assets. The Department also operates a fusion center which collects and disseminates intelligence information to law enforcement and other related groups. The Department, in conjunction with other State and local agencies, has completed significant work to implement and maintain a statewide geospatial information systems (GIS) program. The Department conducts public education campaigns on a regular basis to increase the public's preparedness for emergencies. The Department, in cooperation with local government, has also created five regional emergency planning teams (REPTs). Each REPT includes representatives from each of the municipalities or tribes within the region. The REPTs develop a regional spending plan for the Homeland Security grant funds for each region. Additionally, Intrastate Mutual Aid legislation creates a legal system whereby each municipality in the State can request aid from, or provide aid to, any other State municipality, regardless of whether a written mutual aid agreement exists between the municipalities. The Department also continues to codify its relationships with many key nongovernmental organizations including American Red Cross, Salvation Army, Civil Air Patrol and United Way. The agency continues to work with local towns by providing funding for emergency planning and Emergency Operation Center upgrades. The Department has deployed WEB EOC, a software program introduced in 2008 which allows all communities to communicate important information to the State during an emergency.

Pursuant to the General Statutes, the Department is required to file an annual report each January to the joint standing committee of the General Assembly having cognizance of matters relating to public safety which report specifies and evaluates state-wide emergency management and homeland security activities during the preceding calendar year.

STATE ECONOMY

Connecticut is a highly developed and urbanized state. It is situated directly between the financial centers of Boston and New York. Connecticut is located on the northeast coast and is the southernmost of the New England States. It is bordered by Long Island Sound, New York, Massachusetts and Rhode Island. Over one quarter of the total population of the United States and more than 50% of the Canadian population live within a 500-mile radius of the State.

Economic Resources

Population Characteristics. Connecticut had a population count of 3,405,565 in April 2000, an increase of 118,449, or 3.6%, from the 3,287,116 figure of 1990. The State's population growth rate, which exceeded the United States' rate of population growth during the period from 1940 to 1970, slowed substantially and trailed the national average markedly during the past three decades. The following table presents the population trends of Connecticut, New England, and the United States since 1940. Connecticut's population increased 3.6% from 1990 to 2000 versus 5.4% in New England and 13.2% for the nation. The mid-2009 population in Connecticut was estimated at 3,518,288, up 0.4% from a year ago, compared to increases of 0.5% and 0.9% for New England and the United States, respectively. From 2000 to 2009, within New England, Massachusetts, Maine, and New Hampshire experienced growth higher than Connecticut.

TABLE B-6

Population
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	**Total**	**% Change**	**Total**	**% Change**	**Total**	**% Change**
1940 Census	1,709		8,437		132,165	
1950 Census	2,007	17.4%	9,314	10.4%	151,326	14.5%
1960 Census	2,535	26.3	10,509	12.8	179,323	18.5
1970 Census	3,032	19.6	11,847	12.7	203,302	13.4
1980 Census	3,108	2.5	12,349	4.2	226,542	11.4
1990 Census	3,287	5.8	13,207	6.9	248,710	9.8
2000 Census	3,406	3.6	13,923	5.4	281,422	13.2
1999….	3,386	0.6	13,838	0.8	279,040	1.2
2000….	3,412	0.7	13,953	0.8	282,172	1.1
2001….	3,428	0.5	14,052	0.7	285,082	1.0
2002….	3,448	0.6	14,135	0.6	287,804	1.0
2003….	3,468	0.6	14,192	0.4	290,326	0.9
2004….	3,475	0.2	14,216	0.2	293,046	0.9
2005….	3,477	0.1	14,227	0.1	295,753	0.9
2006….	3,485	0.2	14,259	0.2	298,593	1.0
2007….	3,489	0.1	14,298	0.3	301,580	1.0
2008….	3,503	0.4	14,363	0.5	304,375	0.9
2009….	3,518	0.4	14,430	0.5	307,007	0.9

Note: 1940-2000, April 1 Census. Figures are for census comparison purposes.
1999-2009, Mid-year estimates. Estimates for New England include the sum of six states – Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine and Vermont.

SOURCE: United States Department of Commerce, Bureau of the Census; Information prior to 1999 – Economy.com

The State is highly urbanized with a 2009 population density of 726 persons per square mile, as compared with 87 for the United States as a whole. Of the eight counties in the State, according to the U.S.

Bureau of Census for the 2008 estimate, 75% of the population resides within Fairfield (26%), Hartford (25%), and New Haven (24%) counties.

Transportation. Connecticut has an extensive network of expressways and major arterial highways which provide easy access to local and regional markets. Bradley International Airport, in Windsor Locks, currently offers 98 weekday departures to 29 non-stop destinations and is served by virtually all the major passenger and cargo air carriers. It is accessible from all areas of the State and Western Massachusetts.

The Connecticut Department of Transportation subsidizes and oversees the operations of both rail commuter services and bus services. The New Haven Line (including the Waterbury, Danbury and New Canaan branch lines) and Shore Line East Line provide commuter rail services for stations between New London and New York City for approximately 38 million passengers per year. The State supports urban transit, commuter express bus, rural transit and Americans with Disabilities Act paratransit services carrying approximately 37 million passengers per year. This service is provided by state-owned CT Transit services in 8 urbanized areas, and by 13 independent urban and rural transit districts. In addition, the Department supports carpooling, vanpooling, telecommuting and other transportation demand management programs statewide.

Railroad freight service is provided to most major towns and cities in the State, and connections are provided with major eastern railroads as well as direct access to Canadian markets. In addition, Connecticut's proximity to the ports of New York and Boston provides it with access to European and South American export markets. The State's harbors at Bridgeport, New Haven, and New London can accommodate deep draft vessels.

Connecticut recently initiated its largest single transportation initiative since its infrastructure renewal program of 1984. The initiatives of 2005 and 2006 provide funding for significant transit and highway improvements, including rail car replacement, rail infrastructure improvements and traffic flow enhancements.

Utility Services. The power grid that supplies electricity to the entire State is owned and operated by both private and municipal electric companies. Transmission lines connect Connecticut with New York, Massachusetts and Rhode Island. These interconnections allow the companies serving Connecticut to meet large or unexpected electric load requirements from resources located outside of Connecticut's boundaries. All electric utilities in the State are members of the New England Power Pool and operate as part of the regional bulk power system, the Regional Transmission Organization (RTO) for New England. An independent system operator, ISO New England, Inc., operates this regional system.

Legislation passed in 1998 provided for the restructuring of the electric industry in Connecticut. Since July 2000 most consumers in Connecticut can choose an independent electric supplier as their provider of electricity. The electricity is delivered to the consumer over the wires of the regulated distribution companies (Connecticut Light & Power Company and The United Illuminating Company). Electric suppliers are not subject to rate regulation by the State Department of Public Utility Control (DPUC), but must receive a license issued by the DPUC before commencing service to consumers. In general, Connecticut consumers located in a municipally owned electric service territory are not subject to the 1998 restructuring legislation. These consumers continue to purchase and receive their electrical needs from the municipal electric company.

Natural gas is delivered to Connecticut through pipelines that traverse the State. Natural gas pipeline supplies are generally shipped to Connecticut from Canada and the Gulf of Mexico area. Connecticut also receives natural gas through the interstate pipelines from a terminal located in Boston, Massachusetts which is supplied by tanker ships. Natural gas service is provided to parts of the State through one municipal and three private gas distribution companies, including Yankee Gas Services Company, Connecticut Natural Gas Company, and Southern Connecticut Gas Company. Over the past few years, Energy East Corp. has acquired both Connecticut Natural Gas and Southern Connecticut Gas. Energy East is a New York-based regional utility holding company. Yankee Gas was acquired by Northeast Utilities.

Since 1996 the DPUC has allowed some competitive market forces to enter the natural gas industry in Connecticut. Commercial and industrial gas consumers can choose non-regulated suppliers for their natural gas requirements. The gas is delivered to the consumer using the local distribution company's mains and pipelines. This competitive market is not yet available to the residential consumer.

In addition to the electric and natural gas industries, telecommunications services are also in the process of being opened to competition. Local exchange telephone service is provided in the State by local exchange carriers (LECs) and competitive local exchange carriers (CLECs). Two LECs currently offer local telephone services in Connecticut. They are AT&T and Verizon New York, Inc. Connecticut also has approximately 105 CLECs certified to provide local exchange services including Comcast Phone of Connecticut, Inc., Cox Connecticut Telecommunication, LLC and Connecticut Telephone and Communications Systems, Inc.

Connecticut is dependent upon oil, including imported oil, for a portion of its energy requirements. This dependence is greatest in the transportation sector. Connecticut also relies on heating oils in both the residential and commercial sectors, and is reliant on residual oils and diesel fuels for the production of electricity. This petroleum dependence can make Connecticut particularly affected by developments in the oil commodity markets. Events that affect the international or domestic production of oil, the domestic and international refining capabilities, or the transportation of petroleum products within the United States or into the New England region can affect Connecticut's local oil markets.

Although Connecticut is heavily dependent upon petroleum, the State is ranked one of the most efficient states for energy consumption. According to the most recent available data from the Energy Information Administration, an independent agency within the U.S. Department of Energy that collects and analyzes energy data, Connecticut consumed 4,879 British Thermal Units (BTU) per dollar of Gross State Product in 2007, 32% less than the national average of 7,208 BTU. When compared to the national per person average, Connecticut residents use a moderate amount of energy. Connecticut consumed 249.5 million BTU of energy per person in 2007, ranking it 45th among the 50 states and 26% less than the national average of 336.8 million BTU.

In 2009 U.S. energy prices, including electricity, gasoline, natural gas and heating oil, stayed below the previous year's levels due mainly to the slowdown in the economy. Higher energy prices impact consumer and investment spending and economic growth.

Economic Performance

Personal Income. Connecticut has a high level of personal income. Historically, the State's average per capita income has been among the highest in the nation. The high per capita income is due to the State's concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance, and real estate, as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. The following table shows total and per capita personal income for Connecticut residents during the period from 1999 to 2008 and compares Connecticut per capita personal income as a percentage of both New England and the United States.

TABLE B-7

Connecticut Personal Income by Place of Residence

Calendar Year	Connecticut		Connecticut Per Capita as Percent of	
	Total (Millions of Dollars)	Per Capita (Dollars)	New England	United States
1999	$131,114	$38,718	115.3%	136.7%
2000	143,021	41,921	114.5	138.3
2001	149,519	43,614	114.8	140.0
2002	149,466	43,346	113.7	137.7
2003	151,653	43,730	112.7	135.5
2004	161,314	46,417	113.7	136.9
2005	168,666	48,485	114.4	136.8
2006	183,820	52,702	115.4	139.7
2007	194,069	55,609	115.8	141.0
2008	197,024	56,272	114.5	140.0

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the annual growth rate of personal income, on a current and constant dollar basis, of Connecticut, New England and the United States.

TABLE B-8

Annual Growth Rates in Personal Income By Place of Residence

Calendar Year	Conn. (Current)	New England (Current)	U.S. (Current)	Conn. (Constant)	New England (Constant)	U.S. (Constant)
1999	4.7%	5.4%	5.1%	3.1%	3.8%	3.6%
2000	9.1	9.9	8.2	6.8	7.6	5.9
2001	4.5	5.9	3.8	2.2	3.5	1.5
2002	0.0	0.9	2.0	(1.6)	(0.7)	0.4
2003	1.5	2.2	3.5	(0.7)	0.0	1.3
2004	6.4	5.5	6.0	3.4	2.5	3.1
2005	4.6	3.8	5.5	1.2	0.5	2.1
2006	9.0	7.9	7.4	5.5	4.5	4.1
2007	5.6	5.4	5.5	2.6	2.5	2.6
2008	1.5	2.6	2.9	(0.6)	0.5	0.7

Note—Constant dollars are adjusted for inflation using the GDP deflator.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the sources of personal income by place of residence for Connecticut and the United States in 2008.

TABLE B-9

Sources of Personal Income By Place of Residence
Calendar Year 2008
(In Millions)

	Conn.	Percent of Total	U.S.	Percent of Total
Wages in Non-manufacturing	$ 92,466	46.93%	$ 5,796,657	47.41%
Property Income (Div., Rents & Int.)	40,156	20.38	2,203,774	18.03
Wages in Manufacturing	13,839	7.02	741,893	6.07
Transfer Payments less Social Insurance Paid	8,624	4.38	886,310	7.25
Other Labor Income	22,826	11.59	1,487,444	12.17
Proprietor's Income	19,113	9.70	1,109,510	9.08
Personal Income—Total	$197,024	100.00%	$12,225,589	100.00%

Note—Columns may not add due to rounding.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Gross State Product. The State's and the region's economic vitality are evidenced in the rate of growth of their respective Gross State Products. The State's Gross State Product is the current market value of all final goods and services produced by labor and property located within the State.

In 2008, the State produced $216.2 billion worth of goods and services and $177.7 billion worth of goods and services in 2000 chained dollars.

The following table shows the Gross State Product in current dollars for Connecticut, New England, and the United States.

TABLE B-10

Gross State Product
(In Millions of Dollars)

	Connecticut		New England[(a)]		United States[(b)]	
Year	$	Percent Growth	$	Percent Growth	$	Percent Growth
1999	150,303	3.4	524,123	5.3	9,353,500	6.4
2000	160,436	6.7	565,835	8.0	9,951,475	6.4
2001	165,025	2.9	580,920	2.7	10,286,175	3.4
2002	166,073	0.6	591,733	1.9	10,642,300	3.5
2003	169,885	2.3	612,006	3.4	11,142,175	4.7
2004	182,112	7.2	647,473	5.8	11,867,750	6.5
2005	190,499	4.6	671,797	3.8	12,638,375	6.5
2006	201,635	5.8	707,672	5.3	13,398,925	6.0
2007	212,252	5.3	741,597	4.8	14,077,650	5.1
2008	216,174	1.8	763,683	3.0	14,441,425	2.6

(a) Sum of the New England States' Gross State Products.

(b) Denotes the Gross Domestic Product, which is the total market value of all final goods and services produced in the U.S.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table shows the Gross State Product in 2000 chained dollars.

TABLE B-11

Gross State Product
(In Millions of 2000 Chained Dollars*)

	Connecticut		New England		United States	
Year	$	Percent Growth	$	Percent Growth	$	Percent Growth
1999	153,298	1.6	531,902	4.0	10,779,850	4.8
2000	160,436	4.7	565,835	6.4	11,225,980	4.1
2001	161,197	0.5	570,313	0.8	11,347,180	1.1
2002	158,628	(1.6)	568,750	(0.3)	11,552,980	1.8
2003	159,456	0.5	579,651	1.9	11,840,700	2.5
2004	165,828	4.0	597,196	3.0	12,263,800	3.6
2005	169,094	2.0	605,048	1.3	12,638,380	3.1
2006	174,310	3.1	620,103	2.5	12,976,250	2.7
2007	178,470	2.4	634,166	2.3	13,254,050	2.1
2008	177,717	(0.4)	640,735	1.0	13,312,180	0.4

* 2000 chained dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The table below shows the contribution to Connecticut's Gross State Product of the manufacturing and non-manufacturing sectors in the State's economy. The table shows that in 2008 Connecticut's production was concentrated in three areas: finance, insurance and real estate (FIRE), services and manufacturing. Production in these three industries accounted for 69.5% of total production in Connecticut compared to 58.7% for the nation and 68.4% in 1999. This demonstrates that Connecticut's economy is more heavily concentrated in a few industries than the nation as a whole and that this concentration has changed little in recent years.

The output contribution of manufacturing, however, has been declining over time as the contributions of FIRE and services have been increasing. The share of production from the manufacturing sector decreased from 13.7% in 1999 to 13.4% in 2008 caused by increased competition with foreign countries and other states as well as generally declining and only recently rising defense expenditures during this period. The broadly defined services in the private sector, which excludes industries in agriculture and construction, but includes industries in information, professional and technical services, health care and education, FIRE, and other services, have decreased slightly to 74.3% of the total GSP in 2008 from 75.5% in 1999. The decreased share of service production was due to a faster increase in the government sector which forced the share of the broadly defined services in the private sector smaller. Services in the private sector increased by 43.5% from 1999 to 2008 compared to 59.6% for the public sector during the comparable period. A stable service sector may help smooth the business cycle, reducing the span and depth of recessions and prolonging the length of expansions. Normally, activities in service sectors relative to manufacturing are less susceptible to pent-up demand, less subject to inventory-induced swings, less intensive in capital requirements, and somewhat less vulnerable to foreign competition. Therefore, this shift to the service sectors may serve to smooth output fluctuations.

TABLE B-12

Gross State Product by Industry in Connecticut
(In Millions of Dollars)

Sector	2001	2002	2003	2004	2005	2006	2007	2008
Manufacturing	$ 21,405	$ 20,870	$ 19,109	$ 21,628	$ 22,553	$ 27,142	$ 28,544	$ 28,864
Construction[(a)]	5,484	5,613	5,522	6,110	6,650	6,877	6,433	5,897
Agriculture[(b)]	327	286	302	334	358	346	443	371
Utilities[(c)]	11,936	11,699	12,498	14,026	14,413	14,587	15,533	16,135
Wholesale Trade	9,062	9,001	9,271	9,619	10,152	10,944	11,133	11,293
Retail Trade	10,152	10,415	10,678	10,901	11,393	11,577	11,866	11,876
Finance[(d)]	48,123	48,151	49,748	54,165	55,904	57,613	60,627	61,023
Services[(e)]	44,007	44,719	47,175	48,786	51,523	54,122	58,114	60,268
Government	14,528	15,318	15,583	16,542	17,553	18,426	19,557	20,448
Total GSP	$165,024	$166,072	$169,886	$182,111	$190,499	$201,634	$212,250	$216,175

Note—Columns may not add due to rounding.

(a) Includes mining.
(b) Includes forestry and fisheries.
(c) Includes transportation, communications, electric, gas, and sanitary services.
(d) Includes finance, insurance and real estate.
(e) Covers a variety of activities, including professional, business, education, health care and personal services.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Employment

Non-agricultural employment includes all persons employed except federal military personnel, the self-employed, proprietors, unpaid workers, and farm and household domestic workers. The following table compares non-agricultural establishment employment for Connecticut, New England, and the United States between 1998 and 2008. Connecticut's nonagricultural employment reached a high in the first quarter of 2008 with 1,708,830 persons employed, but began declining with the onset of the recession falling to 1,628,730 jobs by the third quarter of 2009.

TABLE B-13

Non-agricultural Employment[(a)]
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Employment	Percent Growth	Employment	Percent Growth	Employment	Percent Growth
1998	1,643.4	2.22%	6,728.4	2.34%	125,922.9	2.57%
1999	1,669.1	1.56	6,860.7	1.97	128,991.7	2.44
2000	1,693.2	1.45	7,023.2	2.37	131,793.6	2.17
2001	1,681.1	(0.72)	7,036.3	0.19	131,829.9	0.03
2002	1,664.9	(0.96)	6,927.5	(1.55)	130,340.4	(1.13)
2003	1,644.5	(1.22)	6,850.7	(1.11)	129,996.0	(0.26)
2004	1,649.8	0.32	6,875.1	0.36	131,419.2	1.09
2005	1,662.0	0.74	6,918.3	0.63	133,699.2	1.73
2006	1,680.6	1.12	6,983.8	0.95	136,097.6	1.79
2007	1,698.1	1.04	7,043.5	0.86	137,604.3	1.11
2008	1,699.7	0.09	7,034.9	(.12)	137,045.9	(.41)

(a) Non-agricultural employment excludes agricultural workers, proprietors, self-employed individuals, domestic workers, family workers and members of the armed forces.

(b) According to statistics from the Connecticut Department of Labor, the average non-agricultural employment in Connecticut for the first six months of 2009 was 1,650,300.

(c) In March 2009, the Connecticut Department of Labor revised and updated employment statistics back to 2004.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Composition of Employment. The following table shows the distribution of non-agricultural employment in Connecticut and the United States in 2008. The table shows that Connecticut has a larger share of employment in services, manufacturing, and finance than the nation as a whole.

TABLE B-14

Connecticut Non-agricultural Employment, 2008
(In Thousands)

	Connecticut		United States	
	Total	Percent	Total	Percent
Services[(a)]	703.1	41.4%	55,618.8	40.6%
Trade[(b)]	310.0	18.2	26,381.1	19.2
Manufacturing	187.4	11.0	13,423.0	9.8
Government	252.4	14.8	22,496.3	16.4
Finance[(c)]	143.3	8.4	8,143.8	5.9
Information[(d)]	37.6	2.2	2,997.0	2.2
Construction[(e)]	66.0	3.9	7,985.7	5.8
Total[(f)]	1,699.8	100.0%	137,045.7	100.0%

(a) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(b) Includes wholesale and retail trade, transportation, and utilities.
(c) Includes finance, insurance, and real estate.
(d) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(e) Includes natural resources and mining.
(f) Totals may not equal sum of individual categories due to rounding and seasonal statistical data adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Recent trends in the State's non-agricultural employment are reflected in the following table. Throughout the last four decades, while manufacturing employment in Connecticut has been steadily declining, employment in non-manufacturing industries has surged. In calendar year 2008, approximately 89% of the State's workforce was employed in non-manufacturing jobs, up from roughly 50% in the early 1950s.

TABLE B-15

Connecticut Non-agricultural Employment
(Annual Averages In Thousands)

Year	Manufacturing	Trade[(a)]	Services[(b)]	Government	Finance[(c)]	Information[(d)]	Construction[(e)]	Total Non-agricultural Employment[(f)]
1999	240.26	312.12	634.37	235.18	140.84	44.67	61.64	1,669.09
2000	235.74	317.52	643.26	241.91	143.03	46.41	65.34	1,693.22
2001	226.72	312.18	644.08	244.43	142.93	44.69	66.08	1,681.11
2002	211.19	309.23	647.35	249.29	142.63	41.02	64.17	1,664.89
2003	200.03	305.53	648.08	245.97	142.65	39.57	62.67	1,644.50
2004	197.19	307.93	655.86	242.78	140.66	38.99	66.43	1,649.83
2005	195.17	310.57	665.46	243.76	142.29	38.08	66.70	1,662.03
2006	193.47	310.96	680.22	245.87	144.29	37.91	67.90	1,680.61
2007	190.75	311.73	694.10	249.19	144.61	38.40	69.35	1,698.13
2008	187.42	309.97	703.07	252.40	143.32	37.58	65.97	1,699.73

(a) Includes wholesale and retail trade, transportation, and utilities.
(b) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(c) Includes finance, insurance, and real estate.
(d) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(e) Includes natural resources and mining.
(f) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut Labor Department

Manufacturing

The manufacturing industry, despite its continuing downward employment trend over the past five decades, has traditionally served as an economic base industry and has been of prime economic importance to Connecticut. Based on the level of personal income derived from this sector, Connecticut ranked eighteenth in the nation for its dependency on manufacturing wages in fiscal year 2009. Manufacturing has traditionally been of prime economic importance to Connecticut but has continued to trend down during the last decade. The following table provides a ten-year historical picture of manufacturing employment in Connecticut, the New England region and the United States. This downward movement in manufacturing employment levels is also reflected in the New England region and the nation. The transformation in the State's manufacturing base confirms that the State's employment share in the manufacturing sector is converging to the national average. Thus, Connecticut has been successful in diversifying itself away from dependence on just one type of industry. In calendar year 2008 approximately 11.0% of the State's workforce, versus 9.8% for the nation, was employed in the manufacturing sector, down from roughly 50% in the early 1950s.

TABLE B-16

Manufacturing Employment
(In Thousands)

Calendar Year	Connecticut Number	Connecticut Percent Growth	New England Number	New England Percent Growth	United States Number	United States Percent Growth
1999	240.3	(3.07)%	939.8	(2.62)%	17,323	(1.35)%
2000	235.7	(1.88)	938.4	(0.15)	17,265	(0.33)
2001	226.7	(3.83)	900.7	(4.02)	16,440	(4.78)
2002	211.2	(6.85)	815.8	(9.42)	15,257	(7.20)
2003	200.0	(5.28)	765.0	(6.23)	14,508	(4.90)
2004	197.2	(1.42)	747.1	(2.34)	14,315	(1.34)
2005	195.2	(1.02)	733.8	(1.78)	14,226	(0.62)
2006	193.5	(0.88)	720.4	(1.83)	14,159	(0.48)
2007	190.8	(1.40)	709.3	(1.53)	13,880	(1.97)
2008	187.4	(1.75)	691.2	(2.56)	13,423	(3.29)

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut State Labor Department

Connecticut has a diverse manufacturing sector, with the construction of transportation equipment (primarily aircraft engines and submarines) being the dominant industry. The State is also a leading producer of military and civilian helicopters. Employment in the transportation equipment sector is followed by fabricated metals, computer and electronics, and machinery for the total number employed in 2008.

TABLE B-17

Manufacturing Employment
By Industry
(In Thousands)

Calendar Year	Transportation Equipment	Fabricated Metals	Computer & Electronics	Machinery	Other[(a)]	Total Manufacturing Employment
1999	49.86	50.51	35.40	23.98	80.51	240.26
2000	46.92	50.01	35.48	23.71	79.62	235.74
2001	46.87	47.03	33.82	22.41	76.59	226.72
2002	45.33	43.23	29.46	20.27	72.90	211.19
2003	43.35	40.92	26.56	18.92	70.28	200.03
2004	43.17	41.14	25.86	18.48	68.54	197.19
2005	43.50	41.08	25.48	18.14	66.98	195.17
2006	43.59	41.13	24.90	18.05	65.79	193.47
2007	43.57	40.42	25.23	18.18	63.34	190.75
2008	44.29	40.20	25.29	17.73	59.90	187.42

(a) Includes other industries such as wood products, furniture, glass/stone, primary metals, and instruments in the durable sector, as well as all industries such as chemicals, paper, and plastics in the nondurable sector.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

During the past ten years, Connecticut's manufacturing employment was at its highest in 1999 at 240,260 workers. Since that year, employment in manufacturing continued on a downward trend. A number of factors, such as heightened foreign competition, outsourcing to offshore locations, and improved productivity played a significant role in affecting the overall level of manufacturing employment. Total manufacturing jobs in Connecticut continued to decline to a recent low of 187,420 in 2008. The total number of manufacturing jobs dropped 52,840, or 22.0%, from its decade high in 1999.

Exports. In Connecticut, the export sector of manufacturing has assumed an important role in overall economic growth. According to figures published by the United States Department of Commerce, which were adjusted and enhanced by the University of Massachusetts (MISER), exports of manufacturing products registered at $15.3 billion in 2008, accounting for 7.08% of Gross State Product. From 2004 to 2008, the State's export of goods grew at an average annual rate of 15.8% versus 4.4% for the Gross State Product. The following table shows the growth in exports of manufacturing products.

TABLE B-18

Exports Originating in Connecticut
(In Millions)

	2004	2005	2006	2007	2008	Percent of 2008 Total	Average Percent Growth 2004-2008
A. Manufacturing Products							
Transportation Equipment	$3,177.8	$3,936.7	$ 5,382.1	$ 5,795.4	$ 6,434.4	42.0%	19.8%
Computer & Electronics	803.6	885.4	1,077.1	1,312.5	1,301.6	8.5	13.2
Machinery, Except Electronics	1,106.8	1,129.2	1,387.1	1,618.5	1,555.6	10.2	9.4
Fabricated Metal Production	406.5	408.2	541.2	585.9	621.7	4.1	11.8
Chemicals	608.2	590.4	748.6	1,447.9	1,575.0	10.3	31.5
Misc. Manufacturing	606.2	562.1	286.2	229.5	272.0	1.8	(14.4)
Electrical Equipment	469.7	433.0	551.4	607.0	602.9	3.9	7.2
Plastics & Rubber	179.6	178.4	204.6	212.4	251.0	1.6	9.0
Paper	165.8	219.8	230.3	147.7	146.9	1.0	0.2
Primary Metal Mfg.	275.7	325.9	639.0	480.4	508.5	3.3	23.8
Others	759.0	1,018.2	1,200.4	1,361.9	2,043.5	13.3	28.9
Total	$8,559.2	$9,687.3	$12,248.0	$13,799.1	$15,313.1	100.0%	15.8%
% Growth	5.2%	13.2%	26.4%	12.7%	11.0%		
B. Gross State Product[(a)]	$182,112	$190,499	$201,635	$ 212,252	$ 216,174		4.4%
Mfg Exports as a % of GSP	4.7%	5.1%	6.1%	6.5%	7.1%		

(a) In millions.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis
Massachusetts Institute for Social and Economic Research, University of Massachusetts (MISER)

Defense Industry. One important component of the manufacturing sector in Connecticut is the defense industry. Approximately one quarter of the State's manufacturing employees are employed in defense related business. Nonetheless, this sector's significance in the State's economy has declined considerably since the early 1980s. Connecticut had witnessed a marked reduction in the amount of federal spending earmarked for defense related industries in the State; however, these amounts have been climbing most years since federal fiscal year 2001. In federal fiscal year 2008, Connecticut received $9.7 billion of prime contract awards. These total awards accounted for 2.6% of national total awards and ranked 11th in total defense dollars awarded and 4th in per capita dollars awarded among the 50 states. In fiscal year 2008, Connecticut had $2,769 in per capita defense awards, compared to the national average of $1,204. As measured by a three year moving average of defense contract awards as a percent of Gross State Product, awards to Connecticut-based firms were 4.0% of Gross State Product in fiscal year 2008, up from 2.0% of Gross State Product in fiscal year 1999. Recent increases were primarily due to the procurement of helicopters and submarines.

Connecticut is a leading producer of aircraft engines and parts, submarines, and helicopters. The largest employers in these industries are United Technologies Corporation, including its Pratt and Whitney Aircraft Division with headquarters in East Hartford, and Sikorsky Aircraft Corporation in Stratford, as well as General Dynamics Corporation's Electric Boat Division in Groton.

The following table provides a historical perspective of defense contract awards for the past ten fiscal years. Defense contracts are awarded in their entirety and multi-year awards are credited in the year they are awarded, thus giving rise to some of the fluctuation.

TABLE B-19

Defense Contract Awards

Federal Fiscal Year	Connecticut Total Contract Award (Thousands)	Connecticut Rank Among States Total Awards	Percent Change from Prior Year: Connecticut	Percent Change from Prior Year: U.S.
1998-99	$3,169,394	12th	(7.0)%	5.0%
1999-00	2,177,462	17th	(31.3)	7.3
2000-01	4,269,536	10th	96.1	9.7
2001-02	5,638,582	9th	32.1	17.4
2002-03	8,064,794	5th	43.0	20.5
2003-04	8,959,424	5th	11.1	6.4
2004-05	8,753,063	7th	(2.3)	16.5
2005-06	7,780,793	10th	(11.1)	8.6
2006-07	8,601,359	9th	10.5	22.6
2007-08	9,696,554	11th	12.7	16.0

SOURCE: United States Department of Defense

Non-manufacturing. The non-manufacturing sector is comprised of industries that primarily provide services. Services differ significantly from manufactured goods in that the output is generally intangible, it is produced and consumed concurrently, and it cannot be inventoried. Consumer demand for services is not as postponable as the purchase of goods, making the flow of demand for services more stable. An economy will therefore generally become more stable as it becomes more service oriented. Over the past several decades the non-manufacturing sector of the State's economy has risen in economic importance, from just over 50% of total State employment in 1950 to approximately 89% by 2008. This trend has decreased the State's dependence on manufacturing. Over the course of the last ten years, there were more than 83,480 jobs created in this sector, an increase of 5.8%. Moreover, this sector has more than compensated for the loss in manufacturing jobs, fueling the recovery in nonagricultural employment since 2003.

The table below provides a ten year profile of non-manufacturing employment in Connecticut, New England and the United States.

TABLE B-20

Non-manufacturing Employment
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Number	Percent Growth	Number	Percent Growth	Number	Percent Growth
1999	1,428.8	2.39%	5,920.8	2.73%	111,669.1	3.05%
2000	1,457.5	2.00	6,084.8	2.77	114,528.5	2.56
2001	1,454.4	(0.21)	6,135.6	0.83	115,389.5	0.75
2002	1,453.7	(0.05)	6,111.7	(0.39)	115,083.7	(0.27)
2003	1,444.5	(0.64)	6,085.7	(0.43)	115,487.6	0.35
2004	1,452.6	0.57	6,128.0	0.70	117,104.5	1.40
2005	1,466.9	0.98	6,184.6	0.92	119,473.1	2.02
2006	1,487.1	1.38	6,263.4	1.28	121,939.1	2.06
2007	1,507.4	1.36	6,334.2	1.13	123,724.8	1.46
2008	1,512.3	0.33	6,343.7	0.15	123,622.9	(0.08)

SOURCE: United States Department of Labor, Bureau of Labor Statistics
Connecticut State Labor Department

Services, retail and wholesale trade, state and local government, as well as finance, insurance, and real estate (FIRE), collectively comprise approximately 90% of the State's employment in the non-manufacturing sector. Connecticut non-manufacturing employment for 1999, 2006, 2007 and 2008 is shown in the table below. Total non-manufacturing employment has been broken down by industry. Percent changes over the year and over the decade are also provided. Between 1999 and 2008 service industry employment expanded by 68,690 workers, responsible for over 82% of all non-manufacturing jobs, which registered an increase of 83,480 jobs. State and local governments expanded by 20,070 jobs. The increase in this line item over the ten-year period can be attributed to the Federal Government's decision to categorize all workers employed on Indian Reservations as state and local government employees. The State's two tribal casinos employ about 19,900 workers.

TABLE B-21

Connecticut Non-manufacturing Employment By Industry (In Thousands)

Industry	Calendar Year 1999	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008	Percent Change 2007-08	Percent Change 1999-08
Construction[(a)]	61.64	67.90	69.35	65.97	(4.87)%	7.03%
Information[(b)]	44.67	37.91	38.40	37.58	(2.13)	(15.86)
Trade[(c)]	312.12	310.96	311.73	309.97	(0.57)	(0.69)
Finance, Insurance & Real Estate	140.84	144.29	144.61	143.32	(0.89)	1.76
Services[(d)]	634.37	680.22	694.10	703.07	1.29	10.83
Federal Government	22.33	19.65	19.60	19.47	(0.64)	(12.77)
State and Local Government	212.86	226.22	229.59	232.93	1.45	9.43
Total Non-manufacturing Employment[(d)]	1,428.83	1,487.14	1,507.38	1,512.31	0.33	5.84

(a) Includes natural resources and mining.
(b) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(c) Includes wholesale & retail trade, transportation, and utilities
(d) Totals may not agree with detail due to rounding and seasonal statistical data adjustments.

SOURCE: Connecticut State Labor Department

Retail Trade. Personal spending on goods and services generally accounts for two-thirds of the Gross Domestic Product. Approximately half of personal spending is generally done through retail stores. At the State level, retail trade therefore constitutes approximately one third of the State's economic activity, measured as Gross State Product. During the last decade, variations in retail trade closely matched variations in Gross State Product growth, making retail trade an important barometer of economic health.

The following table shows the major group in each North American Industry Classification System (NAICS) code as well as the State's retail trade history for the past four fiscal years. Connecticut retail trade in fiscal year 2009 totaled $45.5 billion, a decrease of 6.9% from fiscal year 2008 with only two sectors, health & personal care stores and general merchandise stores, registering an increase. The decline in sales were especially severe in the durable goods category that are mostly big ticket items sold by furniture and home furnishings stores and motor vehicles and parts dealers.

TABLE B-22

Retail Trade In Connecticut[(a)]
(In Millions)

NAICS		Fiscal Year 2005	Percent of Fiscal Year 2005 Total	Fiscal Year 2006	Percent of Fiscal Year 2006 Total	Fiscal Year 2007	Percent of Fiscal Year 2007 Total	Fiscal Year 2008	Percent of Fiscal Year 2008 Total	Fiscal Year 2009	Percent of Fiscal Year 2009 Total	Average Percent Growth Fiscal Year 2005-2009
441	Motor Vehicle and Parts Dealers	$ 8,744	20.28%	$ 8,421	18.91%	$ 8,602	18.53%	$ 8,197	16.78%	$ 6,475	14.25%	(6.8)%
442	Furniture and Home Furnishings Stores	2,665	6.18	2,784	6.25	2,635	5.68	1,993	4.08	1,456	3.20	(13.0)
443	Electronics and Appliance Stores	1,510	3.50	1,646	3.70	1,627	3.50	1,686	3.45	1,595	3.51	1.5
444	Building Material and Garden Supply Stores	3,436	7.97	3,532	7.93	3,465	7.46	3,243	6.64	2,767	6.09	(5.0)
445	Food and Beverage Stores[(b)]	5,701	13.22	5,945	13.35	6,472	13.94	9,433	19.31	8,927	19.64	13.4
446	Health and Personal Care Stores	3,459	8.02	3,555	7.98	4,219	9.09	3,905	7.99	4,961	10.91	10.3
447	Gasoline Stations	2,666	6.18	3,050	6.85	3,073	6.62	3,403	6.97	2,868	6.31	2.5
448	Clothing and Clothing Accessories Stores	2,679	6.21	2,712	6.09	2,838	6.11	2,947	6.03	2,667	5.87	0.1
451	Sporting Goods, Hobby, Book and Music Stores	1,080	2.50	1,091	2.45	1,155	2.49	1,195	2.45	1,052	2.31	(0.4)
452	General Merchandise Stores	4,844	11.23	5,059	11.36	5,135	11.06	5,193	10.63	5,215	11.47	1.9
453	Miscellaneous Store Retailers	3,505	8.13	3,792	8.52	3,998	8.61	4,037	8.26	3,964	8.72	3.2
454	Nonstore Retailers	2,836	6.58	2,933	6.59	3,209	6.91	3,616	7.40	3,508	7.72	5.6
	Total[(a)]	$43,126	100.00%	$44,521	100.00%	$46,428	100.00%	$48,848	100.00%	$45,455	100.00%	
Durables (NAICS 441, 442, 443, 444)		$16,355	37.92%	$16,383	36.80%	$16,329	35.17%	$15,119	30.95%	$12,293	27.04%	(6.6)
Non Durables (all other NAICS)		$26,771	62.08%	$28,138	63.20%	$30,099	64.83%	$33,729	69.05%	$33,162	72.96%	5.6

(a) Totals may not agree with detail due to rounding.

(b) Please note that due to a discrepancy in reporting methodology, the 2008 figure for Food and Beverage Stores is inconsistent with past reporting practices. The Office of Policy and Management estimates that the 2008 figure should indicate a modest increase rather than the calculated 45.8% from fiscal year 2007.

SOURCE: Connecticut Department of Revenue Services

Unemployment Rates. The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. Unemployment rates tend to be high during economic slowdowns and low when the economy is expanding. The rate is widely utilized as a proxy for consumer confidence. In general, when the unemployment rate is high consumer spending is lower and vice versa.

After enjoying an extraordinary boom during the late 1990s, Connecticut, as well as the rest of the Northeast and the Nation, experienced an economic slowdown during the recession of the early 2000s. The unemployment rate in the State reached its low of 2.3% in 2000, compared to New England's average of 2.8% and the national average of 4.0%. After climbing to a high of 5.5% in 2003, Connecticut's unemployment rate declined to 4.4% by 2006. This current recession has seen the unemployment rate rise to 8.0% for 2009, compared to the New England average of 8.3% and the national average of 9.3% for the same period.

The following table compares the unemployment rate averages of Connecticut, New England, and the United States between 2000 and 2009.

TABLE B-23

Unemployment Rate

Year	Unemployment Rate		
	Connecticut	New England	United States
2000	2.3%	2.8%	4.0%
2001	3.1	3.6	4.7
2002	4.4	4.8	5.8
2003	5.5	5.4	6.0
2004	4.9	4.9	5.5
2005	4.9	4.7	5.1
2006	4.4	4.5	4.6
2007	4.6	4.4	4.6
2008	5.7	5.4	5.8
2009[a]	8.2	8.3	9.3

(a) On a preliminary basis, Connecticut's average unemployment rate for February 2010 was 9.1% compared to New England's average of 9.2% and the national average of 9.7% for the same period. On a preliminary basis, Connecticut's average unemployment rate for March 2010 was 9.2% compared to the national average of 9.7% for the same period.

SOURCE: Connecticut State Labor Department
Federal Reserve Bank of Boston
United States Department of Labor, Bureau of Labor Statistics

FINANCIAL PROCEDURES

The Budgetary Process

Balanced Budget Requirement. In November 1992 electors approved an amendment to the State Constitution providing that the amount of general budget expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment also provides a framework for a cap on budget expenditures. The General Assembly is precluded from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage increase in inflation, unless the Governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the General Assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The constitutional limitation on general budget expenditures does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There is no statutory or constitutional prohibition against bonding for general budget expenditures.

The Supreme Court has ruled that the provisions of the constitutional budget cap require the passage of additional legislation by a three-fifths majority in each house of the General Assembly, which has not yet occurred. In the interim, the General Assembly has been following a provision of the General Statutes, which contains the same budget cap as the constitutional amendment. In addition to the exclusion of debt service from the budget cap, this statute also excludes statutory grants to distressed municipalities, expenditures to implement federal mandates and court orders in the first fiscal year in which such expenditures are authorized, and payments from surplus for certain debt retirement and additional state employee pension contributions.

Biennium Budget. The State's fiscal year begins on July 1 and ends June 30. The General Statutes require that the budgetary process be on a biennium basis. The Governor is required to transmit a budget document to the General Assembly in February of each odd-numbered year setting forth the financial program for the ensuing biennium with a separate budget for each of the two fiscal years and a report which sets forth estimated revenues and expenditures for the three fiscal years after the biennium to which the budget document relates. In each even-numbered year, the Governor must prepare a report on the status of the budget enacted in the previous year with any recommendations for adjustments and revisions, and a report, with revisions, if any, which sets forth estimated revenues and expenditures for the three fiscal years after the biennium in progress.

Budget Document. By statute the budget document consists of four parts. Part I is the Governor's budget message, and contains the Governor's program for meeting the expenditure needs of the State as well as financial statements detailing the condition of State debt, the financial position of all major State operating funds, recommended appropriations and State revenues on an actual basis for the last completed fiscal year and on an estimated basis for the fiscal year in progress and the fiscal years to which the budget relates. If a budget deficit or surplus is projected, the Governor will recommend the manner in which the deficit will be met or surplus used. The Governor's recommended appropriations from the General Fund and all special and agency funds comprise Part II of the budget document. Appropriations are set forth for meeting the cost of each major function and program. An accounting of federal funds and recommendations for the capital program are also included. Part III of the budget document consists of drafts of appropriations and revenue bills to carry out the Governor's budget recommendations. In Part IV of the budget, the Governor makes recommendations concerning the State's economy and analyzes the impact on the economy of the proposed spending and revenue programs.

Preparation of the Budget. Formulation of the budget document commences with the preparation of estimates of expenditure requirements for each fiscal year of the next biennium by the administrative head of each budgeted agency. These estimates are submitted on or before September 1 of each even-numbered year to the Office of Policy and Management ("OPM") and to the joint legislative standing committee on appropriations and the committee having cognizance of matters relating to such budgeted agency. In odd-numbered years, each agency submits its recommended adjustments or revisions of such estimates. In addition, the administrative head of each budgeted agency transmits to the Office of Fiscal Analysis copies of the agency's monthly status reports relating to finances, personnel, and nonappropriated moneys. A detailed statement showing revenue and estimated revenue for the current fiscal year and estimated revenue for the next fiscal year, and in the even-numbered year, for the next biennium, must also be submitted by such agency heads to OPM on or before September 1 and the joint legislative standing committee on finance on or before November 15. Upon receipt of such agency reports, it is OPM's practice to prepare a preliminary budget report.

Adoption of the Budget. The budget document, as finally developed by the Governor with the assistance of OPM, is published and transmitted to the General Assembly in February of each odd-numbered year. A report summarizing recommended adjustments or revisions is submitted by the Governor to the General Assembly in even-numbered years. The Governor or a representative then appears before the appropriate committee of the General Assembly to explain and address questions concerning the budget document or reports. Prior to June 30 of each odd-numbered year, the General Assembly generally enacts one bill making all appropriations for the next two fiscal years and setting forth revenue estimates for those years. Subsequent appropriations or revenue bills are occasionally passed.

Line Item Veto. Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill. A statement identifying the items so disapproved and explaining the reasons therefor must be transmitted with the bill to the Secretary of the State and, when in session, the General Assembly. The General Assembly may separately reconsider and repass such disapproved appropriation items by a two-thirds vote of each house.

Fiscal Accountability Report. Beginning November 2005, by November fifteenth annually, the Secretary of the Office of Policy and Management and the director of the legislative Office of Fiscal Analysis each submit the following to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of State agencies and to finance, revenue and bonding: (1) an estimate of State revenues, expenditures and ending balance for each fund, for the current biennium and the next ensuing three fiscal years, and the assumptions on which such estimates are based; (2) the projected tax credits to be used in the current biennium and the next ensuing three fiscal years, and the assumptions on which such projections are based; (3) a summary of any estimated deficiencies in the current fiscal year, the reasons for such deficiencies, and the assumptions upon which such estimates are based; (4) the projected balance in the Budget Reserve Fund at the end of each uncompleted fiscal year of the current biennium and the next ensuing three fiscal years; (5) the projected bond authorizations, allocations and issuances in each of the next ensuing five fiscal years and their impact on the debt service of the major funds of the State; (6) an analysis of revenue and expenditure trends and of the major cost drivers affecting State spending, including identification of any areas of concern and efforts undertaken to address such areas, including efforts to obtain federal funds; and (7) an analysis of possible uses of surplus funds, including the Budget Reserve Fund, debt retirement and funding of pension liabilities.

By November 30, annually, the legislative committees then meet with the Secretary of the Office of Policy and Management and the Director of the legislative Office of Fiscal Analysis to consider the submitted reports.

The Secretary of the Office of Policy and Management on November 15, 2009, and the director of the legislative Office of Fiscal Analysis on November 13, 2009, each submitted a fiscal accountability report for the current biennium and the next ensuing three fiscal years. The Office of Fiscal Analysis projected General Fund deficits for fiscal years ending June 30 of 2010, 2011, 2012, 2013 and 2014 of $385.9 million, $286.7 million, $3,282.0 million, $3,023.6 million and $3,191.9 million, respectively. The Office of Policy and Management in its report projected General Fund deficits for fiscal years ending June 30 of 2010, 2011, 2012, 2013 and 2014 of $337.0 million, $107.4 million, $3,024.0 million, $2,633.9 million and $2,581.7 million, respectively. The projections in each report were based on current services and certain other assumptions. In addition, both reports assumed that the scheduled sales tax reduction from 6.0% to 5.5% would not go into effect on January 1, 2010 because the trigger provisions that prevent the rate decrease from taking effect pursuant to Public Act No. 09-3 of the June 2009 Special Session would be met. Additionally, the reports estimated general obligation bond authorizations, allocations, issuance and debt service for the current fiscal year and succeeding four fiscal years. The reports estimated fairly stable general obligation bond issuances over the five-year period of between $1.2 billion and $1.4 billion, with the expenditure on debt service gradually increasing. The projections of the Office of Policy and Management and the Office of Fiscal Analysis are only estimates and the information in each of the fiscal accountability reports contain only estimates and no assurances can be given that future events will materialize as estimated or that subsequent estimates, adjustments or actions of the General Assembly will not indicate changes in the final result of such fiscal years. The fiscal accountability report is generally on a current services basis, so its figures may not reflect any deficit reduction programs initiated in the current or any future budget biennium. The State has a balanced budget requirement and an expenditure cap as discussed at ***Page III-5*** under the heading **The Budgetary Process – *Balanced Budget Requirement***. As such, budgets adopted for these fiscal years will need to reflect a combination of revenue enhancements and expenditure reductions. As a result, the figures do not represent a projection of the actual financial results that might be expected, but instead serve as planning tools.

Consensus Revenue Estimates. Pursuant to Public Act No. 09-214, the Office of Policy and Management and the legislature's Office of Fiscal Analysis issued on April 30, 2010, a consensus revision of their previous estimate. The General Fund revenue estimates for fiscal years ending June 30 of 2010, 2011, 2012, 2013 and 2014 were $17,456.4 million, $17,415.8 million, $15,791.4 million, $16,610.7 million, and $17,397.3 million, respectively. The projections in the consensus revenue estimates are only estimates and no assurances can be given that future events will materialize as estimated or that subsequent estimates, adjustments or actions of the General Assembly will not indicate changes in the final results of the fiscal years reported.

Financial Controls

Expenditures. The financial control procedures utilized by the State in the expenditure of State funds are described below and may be generally summarized as follows: initially, the legislature appropriates funds for a particular purpose; such funds must then be allotted for such purpose by the Governor; and thereafter such funds are encumbered by the Comptroller upon the request of the responsible State agency. Once this appropriation, allotment and encumbrance procedure (which may be modified as described below) has been completed, State funds are paid by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. Certain receivables from the federal government or other sources do not require allotment by the Governor.

Governor's Role. Before an appropriation for a budgeted agency becomes available for expenditure the agency must submit to the Governor through the Secretary of OPM, not less than 20 days before the beginning of the fiscal year for which the appropriation is made, a requisition for the allotment of funds needed for each quarter of the fiscal year. Appropriations for capital outlays may be allotted in any manner the Governor deems advisable. The Governor may reduce the budget allotment request by not more than three percent of the total appropriation from any fund or not more than five percent of any appropriation under certain circumstances. Such allotments are subject to further modification by the Governor throughout the course of the fiscal year if conditions warrant. The Governor is not authorized to reduce allotment requisitions or allotments in force concerning aid to municipalities or any budgeted agency of the legislative or judicial branch, except that the Governor may require an aggregate allotment reduction of a specified amount for the legislative or judicial branch.

Comptroller's Role. The Comptroller is responsible for keeping an account in connection with each appropriation. No warrant, draft or order may be issued by the Comptroller in excess of the available balance of the applicable account unless the General Assembly has passed a deficiency bill for the purpose or unless such appropriation has been increased by the Governor in the limited circumstances of emergency expenditures or allotment modifications as authorized by statute. The Comptroller is required to issue cumulative monthly financial reports concerning the State General Fund.

Treasurer's Role. Each warrant, draft or order upon the Treasurer must specify the particular appropriation against which it is drawn, and no money may be paid by the Treasurer absent such specification. The Treasurer is required to honor all warrants, drafts and orders properly drawn by the Comptroller. The Treasurer also has primary responsibility for the investment of State funds and the issuance of debt of the State.

By statute, the Treasurer may not pay compensation, expenses or fees or otherwise enter into contractual arrangements with any firm providing legal services, investment banking services, investment advisory services, underwriting services, financial advisory services or brokerage firm services if such firm, through its political committee or certain managerial level officers or employees, makes or solicits contributions to any committee established by a candidate for nomination or election to the Office of Treasurer of the State. The statute also prohibits the making or solicitation of contributions by such firms.

Use of Appropriations. No appropriation or part thereof may be used for any purpose other than for the purpose for which it was made, except with respect to certain transfers and revisions of appropriations permitted to be made by the Governor with the concurrence of the Finance Advisory Committee, composed of members of the executive and legislative departments. Civil sanctions may be imposed pursuant to statute upon persons who willfully expend or authorize the expenditure of State funds for any purpose in excess of the amount specifically appropriated for such purpose.

Unexpended Appropriations. All unexpended balances of appropriations for each fiscal year lapse on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except for certain continuing appropriations. Such continuing appropriations include those continued for a one-month period in the case of programs which were not renewed the succeeding year, those continued for the entire succeeding year in the case of highway and other capital construction projects, and limited amounts for certain special programs.

Unappropriated Surplus. The State Constitution provides that any resulting unappropriated surplus shall be used to fund a budget reserve fund, to reduce bonded indebtedness or for any other purpose authorized by at least three-fifths of each house of the General Assembly. The General Statutes provide that the Treasurer shall transfer any unappropriated surplus in the General Fund to a budget reserve fund, unless otherwise directed by law. When the amount in the budget reserve fund in any fiscal year equals 10 % of the net General Fund appropriations, no further transfers shall be made by the Treasurer.

After the accounts for the fiscal year are closed, beginning with the fiscal year ending June 30, 2010, and each fiscal year thereafter, until and including the fiscal year ending June 30, 2017, if the Comptroller determines there exists an unappropriated surplus in the General Fund, the amount of any such surplus is first to be used for redeeming prior to maturity any outstanding economic recovery notes issued to fund the deficit in the General Fund for the fiscal year ending June 30, 2009, refund any such notes, and pay the costs of issuance of such notes and interest payable or accrued on such notes through June 30, 2011, pursuant to Section 2 of Public Act No. 09-2 of the June 2009 Special Session, and any amount beyond that required to redeem such notes shall be used to reduce the obligations of the State under the financing plan authorized under Section 88 of Public Act No. 09-3 of the June 2009 Special Session. By statute, the Treasurer was directed to transfer (i) and did transfer, $1,039.7 million from the budget reserve fund to the resources of the General Fund to be used as revenue for the fiscal year ending June 30, 2010 and (ii) $342.0 million from the budget reserve fund to the resources of the General Fund to be used as revenue for the fiscal year ending June 30, 2011.

Revenues. The Treasurer superintends the collection and receipt of all taxes and revenues belonging to the State, and is authorized to deposit the same in any qualified public depository as defined by statute. Each State department, institution, board, commission or other State agency and any official or employee thereof that receives any money for revenue of the State must, within 24 hours of its receipt or within seven days of receipt for amounts less than $500, account for and pay the same to the Treasurer or, with the approval of the Treasurer and the Comptroller, deposit the same in an account in a qualified public depository in the name of the State or in the name of the public official as such official. The Treasurer is authorized to make exceptions to the limitations on amounts and timing of payments or deposits of receipts provided the Treasurer files a written statement of such exception with the Comptroller and the State's Auditors of Public Accounts. Any public official who deposits funds or moneys in an account in the name of the State or in such official's name must submit a list of all such accounts as of the preceding June 30 to the Treasurer and the Comptroller not later than September 1 of each year.

Accounting Procedures

Financial statements of the State are prepared annually on a modified cash basis of accounting for all civil list funds. The Comptroller prepares the statements for submission to the Governor by September 1 of each year, unless extended by State law. The State's Auditors of Public Accounts must audit the books and accounts of the Treasurer and the Comptroller at least annually and have discretion to audit them at more frequent intervals.

At the present time the State is not required to prepare financial statements in accordance with generally accepted accounting principles ("GAAP") and does not prepare GAAP statements on an interim basis. However, since 1988 the State has issued comprehensive annual financial reports in accordance with the guidelines established by the Governmental Accounting Standards Board. These reports include audited annual financial statements prepared in accordance with GAAP. Effective with the fiscal year commencing July 1, 2008, the Comptroller, in the Comptroller's sole discretion, may initiate a process intended to result in the implementation of GAAP as prescribed by the Governmental Accounting Standards Board, with respect to the preparation and maintenance of the annual financial statements of the State now prepared on a modified cash basis, by making incremental changes consistent with GAAP.

As specifically permitted by statute or decision of the Comptroller, the only present modifications from the cash basis in recording revenues under the modified cash method are: (1) the accrual of sales and use taxes to be received for the calendar quarter ending at the close of such fiscal year as estimated by the Secretary of OPM; (2) the accrual of cigarette tax revenue received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (3) the accrual of alcoholic beverage tax revenue received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (4) the accrual of motor fuels tax revenue and motor carrier road tax revenue on all fuel sold or used prior to the end of such fiscal year and received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (5) the accrual of utility company tax revenue and tax revenue on gross earnings from the sale of petroleum products which is received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (6) the accrual of corporation business tax revenue received by the Department of Revenue Services no later than five business days after the fifteenth day of August immediately following the end of such fiscal year through the 2006-07 fiscal year and, pursuant to the Comptroller's constitutional powers under Section 24, Article Fourth of the Connecticut State Constitution and her statutory powers under Public Act No. 08-111, the last day of July for fiscal year 2007-08 and thereafter; (7) the accrual of income tax revenue received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (8) the accrual of nursing home provider tax received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; (9) the accrual of payments received from any Indian tribe, pursuant to a memorandum of understanding, received by the Treasurer no later than the last day of July immediately following the end of such fiscal year; (10) the accrual of real estate conveyance tax revenue received by the Commissioner of Revenue Services no later than five business days after the last day of July immediately following the end of such fiscal year; and (11) the recording as grants receivable of certain amounts of restricted grants for which the State has the contractual right to be reimbursed by the federal government or other parties.

Expenditures are recorded on a cash basis in the fiscal year in which they are made. Such expenditures are so recorded by the Comptroller when the Comptroller draws and serves a warrant on the Treasurer. Those instances in which warrants are drawn at the close of a fiscal year can, because of required processing time, result in disbursements made after the beginning of the following fiscal year. Certain appropriations which have not lapsed are reflected in the balance sheet through a reserve for continuing appropriations.

The modified cash basis of accounting used for statutory financial reporting and the modified accrual basis used for GAAP financial reporting are different and, as a result, often produce varying financial results, primarily because of differences in the recognition of revenues and expenditures. For example, for statutory reporting purposes, the State's bi-weekly payroll expenditures are recognized in the fiscal year in which employees are paid, while for GAAP purposes they are recognized in the fiscal year in which the services are performed, resulting in GAAP accrual of expenditures for work performed through June 30 but not paid until the following fiscal year. Similarly, the modified accrual basis used for GAAP financial reporting recognizes additional federal and other grant moneys as revenues which are not so recognized in the modified cash basis of accounting.

The Treasurer is required to submit to the Governor and the Investment Advisory Council, by December 31 of each year, audited financial statements of the State's combined investment funds, and financial statements of the Short Term Investment Fund, the Second Injury Fund, and the Tax Exempt Proceeds Fund for the prior fiscal year.

In July 2003 the State implemented the first phase of a new, fully integrated, Internet based, financial management and human resources system called Core-CT. The system was rolled out in phases by applications over a period of time between July 2003 and July 2007. The new system provides a single point of entry for all State financial, human resources and payroll data. The implementation of Core-CT is the product of several years of work to improve the State's financial reporting and management information systems. From an information technology perspective, Core-CT has allowed the State to standardize and modernize its computer technology bringing uniformity to the computers, programming languages, and data base packages utilized by State government. Core-CT utilizes PeopleSoft ERP software. On-going maintenance and scheduled upgrades to the system are expected to continue.

Core-CT was implemented coincident with an unanticipated and significant downsizing of the State's workforce between 2002 and 2003, resulting in significantly reduced staffing levels in State agency business and financial offices. This left the State with the task of implementing the most ambitious upgrade to its financial systems in history with a smaller and less experienced workforce. In addition, as with the implementation of any large-scale information technology system, Core-CT experienced some initial difficulties. Software anomalies were detected, certain application processing was slow, and some users did not fully understand the new coding conventions and accounting entries required for system processing. These problems were aggravated by technical complications relating to an interface to Core-CT from a new revenue management system implemented in January 2004 at the Department of Revenue Services. While this system is not part of Core-CT, it must interface effectively with Core-CT applications.

The initial Core-CT implementation problems outlined above have been resolved. A State team consisting of employees from the Office of the State Comptroller, OPM, the Office of Information and Technology and the Department of Administrative Services continues to work on an ongoing basis with State agencies, consultants and PeopleSoft representatives to improve system performance.

The implementation problems with the CORE-CT financial management software system caused a delay in the preparation of financial statements and reports for fiscal years 2004-05 and 2005-06. The audited legal accounting basis (modified cash) financial statements and the audited financial statements of the State prepared in accordance with generally accepted accounting principles (GAAP) for the fiscal year ending June 30, 2009 appear in **Parts III-C and III-**D. There was a delay of the State's submission to the U.S. Department of Health & Human Services of its Single Audit for the fiscal year ending June 30, 2006 pursuant to OMB Circular No. A-133. The State received an extension until May 31, 2007, and the State submitted the Single Audit before that date. The State does not expect there to be any such delay this year.

Investment and Cash Management

Treasurer's Role. The Treasurer has the investment responsibility for all funds of the State and functions as the trustee of all State pension, retirement and trust funds. The Treasurer is authorized to invest or reinvest funds under the control of the Treasurer in United States government or agency obligations, shares or interests in an investment company or trust registered under the Investment Company Act of 1940, whose portfolio is limited to obligations of the United States, its agencies or instrumentalities, or repurchase agreements fully collateralized by such obligations, United States postal service obligations, certificates of deposit, commercial paper, savings accounts and bank acceptances. The Treasurer may also invest funds, excluding civil list funds, in the sale or acquisition of securities or obligations which the Treasurer is authorized to sell or acquire for purposes of any combined investment fund, subject to repurchase agreements with any securities dealer or bank included in the list of primary dealers prepared by the Federal Reserve Bank of New York. The Treasurer is also authorized to invest all or any part of any sinking fund in bonds in which savings banks may legally invest, provided such bonds mature prior to maturity of the bonds of the State which are outstanding. The Treasurer is required to report by December 31 annually to the Governor and the Investment Advisory Council as to the activities of the Office of the Treasurer for the preceding fiscal year.

Cash Management. Cash management and the investment by the Treasurer of all State monies is based on the concept of a common cash pool. It is the practice of the State to treat all civil list funds (including monies in the General Fund, the Budget Reserve Fund, various bond funds, and the Special Transportation Fund) as common cash. All banks holding major account balances for the State Treasury report these balances daily, enabling the Treasurer to maintain adequate cash to meet anticipated demands and to keep unneeded balances fully invested.

Short Term Investment Fund. The Short Term Investment Fund ("STIF") is a combined investment pool of high quality, short term money market instruments which is the primary investment vehicle for the temporarily surplus cash of all funds of which the Treasurer is custodian and/or trustee, except certain bond funds, State pension funds and selected trust funds. All agencies, instrumentalities and political subdivisions of the State are permitted to invest in STIF. The State is responsible to these governmental entities to manage their deposits and accumulated earnings in a prudent manner. Individual participants in STIF can add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow needs, while seeking to earn competitive yields. STIF is managed in accordance with the investment guidelines established by the Treasurer. These investment guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short term money market indices, and limit the ability to enter into reverse repurchase agreements to amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution. Shares of the Short Term Investment Fund are rated "AAAm" by Standard & Poor's.

Medium Term Investment Fund. A 1997 statute created the Medium-Term Investment Fund. The Treasurer may purchase participation units of the fund for all trusts and other funds for which the Treasurer has investment responsibility. The Treasurer may sell participation units in the Medium-Term Investment Fund to all agencies, authorities, instrumentalities and political subdivisions of the State. The Treasurer is authorized to invest and reinvest funds of the Medium-Term Investment Fund in obligations of the United States government and its agencies and instrumentalities, certificates of deposit, commercial paper, corporate debt securities, savings accounts and bankers' acceptances, repurchase agreements collateralized by such securities, and investment funds or pools comprised of securities in which the Medium-Term Investment Fund may directly invest. The Medium-Term Investment Fund was implemented in September 2006.

Other Funds. Up to $100 million of the state's operating cash may be invested in certificates of deposit of community banks and credit unions, pursuant to CGS 3-24k. In addition, investments are made in individual securities pursuant to CGS 3-31a. Allowable investments under CGS 3-31a include United States government and agency obligations, repurchase agreements collateralized by such obligations, certificates of deposit, commercial paper, savings accounts, and bank acceptances. The Treasurer has adopted guidelines for investments made under CGS 3-31a, which specify credit and diversification standards, and limit individual security maturities to three years and the total amount invested to $500 million.

Investment of Bond Proceeds. Proceeds of bonds are accounted for in various general obligation bond funds. All invested assets of the bond funds are invested in STIF or TEPF. Bond proceeds are expended in accordance with the authorization and allotment procedure of the State Bond Commission and the Governor, respectively. Assets of the bond funds may from time to time be released temporarily to the common cash pool in accordance with the State's overall cash flow needs. Under the State's accounting system, release of the assets of the bond funds to the common cash pool is reflected in the accounts of the bond funds as an uninvested cash balance. That accounting balance can be reduced only when an approved payment for an expenditure is charged to the bond funds. In no case does the release of bond fund assets to the common cash pool alter the timing or the extent of expenditures for the purposes for which the bonds were issued.

Tax Exempt Proceeds Fund. Under the terms of the General Statutes the Treasurer has facilitated the establishment of the Tax Exempt Proceeds Fund, Inc. ("TEPF"), a diversified, open-end management investment company, registered under the Investment Company Act of 1940, whose investment objectives are to provide its investors with high current interest income exempt from federal income taxes, preservation of capital and maintenance of liquidity. TEPF will only invest in securities that qualify as an investment in "tax-exempt bonds" as defined in Section 150(a)(6) of the Internal Revenue Code of 1986, as amended (the "Code") and amplified in Treasury Department Regulations. Therefore, shareholders of TEPF that are tax-exempt bond issuers are expected to be exempt from the arbitrage rebate provisions of the Code. TEPF seeks to achieve its objectives by investing primarily in a liquid money market portfolio of short-term, high quality, tax-exempt, fixed rate and variable rate obligations issued by states, municipal governments and by public authorities, and in participation interests therein issued by banks, insurance companies or other financial institutions that meet this federal income tax definition. The TEPF seeks to maintain a constant net asset value of $1.00 per share. TEPF's investment policies were developed for the particular federal income tax needs of entities that are issuers of tax-exempt state and local bonds, such as states and municipalities and their authorities, agencies, instrumentalities and subdivisions. All recipients of any grant or loan monies of the State funded from Connecticut tax-exempt bond proceeds must invest such monies in TEPF, unless the Treasurer waives this requirement upon a determination that a waiver will not adversely affect the tax-exempt status of State bonds, notes or other evidences of indebtedness. The State may, from time to time, deposit bond proceeds of the State in TEPF. Reich & Tang Asset Management, LLC acts as investment manager of TEPF and a Board of Directors is responsible for TEPF's overall management and supervision.

Investment Advisory Council. All trust fund investments by the Treasurer are reviewed by the Investment Advisory Council, comprised of the Treasurer and the Secretary of OPM as ex officio members, five members of the public with experience in investment matters, three representatives of the teachers' union and two representatives of the State employees' unions. The Treasurer, with the approval of the Council, adopts an Investment Policy Statement for trust funds. The Governor may direct the Treasurer to change any investments when in the judgment of the Council such action is in the best interest of the State. At the close of each fiscal year a report is submitted to the Governor on the value of all security investments of the State.

Investment of Pension Funds. Eleven investment funds serve as the investment medium for the various pension, retirement and trust funds of which the Treasurer is the trustee. They are the Mutual Equity Fund, the Developed Markets International Stock Fund, the Emerging Markets International Stock Fund, the Core Fixed Income Fund, the Inflation Linked Bond Fund, the Emerging Markets Debt Fund, the High Yield Debt Fund, the Private Investment Fund, the Real Estate Fund, the Liquidity Investment Fund and the Alternative Investment Fund. The pension, retirement and trust funds acquire units, in varying proportions depending on the investment policies of the funds, in one or more of the seven investment funds. By statute no more than 60% of any of the State's trust funds may be invested in common stock and if market fluctuations cause this limit to be exceeded, after six months no more than 65% of the State's trust funds may remain invested in common stock. Other than these limits, the statutes of the State permit investment in securities under the "Prudent Investor" rule. See also **PENSION AND RETIREMENT SYSTEMS** herein.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST

This section is a brief summary of the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended (the "Special Obligation Indenture"). The summary does not purport to be complete. Reference is made to the Special Obligation Indenture for a full and complete statement of the provisions thereof.

Authority for the Special Obligation Indenture. [Section 201]. The Special Obligation Indenture is made and entered into by virtue of and pursuant to the provisions of the Act.

Authorization for Issuance of Bonds and Obligations of University. [Section 202]. In order to provide sufficient funds for the UCONN 2000 Infrastructure Improvement Program and not otherwise available from the sale of general obligation bonds of the University under its General Obligation Master Indenture of Trust, Special Obligation Bonds of the University are authorized to be issued without limitation as to amount except as therein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the Special Obligation Indenture.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture, shall be special obligations of the University, the Principal and Redemption Price (if any) of, interest on, and other amounts due in respect of which, shall be payable solely from the Trust Estate, and shall not be payable from nor charged upon any funds other than the Trust Estate pledged therefor as provided under the Special Obligation Indenture pursuant to the Act. The Bonds shall be entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by the Special Obligation Indenture and, with respect to any Additional Bonds, the Supplemental Indenture authorizing the issuance thereof, to secure the full and final payment of the Principal, or Redemption Price, if applicable, thereof and the interest thereon.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or of any other political subdivision of the State but shall be payable solely from the resources of the University described in the Special Obligation Indenture as the Trust Estate; the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture constitute a special obligation of the University payable solely from, and are secured solely by a pledge of, the Trust Estate, including Pledged Revenues and to the extent pledged in the Supplemental Indenture authorizing a particular Series of Bonds, all amounts on deposit in and if necessary certified by the University as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Minimum Requirement and deemed appropriated from the State's general fund and paid to the University.

All Bonds shall contain on the face thereof a statement to the effect that:

> NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE UNIVERSITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE UNIVERSITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION

THEREOF, INCLUDING THE UNIVERSITY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE UNIVERSITY HAS NO TAXING POWER.

Pledge Effected by Indenture. [Section 601]. The Trust Estate is pledged to secure the payment of the Principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of the Special Obligation Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions therein set forth.

Establishment Funds and Accounts Therein. [Section 602]. The University establishes and creates the following funds and accounts to be held by the Trustee: the Bond Proceeds Fund (consisting of the Cost of Issuance Series accounts, the Capitalized Interest Series accounts and the Series accounts), the Debt Service Fund (consisting of the Interest Account and the Principal Installment Account), the Redemption Fund; the Rebate Fund; the Debt Service Reserve Fund and the Special Capital Reserve Fund; and the following fund to be held by the University: the Renewal and Replacement Fund. The University has reserved the right to establish additional funds, accounts and subaccounts.

Costs of Issuance Account. [Section 603]. A separate sub-account within the Costs of Issuance Account designated "UCONN 2000 Special Obligation Bonds Costs of Issuance Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited in the applicable sub-account of the Costs of Issuance Account from time to time the amount of moneys necessary to pay the Costs of Issuance of each Series of Bonds. Such proceeds and moneys shall be used to pay only the Costs of Issuance of the Series of Bonds for which such proceeds and moneys were deposited. The Costs of Issuance of any Series of Bonds shall be paid only from the same Series Sub-account of the Costs of Issuance Account. Upon payment of all Costs of Issuance of a Series of Bonds for which a separate sub-account has been established in the Costs of Issuance account, an Authorized Officer of the University shall transfer any moneys remaining in said sub-account to the same Series Sub-account of the Bond Proceeds Fund or to other Costs of Issuance accounts or to the University on account of payment of Costs of Issuance.

Bond Proceeds Accounts. [Section 604]. Within the Bond Proceeds Fund a separate sub-account designated "UCONN 2000 Special Obligation Bond Proceeds Sub-account" may be established for the Bonds of each Series Outstanding. Subject to Section 610, there shall be deposited into the applicable Series Sub-account of the Bond Proceeds Fund, only the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Indenture authorizing such Series of Bonds. Moneys in the Bond Proceeds Fund shall be expended only for a UCONN 2000 Project subject to the provisions and restrictions of the Section 604 of the Special Obligation Indenture.

The University is authorized and directed to order each disbursement from the Bond Proceeds Fund upon a certification filed with Trustee, signed by an Authorized Officer of the University stating that such item or category of cost has been properly paid or incurred as a cost of the Project and, is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto.

Debt Service Fund. [Section 606]. The Trustee shall pay out of the Interest Account of the Debt Service Fund and out of the Principal Installment Account of the Debt Service Fund to the respective Paying Agents the amounts required for the payment when due of Interest and Principal on Outstanding Bonds and such amounts shall be applied by the Paying Agents to such payments.

Redemption Fund. [Section 607]. Amounts in the Redemption Fund may be applied as directed by the University in a certificate of an Authorized Officer of the Authority filed with the Trustee to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the University, or, failing such direction by June 30, of each year, toward such Sinking Fund Installment in inverse order of their due dates.

Release and Restriction on Pledged Revenues. [Section 609]. Subject to providing for the deposits or payments pursuant to the Special Obligation Indenture and providing for the payment of Special Obligation Debt Service Expense Requirements, the Pledged Revenues may be expended by the University free and clear of the pledge of and lien created thereon by the Special Obligation Indenture pursuant to the Act. Pursuant to the Act, at such time as any Pledged Revenues are not required for other corporate purposes of the University, and in any event, on the date one year after the Bonds secured by the Special Capital Reserve Fund, together with interest on such Bonds, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the Holders thereof, are fully met and discharged, such moneys shall be paid to the State as repayment of amounts, if any, theretofore advanced by the State for deposit in the Special Capital Reserve Fund.

Special Capital Reserve Fund. [Section 610]. If on any Interest Payment Date or Redemption Date, for those Bonds secured by the Special Capital Reserve Fund, the amount in the Principal Installment Account, the Redemption Fund or the Interest Account shall be less than the amount required for the pro-rata payment of any Principal Installment, Redemption Price, Swap Payment or interest on the Outstanding Bonds due on such Principal Installment Date, Interest Payment Date, or Redemption Date and entitled to payment therefrom, the Trustee shall transfer money from the Special Capital Reserve Fund in the amount required for the payment of any Principal Installment, Sinking Fund Installment, Redemption Price, Swap Payment or interest due on such date on Outstanding Bonds secured by the Special Capital Reserve Fund to such deficient Principal Installment Account, the Redemption Fund or the Interest Account and the Trustee shall apply such moneys solely to pay the amounts due in respect of Bonds secured by the Special Capital Reserve Fund.

Whenever the amount in the Special Capital Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to fully pay the Principal of or any interest on all Outstanding Bonds supported by the Special Capital Reserve Fund in accordance with their terms (including the Sinking Fund Installments for the retirement thereof), all amounts on deposit in the Special Capital Reserve Fund shall be transferred to the appropriate accounts in the Debt Service Fund. Prior to said transfer, all Investment Obligations held in the Special Capital Reserve Fund may be liquidated.

Whenever the University shall deliver instructions to the Trustee to redeem Bonds supported by the Special Capital Reserve Fund or the redemption of such Bonds is required by the Special Obligation Indenture (other than by application of Sinking Fund Installments) and such redemption is to be made from amounts then on deposit in any fund or account other than the Special Capital Reserve Fund, the Trustee shall calculate the amount by which the amount on deposit in the Special Capital Reserve Fund will exceed the Special Capital Reserve Fund Maximum Requirement immediately following the redemption of the Bonds specified in such instructions (and to be redeemed from such amounts) and such amount shall on the Redemption Date specified in such instructions, be deposited into the Redemption Fund and applied to the redemption of such Bonds. The Trustee shall give notice of the redemption of such Bonds and shall select the particular Bonds supported by the Special Capital Reserve Fund to be so redeemed in such manner as the University shall specify in written instructions or failing such instructions, as the Trustee shall in its discretion deem advisable.

On December 1, of any year if (i) the amount in the Special Capital Reserve Fund exceeds the Special Capital Reserve Fund Maximum Requirement, and (ii) all withdrawals from the Special Capital Reserve Fund provided for in Section 610(A) of the Special Obligation Indenture have been made, (except as otherwise provided by Subsection C of said Section), then the University may direct the Trustee to withdraw the excess from the Special Capital Reserve Fund and deposit the amount so withdrawn into the Rebate Fund if necessary and thereafter, any other Fund under the Special Obligation Indenture. Amounts in the Special Capital Reserve Fund not needed for immediate use or disbursement may, at the discretion of the University, be invested in Investment Obligations, maturing at such time or times as the University shall determine is appropriate to have accounts available to make payments required to be made therefrom. The 2010 Bonds are not secured by a Special Capital Reserve Fund.

Renewal and Replacement Fund. [Section 612]. The University shall provide from time to time for deposit of amounts into the Renewal and Replacement Fund (which Fund may be combined with other similar renewal and replacement funds of the University) so that the amounts therein equals the Renewal and Replacement Fund Requirement. The University is authorized to apply the amounts in the Renewal and Replacement Fund to the payment or reimbursement of the extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UCONN 2000 Project financed by the University under the Special Obligation Indenture and other facilities forming part of the physical university plant so to permit the University to operate and maintain the physical university plant in sound operating condition.

Debt Service Reserve Fund. [Section 613]. The University shall deposit into each account of the Debt Service Reserve Fund (i) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by the applicable Supplemental Indenture; (ii) any Surety as may be authorized hereby or by the applicable Supplemental Indenture; and (iii) any other moneys which are or may be made available to the University for the purposes of the Debt Service Reserve Fund from any other source or sources.

The University may deposit a Surety in any Account of the Debt Service Reserve Fund in lieu of depositing moneys or Investment Obligations therein in order to meet any Debt Service Reserve Account Requirement. The University may deposit a Surety in any Debt Service Reserve Account in substitution for an equal amount of moneys or Investment Obligations then on deposit in any Account of the Debt Service Reserve Fund, provided that any such moneys or Investment Obligations released from any Debt Service Reserve Account shall be deposited to the credit of the Debt Service Account to be applied at the written direction of an Authorized Officer of the University to the redemption of such Series of the particular Series of Bonds for which such Account was established on the first date on which such Series are subject to redemption, or by the Trustee in the case of an acceleration as a result of a continuing event of default hereunder, provided that no Surety shall be deposited to the Debt Service Reserve Fund if such deposit shall result in the downgrading of the rating of the Bonds by any of the rating agencies referred to in the definition of the term Surety in Section 101 hereof if then rating the Bonds.

If on any Interest Payment Date, Principal Payment Date or Redemption Date, for those Bonds secured by the Debt Service Reserve Fund, the amount in the Principal Installment Account, the Redemption Fund or the Interest Account shall be less than the amount required for the pro-rata payment of any Principal Installment, Redemption Price, Swap Payment or interest on the Outstanding Bonds due on such Principal Payment date, Interest Payment Date or Redemption Date and entitled to payment therefrom, the Trustee shall transfer money from the Debt Service Reserve Fund in the amount required for the payment of any Principal Installment, Sinking Fund Installment, Redemption Price, Swap Payment or interest due on such date on Outstanding Bonds secured by the Debt Service Reserve Fund to such deficient Principal Installment Account, the Redemption Fund or the Interest Account and the Trustee shall apply such moneys solely to pay the amounts due in respect of Bonds secured by the Debt Service Reserve Fund.

Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to fully pay the Principal of or any interest on all Outstanding Bonds supported by the Debt Service Reserve Fund in accordance with their terms (including the Sinking Fund Installments for the retirement thereof), all amounts on deposit in the Debt Service Reserve Fund shall be transferred to the appropriate accounts in the Debt Service Fund. Prior to said transfer, all Investment Obligations held in the Debt Service Reserve Fund may be liquidated.

Whenever the University shall deliver instructions to the Trustee to redeem Bonds supported by the Debt Service Reserve Fund or the redemption of such Bonds is required by this Special Obligation Indenture (other than by application of Sinking Fund Installments) and such redemption is to be made from amounts then on deposit in any fund or account other than the Debt Service Reserve Fund, the Trustee shall calculate the amount by which the amount on deposit in the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement immediately following the redemption of the Bonds specified in such instructions (and to be redeemed from such amounts) and such amount shall on the Redemption Date specified in such instructions, be deposited into the Redemption Fund and applied to the redemption of such Bonds. The Trustee shall give notice of the redemption of such Bonds and shall select the particular Bonds supported by the Debt Service Reserve Fund to be so redeemed in such manner as the University shall specify in written instructions or failing such instructions, as the Trustee shall in its discretion deem advisable.

On December 1, of any year if: (i) the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, and (ii) all withdrawals from the Debt Service Reserve Fund provided for in this Section 613 have been made, then, except as otherwise provided by this Section, then the University may direct the Trustee to withdraw the excess from the Debt Service Reserve Fund and deposit the amount so withdrawn into the Rebate Fund if necessary to comply with Section 912 hereof and thereafter, any other Fund under this Special Obligation Indenture.

The 2010 Bonds are not secured by a Debt Service Reserve Fund.

Payment of Bonds. [Section 901] The University shall duly and punctually pay or cause to be paid, the Principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Coverage Covenant. [Section 903]. "Net Revenue Amount" for the purpose of Sections 903 and 910 of the Special Obligation Indenture only constitutes that amount of Pledged Revenues with respect to the (i) residential life room fee, (ii) Board Dining Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals and (v) the Greek Housing Fee, after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each which individual amount as a result thereof may be a plus or minus. "Gross Revenue Amount" for the purpose of Section 903 of the Special Obligation Indenture only constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee, (ii) the General University Fee prior to any payments, deductions, offsets or provisions, respectively and (iii) those Pledged Revenues described in paragraph (2) of the definition thereof.

The University will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of: (i) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and (ii) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (i) above.

Power to Issue Bonds and Make Pledges. [Section 907]. The Pledged Revenues, or other receipts, funds and moneys pledged pursuant to the Special Obligation Indenture are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except with respect to certain of the Pledged Revenues for a certain loan from the United States of America, acting by and through the Secretary of the Department of Education as described in the Special Obligation Indenture, or except with respect to the Pledged Revenues for certain outstanding general obligation bonds of the State categorized by the State as self liquidating from certain of the Pledged Revenues of the University. Pledged Revenues once deposited in and moneys on deposit in the Debt Service Fund, the Debt Service Reserve Fund and Special Capital Reserve Fund are pledged to the Bonds and shall be applied as provided in the Special Obligation Indenture and under no circumstances shall be considered as available for the payment of State general obligation bonds.

Indebtedness and Liens. [Section 908]. The University (i) shall not issue any securities or other evidences of indebtedness secured by a prior pledge of particular revenues, receipts, funds or moneys constituting Pledged Revenues, and (ii) shall not create or cause to be created any lien, pledge, or charge (other than the lien and pledge created or permitted by the Special Obligation Indenture) on the Bond Proceeds Fund, Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Special Capital Reserve Fund or on other assets of the University and (iii) shall not mortgage any of its property for which any of the Pledged Revenues are applicable and in any event, shall not mortgage any UCONN 2000 Project. Except as provided below, the University shall not issue any securities or other evidence of indebtedness secured by a parity pledge of the Pledged Revenues, other than Additional Bonds or otherwise permitted with respect to Notes pursuant to the provisions of the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall prevent the University from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Pledged Revenues to be derived on and after the date the Special Obligation Indenture shall be discharged and satisfied as provided in the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall be construed as precluding further pledging, assigning or encumbering on a parity or subordinated basis, the Pledged Revenues, revenues or other receipts, funds and moneys of the University which are applicable and appropriated by the University for payment to the State on account of debt service on general obligation bonds of the State for University purposes outstanding or, authorized by the State Bond Commission or by a bond act.

Certification as to Special Capital Reserve Fund. [Section 909]. The University shall at all times maintain the Special Capital Reserve Fund and do and perform or cause to be done and performed each and every act and thing with respect to the Special Capital Reserve Fund provided to be done or performed by or on behalf of the University or the Trustee or the Paying Agents under the terms and provisions of the Special Obligation Indenture or of the Act. In order to better secure the Bonds, which have been issued as Bonds secured by the Special Capital Reserve Fund, and to make such Bonds more marketable and to maintain in the Special Capital Reserve Fund an amount equal to the Special Capital Reserve Fund Minimum Requirement, and in furtherance of the provisions of the Act, the University shall cause the Chairman of the Board of Trustees of the University annually, on or before the first day of December of each year, to make and deliver to the Secretary of the Office of Policy and Management and Treasurer of the State his certificate stating such sums, if any, as necessary to restore the Special Capital Reserve Fund to the amount equal to the Special Capital Reserve Fund Minimum Requirement and to accompany such certificate with a request that such sums be paid directly to the Trustee for the account of the University for deposit in the Special Capital Reserve Fund. The University shall request all moneys due the University from the State in accordance with the provisions of Subsection (i) of Section 7 of the Act pursuant to any such certification to be paid directly to the Trustee for deposit and credit to the Special Capital Reserve Fund. Pursuant to the Act, each Investment Obligation acquired as an investment for a Special Capital Reserve Fund shall be valued at amortized cost.

Issuance of Additional Bonds; Execution of Swaps. [Section 910]. No Additional Series of Bonds may be authorized and issued under the Special Obligation Indenture unless:

(i) In the event of Bonds secured by a Special Capital Reserve Fund, the University shall pay into such Special Capital Reserve Fund (a) any moneys appropriated and made available by the State for the purposes of such Fund, (b) any proceeds of sale of Bonds, to the extent provided in the Special Obligation Indenture or in any Supplemental Indenture authorizing the issuance thereof, and (c) any other moneys which may be made available to the University for such purpose from any other source or sources so that the amount on deposit in such Special Capital Reserve Fund equals the Special Capital Reserve Fund Maximum Requirement. The moneys held in or credited to any Special Capital Reserve Fund established pursuant to the Act, except as provided herein, shall be used solely for the payment of the Principal of Bonds secured by such Special Capital Reserve Fund as the same become due, the purchase of such Bonds, the payment of interest on such Bonds or the payment of any redemption premium required to be paid when such Bonds are redeemed prior to maturity; provided the University may provide that moneys in any such Fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such Fund to less than the Special Capital Reserve Fund Maximum Requirement, except for the purpose of paying such Principal of, redemption premium and interest on such Bonds, secured by such Special Capital Reserve becoming due and for the payment of which other moneys of the University are not available. The University shall not issue any Additional Series of Bonds at any time if the amount of money on deposit in and Investment Obligations credited to the Special Capital Reserve Fund is less that than the Special Capital Reserve Fund Maximum Requirement on Outstanding Bonds and the Additional Series of Bonds then to be issued and secured by such Special Capital Reserve Fund, unless the University, at the time of the issuance of such Additional Bonds, shall deposit in such Special Capital Reserve Fund from the proceeds of the Bonds so to be issued, or otherwise, an amount which, together with the amount then in such Special Capital Reserve Fund, will be not less than the Special Capital Reserve Fund Maximum Requirement;

(ii) a certificate signed by an Authorized Officer dated as of the date of authorization of such Series of Bonds shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the Project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the estimated, reasonable and necessary Project operating expenses of the University which will be incurred as a result of the issuance of such Additional Series of Bonds and the use of the proceeds thereof and the estimated Principal Installments of, Swap Payments, if any, and interest on such Additional Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto including Swap Receipts: (A) shall be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds, or (B) together with other moneys received or estimated to be received by the University from, and available or to be made available to the University for the Project to be financed with the proceeds of the Additional Series of Bonds by the State, the United States or some other source all Principal Installments of and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; in the event that such a certificate is filed with the Trustee, it shall be accompanied by a certificate to evidence that such other moneys are or will be made available to the University for the Project. The estimates referred to in (A) and (B) shall be made without the inclusion of any moneys that may be received by the University as a result of a future certification pursuant to Section 7(i) of the Act and Section 909 of the Special Obligation Indenture); and

(iii) a certificate signed by an Authorized Officer of the University delivered to the Trustee (a) stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds or (b) evidencing written confirmation affirming the then existing ratings on the Bonds including the Additional Bonds to be then issued.

No Swap shall be entered into by the University unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds is filed thereupon with the Trustee.

UCONN 2000 Infrastructure Improvement Program. [Section 911]. The University shall use and apply the proceeds of the Bonds for the UCONN 2000 Infrastructure Improvement Program and shall do all such acts and things appropriate or necessary to receive and collect Pledged Revenues. The University covenants that it will promptly proceed with the construction of each UCONN 2000 Project financed in whole or in part by the issuance of Bonds in conformity with law and all requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible. The University covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to each such Project with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in Connecticut, and shall be payable to the University. The University shall be deemed to be in compliance with this insurance covenant to the extent any Project is covered by the State under a State insurance policy or to the extent the State is a self-insurer on such Project.

Tax Exemption. [Section 912]. In the event Bonds are sold under the Special Obligation Indenture or any Supplemental Indenture thereto as federally tax-exempt bonds, the University covenants that it will not take any action or fail to take any action that would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

No Impairment of Rights of Bondholders. [Section 913]. Except to the extent otherwise provided in this Special Obligation Indenture, the University shall not enter into any contract or take any action by which the rights of the Bondholders may be restricted, precluded or otherwise impaired.

Pledge of State to Bondholders. [Section 916]. Pursuant to the Act, the University, as agent for the State, includes the following pledge and undertaking for the State, in the Special Obligation Indenture and in the Bonds issued thereunder:

> Pursuant to the Act, the State does hereby pledge to and agrees with the Holders of any Bonds issued under this Special Obligation Indenture and the Act, and with those Bondholders pursuant to the provisions of the Act, that the State will not limit create or cause to be created any lien or charge on the assets or revenues pledged to secure the Bonds, other than the lien or pledge created by the Act or alter the rights vested in the University by this Special Obligation Indenture and the Act until such Bonds, together with the interest thereon, are fully met and discharged and such contracts (this Special Obligation Indenture and the Bonds) are fully performed on the part of the University, provided nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Holders of such Bonds of the University.

Modification and Amendment Without Consent. [Section 1001]. The University may, at any time or from time to time enter into Supplemental Indentures without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider for any one or more of the following purposes: to provide for the issuance of a Series of Bonds or Notes or Swaps pursuant to the provisions of the Special Obligation Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed; to add additional covenants and agreements of the University for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in the Special Obligation Indenture; to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; to surrender any right, power or privilege reserved to or conferred upon the University by the terms of the Special Obligation Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in the Special Obligation Indenture; to confirm as further assurance any pledge under the Special Obligation Indenture subject to any lien, claim or pledge created or to be created by the provisions of the Special Obligation Indenture, of the moneys, securities or funds; to modify any of the provisions of the Special Obligation Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such indentures shall contain a specific reference to the modifications contained in such subsequent indentures; to cure any ambiguity, or defect or inconsistent provision in the Special Obligation Indenture or to insert such provisions clarifying matters or questions arising under the Special Obligation Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Special Obligation Indenture as theretofore in effect; consistent with Section 912 of the Special Obligation Indenture, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes; to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with the Special Obligation Indenture as therefore in effect; or to grant such rights and remedies and make such other covenants subject to the Special Obligation Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect.

Amendments and Supplemental Indentures Effective With Consent of Bondholders. [Section 1002]. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Insurer or otherwise, the provisions of the Special Obligation Indenture may also be modified or amended, at any time or from time to time, by any Supplemental Indenture, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI of the Special Obligation Indenture, to become effective upon the execution thereof by the University and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the University.

Powers of Amendment. [Section 1101]. Any modification or amendment of the Special Obligation Indenture and of the rights and obligations of the University and of the Holders of the Bonds thereunder, in any particular, may be made by any Supplemental Indenture with the written consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Bonds of each Series affected by such amendment or amendments or Supplemental Indenture or Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall permit (1) a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon or in the terms and conditions of the Special Capital Reserve Fund respecting Bonds supported by such Fund without the consent of the Holder of such Bond, or (2) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Consent of Bondholders. [Section 1102]. The University and the Trustee may at any time enter into any Supplemental Indenture making a modification or amendment permitted by the Special Obligation Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the University to Bondholders and be published at least once a week for two (2) successive weeks. Such Supplemental Indenture shall not be effective unless and until (1) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 of the Special Obligation Indenture, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the University and the Trustee and filed by the University in accordance with the provisions of the Special Obligation Indenture, is authorized or permitted by the Special Obligation Indenture, and is valid and binding upon the University and enforceable in accordance with its terms, and (2) a notice shall have been published as provided in Section 1102 of the Special Obligation Indenture.

Exclusion of Bonds. [Section 1105]. Bonds owned or held by or for the account of the University shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Special Obligation Indenture, and the University shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Special Obligation Indenture. At the time of any consent or other action taken under the Special Obligation Indenture, the University shall furnish the Trustee a certificate of an Authorized Officer of the University, upon which the Trustee may rely, describing all Bonds so to be excluded.

Consent of Bond Facility Provider. [Section 1107]. So long as the Bond Facility provider has not defaulted on its obligations under the Bond Facility, the provider of a Bond Facility shall be considered the sole Holder of all Bonds to which such Bond Facility relates, except as otherwise provided in an applicable Supplemental Indenture.

Events of Default. [Section 1201]. Each of the following events is hereby declared an "Event of Default" if:

(1) the University shall default in the payment of the Principal of or Redemption Price, if any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise;

(2) With respect to Bonds secured by the Special Capital Reserve Fund, the University shall fail or refuse to comply with the provisions of Section 909 of the Special Obligation Indenture, or such amounts as shall be certified by the Chairman of the Board of Trustees of the University to the Secretary of the Office of Policy and Management and Treasurer of the State pursuant to such provisions of the Act shall not be allotted and paid from the State general fund to the University for deposit therein and such allotment and payment is not made prior to the second day succeeding the final adjournment of (1) the session of the General Assembly of the State convening when such certification shall have been made or, if the General Assembly is not then in session, (2) the first session of the General Assembly of the State convening after such certification shall have been made; or

(3) Except as provided in (1) and (2) above, the University shall fail or refuse to comply with the provisions of the Special Obligation Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds.

Remedies. [Section 1202]. Upon the happening and continuance of any Event of Default after the conditions specified in the Special Obligation Indenture have been satisfied, the Trustee may:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the University to receive and collect revenues, including Pledged Revenues adequate to carry out the covenants and agreements as to, and the pledge of, such Pledged Revenues and to require the University to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the University to account as if it were the trustee of any express trust for the Holders of the Bonds; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

In the enforcement of any rights and remedies under the Special Obligation Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for Principal, Redemption Price, interest or otherwise, under any provision of the Special Obligation Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the University for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. All remedies conferred upon or reserved to the Holders of Bonds may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by any Supplemental Indenture and may be cumulative.

Priority of Payments After Default. [Section 1203]. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and Principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Special Obligation Indenture, shall be applied as follows: First to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second to the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and third to the payment to other persons entitled to payment under the Special Obligation Indenture or any applicable Supplemental Indenture.

Defeasance. [Section 1401]. If the University shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Special Obligation Indenture, then, at the option of the University, expressed in an instrument in writing signed by an Authorized Officer of the University and delivered to the Trustee, the covenants, agreements and other obligations of the University to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the University, execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the University all moneys, securities and funds held by them pursuant to the Special Obligation Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid.

Continuing Disclosure Undertaking. [Article XV]. For a summary of the provisions of the Master Indenture respecting the continuing disclosure undertaking of the University see Appendix I-D entitled "FORM OF CONTINUING DISCLOSURE UNDERTAKING".

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

June 16, 2010

University of Connecticut
352 Mansfield Road, U-2122
Storrs, Connecticut 06269-2122

Honorable Denise L. Nappier, Treasurer
State of Connecticut
Office of the Treasurer
55 Elm Street
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $47,545,000 Special Obligation Student Fee Revenue Bonds, 2010 Refunding Series A (the "2010 Refunding Series A Bonds") of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2010 Refunding Series A Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a-109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the "Act"), the Special Obligation Indenture of Trust, as amended and supplemented by certain supplemental indentures (the "Special Obligation Indenture"), including the Third Supplemental Indenture (the "Third Supplemental Indenture" and together with the Special Obligation Indenture, the "Indentures"). The Special Obligation Indenture was entered into as of January 1, 1997 by and between the University and State Street Bank and Trust Company, as original trustee (predecessor to U.S. Bank National Association) (the "Trustee").

The 2010 Refunding Series A Bonds are dated, will mature on the dates, will bear interest at the rates, and may be subject to redemption prior to maturity, all as set forth in or determined pursuant to the Indentures.

The University is authorized to issue bonds, in addition to the 2010 Refunding Series A Bonds, upon the terms, conditions and covenants set forth in the Act and the Special Obligation Indenture, and such bonds, when issued, shall, with the 2010 Refunding Series A Bonds and with all other such bonds theretofore issued under the Special Obligation Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation Indenture, in accordance with its terms.

We are of the opinion that:

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2010 Refunding Series A Bonds, and to perform its obligations under the terms and conditions of the Indentures including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indentures, except to the extent such enforcement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms. The principal amount of the 2010 Refunding Series A Bonds together with the principal amount of obligations of the University issued and obligations authorized and unissued, does not exceed any aggregate limitation on the principal amount of obligations which may be issued by the University imposed by law.

3. The 2010 Refunding Series A Bonds have been duly authorized, executed and authenticated and are legal, valid and binding limited obligations of the University payable solely from revenues, funds and assets pledged therefor under the Indentures and are entitled to the equal benefit, protection, and security of provisions, covenants and remedies of the Indentures. The 2010 Refunding Series A Bonds are limited recourse special obligations of the University and do not constitute a general obligation of the University nor are they guaranteed by the University. The University has no taxing power.

4. The 2010 Refunding Series A Bonds are secured by the Pledged Revenues, which the University has covenanted to collect, in the manner and to the extent set forth in the Indentures. The Special Obligation Indenture obligates the University to deposit Pledged Revenues into the Trust Estate and to apply the same first to the credit of the Debt Service Fund to pay debt service and creates the valid pledge of and the valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in such Debt Service Fund established thereunder, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Special Obligation Indenture, the University has validly covenanted in the manner and to the extent provided in the Special Obligation Indenture, among other things, to do all acts and things necessary to receive and collect the Pledged Revenues.

6. Pursuant to the Act, the 2010 Refunding Series A Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

7. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the delivery of the 2010 Refunding Series A Bonds in order that interest on the 2010 Refunding Series A Bonds not be included in gross income for federal income tax purposes. We have examined the Indentures and the procedural documents, including a tax regulatory certificate (the "Tax Regulatory Agreement") of the University with respect to the 2010 Refunding Series A Bonds, which, in our opinion contain provisions under which such requirements can be met. The University has covenanted with respect to the 2010 Refunding Series A Bonds in the

Indentures to comply with the requirements of the Code. In rendering the following opinion, we have relied upon and assumed the accuracy of and continuing compliance by the University with its representations and covenants relating to certain requirements of the Code and enforcement of provisions of the Indentures and the Tax Regulatory Agreement.

Under existing law, interest on the 2010 Refunding Series A Bonds, (a) is not included in gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in determining adjusted current earnings for purposes of computing such tax.

8. Under existing statutes, interest on the 2010 Refunding Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and interest on the 2010 Refunding Series A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion regarding other federal or state tax consequences of the ownership of or receipt or accrual of interest on the 2010 Refunding Series A Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2010 Refunding Series A Bonds may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING BY THE UNIVERSITY - ARTICLE XV OF THE SPECIAL OBLIGATION INDENTURE

Submission of Annual Financial Information Statements. [Section 1502]. While any Bonds are Outstanding, the University shall provide to the Trustee, when completed, Annual Financial Information beginning on or after January 1, 1997 which Annual Financial Information is expected to be completed within 184 days of the end of the fiscal year (the "Submission Date"). The Trustee shall provide to each NRMSIR and the SID, if any, such Annual Financial Information.

Submission of Audited Financial Statements. [Section 1503]. The University shall submit to the Trustee by the Submission Date Audited Financial Statements for each Fiscal Year beginning on or after January 1, 1997, when and if available. If Audited Financial Statements for any Fiscal Year are not provided by the Submission Date, the University shall submit Unaudited Statements by the Submission Date and Audited Financial Statements when available.

Listed Event Notices. [Section 1504]. If a Listed Event occurs while any Bonds are Outstanding, the University shall provide a Listed Event Notice to the Trustee as provided in the Master Indenture.

Notification by Trustee of Failure by the University to File Annual Financial Information. [Section 1505]. (A) The University shall provide notice of any failure of the University to provide the Annual Financial Information by the required date, while any Bonds are Outstanding. The Trustee shall provide notice of such failure to the SID, if any, and either to the MSRB or each NRMSIR.

(B) The Trustee shall provide to the SID, if any, and either to the MSRB or each NRMSIR, notice of any failure to provide Annual Financial Information on or before the Report Date (whether caused by failure of the University to provide such information to the Trustee by the Submission Date). For the purposes of determining whether information is Annual Financial Information, the Trustee shall be entitled conclusively to rely on the University's written representation.

Additional Information. [Section 1506]. Nothing in Article XV shall prevent the University from disseminating any other information in addition to that required thereby. If the University should so disseminate or include any such additional information, the University shall have no obligation under Article XV to update, provide or include such additional information in any future materials disseminated pursuant to Article XV or otherwise.

Reference to Other Documents. [Section 1507]. It shall be sufficient for purposes of Section 1502 of the Indenture if the University provides Annual Financial Information by specific reference to documents previously (i) provided to each NRMSIR and the SID, if any, or (ii) filed with the SEC. If such a document is an Official Statement, it must be available from the MSRB also.

Disclaimer by the University. [Section 1508]. The University shall be under no obligation to the Holders, the Trustee or any other party to review or otherwise pass upon the Annual Financial Information or the Audited Financial Statements of the State, and the University's obligations hereunder shall be limited solely to the undertakings set forth in Article XV. The University shall be under no obligation to review, pass upon, update, provide or include or continue to include in its Official Statement any additional information regarding the State provided to the MSRB, each NRMSIR or the SID, if any, other than that information required to be submitted as part of the State's undertaking pursuant to paragraph (b)(5) of the Rule.

Transmission of Information and Notices. [Section 1509]. Subject to the limitations stated in the Indenture, the University and the Trustee shall employ such methods of information and notice transmission requested or recommended by the designated recipients of the information and notices required to be delivered pursuant to the provisions of Article XV of the Indenture.

Change in Fiscal Year, Submission Date and Report Date. [Section 1510]. The University may adjust the Submission Date and the Report Date if the University changes its Fiscal Year by providing written notice to the Trustee, which notice shall be promptly delivered to each NRMSIR and the SID, if any; *provided, however,* that the new Submission Date shall be no more than 184 days after the end of such new Fiscal Year and the new Report Date shall be no more than four Business Days following the new Submission Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

Termination. [Section 1511]. (A) The University's and the Trustee's obligations under Article XV shall terminate immediately once Bonds are no longer Outstanding.

(B) The provisions of Article XV shall be null and void in the event that the University delivers to the Trustee a Counsel's Opinion stating that those portions of the Rule which require Article XV, or any of such provisions, do not or no longer apply. The Trustee shall, upon receipt of such opinion, promptly provide copies thereof to each NRMSIR and the SID, if any.

Amendment. [Section 1512]. (A) Article XV may be amended, by written agreement of the parties, without the consent of the Holders of the Bonds (except to the extent required below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby; (2) Article XV, as so amended would have complied with the requirements of the Rule as of the date of the Indenture, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (3) either (i) the University shall have delivered to the Trustee a Counsel's Opinion which states that the amendment does not materially impair the interests of the Holders of the Bonds, or (ii) the Holders of the Bonds consent to the amendment to Article XV pursuant to the same procedures as are required for amendments to the Indenture pursuant to Section 901 of the Indenture. In the event the University delivers to the Trustee a Counsel's Opinion pursuant to sub-paragraph (3)(i) of subsection 611(A), the Trustee shall promptly deliver copies of such opinion and amendment to each NRMSIR and the SID, if any.

(B) In addition to subsection (A) above, Article XV may be amended and any provision of Article XV may be waived, by written agreement of the parties, without the consent of the Holders of the Bonds, if all the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued; and (2) the University shall have delivered to the Trustee a Counsel's Opinion stating that performance by the University and Trustee under Article XV as so amended or giving effect to such waiver will not result in a violation of the Rule. The Trustee shall deliver copies of such Opinion and amendment to each NRMSIR and the SID, if any.

(C) In the event of any amendment respecting the type of operating data or financial information contained in the University's Annual Financial Information, the University shall, in accordance with the Rule or any interpretation thereof by the SEC, provide in the first Annual Financial Information provided thereafter a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) In the event of any amendment specifying the accounting principles, for the year in which the change is made, the University shall present a comparison. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the difference and the impact of the change. In the event of any such change in accounting principles, the University shall deliver notice of such change to the Trustee and the Trustee shall deliver notice of such change to the Trustee and the Trustee shall deliver such notice to the SID, if any, and either to the MSRB or each NRMSIR.

Benefit; Third-Party Beneficiaries; Enforcement. [Section 1513]. (A) The provisions of Article XV shall inure solely to the benefit of the Holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries.

(B) Except as provided in this subsection (B), the provisions of Article XV shall create no rights in any person or entity. The obligations of the University to comply with the provisions of Article XV shall be enforceable (i) in the case of enforcement of obligations to provide Audited Financial Statements, Annual Financial Information, operating data and notice, by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds, or (ii), in the case or challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Bonds; *provided, however,* that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security ad indemnity. The Holders' and Trustee's rights to enforce the provisions of Article XV shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the University's obligations under Article XV. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (A) of this Section, beneficial owners shall be deemed to be Holders of Bonds for purposes of this subsection (B). Without limiting the generality of the foregoing and except as otherwise provided in the Indenture, neither the commencement nor the successful completion of an action to compel performance under Article XV shall entitle the Trustee or any other person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

(C) Any failure by the University or the Trustee to perform in accordance with Article XV shall not constitute a default or an Event of Default under the Indenture or any Supplemental Indenture, and the rights and remedies provided by the Indenture or any Supplemental Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(D) Article XV shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of Article XV shall be instituted in a court of competent jurisdiction in the State; *provided, however,* that to the extent Article XV addresses matters of federal securities laws, including the Rule, Article XV shall be construed in accordance with such federal securities laws and official interpretations thereof.

Duties, Immunities and Liabilities of Trustee. [Section 1514]. The Trustee shall have only such duties under Article XV as are specifically set forth therein, and the University agrees to indemnify and save the Trustee harmless arising out of or in the exercise or performance of its powers and duties under Section 1514 excluding liabilities due to the Trustee's gross negligence or willful misconduct. Such indemnity shall be separate from and in addition to that provided to the Trustee under this Indenture. The obligations of the University under this Section 1514 shall survive resignation or removal of the Trustee and payment of the Bonds.

Duties, Immunities and Liabilities of Officials. [Section 1515]. Pursuant to Public Act 25-270, the University shall protect and save harmless any official or former official of the University from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence on the part of such official, while acting in the discharge of his official duties in providing secondary market disclosure information pursuant to Article XV or performing any other duties set forth in the Indenture. Nothing in Article XV shall be construed to preclude the defense of governmental immunity to any such claim, demand or suit. For purposes of Section 1514, "official" means any person elected or appointed to office or employed by the University. The University may insure against liability imposed by subsection 1514 or may elect to act as self-insurer of such liability. Section 1514 shall not apply to cases of willful and wanton fraud.

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APPENDIX F

DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURES

"Additional Bonds" means all Bonds and Refunding Bonds issued under the Special Obligation Indenture pursuant to a Supplemental Indenture adopted by the University pursuant to the Special Obligation Indenture, but not the Initial Bonds issued pursuant to the First Supplemental Indenture.

"Annual Financial Information" means, with respect to the University, collectively:

(A)(i) the Audited Financial Statements of the University for the preceding Fiscal Year (commencing with the Fiscal Year beginning on or after January 1, 1997), and Unaudited Financial Statements for such Fiscal Year if such Audited Financial Statements are unavailable, pursuant to the Special Obligation Indenture;

(ii) investments in the Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and the Special Capital Reserve Fund pledged to the payment of and securing the Bonds; and

(iii) identification of all Bonds and Outstanding Bonds issued by the University under the Special Obligation Indenture, including a table summarizing certain Bond information, such as interest rates and call features; and

(B) Such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of such financial and operating data listed in (A) above.

Any or all of the items listed above may be included by specific reference to other documents which have been submitted to each NRMSIR and the SID, if any, or filed with the SEC. If such document is an Official Statement, it must be available from the MSRB.

In the event that any of the financial information or operating data constituting Annual Financial Information no longer can be generated because the operations to which such information or data relate have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

Annual Financial Information shall mean, with respect to the State, the Annual Financial Information submitted or to be submitted by or on behalf of the State pursuant to the State's written continuing disclosure undertaking in compliance with the requirements of paragraph (b)(5) of the Rule.

"Assured Revenues" means revenues other than Project Revenues, to be received from fees, tuition, rentals, charges, gifts, investments, endowments and from grants, subsidies, contracts, leases or other agreements made by or with the federal government, the State or any political subdivision, agency or instrumentality of the Federal government or the state, or others, including the State Debt Service Commitment, the Minimum State Operating Provision and Special Eligible Gifts.

"Audited Financial Statements" means, with respect to the University, the annual financial statements, if any, of the University, audited by such auditor as shall then be required or permitted by State law or the Special Obligation Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however,* that the University may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared including Financial Policy Number 2 of State Comptroller respecting Accounting and Financial Reporting Standards for State of Connecticut Constituent Units of Higher Education, as same may be implemented and amended from time to time. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the University to the Trustee, who shall promptly deliver such notice to (i) either the MSRB or each NRMSIR, and (ii) the SID, if any.

Audited Financial Statements shall mean, with respect to the State, the Audited Financial Statements submitted or to be submitted by or on behalf of the State pursuant to the State's written continuing disclosure undertaking in compliance with the requirements of paragraph (b)(5) of the Rule.

"Authorized Officer" means, in the case of the University, the Chair or Vice-Chair of the Board of Trustees, the academic and financial affairs committee of the Board of Trustees (acting by resolution and constituting the finance committee of the Board of Trustees within the meaning of the Act), the President, Chancellor/Provost, or the Vice-President For Financial Planning and Management, or the Manager of Treasury Services (for purposes of making investments and disbursements only), the Controller (for purposes of making disbursements only) and the Vice Chancellor for Business and Administration (for purposes of making disbursements only), or any other person duly authorized by the bylaws or resolution of the University to perform the Act or sign the document in question.

"Board of Trustees" means the board of trustees of the University.

"Bond", "**Bonds"** or "**Special Obligation Bonds"** means the Initial Bonds, together with any Additional Bonds.

"Bond Depository" means a place or institution that holds securities certificates for safekeeping and maintains a record keeping system such that all or a portion of such Bonds held can be sold and transferred without the physical movement of their corresponding certificates.

"Bondholders" or "**Holder of Bonds"** or "**Holder"** or "**Owner"**, when used with reference to Bonds, or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Cost", as applied to a project or any portion of the project, includes, but is not limited to: The purchase price or acquisition cost of any such project; the cost of planning, designing, constructing, building, alteration, enlargement, reconstruction, renovation, improvement, equipping and remodeling; the cost of all labor, materials, building systems, machinery and equipment; the cost of all lands, structures, real or personal property, rights, easements and franchises acquired; the cost of all utility extensions, access roads, site development, financing charges, premiums for insurance, interest prior to and during construction and for six months thereafter; the cost of working capital related to the project; the cost of plans and specifications, surveys and estimates of cost and of revenues; the cost of accountants, audits, engineering, feasibility studies, legal and other professional consulting or technical services; the cost of reserves for payment of future debt service related to the financing transaction proceedings and for future repairs, renewals, replacements, additions and improvements; the cost of all other expenses necessary or incident to determining the feasibility or practicability of such construction; and administrative and operating expenses and such other expenses as may be necessary or incident to the financing authorized.

"Costs of Issuance" means all costs related to the proceedings under which Bonds are issued under the Special Obligation Indenture, including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility or a Swap Facility, including without limitation a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University or Treasurer on behalf of the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with the Special Obligation Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Treasurer, in consultation with the University (who may be the Attorney General of or other counsel to the University); provided, however, that for the purposes of Article II and Article IX of the Special Obligation Indenture such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Debt Service Expense Requirements" means for any period, and with respect to the Bonds, subject to the Special Obligation Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments, Sinking Fund Installments and Interest Requirement accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, or to establish or maintain reserves, sinking funds or other funds or accounts at the respective levels required to be established or maintained therein in accordance with the Special Obligation Indenture or any Supplemental Indenture authorizing the issuance of Bonds, (C) annual expenses of issuance and administration with respect to the Bonds, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of Bonds, (E) net amounts owing under interest rate agreements authorized and effective under section 10 of the Act, (F) arbitrage rebate requirements pursuant to subsection (b) of section 17 of the Act, and (G) any other annual costs or expenses necessary or proper to be paid in connection with the Bonds, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the Financing Transaction Proceedings.

"Debt Service Requirement" means the Principal Installment and Interest Requirement for a specified period.

"Debt Service Reserve Fund Requirement" means, with respect to any Series of Bonds issued under the Indenture (i) after May 1, 2000 and (ii) not supported by the Special Capital Reserve Fund, as of any date of computation and for the period computed, an amount equal to the maximum amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on such Series of Outstanding Bonds; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Debt Service Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Debt Service Reserve Fund Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

The 2010 Bonds are not supported by a Debt Service Reserve Fund.

"Fiduciary" or "**Fiduciaries"** means the Trustee, any Paying Agent, any Depository, or any or all of them, as may be appropriate.

"GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board ("GASB").

"Information Services" means Financial Information, Inc. "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services, "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor's "Called Bond Record," 55 Water Street, New York, New York 10041; and Fitch Investors Service, L.P., One State Street Plaza, New York, New York 10004, Attention: Municipal Bond Department; or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the State may designate in writing to the Trustee.

"Interest Requirement" means, as of the date of computation with respect to any period, an amount equivalent to the aggregate maximum amount coming due during such period on any Interest Payment Date, of (1) interest which may be payable on Outstanding Bonds and (2) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

"Listed Event" means any of the following events, if material, with respect to any Bonds issued under the Special Obligation Indenture:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements, reflecting financial difficulties;

(5) Substitution of any credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the security;

(7) Modifications to rights of Bondholders;

(8) Bond calls;

(9) Bond Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds; and

(11) Rating changes.

"Listed Event Notice" means notice of a Listed Event required to be provided pursuant to Section 1504 of the Special Obligation Indenture.

"Minimum State Operating Provision" means the commitment of the State to appropriate, annually an amount for the University for operations after receiving a request from the University therefor and consideration of other amounts available to the University for its operations which amount so appropriated shall be consistent with the University continuing to operate in furtherance and pursuant to the provisions of section 2 of article eighth of the Constitution of the State and applicable law as an institution dedicated to the excellence in higher education, including the operation of the components of UCONN 2000 at Storrs and elsewhere in the State pursuant to section 5 of the Act; provided, however, nothing in section 1 to 25, inclusive, of the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous fiscal year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Special Obligation Indenture are: Bloomberg LP (Princeton, NJ), DPC Data, Inc. (Fort Lee, NJ), Standard & Poor's J.J. Kenny Repository (New York, NY) and Muller Data (New York, NY).

"Outstanding Bond" means, as of any date, a Bond or portion of any Bond of such Series theretofore or thereupon being authenticated and delivered under the Special Obligation Indenture, except any:

(i) Bond cancelled by the Trustee and Paying Agent or the University at or prior to such date;

(ii) Bond for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Special Obligation Indenture for such purpose (whether at or prior to the maturity or Redemption Date), provided that if such Bond is to be redeemed, notice of such redemption shall have been given as provided in Article IV of this Special Obligation Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bond referred to in Section 1105 of the Special Obligation Indenture;

(iv) Bond issued in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article IV, Section 406 and Section 1106 of the Special Obligation Indenture; and

(v) Bond deemed to have been paid as provided in Section 1401 of the Special Obligation Indenture.

"Paying Agent" for the Bonds of any series means the bank or trust company located within or without the State and its successor or assigns, appointed by the University pursuant to the provisions of the Special Obligation Indenture and any successor or assign so appointed and approved.

"Pledged Revenues" means special revenues, subject to the prior lien on and pledge thereof noted in Section 907 of the Special Obligation Indenture, to be received by the University from fees and charges for certain auxiliary activities, including the residential life room fee (10A-105 as amended by PA91-256), the Greek Housing Fee, the Student Apartment Rentals, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee, (1) such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees may determine to pledge by or pursuant to a Supplemental Indenture excluding in any event Assured Revenues from the State Debt Service Commitment and the Minimum State Operating Provision and (2) any interest earned or gains realized by the investment of moneys held by the Trustee in the Funds and Accounts created under the Special Obligation Indenture.

"Principal" means the principal amount of the Bonds of a Series as due on a certain future date.

"Principal Installment" for any period, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding:

(i) the principal amount of Bonds of said Series which mature in such period, reduced by the aggregate principal amount of such Bonds which would before such period be retired by reason of the payment when due and application in accordance with the Special Obligation Indenture or Sinking Fund Installments payable before such period for the retirement of such Bonds, plus

(ii) the unsatisfied balance (determined as provided in Section 606 of the Special Obligation Indenture) of the Sinking Fund Installments, if any, due during such period for the Bonds of such Series.

"Project" means any capital improvement to be financed with Bonds under the Special Obligation Indenture pursuant to the Act and described in a Supplemental Indenture, including any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom building, research facility, faculty facility, office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful for instruction in a program of education provided by the university; or any multipurpose structure designed to combine two or more of the functions performed by the types of structures enumerated in this subsection, including, without limitation, improvements, reconstruction, replacements, additions and equipment acquired in connection with a Project or in connection with operation of any facilities of the University existing on the effective date of the Act. "Project" includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of the structures mentioned in this subsection. "Project" also includes landscaping, site preparation, furniture, machinery, equipment and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily under applicable accounting principles considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the Board of Trustees in the Financing Transaction Proceedings and by percentage or otherwise as may be limited pursuant to such proceedings in order to preserve the excludability of the interest on the securities issued therefor from Federal taxation under the applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Special Obligation Indenture.

"Renewal and Replacement Fund Requirement" means that amount necessary for the University to maintain the Projects financed with the proceeds of the Bonds in sound operating condition in conformity with the Act, as determined, from time to time, by the University.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Special Obligation Indenture, including any official interpretations thereof issued either before or after such date which are applicable to Article XV the Special Obligation Indenture.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312)663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215)496-5058; or successor entities, or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories or any such other depositories as the University may designate in writing to the Trustee.

"Series of Bonds" or "**Bonds of a Series"** or words of similar meaning, means the designated series of Bonds authorized by the Special Obligation Indenture with respect to Initial Bonds or by the Special Obligation Indenture and a Supplemental Indenture with respect to any Additional Bonds.

"SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. (As of the date of the Special Obligation Indenture, there is no SID.)

"Sinking Fund Installment" means, for any period as of any date of calculation and with respect to any Outstanding Series of Bonds, the amount of money required by the Special Obligation Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment. Unless otherwise provided in a Supplemental Indenture, each such future fixed date of any year shall be November 15.

"Special Capital Reserve Fund Maximum Requirement" means, as of any date of computation and for the period computed, an amount equal to the sum of the greatest amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on all Outstanding Bonds of the University issued under the Special Obligation Indenture; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Special Capital Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Special Capital Reserve Fund Maximum Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

"Special Capital Reserve Fund Minimum Requirement" means the maximum amount of Principal Installment and Interest Requirement becoming due by reason of maturity or a required Sinking Fund Installment in the succeeding Calendar Year on the Outstanding Bonds secured by such Special Capital Reserve Fund.

"State Debt Service Commitment" means, an annual amount payable by the State, commencing in the Fiscal Year ending June 30, 1996, and any Fiscal Year thereafter with respect to the debt service on bonds issued as general obligations of the University pursuant to section 7(c) of the Act for UCONN 2000 in a principal amount not exceeding nine hundred eighty million dollars.

"Student Apartment Rentals" means the student apartment rentals to be received by the University from student apartment facilities that are or will become a UCONN 2000 Project.

"Supplemental Indenture" means any supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of such Article amending or supplementing the provisions of the Special Obligation Indenture as originally executed or as theretofore amended or supplemented.

“Trust Estate” means all of the funds, securities, property, rights, privileges and interest conveyed, pledged and assigned as provided in the Granting Clause of the Special Obligation Indenture, securing the payment of the Principal and Redemption Price, if any, of and interest on the Bonds according to their respective terms and all other amounts due in connection therewith and the performance and observance by the University of all the covenants expressed or implied in the Special Obligation Indenture and stated on the Bonds.

“Trustee” means U.S. National Bank Association (successor to State Street Bank and Trust Company), and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 810 of the Special Obligation Indenture.

“UConn 2000 Infrastructure Improvement Program” or “**UCONN 2000”** means the promotion, planning, designing, developing, encouraging, assisting, acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of any UCONN 2000 Project and assisting directly or indirectly in the financing of the cost thereof pursuant to the Act including the program of the University pursuant to which it issues bonds under the Special Obligation Indenture.

“University” means The University of Connecticut, a constituent unit of the State system of public higher education, including The University of Connecticut Health Center and pursuant to the Act having perpetual succession as a body politic and corporate and an instrumentality and agency of the State or any body, agency, or instrumentality of the State or the State which shall hereafter succeed to the powers, duties and functions of the University under the Special Obligation Indenture.

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UNIVERSITY OF CONNECTICUT • SPECIAL OBLIGATION STUDENT FEE REVENUE BONDS, 2010 REFUNDING SERIES A

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