SUPPLEMENT TO

THE OFFICIAL STATEMENT

DATED JUNE 1, 2023

FOR THE

$715,855,000 STATE OF CONNECTICUT GENERAL OBLIGATION BONDS

CONSISTING OF

$100,000,000 GENERAL OBLIGATION BONDS (2023 SERIES A)
$265,855,000 GENERAL OBLIGATION REFUNDING BONDS (2023 SERIES B)
$350,000,000 TAXABLE GENERAL OBLIGATION BONDS (2023 SERIES A)

Supplement Dated June 16, 2023

The information in this Supplement is subject to change without notice, and investors should not assume that there have been no other changes in the affairs of the State since the date of the Official Statement. The above-referenced Official Statement is hereby supplemented as follows.

STATE GENERAL FUND and STATE DEBT

The information under the headings "**STATE GENERAL FUND**" and "**STATE DEBT**" are supplemented with the following information, as applicable:

The General Assembly passed a biennial budget bill which the Governor signed into law on June 12, 2023 (the "2023 Budget Act"). Per the Office of Fiscal Analysis' fiscal note, the 2023 Budget Act projects revenue of $22,505.3 million in Fiscal Year 2024 and $23,103.7 million in Fiscal Year 2025. The budget makes net General Fund appropriations of $22,105.6 million in Fiscal Year 2024, which represents 0.1% growth over Fiscal Year 2023 appropriations and $22,805.9 million in Fiscal Year 2025, which represents 3.2% growth over Fiscal Year 2024 appropriations. The projected surplus is $118.4 million in Fiscal Year 2024 and $9.0 million in Fiscal Year 2025. This projected surplus does not take into account the revenue cap deduction, which limits Fiscal Year 2024 and Fiscal Year 2025 appropriations to 98.75% of projected revenues. Taking into account the revenue cap deduction results in an additional $281.3 million in surplus funds in Fiscal Year 2024 and an additional $288.8 million of surplus funds in Fiscal Year 2025.

The 2023 Budget Act also contained revisions to the Fiscal Year 2023 budget, which would result in the Fiscal Year 2023 surplus being reduced by $866.6 million. Revisions to the Fiscal Year 2023 budget include:

- Eliminating the use of $314.9 million of ARP Act funds as revenue replacement;
- Appropriating $211.7 million to retire the GAAP Bonds; and
- Implementing carryforwards totaling $340.0 million for use in Fiscal Years 2024 and 2025.

The 2023 Budget Act includes a net $285.5 million in revenue reductions in Fiscal Year 2024 and a net $320.2 million of revenue reductions in Fiscal Year 2025. The significant revenue changes include:

- Reducing the State Personal Income Tax by lowering the 5.0% rate to 4.5% and the 3.0% rate to 2.0% beginning for income year 2024 with the income tax cut limited to tax filers having an adjusted gross income of less than $150,000 for single filers and $300,000 for joint filers; resulting in a net reduction of revenue of approximately $150.1 million in Fiscal Year 2024 and $333.4 million in Fiscal Year 2025;

- Increasing the State Earned Income Tax Credit from 30.5% to 40%; resulting in a net reduction of revenue of approximately $44.6 million in each of Fiscal Years 2024 and 2025;

- Adding a phase-out for allowable pension and annuity and IRA distribution deductions against the Personal Income Tax which alleviates a hard cut-off for retirement income deductions; resulting in a net reduction of revenue of approximately $21.1 million in Fiscal Year 2024 and $45.3 million in Fiscal Year 2025;

- Providing the option to file a Pass-through Entity Tax return instead of the mandatory filing requirement; resulting in a net reduction of revenue of approximately $0.5 million in Fiscal Year 2024 and $1.2 million in Fiscal Year 2025; and

- Extending the 10% Corporation Tax surcharge for 3 additional income years from 2023 to 2025, inclusive; resulting in a net increase in revenue of approximately $80.0 million in Fiscal Year 2024 and $50.0 million in Fiscal Year 2025.

The notable expenditure changes as compared to current services include:

- Providing an increase of more than $500 million over the biennium in one-time operating support to help the University of Connecticut and Connecticut State Colleges & Universities transition back to a sustainable level of State support;

- Providing an additional $206.6 million over the biennium to strengthen private providers;

- Providing $150.0 million in Fiscal Year 2025 for education finance reform;

- Providing $66.1 million for assigned counsel in criminal cases;

- Providing $48.0 million in Fiscal Year 2024 and $96.0 million in Fiscal Year 2025 to continue the Education Cost Sharing formula phase-in; and

- Providing a $45.0 million combined increase in tiered payments in lieu of taxes and car tax.

Section 2-33a of the Connecticut General Statutes sets out the State's expenditure cap. The adopted budget is $10.4 million below the expenditure cap for Fiscal Year 2024 and $11.6 million below the expenditure cap for Fiscal Year 2025.

Section 4-30a of the Connecticut General Statutes sets out the State's volatility cap. The volatility cap diverts excess revenue above a specified threshold from the Pass-Through Entity Tax and excess revenue from the Estimates and Finals portion of the Personal Income Tax from the General Fund to the Budget Reserve Fund or to the pay down of long-term liabilities in accordance with the formula set out in such statute. The 2023 Budget Act projects a volatility cap transfer of $683.2 million in Fiscal Year 2024 and $659.6 million in Fiscal Year 2025. No revisions were made to the estimated Fiscal Year 2023 volatility cap transfer of $1,347.5 million.

The General Assembly passed separate legislation, which is expected to be signed into law by the Governor, with respect to new bonding authorizations including:

- ***General Obligation*** **–** a net increase in general obligation bond authorizations totaling $2,217.6 million in Fiscal Year 2024 and $2,170.5 million in Fiscal Year 2025, not including existing authorizations of $369.1 million in Fiscal Year 2024 and $279.5 million in Fiscal Year 2025 including:

- ***Department of Housing*** -- $45.0 million in each year of the biennium;

- ***Connecticut State Colleges & Universities*** -- $167.5 million in Fiscal Year 2024 and $145.8 million in Fiscal Year 2025; and

- ***University of Connecticut*** -- $88.0 million in general obligation bond authorizations for the University of Connecticut in Fiscal Year 2024 and $63.0 million in Fiscal Year 2025, not including existing authorizations of $84.7 million in Fiscal Year 2024 and $44.0 million in Fiscal Year 2025; and

• ***Clean Water Fund*** -- $0.0 million in additional clean water revenue bond authorizations in Fiscal Year 2024 and $25.0 million in Fiscal Year 2025; and

• ***Special Transportation Obligation*** -- $1,557.7 million in new special transportation obligation bond authorizations in Fiscal Year 2024 and $1,530.8 million in Fiscal Year 2025.

Offsetting the General Obligation authorizations is the repeal of the $600 million authorization of bonds passed in sections 103-111 of Public Act No. 21-111 to fund a trust on behalf of each baby born who is covered by the State's Medicaid program. The trust will instead be funded by reprogramming $380.9 million in reserves from the Teachers' Retirement Fund Bonds Special Capital Reserve Fund.

The legislation also included revisions to Fiscal Year 2023 to include a net increase of $35.0 million in new general obligation bond authorizations:

• ***Connecticut Port Authority*** -- $30.0 million for the State Pier Project; and

• ***Department of Public Health*** -- $5.0 million for the Health Disparities and Prevention Grant Program.

This Supplement is an integral part of the June 1, 2023 Official Statement. Investors should read this Supplement together with the June 1, 2023 Official Statement to obtain information essential to making an informed investment decision.

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NEW ISSUE/REFUNDING ISSUE

RATINGS:

Moody's:	Aa3
S&P:	AA-
Fitch:	AA-
Kroll:	AA+

(See **RATINGS** herein)

$715,855,000
State of Connecticut
General Obligation Bonds

$100,000,000 General Obligation Bonds (2023 Series A)
$265,855,000 General Obligation Refunding Bonds (2023 Series B)
$350,000,000 Taxable General Obligation Bonds (2023 Series A)

Dated: Date of delivery   Due: As shown on inside front cover pages

The $715,855,000 State of Connecticut General Obligation Bonds consist of $100,000,000 General Obligation Bonds (2023 Series A) (the "Series A Bonds"), $265,855,000 General Obligation Refunding Bonds (2023 Series B) (the "Series B Bonds", and together with the Series A Bonds, the "Tax-Exempt Bonds") and $350,000,000 Taxable General Obligation Bonds (2023 Series A) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds". The Bonds will be general obligations of the State of Connecticut (the "State") and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds as the same become due. See **THE BONDS - Nature of Connecticut's General Obligation** herein. Interest on the Series A Bonds and Taxable Bonds will be payable on November 15, 2023 and semiannually thereafter on May 15 and November 15 in each year until maturity or earlier redemption, as applicable. Interest on the Series B Bonds will be payable on August 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover pages. **The Series A Bonds are subject to optional redemption prior to maturity as more fully described herein. The Series B Bonds are <u>not</u> subject to optional redemption prior to maturity. The Taxable Bonds are subject to make-whole redemption prior to maturity.** See **THE BONDS – Redemption Provisions** herein.

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

The Bonds are issuable only as fully registered bonds, without interest coupons, in denominations of $5,000 or any integral multiple thereof. When issued, the Bonds 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 Bonds. Purchases of the Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the registered owner, as nominee of DTC, reference herein to the Bondowner or owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See **THE BONDS - Book-Entry-Only System** herein. Principal of and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, as Paying Agent, at its corporate trust office in Hartford, Connecticut, so long as DTC or its nominee, Cede & Co., is the Bondowner. Disbursement of such payments to the DTC Direct and Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct and Indirect Participants, as more fully described herein.

In the opinion of Bond Counsel and Tax Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for purposes of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** *herein.*

In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Taxable Bonds is included in gross income for federal income tax purposes pursuant to the Code. See **TAX STATUS OF THE TAXABLE BONDS** *herein.*

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Bonds is excluded 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. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** and **TAX STATUS OF THE TAXABLE BONDS** *herein.*

The Bonds are offered when, as and if issued and received by the Underwriters, subject to approval as to legality by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the State by its Disclosure Counsel. Certain legal matters will be passed upon for the State by its Tax Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel. The Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about June 22, 2023.

Honorable Erick Russell
Treasurer of the State of Connecticut

Morgan Stanley

Jefferies	**J.P. Morgan**	**Oppenheimer & Co.**	**Stern Brothers & Co.**

Academy Securities	**AmeriVet Securities, Inc.**	**Baird**	**Blaylock Van, LLC**
BofA Securities	**Cabrera Capital Markets LLC**	**Drexel Hamilton, LLC**	**Goldman Sachs & Co. LLC**
Loop Capital Markets	**Mesirow Financial, Inc.**	**Mischler Financial Group, Inc.**	**Piper Sandler & Co**
Raymond James	**RBC Capital Markets**	**Roosevelt & Cross Incorporated**	**Stifel**

Dated: June 1, 2023

State of Connecticut
$100,000,000 General Obligation Bonds (2023 Series A)

Maturity (May 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2024	$5,000,000	5.000%	3.410%	101.389%	20772KTR0
2025	5,000,000	5.000	3.300	103.098	20772KTS8
2026	5,000,000	5.000	3.200	104.939	20772KTT6
2027	5,000,000	5.000	3.080	106.997	20772KTU3
2028	5,000,000	5.000	2.990	109.090	20772KTV1
2029	5,000,000	5.000	2.990	110.790	20772KTW9
2030	5,000,000	5.000	2.950	112.706	20772KTX7
2031	5,000,000	5.000	2.970	114.193	20772KTY5
2032	5,000,000	5.000	2.960	115.851	20772KTZ2
2033	5,000,000	5.000	2.990	117.107	20772KUA5
2034*	5,000,000	5.000	3.110	115.991	20772KUB3
2035*	5,000,000	5.000	3.170	115.438	20772KUC1
2036*	5,000,000	5.000	3.280	114.433	20772KUD9
2037*	5,000,000	5.000	3.400	113.347	20772KUE7
2038*	5,000,000	5.000	3.490	112.542	20772KUF4
2039*	5,000,000	5.000	3.600	111.566	20772KUG2
2040*	5,000,000	5.000	3.660	111.038	20772KUH0
2041*	5,000,000	5.000	3.690	110.775	20772KUJ6
2042*	5,000,000	5.000	3.720	110.513	20772KUK3
2043*	5,000,000	5.000	3.740	110.339	20772KUL1

(plus accrued interest, if any)

*Priced at the stated yield to the May 15, 2033 optional redemption date at a redemption price of 100%; however, any such redemption is at the election of the Treasurer. See **THE BONDS – Redemption Provisions** herein.

State of Connecticut
$265,855,000 General Obligation Refunding Bonds (2023 Series B)

Maturity (August 1)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2023	$ 3,270,000	5.000%	3.450%	100.159%	20772KUM9
2024	48,225,000	5.000	3.390	101.733	20772KUN7
2025	28,180,000	5.000	3.280	103.472	20772KUP2
2026	28,130,000	5.000	3.180	105.342	20772KUQ0
2027	18,035,000	5.000	3.080	107.353	20772KUR8
2028	23,065,000	5.000	2.990	109.453	20772KUS6
2029	8,820,000	5.000	2.990	111.142	20772KUT4
2030	18,035,000	5.000	2.950	113.056	20772KUU1
2031	27,930,000	5.000	2.970	114.529	20772KUV9
2032	34,355,000	5.000	2.960	116.179	20772KUW7
2033	27,810,000	5.000	3.000	117.324	20772KUX5

(plus accrued interest, if any)

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc., which is not affiliated with the State, and are included solely for the convenience of the holders of the Bonds. The State is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

State of Connecticut
$350,000,000 Taxable General Obligation Bonds
(2023 Series A)

Maturity (May 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2024	$ 35,000,000	5.125%	5.009%	100.095%	20772KTF6
2025	35,000,000	5.125	4.759	100.651	20772KTG4
2026	35,000,000	5.050	4.549	101.341	20772KTH2
2027	35,000,000	5.050	4.506	101.920	20772KTJ8
2028	35,000,000	4.506	4.506	100.000	20772KTK5
2029	35,000,000	4.607	4.607	100.000	20772KTL3
2030	35,000,000	4.657	4.657	100.000	20772KTM1
2031	35,000,000	4.598	4.598	100.000	20772KTN9
2032	35,000,000	4.628	4.628	100.000	20772KTP4
2033	35,000,000	4.648	4.648	100.000	20772KTQ2

(plus accrued interest, if any)

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc., which is not affiliated with the State, and are included solely for the convenience of the holders of the Bonds. The State is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the Bonds. 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 circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. 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 representations of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds and the resolutions and proceedings of the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the State. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY

This Summary does not constitute a part of the Official Statement for the issuance and sale by the State of Connecticut of its $715,855,000 State of Connecticut General Obligation Bonds consisting of $100,000,000 General Obligation Bonds (2023 Series A) (the "Series A Bonds"), $265,855,000 General Obligation Refunding Bonds (2023 Series B) (the "Series B Bonds", and together with the Series A Bonds, the "Tax-Exempt Bonds") and $350,000,000 Taxable General Obligation Bonds (2023 Series A) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds". This Summary is for informational purposes only and is subject in all respects to a more complete discussion contained in the Official Statement.

Security	The Bonds will be general obligation bonds of the State of Connecticut (the "State"), and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds as the same become due.
Federal Tax Exemption of the Tax-Exempt Bonds	In the opinion of Bond Counsel and Tax Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for purposes of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** herein.
Federal Tax Status of the Taxable Bonds	In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Taxable Bonds is included in gross income for federal income tax purposes pursuant to the Code. See **TAX STATUS OF THE TAXABLE BONDS** herein.
State of Connecticut Tax Exemption of the Bonds	In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Bonds is excluded 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. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** and **TAX STATUS OF THE TAXABLE BONDS** herein.
Interest and Principal Payment Dates	Interest on the Series A Bonds and Taxable Bonds will be payable on November 15, 2023 and semiannually thereafter on May 15 and November 15 in each year until maturity or earlier redemption, as applicable. Interest on the Series B Bonds will be payable on August 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity. Principal of the Bonds is payable on the dates and in the years and in the amounts shown on the inside front cover pages. Interest on the Bonds is calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover pages.
Denominations	The Bonds will be issued in registered book-entry-only form, without coupons, in denominations of $5,000 or any integral multiple thereof.
Redemption	The Series A Bonds are subject to optional redemption prior to maturity at the election of the Treasurer. The Series B Bonds are **not** subject to optional redemption prior to maturity. The Taxable Bonds are subject to make-whole redemption prior to maturity. See **THE BONDS – Redemption Provisions** herein.
Delivery and Clearance	The Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about June 22, 2023.
Paying Agent	U.S. Bank National Association, 185 Asylum Street, Hartford, Connecticut 06103, is the State's Paying Agent.
Legal Counsel	Day Pitney LLP of Hartford, Connecticut is Lead Bond Counsel; Pullman & Comley, LLC of Bridgeport, Connecticut; Robinson & Cole LLP of Hartford, Connecticut; Shipman & Goodwin LLP of Hartford, Connecticut and Squire Patton Boggs (US) LLP of New York, New York are Bond Counsel with respect to certain series of the Bonds. Day Pitney LLP is Lead Disclosure Counsel and Soeder & Associates, LLC of Hartford, Connecticut, is Co-Disclosure Counsel. Robinson & Cole LLP is Lead Tax Counsel and Soeder & Associates, LLC is Co-Tax Counsel. Bryant Miller Olive P.C. of Washington, DC and MWH Law Group LLP of Milwaukee, Wisconsin are Co-Underwriters' Counsel.
Additional Information	Additional information may be obtained upon request to the Office of the State Treasurer, Erick Russell, Attn: Bettina M. Bronisz, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

OFFICIAL STATEMENT

$715,855,000
STATE OF CONNECTICUT
GENERAL OBLIGATION BONDS

$100,000,000 General Obligation Bonds (2023 Series A)
$265,855,000 General Obligation Refunding Bonds (2023 Series B)
$350,000,000 Taxable General Obligation Bonds (2023 Series A)

INTRODUCTION

This Official Statement, including the cover page and inside front cover pages, this Introduction, Parts I and II and the Appendices thereto, of the State of Connecticut (the "State") is provided for the purpose of presenting certain information relating to the State in connection with the sale of $100,000,000 aggregate principal amount of its General Obligation Bonds (2023 Series A) (the "Series A Bonds"), $265,855,000 General Obligation Refunding Bonds (2023 Series B) (the "Series B Bonds", and together with the Series A Bonds, the "Tax-Exempt Bonds") and $350,000,000 Taxable General Obligation Bonds (2023 Series A) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds".

Part I of this Official Statement, including the cover page and inside front cover pages and the Appendices thereto, contains information relating to the Bonds. Part II of this Official Statement, including the Appendices thereto, is the most recent Annual Information Statement of the State and contains certain information about the State as of its date. The cover page, inside front cover pages, this Introduction, and Parts I and II and the Appendices thereto should be read collectively and in their entirety.

PART I
INFORMATION CONCERNING THE BONDS

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PART I

INFORMATION CONCERNING THE BONDS

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STATE OF CONNECTICUT
GENERAL OBLIGATION BONDS
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$265,855,000 General Obligation Refunding Bonds (2023 Series B)
$350,000,000 Taxable General Obligation Bonds (2023 Series A)

THE BONDS

Description of the Bonds

The State of Connecticut (the "State") is issuing $100,000,000 General Obligation Bonds (2023 Series A) (the "Series A Bonds") comprised of the following issues:

$ 1,000,000	General Obligation Bonds (2023 Series A-1)
$ 74,730,000	General Obligation Bonds (2023 Series A-2)
$ 11,195,000	General Obligation Bonds (2023 Series A-3)
$ 13,075,000	General Obligation Bonds (2023 Series A-4)

and $265,855,000 General Obligation Refunding Bonds (2023 Series B) (the "Series B Bonds", and together with the Series A Bonds, the "Tax-Exempt Bonds") comprised of the following issues:

$ 53,210,000	General Obligation Refunding Bonds (2023 Series B-1)
$ 119,390,000	General Obligation Refunding Bonds (2023 Series B-2)
$ 90,905,000	General Obligation Refunding Bonds (2023 Series B-3)
$ 2,350,000	General Obligation Refunding Bonds (2023 Series B-4)

and $350,000,000 Taxable General Obligation Bonds (2023 Series A) (the "Taxable Bonds", and together with the Tax-Exempt Bonds, the "Bonds") comprised of the following issues:

$ 105,850,000	Taxable General Obligation Bonds (2023 Series A-1)
$ 132,020,000	Taxable General Obligation Bonds (2023 Series A-2)
$ 112,130,000	Taxable General Obligation Bonds (2023 Series A-3)

The Series A Bonds and Taxable Bonds will be dated their date of delivery, and will bear interest from their date payable on November 15, 2023 and semiannually thereafter on May 15 and November 15 in each year until maturity or earlier redemption, as applicable, at the rate or rates indicated on the inside front cover pages of this Official Statement. The Series B Bonds will be dated their date of delivery, and will bear interest from their date payable on August 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity, at the rate or rates indicated on the inside front cover pages of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Series A Bonds and Taxable Bonds will be payable to the registered owner as of the close of business on the last business day of April and October in each year. Interest on the Series B Bonds will be payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such day is not a business day. The Bonds are issuable only as fully registered bonds, without interest coupons, in denominations of $5,000 or any integral multiple thereof.

The Bonds will mature on the dates and in the years and in the principal amounts set forth on the inside front cover pages of this Official Statement.

The Bonds will be general obligation bonds of the State and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds as the same become due. The Bonds will be issued pursuant to the State General Obligation Bond Procedure Act (Section 3-20 of the General Statutes of Connecticut, as amended). The Series A Bonds and Taxable Bonds are issued pursuant to resolutions adopted by the State Bond Commission, and other proceedings related thereto, including a Certificate of Determination of the Treasurer. The Series B Bonds are issued pursuant to a Bond Determination of the Treasurer. See **THE BONDS - Nature of Connecticut's General Obligation** herein.

Principal of and interest on the 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 **THE BONDS - Book-Entry-Only System** herein.

The Series A Bonds are being issued for various projects and purposes and are authorized by the bond acts listed in **Appendix I-A** herein. The Series A Bonds of each series will mature on May 15 in the years and in the principal amounts set forth in the following table:

$100,000,000 Series A Bonds

Maturity		Series			Total
May 15,	2023 A-1	2023 A-2	2023 A-3	2023 A-4	2023 Series A
2024	$ 1,000,000	$ 4,000,000			$ 5,000,000
2025		5,000,000			5,000,000
2026		5,000,000			5,000,000
2027		5,000,000			5,000,000
2028		5,000,000			5,000,000
2029		5,000,000			5,000,000
2030		5,000,000			5,000,000
2031		5,000,000			5,000,000
2032		5,000,000			5,000,000
2033		5,000,000			5,000,000
2034		5,000,000			5,000,000
2035		5,000,000			5,000,000
2036		5,000,000			5,000,000
2037		5,000,000			5,000,000
2038		5,000,000			5,000,000
2039		730,000	$ 4,270,000		5,000,000
2040			5,000,000		5,000,000
2041			1,925,000	$ 3,075,000	5,000,000
2042				5,000,000	5,000,000
2043				5,000,000	5,000,000
TOTAL	$ 1,000,000	$ 74,730,000	$ 11,195,000	$ 13,075,000	$ 100,000,000

The Series B Bonds are being issued for the purpose of refunding the principal amount of all or a portion of the outstanding State general obligation bonds set forth in the "Plan of Refunding" described in **Appendix I-A** herein. The Series B Bonds of each series will mature on August 1 in the years and in the principal amounts set forth in the following table:

$265,855,000 Series B Bonds

Maturity	Series				Total
August 1,	**2023 B-1**	**2023 B-2**	**2023 B-3**	**2023 B-4**	**2023 Series B**
2023	$ 3,270,000				$ 3,270,000
2024	48,225,000				48,225,000
2025	1,715,000	$ 26,465,000			28,180,000
2026		28,130,000			28,130,000
2027		18,035,000			18,035,000
2028		23,065,000			23,065,000
2029		8,820,000			8,820,000
2030		14,875,000	$ 3,160,000		18,035,000
2031			27,930,000		27,930,000
2032			34,355,000		34,355,000
2033			25,460,000	$ 2,350,000	27,810,000
TOTAL	$ 53,210,000	$ 119,390,000	$ 90,905,000	$ 2,350,000	$ 265,855,000

The Taxable Bonds are being issued for various projects and purposes and are authorized by the bond acts listed in **Appendix I-A** herein. The Taxable Bonds of each series will mature on May 15 in the years and in the principal amounts set forth in the following table:

$350,000,000 Taxable Bonds

Maturity	Series			Total
May 15,	**2023 A-1**	**2023 A-2**	**2023 A-3**	**2023 Series A**
2024	$ 35,000,000			$ 35,000,000
2025	35,000,000			35,000,000
2026	35,000,000			35,000,000
2027	850,000	$ 34,150,000		35,000,000
2028		35,000,000		35,000,000
2029		35,000,000		35,000,000
2030		27,870,000	$ 7,130,000	35,000,000
2031			35,000,000	35,000,000
2032			35,000,000	35,000,000
2033			35,000,000	35,000,000
TOTAL	$ 105,850,000	$ 132,020,000	$ 112,130,000	$ 350,000,000

Redemption Provisions

The Series A Bonds

The Series A Bonds maturing after May 15, 2033 are subject to optional redemption, at the election of the Treasurer, on or after May 15, 2033 at any time, in whole or in part prior to maturity. The redeemed Series A Bonds may be in such amounts and in such order of maturity and in such series and bear such interest rate or rates (but by lot among bonds bearing the same interest rate within a maturity of a series) as the Treasurer may determine. The redemption price (expressed as percentages of the principal amounts of bonds to be redeemed) is set forth in the following table, to which will be added interest accrued and unpaid to the redemption date:

Redemption Date	Redemption Price
From May 15, 2033 and thereafter	100%

The Series B Bonds

The Series B Bonds are **not** subject to redemption prior to maturity.

The Taxable Bonds

The Taxable Bonds are subject to make-whole redemption prior to maturity at the election of the Treasurer, in whole or in part, on any business day, at the "*Make-Whole Redemption Price*" (as hereinafter defined).

The "*Make-Whole Redemption Price*" is the greater of (i) 100% of the "*Amortized Value*" of the Taxable Bonds being redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Taxable Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable Bonds are redeemed, discounted to the date on which the Taxable Bonds are redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted "*Treasury Rate*" (as hereinafter defined), plus fifteen (15) basis points plus accrued and unpaid interest on the Taxable Bonds being redeemed on the redemption date.

The "*Treasury Rate*" will be, as of the redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available at least five (5) business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Taxable Bonds being redeemed; *provided, however*, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The "*Amortized Value"* shall mean the principal amount of the Taxable Bonds to be redeemed pursuant to a make-whole call multiplied by the price of such Taxable Bonds expressed as a percentage, calculated on the basis of the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, a maturity date equal to the maturity date of such Taxable Bonds and a yield equal to such Bond's original reoffering yield set forth in the Official Statement.

The Make-Whole Redemption Price of the Taxable Bonds being redeemed pursuant to the make-whole redemption provisions described above will be determined by an independent accounting firm, investment banking firm or municipal advisor retained by the State at the State's expense to calculate such Make-Whole Redemption Price. The State may conclusively rely upon the determination of such Make-Whole Redemption Price by such independent accounting firm, investment banking firm or municipal advisor, and the State will not be liable for such reliance.

Notice of Redemption

Notice of redemption shall be mailed not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the registered owner of such Series A Bonds or Taxable Bonds, as applicable, at such Bondowner's address as it appears on the registration books of the State. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series A Bonds and Taxable Bonds, all notices of redemption will be sent only to DTC.

Nature of Connecticut's General Obligation

Each Bond when duly issued and paid for will constitute a contract between the State and the owner thereof.

The State General Obligation Bond Procedure Act, pursuant to which the Bonds are issued, provides that the Bonds shall be general obligations of the State and that the full faith and credit of the State are pledged for the payment of the principal of and interest on said Bonds as the same become due. Such act further provides that, as part of the contract of the State with the owners of said Bonds, appropriation of all amounts necessary for the punctual payment of such principal and interest is made, and the Treasurer shall pay such principal and interest as the same become due.

The doctrine of governmental immunity (the right of a state not to be sued without its consent) applies to the State, however, legislation gives jurisdiction to the Connecticut courts to enter judgment against the State founded upon any express contract between the State and the purchasers and subsequent owners and transferees of bonds and notes issued by the State, including the Bonds, reserving to the State all legal defenses except governmental immunity.

In the opinion of Bond Counsel, the above provisions impose a clear legal duty on the Treasurer to pay principal of and interest on the Bonds when due and, in the event of failure by the State to make such payment when due, a bondowner may sue the Treasurer to compel such payment from any monies available. Chapter 9 of Title 11 of the United States Code does not apply to the State of Connecticut or any other U.S. state.

For the payment of principal of or interest on the Bonds, the State, acting through the General Assembly, has the power to levy ad valorem taxes on all taxable property in the State without limitation as to rate or amount. The State does not presently levy such a tax.

The State has never failed to provide funds for the punctual payment of principal or interest on any general obligation indebtedness and has never attempted to prevent or delay such required payments.

Book-Entry-Only System

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The 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 or more fully-registered Bond certificates will be issued for each maturity and interest rate of a given series of the Bonds 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 issues, 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 a Standard & Poor's rating of AA+. 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**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmations from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation 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 the 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Series A Bonds within an issue and a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue and maturity to be redeemed. While the Taxable Bonds are registered in book-entry only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of the Taxable Bonds will be treated by DTC as a "pro rata pass-through distribution of principal" in accordance with DTC procedures. It is the State's intent that the redemption allocations made by DTC, Direct participants, Indirect Participants and such other intermediaries that may exist between the State and the beneficial owners be made on a "pro rata pass-through distribution of principal" basis. However, neither the State nor the Underwriters can provide any assurance that DTC, Direct Participants, Indirect Participants, or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Taxable Bonds on a "pro rata pass-through distribution of principal" basis, then the Taxable Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 State 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 State or the Paying Agent, on the payable 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 Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, 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 Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The State and the Underwriters take no responsibility for the accuracy thereof.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Series A	Series B	Taxable
Par Amount of Bonds	$ 100,000,000.00	$ 265,855,000.00	$ 350,000,000.00
Original Issue Premium	11,107,100.00	24,599,924.30	1,402,450.00
Total Sources	$ 111,107,100.00	$ 290,454,924.30	$ 351,402,450.00
Uses:			
Project Fund Deposit	$ 100,000,000.00		$ 350,000,000.00
Escrow Fund Deposit		$ 289,289,387.50	
Other Monies Available to State[1]	10,663,451.11		
Costs of Issuance	38,266.53	385,013.72	294,236.75
Underwriters' Discount	405,382.36	780,523.08	1,108,213.25
Total Uses	$ 111,107,100.00	$ 290,454,924.30	$ 351,402,450.00

[1]Funds used to pay capitalized interest.

LEGALITY FOR INVESTMENT

Under existing State law, the Bonds are legal investments for the State and for municipalities, regional school districts, fire districts, and any municipal corporation or authority authorized to issue bonds, notes or other obligations, State chartered or organized insurance companies, bank and trust companies, savings banks, savings and loan associations and credit unions, as well as executors, administrators, trustees and certain other fiduciaries. Subject to any contrary provisions in any agreement with noteholders or bondholders or other contract, the Bonds also are legal investments for virtually all public authorities in the State.

The Bonds may be accepted by the Comptroller as a substitution for amounts paid as retainage under any State contract or subcontract.

RATINGS

Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P"), Fitch Ratings ("Fitch") and Kroll Bond Rating Agency ("Kroll") have assigned their municipal bond ratings of Aa3, AA-, AA- and AA+ respectively, to the Bonds. Moody's, S&P, Fitch and Kroll have each assigned a "stable" credit outlook on the State's general obligation debt. Each such rating and credit outlook reflects only the views of the respective rating agency, and an explanation of the significance of such rating and credit outlook may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency if in the judgment of such rating agency circumstances so warrant. A downward revision or withdrawal of any such rating may have an adverse effect on the market prices of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

American Municipal Tax Exempt Compliance Corporation d/b/a AMTEC of Avon, Connecticut, and Michael Torsiello, C.P.A. (an independent Certified Public Accountant), of Morrisville, North Carolina (together, the "Verification Agent"), will deliver to the State and the Underwriters on or before the date of delivery of the Series B Bonds its verification report indicating that it has verified, in accordance with the standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of certain computations showing the adequacy of the cash and the maturing principal of and interest on certain investments deposited with the Escrow Holder, as each such term is defined in **Appendix I-A** to provide for the payment when due of the principal of and interest and redemption premiums, if any, on the Refunded Bonds as defined in **Appendix I-A**. Such verifications will be used by Bond Counsel and Tax Counsel in their determination that the interest on the Series B Bonds is excluded from gross income for federal income tax purposes, as a condition to the delivery of the Series B Bonds. The verification report will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

TAX EXEMPTION OF THE TAX-EXEMPT BONDS

Opinion of Bond Counsel and Tax Counsel - Federal Tax Exemption

In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for purposes of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022.

Bond Counsel's and Tax Counsel's opinions with respect to the Tax-Exempt Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Code. The Code establishes certain requirements that must be met at and subsequent to the issuance of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with the continuing requirements may cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement and the Tax Certificate, which will be delivered concurrently with the respective date of issuance of the Tax-Exempt Bonds, the State will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code.

Pursuant to Section 3-20 of the General Statutes of the State, as amended, the State covenants that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds to ensure that interest on the Tax-Exempt Bonds will be excluded from gross income of the owners thereof for federal income tax purposes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Tax-Exempt Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Tax-Exempt Bonds.

No other opinion is expressed by Bond Counsel or Tax Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Tax-Exempt Bonds.

Original Issue Premium

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

Other Federal Tax Matters

In addition to the matters addressed above, prospective purchasers of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations, such as the Tax-Exempt Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations with excess net passive income, and foreign corporations subject to the branch profits tax. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors regarding the applicability and impact of such consequences. Prospective purchasers of the Tax-Exempt Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Tax-Exempt Bonds is excluded 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 Tax-Exempt Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of OIP Bonds should consult their tax advisors with respect to the determination for state and local income tax purposes of original issue discount 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 OIP Bonds.

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

General

The opinions of Bond Counsel and Tax Counsel are rendered as of their date and Bond Counsel and Tax Counsel 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.

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Tax-Exempt Bonds, gain from the sale or other disposition of the Tax-Exempt Bonds, the market value of the Tax-Exempt Bonds, or the marketability of the Tax-Exempt Bonds, or otherwise prevent the owners of the Tax-Exempt Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the exclusion from gross income of interest on the Tax-Exempt Bonds. Such proposals, whether or not enacted, also could adversely affect the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax and financial advisors regarding such matters.

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

TAX STATUS OF THE TAXABLE BONDS

Federal Income Taxes

In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Taxable Bonds is included in gross income for federal income tax purposes pursuant to the Code.

United States Tax Consequences

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Taxable Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Taxable Bonds, and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Taxable Bond at its issue price, which is the first price at which a substantial amount of the Taxable Bonds is sold to the public, and who hold Taxable Bonds as "capital assets" within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Taxable Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprising a bond and one or more other investments, or United States Holders (as defined below) that have a "functional currency" other than the United States dollar. This summary is applicable only to a person (a "United States Holder") who or that is the beneficial owner of Taxable Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any state (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

United States Holders

Payments of Stated Interest. In general, for a United States Holder, interest on a Taxable Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner's method of accounting for tax purposes.

Taxable Bonds Purchased at Original Issue Premium. The initial public offering prices of certain maturities of the Taxable Bonds may be greater than the principal amount payable on such Taxable Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Taxable Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The offering prices relating to the yields set forth on the inside front cover pages of this Official Statement are expected to be the initial public offering prices at which a substantial amount of each maturity of the Taxable Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Taxable Bond may elect to treat such excess as "amortizable bond premium", in which case the amount of interest required to be included in the taxpayer's income each year with respect to interest on the Taxable Bond will be reduced by the amount of amortizable bond premium allocable (based on the Taxable Bond's yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer's adjusted basis in the Taxable Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service ("IRS").

Taxable Bonds Purchased at a Market Discount. A Taxable Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Taxable Bond is less than the Taxable Bond's adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Taxable Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Taxable Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Taxable Bond in an amount not exceeding the accrued market discount on such Taxable Bond until maturity or disposition of the Taxable Bond.

Purchase, Sale, Exchange, and Retirement of Taxable Bonds. A United States Holder's tax basis in a Taxable Bond generally will equal its cost, increased by any market discount included in the United States Holder's income with respect to the Taxable Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder's tax adjusted basis in the Taxable Bond. Except to the extent described above under *Taxable Bonds Purchased at a Market Discount*, gain or loss recognized on the sale, exchange or retirement of a Taxable Bond will be capital gain or loss and will be long-term capital gain or loss if the Taxable Bond was held for more than one year. The material modification of the terms of any Taxable Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

Backup Withholding. United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Taxable Bonds, if they fail to provide an accurate Form W-9, "Request for Taxpayer Identification Number and Certification," or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

Medicare Tax Affecting United States Holders. For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder's "net investment income" for the taxable year and (2) the excess of the

United States Holder's modified adjusted gross income for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

Information Reporting

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Taxable Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Taxable Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Taxable Bonds.

Any payments of interest and original issue discount on the Taxable Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Taxable Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Taxable Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Taxes

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Taxable Bonds is excluded 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 Taxable Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Taxable Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Taxable Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Taxable Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

General

The opinions of Bond Counsel and Tax Counsel are rendered as of their date and Bond Counsel and Tax Counsel 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 address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Taxable Bond. Prospective owners of the Taxable Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Taxable Bonds.

CONTINUING DISCLOSURE AGREEMENT

The General Statutes of Connecticut give the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The State will enter into a Continuing Disclosure Agreement with respect to the Bonds for the benefit of the beneficial owners of the Bonds, substantially in the form attached as **Appendix I-C** to this Official Statement (the "Continuing Disclosure Agreement"), pursuant to which the State will agree to provide or cause to be provided, in accordance with the requirements of the Rule: (i) certain annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events, and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the Bonds shall be conditioned upon their receiving, at or prior to the respective delivery of the Bonds, executed copies of the Continuing Disclosure Agreement.

To its knowledge, in the last five years the State has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the State. The State has determined it did not timely file an event notice for (i) a rating upgrade of the short-term rating on the State's General Obligation Bonds (2016 Series C) (Variable Rate Demand Bonds) in June 2018 and (ii) a notice of the incurrence of financial obligation in connection with the Connecticut Higher Education Supplemental Loan Authority State Supported Revenue Bonds (CHESLA Loan Program) 2020 Series B-AMT and State Supported Revenue Refunding Bonds (CHESLA Loan Program) 2020 Series C Non-AMT in June 2020. The State promptly filed such notices after discovering each omission. In making this disclosure, the State has not concluded and does not admit that these omissions are a material failure to comply with its continuing disclosure obligations. The State has modified its disclosure practices to prevent such failures in the future. Certain prior annual reports of the State and other required reports are available from the Electronic Municipal Market Access website ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digit) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers assigned to the State's obligations. The State does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

State Treasurer's Certificate

Upon each delivery of the Bonds, the State shall furnish a certificate of the Treasurer, dated the date of delivery of the applicable Bonds, stating that the Official Statement, as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and that there has been no material adverse change (other than in the ordinary course of the operations of the State) in the financial condition of the State from that set forth in or contemplated by this Official Statement. In providing such certificate, the Treasurer will state that he has not undertaken independently to verify information obtained or derived from various publications of agencies of the federal government and presented in **Appendix II-B** to this Official Statement under the caption **STATE ECONOMY**.

Absence of Litigation

Upon each delivery of the Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the applicable Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of monies to the payment of the Bonds. In addition, such certificate shall state that, except as disclosed in this Official Statement, there is no controversy or litigation of any nature now pending by or against the State which, in the opinion of the Attorney General, will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially adversely affect its financial condition or the power of the State to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds.

Approving Opinions of Bond Counsel and Opinions of Disclosure Counsel, Tax Counsel and Underwriters' Counsel

The State Treasurer, with the approval of the Attorney General of the State of Connecticut, has appointed the following firms to serve as Bond Counsel with respect to the Series A Bonds, and delivery of the Series A Bonds will be subject to the approving opinions of Bond Counsel as follows:

(a) Pullman & Comley, LLC with respect to the $1,000,000 General Obligation Bonds (2023 Series A-1);

(b) Robinson & Cole LLP with respect to the $74,730,000 General Obligation Bonds (2023 Series A-2);

(c) Shipman & Goodwin LLP with respect to the $11,195,000 General Obligation Bonds (2023 Series A-3); and

(d) Squire Patton Boggs (US) LLP with respect to the $13,075,000 General Obligation Bonds (2023 Series A-4).

The State Treasurer, with the approval of the Attorney General of the State of Connecticut, has appointed the following firms to serve as Bond Counsel with respect to the Series B Bonds, and delivery of the Series B Bonds will be subject to the approving opinions of Bond Counsel as follows:

(a) Pullman & Comley, LLC with respect to the $53,210,000 General Obligation Refunding Bonds (2023 Series B-1);

(b) Robinson & Cole LLP with respect to the $119,390,000 General Obligation Refunding Bonds (2023 Series B-2);

(c) Shipman & Goodwin LLP with respect to the $90,905,000 General Obligation Refunding Bonds (2023 Series B-3); and

(d) Squire Patton Boggs (US) LLP with respect to the $2,350,000 General Obligation Refunding Bonds (2023 Series B-4).

The State Treasurer, with the approval of the Attorney General of the State of Connecticut, has appointed the following firms to serve as Bond Counsel with respect to the Taxable Bonds, and delivery of the Taxable Bonds will be subject to the approving opinions of Bond Counsel as follows:

(a) Pullman & Comley, LLC with respect to the $105,850,000 Taxable General Obligation Bonds (2023 Series A-1);

(b) Robinson & Cole LLP with respect to the $132,020,000 Taxable General Obligation Bonds (2023 Series A-2); and

(c) Squire Patton Boggs (US) LLP with respect to the $112,130,000 Taxable General Obligation Bonds (2023 Series A-3).

The opinion of each Bond Counsel with respect to the series of the Bonds indicated above will be substantially in the form included as **Appendix I-B** to this Official Statement. Certain Bond Counsel have served as underwriters' counsel in connection with other State bond issues.

Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP of Hartford, Connecticut. In addition, the firm of Soeder & Associates, LLC of Hartford, Connecticut, serves as Co-Disclosure Counsel.

Certain legal matters will be passed upon for the State by its Tax Counsel, Robinson & Cole LLP of Hartford, Connecticut. In addition, the firm of Soeder & Associates, LLC serves as Co-Tax Counsel.

Certain legal matters will be passed upon for the Underwriters by their co-counsel, Bryant Miller Olive P.C. of Washington, D.C. and MWH Law Group LLP of Milwaukee, Wisconsin.

MUNICIPAL ADVISORS

The State has appointed Acacia Financial Group, Inc., having offices in Mt. Laurel, New Jersey and TKG & Associates LLC, having offices in New York, New York to serve as co-municipal advisors to assist the State in the issuance of the Bonds.

UNDERWRITING

The aggregate initial offering price of the Series A Bonds to the public is $111,107,100.00 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Series A Bonds from the State at an aggregate purchase price of $110,701,717.64, reflecting an underwriters' discount of $405,382.36.

The aggregate initial offering price of the Series B Bonds to the public is $290,454,924.30 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Series B Bonds from the State at an aggregate purchase price of $289,674,401.22, reflecting an underwriters' discount of $780,523.08.

The aggregate initial offering price of the Taxable Bonds to the public is $351,402,450.00 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Taxable Bonds from the State at an aggregate purchase price of $350,294,236.75, reflecting an underwriters' discount of $1,108,213.25.

The Underwriters for the Bonds will be obligated to purchase all of the Bonds, if any such bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriters.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the State as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

ADDITIONAL INFORMATION

It is the present policy of the State to make available, upon request to the Office of the State Treasurer, electronic copies of this Official Statement or parts hereof and subsequent official statements or parts thereof relating to the issuance of its general obligation bonds.

Additional information may be obtained upon request to the Office of the State Treasurer, Attn: Bettina M. Bronisz, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

STATE OF CONNECTICUT

Dated at Hartford, Connecticut
this 1st day of June, 2023

/s/ Erick Russell
Erick Russell
State Treasurer

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Appendix I-A

TABLE OF STATUTORY AUTHORIZATIONS – SERIES A BONDS

Each series of Series A Bonds includes the following authorizations, which have been consolidated for purposes of sale:

A. $ 1,000,000.00 General Obligation Bonds (2023 Series A-1)

1. $ 1,000,000.00 Economic Development and Manufacturing Assistance Bonds (1990 Act, Section 33, Series LLL) authorized by Section 33 of Public Act No. 90-270 of the General Assembly of the State of Connecticut, as amended.

B. $ 74,730,000.00 General Obligation Bonds (2023 Series A-2)

1. $ 2,518,000.00 General State Purposes Bonds (2007 Special Session Act, subsections 32(a) through 32(g) and 32(i) through 32(j), Series Q) authorized by Sections 31 to 38 and more particularly subsections 32(a) through 32(g) and 32(i) through 32(j) of Public Act. No. 07-7 of the General Assembly of the State of Connecticut, June 2007 Special Session, as amended.

2. $ 12,000,000.00 General State Purposes Bonds (2007 Special Session Act, Section 68, Series C) authorized by Section 68 of Public Act. No. 07-7 of the General Assembly of the State of Connecticut, June 2007 Special Session, as amended.

3. $ 8,000,000.00 General State Purposes Bonds (2011 Act, subsections 2(a) through 2(k) and 2(n) through 2(q), Series L) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(k) and 2(n) through 2(q) of Public Act No. 11-57 of the General Assembly of the State of Connecticut, January 2011 Session, as amended.

4. $ 10,000,000.00 General State Purposes Bonds (2013 Act, subsections 2(a) through 2(g), 2(i) through 2(j), and 2(m) through 2(o), Series O) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(g), 2(i) through 2(j), and 2(m) through 2(o) of Public Act No. 13-239 of the General Assembly of the State of Connecticut, January 2013 Session, as amended.

5. $ 2,262.00 General State Purposes Bonds (2014 Act, subsections 9(a) through 9(e) and 9(g) through 9(i), Series N) authorized by Sections 8 through 15 and more particularly subsections 9(a) through 9(e) and 9(g) through 9(i) of Public Act. No. 14-98 of the General Assembly of the State of Connecticut, February 2014 Session, as amended.

6. $ 2,000,000.00 General State Purposes Bonds (2017 Special Session Act, subsections 378(a) through 378(e), 378(g) through 378(h) and 378(j), Series H) authorized by Sections 377 through 383 and more particularly subsections 378(a) through 378(e), 378(g) through 378(h) and 378(j) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

7. $ 249,738.00 General State Purposes Bonds (2017 Special Session Act, subsections 408(a) through 408(d) and 408(g) through 408(j), Series F) authorized by Sections 407 through 414 and more particularly subsections 408(a) through 408(d) and 408(g) through 408(j) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

8.	$ 3,000,000.00	General State Purposes Bonds (2021 Act, Section 13(a) through 13(c) and 13(e) through 13(h), Series C) authorized by Section 13(a) through 13(c) and 13(e) through 13(h) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.
9.	$ 21,059,146.00	General State Purposes Bonds (2021 Act, subsections 21(a) through 21(g) and 21(j) through 21(k), Series A) authorized by Sections 20 through 26 and more particularly subsections 21(a) through 21(g) and 21(j) through 21(k) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.
10.	$ 15,900,854.00	General State Purposes Bonds (2021 Act, subsections 32(a) through 32(e), Series A) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(e) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

C. $ 11,195,000.00 General Obligation Bonds (2023 Series A-3)

1.	$ 10,000,000.00	General State Purposes Bonds (2013 Act, Section 85, Series I) authorized by Section 85 of Public Act No. 13-3 of the General Assembly of the State of Connecticut, June 2013 Session, as amended.
2.	$ 1,194,871.82	General State Purposes Bonds (2017 Special Session Act, Section 389(g), Series C) authorized by Section 389(g) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.
3.	$ 128.18	General State Purposes Bonds (2017 Special Session Act, Section 434, Series C) authorized by Section 434 of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

D. $ 13,075,000.00 General Obligation Bonds (2023 Series A-4)

1.	$ 3,453,572.00	General State Purposes Bonds (2015 Special Session Act, Section 13(h), Series A) authorized by Section 13(h) of Public Act No. 15-1 of the General Assembly of the State of Connecticut, June 2015 Special Session, as amended.
2.	$ 9,621,428.00	General State Purposes Bonds (2016 Special Session Act, Series C) authorized by Public Act No. 16-1 of the General Assembly of the State of Connecticut, September 2016 Special Session, as amended.

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Appendix I-A

PLAN OF REFUNDING – SERIES B BONDS

The proceeds of the Series B Bonds, if issued, will be used to refund the following maturities and principal amounts of outstanding general obligation bonds of the State on the redemption dates and at the redemption prices set forth below (the "Refunded Bonds").

Series	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP[1]
2012 Series G	10/15/2032	$ 7,500,000	3.000%	07/24/2023	100.0%	20772JKY7
2013 Series C	07/15/2024	15,000,000	5.000	07/24/2023	100.0	20772JNL2
2013 Series C	07/15/2025	10,000,000	5.000	07/24/2023	100.0	20772JNM0
2013 Series C	07/15/2026	10,000,000	5.000	07/24/2023	100.0	20772JNN8
2013 Series C	07/15/2027	10,000,000	5.000	07/24/2023	100.0	20772JNP3
2013 Series C	07/15/2028	10,000,000	4.000	07/24/2023	100.0	20772JNQ1
2013 Series C	07/15/2030	10,000,000	5.000	07/24/2023	100.0	20772JNR9
2013 Series C	07/15/2031	10,000,000	5.000	07/24/2023	100.0	20772JNS7
2013 Series C	07/15/2032	10,000,000	5.000	07/24/2023	100.0	20772JNT5
2013 Series C	07/15/2033	10,000,000	4.375	07/24/2023	100.0	20772JNU2
2013 Series E	08/15/2024	35,000,000	5.000	08/15/2023	100.0	20772JPF3
2013 Series E	08/15/2025	5,790,000	3.500	08/15/2023	100.0	20772JPG1
2013 Series E	08/15/2025	14,210,000	5.000	08/15/2023	100.0	20772JPX4
2013 Series E	08/15/2026	20,000,000	5.000	08/15/2023	100.0	20772JPH9
2013 Series E	08/15/2027	10,000,000	5.000	08/15/2023	100.0	20772JPJ5
2013 Series E	08/15/2028	15,000,000	4.000	08/15/2023	100.0	20772JPK2
2013 Series E	08/15/2029	10,000,000	5.000	08/15/2023	100.0	20772JPL0
2013 Series E	08/15/2030	10,000,000	5.000	08/15/2023	100.0	20772JPM8
2013 Series E	08/15/2031	20,000,000	5.000	08/15/2023	100.0	20772JPN6
2013 Series E	08/15/2032	20,000,000	5.000	08/15/2023	100.0	20772JPP1
2013 Series E	08/15/2033	20,000,000	4.375	08/15/2023	100.0	20772JPQ9

Upon delivery of the Series B Bonds, the State and U.S. Bank Trust Company, National Association ("Escrow Holder"), will enter into one or more Escrow Agreements (the "Escrow Agreement") to provide for the payment of the above listed Refunded Bonds. Under the Escrow Agreement, the Escrow Holder will deposit into an irrevocable trust fund (the "Escrow Deposit Fund"), a portion of the net proceeds of the Series B Bonds and will use a portion of such proceeds to purchase (i) shares in the State's Short Term Investment Fund ("Investments"), and/or (ii) direct obligations of, or obligations guaranteed by, the United States of America (the "Government Obligations"), the maturing principal of and interest on which, together with the uninvested money then held in the Escrow Deposit Fund, if any, will provide amounts sufficient to pay the principal or redemption price of, and interest on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Investments and the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal, and redemption price of and interest on the Refunded Bonds will be irrevocably deposited by the State in the Escrow Deposit Fund for payment of the Refunded Bonds.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc., which is not affiliated with the State, and are included solely for the convenience of the holders of the Bonds. The State is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Refunded Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of such bonds.

Appendix I-A

TABLE OF STATUTORY AUTHORIZATIONS – TAXABLE BONDS

Each series of Taxable Bonds includes the following authorizations, which have been consolidated for purposes of sale:

A. $105,850,000.00 Taxable General Obligation Bonds (2023 Series A-1)

1. $ 13,000,000.00 Economic Development and Manufacturing Assistance Bonds (1990 Act, Section 33, Series MMM) authorized by Section 33 of Public Act No. 90-270 of the General Assembly of the State of Connecticut, as amended.

2. $ 67,850,000.00 Housing Trust Fund Bonds (2005 Act, Sections 16 to 22, Series P) authorized by Sections 16-22 of Public Act No. 05-5 of the General Assembly of the State of Connecticut, June 2005 Special Session, as amended.

3. $ 25,000,000.00 General State Purposes Bonds (2021 Act, Section 32(c)(2), Series A) authorized by Section 32(c)(2) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

B. $132,020,000.00 Taxable General Obligation Bonds (2023 Series A-2)

1. $ 32,319.00 General State Purposes Bonds (2007 Special Session Act, Section 68, Series A) authorized by Section 68 of Public Act. No. 07-7 of the General Assembly of the State of Connecticut, June 2007 Special Session, as amended.

2. $ 9,050,001.00 General State Purposes Bonds (2020 Act, subsections 13(a) through 13(e), 13(j), and 13(k), Series D) authorized by Sections 12 through 19 and more particularly subsections 13(a) through 13(e), 13(j) and 13(k) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.

3. $ 19,696,722.00 General State Purposes Bonds (2020 Act, subsections 32(a) through 32(i) and 32(k), Series D) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(i) and 32(k) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.

4. $ 11,251,086.00 General State Purposes Bonds (2021 Act, subsections 13(a) through 13(c) and 13(e) through 13(h), Series D) authorized by Sections 12 through 19 and more particularly subsections 13(a) through 13(c) and 13(e) through 13(h) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

5. $ 989,872.00 General State Purposes Bonds (2021 Act, subsections 32(a) through 32(e), Series A) authorized by Sections 31 through 38 and more particularly subsections 31(a) through 32(e) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

6. $ 91,000,000.00 General State Purposes Bonds (2021 Act, Section 55, Series A) authorized by Section 55 of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

C. $112,130,000.00 Taxable General Obligation Bonds (2023 Series A-3)

1. $ 751,000.00 General State Purposes Bonds (2013 Act, Section 32(f), Series A) authorized by Section 32(f) of Public Act No. 13-239 of the General Assembly of the State of Connecticut, January 2013 Session, as amended.

2. $ 13,780,000.00 Connecticut Bioscience Innovation Fund Bonds (2013 Act, Section 73, Series H) authorized by Section 73 of Public Act No. 13-239 of the General Assembly of the State of Connecticut, January 2013 Session, as amended.

3. $ 13,000,000.00 General State Purposes Bonds (2017 Special Session Act, Section 378(f)(1), Series A) authorized by Section 378(f)(1) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

4. $ 242.00 General State Purposes Bonds (2017 Special Session Act, Section 389(f)(1), Series C) authorized by Section 389(f)(1) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

5. $ 24,598,758.00 General State Purposes Bonds (2017 Special Session Act, Section 408(e), Series B) authorized by Section 408(e) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

6. $ 35,000,000.00 General State Purposes Bonds (2020 Act, Section 13(j), Series A) authorized by Section 13(j) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.

7. $ 25,000,000.00 General State Purposes Bonds (2020 Act, Section 32(j), Series A) authorized by Section 32(j) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.

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FORM OF BOND COUNSEL OPINION – SERIES A BONDS

The opinion of each Bond Counsel with respect to the series of the Series A Bonds for which such firm has been appointed to serve as Bond Counsel will be dated the date of original issuance of the Series A Bonds and will be substantially in the following form:

Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to our client, the State of Connecticut (the "State"), in connection with, and have examined a record of proceedings relative to, the issuance of $__________ General Obligation Bonds (2023 Series A-_) of the State (the "Bonds"). The Bonds are issued contemporaneously with other general obligation bonds of the State of the same series in the aggregate principal amount of $100,000,000.

The Bonds are comprised of the issues of bonds identified within the Bonds which were authorized by the statutory provisions identified therein and have been consolidated as a single issue. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, resolutions adopted by the State Bond Commission and proceedings taken in conformity therewith, including a Certificate of Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission, a Tax Certificate and a Tax Compliance Agreement.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged and we have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement and certain matters which are the subject of a supplemental opinion provided by us to the State).

We are of the opinion that (i) the Bonds, when duly certified by U.S. Bank National Association, as Registrar, will be valid and legally binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged, and (ii) the State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon. We are further of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the State and that the Tax Certificate and the Tax Compliance Agreement were duly authorized by the State.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income for federal income tax purposes. In the Tax Compliance Agreement and the Tax Certificate, the State has made covenants and representations designed to assure compliance with such requirements of the Code. The State has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from the gross income of the owners thereof for federal income tax purposes, retroactively to the date of issue or otherwise, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds.

We are of the opinion that, under existing law, interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for purposes of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022.

In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) the continuing compliance by the State with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continues to be, excluded from gross income for federal income tax purposes, as provided in the covenants set forth in the Tax Compliance Agreement as to such matters. We also have relied upon, with no independent investigation, the opinions of bond counsel with respect to the other general obligation bonds of the State of Connecticut issued as part of the same issue for federal tax purposes as the Bonds in the aggregate principal amount of $365,855,000 as to the validity and legality of such bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for federal income tax purposes.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded 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.

We express no opinion regarding other federal or state tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,

FORM OF BOND COUNSEL OPINION – SERIES B BONDS

The opinion of each Bond Counsel with respect to the series of the Series B Bonds for which such firm has been appointed to serve as Bond Counsel will be dated the date of original issuance of the Series B Bonds and will be substantially in the following form:

Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to our client, the State of Connecticut (the "State"), in connection with, and have examined a record of proceedings relative to, the issuance of $________ General Obligation Refunding Bonds (2023 Series B-_) of the State (the "Bonds"). The Bonds are issued contemporaneously with other general obligation bonds of the State of the same series in the aggregate principal amount of $265,855,000.

The Bonds are refunding bonds authorized by Section 3-20(i) of the General Statutes of Connecticut, Revision of 1958, as amended. The Bonds are being issued for the purposes of refunding the issues of bonds identified within the Bonds. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, a Bond Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission, a Tax Certificate and a Tax Compliance Agreement.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged and we have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement and certain matters which are the subject of a supplemental opinion provided by us to the State).

We are of the opinion that (i) the Bonds, when duly certified by U.S. Bank National Association, as Registrar, will be valid and legally binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged, and (ii) the State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon. We are further of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the State and that the Tax Certificate and the Tax Compliance Agreement were duly authorized by the State.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income for federal income tax purposes. In the Tax Compliance Agreement and the Tax Certificate, the State has made covenants and representations designed to assure compliance with such requirements of the Code. The State has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from the gross income of the owners thereof for federal income tax purposes, retroactively to the date of issue or otherwise, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds.

We are of the opinion that, under existing law, interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for purposes of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022.

In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) the continuing compliance by the State with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continues to be, excluded from gross income for federal income tax purposes, as provided in the covenants set forth in the Tax Compliance Agreement as to such matters. We also have relied upon, with no independent investigation, the opinions of bond counsel with respect to the other general obligation bonds of the State of Connecticut issued as part of the same issue for federal tax purposes as the Bonds in the aggregate principal amount of $365,855,000 as to the validity and legality of such bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for federal income tax purposes.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded 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.

We express no opinion regarding other federal or state tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,

FORM OF BOND COUNSEL OPINION – TAXABLE BONDS

The opinion of each Bond Counsel with respect to the series of the Taxable Bonds for which such firm has been appointed to serve as Bond Counsel will be dated the date of original issuance of the Taxable Bonds and will be substantially in the following form:

Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to our client, the State of Connecticut (the "State"), in connection with, and have examined a record of proceedings relative to, the issuance of $__________ Taxable General Obligation Bonds (2023 Series A-_) of the State (the "Bonds"). The Bonds are issued contemporaneously with other taxable general obligation bonds of the State of the same series in the aggregate principal amount of $350,000,000.

The Bonds are comprised of the issues of bonds identified within the Bonds which were authorized by the statutory provisions identified therein and have been consolidated as a single issue. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, resolutions adopted by the State Bond Commission and proceedings taken in conformity therewith, including a Certificate of Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission and a Tax Regulatory Agreement.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged and we have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement and certain matters which are the subject of a supplemental opinion provided by us to the State).

We are of the opinion that (i) the Bonds, when duly certified by U.S. Bank National Association, as Registrar, will be valid and legally binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged, and (ii) the State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon.

We are of the opinion that, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded 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.

We express no opinion regarding other federal or state tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,

FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State will agree, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the State substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events, and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds.

Continuing Disclosure Agreement

This Continuing Disclosure Agreement ("Agreement") is made as of the ____ day of June, 2023 by the State of Connecticut (the "State") acting by its undersigned officer, duly authorized, in connection with the issuance by the State of $100,000,000 General Obligation Bonds (2023 Series A), $265,855,000 General Obligation Refunding Bonds (2023 Series B) and $350,000,000 Taxable General Obligation Bonds (2023 Series A) (collectively, the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. **Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the State dated June 1, 2023 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934 as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2023) as follows:

(i) Audited financial statements of the State comprising its basic financial statements, currently consisting of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the State is required to prepare financial statements of its various funds and accounts on a statutory basis (i.e., following the adopted budget and related statutes as described in Part II to the Final Official Statement, under the caption **FINANCIAL PROCEDURES - Accounting Procedures)**. As of the date of this Agreement, the State also prepares its financial statements in accordance with generally accepted accounting principles but is not required to do so.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final Official Statement); provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports:

1. Until such time as the State's only method of presenting its financial statements is substantially in accordance with generally accepted accounting principles ("GAAP"):

   a. General Fund - Summary of Operating Results - Statutory Basis (for most recent fiscal year) (See Table 2 and Appendices II-D-8 and II-D-9).

   b. General Fund - Summary of Operating Results - Statutory Basis vs. GAAP Basis (for most recent fiscal year) (See Table 3).

   c. General Fund - Unreserved Fund Balance - Statutory Basis (as of the end of the most recent fiscal year) (See Table 4 and Appendices II-D-6 and II-D-7).

   d. General Fund - Unreserved Fund Balance - Statutory Basis vs. GAAP Basis (as of the end of the most recent fiscal year) (See Table 5).

2. Statutory Debt Limit (as of end of most recent fiscal year or a later date) (See Table 7).

3. Direct General Obligation Indebtedness - Principal Amount Outstanding (as of end of most recent fiscal year or a later date) (See Table 8).

4. Summary of Principal, Mandatory Sinking Fund Payments, and Interest on Long-Term Direct General Obligation Debt (as of end of most recent fiscal year or a later date) (See Table 10).

5. Outstanding Long-Term Direct General Obligation Debt (as of end of most recent fiscal year) (See Table 11).

6. Authorized But Unissued Direct General Obligation Debt (as of end of most recent fiscal year or a later date) (See Table 12).

7. Statutory General Obligation Bond Authorizations and Reductions (for recent fiscal years, if any legislative action) (See Table 13).

8. Special Capital Reserve Fund Debt (as of end of most recent fiscal year or a later date) (See Table 16).

9. Funding status of the State Employees' Retirement Fund and the Teachers' Retirement Fund.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The State's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(d) The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(g) modifications to rights of holders of the Bonds, if material;
(h) Bond calls, if material, and tender offers;
(i) Bond defeasances;
(j) release, substitution, or sale of property securing repayment of the Bonds, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the State;
(m) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
(o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term "financial obligation" is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The State agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the State to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the State or by any agents which may be employed by the State for such purpose from time to time.

Section 6. Termination.

The obligations of the State under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the State's Assistant Treasurer for Debt Management, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Assistant Treasurer for Debt Management is 165 Capitol Avenue, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the State to a Repository pursuant to the State's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The State shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the State elects to provide any such additional information, data or notices, the State shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the State, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by either an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

STATE OF CONNECTICUT

By ______________________________

Erick Russell
Treasurer

INFORMATION STATEMENT OF THE
STATE OF CONNECTICUT

FEBRUARY 15, 2023

This Information Statement of the State of Connecticut (the "State") contains information through February 15, 2023. The State expects to include this Information Statement in its Official Statements for securities offerings as a "Part II" and has numbered the pages accordingly. The State expects to update this Information Statement from time to time with supplementary information in connection with such offerings, but except as expressly noted all information is as of February 15, 2023. Such updates are expected to include certain interim financial information prepared on a statutory basis, but are not expected to include interim financial information prepared in accordance with GAAP.

This Information Statement is updated as of June 1, 2023 to delete stale information for which new information has been provided and to add supplementary information in connection with the State's general obligation bond offerings. These updates are indicated by shading such information as exemplified by this paragraph. Information not highlighted continues to speak as of February 15, 2023.

This Information Statement and any appendices attached hereto should be read collectively and in their entirety.

This Information Statement may be obtained electronically at www.buyctbonds.com or by contacting the Office of the State Treasurer, Attn.: Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

Constitutional Elected Officers

Governor	**Edward ("Ned") Miner Lamont, Jr.**
Lieutenant Governor	**Susan Bysiewicz**
Secretary of the State	**Stephanie Thomas**
Treasurer	**Erick Russell**
Comptroller	**Sean Scanlon**
Attorney General	**William Tong**

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FORWARD-LOOKING INFORMATION AND BONDHOLDER CONSIDERATIONS

This Information Statement and its appendices attached hereto include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Information Statement and its appendices are based on information available to the State up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the State assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future federal budgetary matters, including federal grants and other forms of financial aid to the State; (ii) action or inaction by the U.S. Congress on issues associated with the federal debt limit, federal appropriations and continuity of federal operations; (iii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iv) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the State; (v) future energy costs; (vi) health care related matters including Medicaid reimbursements; (vii) federal defense spending; (viii) financial services industry developments; (ix) litigation or arbitration; (x) climate and weather related developments, natural disasters and other acts of God; (xi) changes in retirement rates, inflation rates, interest rates, increases in health care costs, longevity rates and other factors used in estimating future obligations of the State, among others; (xii) the effects of epidemics and pandemics, including economic effects; (xiii) foreign hostilities or wars; (xiv) foreign or domestic terrorism or domestic violent extremism; (xv) disruptions to the State's technology network including computer systems and software and (xvi) other factors contained in this Information Statement and its appendices. Investors should carefully review all of the factors.

INTRODUCTION

This Information Statement of the State of Connecticut (the "State") contains certain information that a potential investor might consider material in reaching a decision to invest in securities of the State. Quotations from and summaries and explanations of provisions of laws of the State contained in this Information Statement do not purport to be complete and are qualified in their entirety by reference to such provisions of law. This Information Statement and any appendices attached hereto should be read collectively and in their entirety.

The information included in this Information Statement is organized as follows:

Financial Procedures discusses the legal and administrative processes, procedures, controls and policies that generally apply to all State funds.

State General Fund discusses the State's General Fund, which is the source of financing for most operating activity of the State. The discussion includes both prospective and historical information about the General Fund. Additional information regarding General Fund activity is included in **Appendices II-C, II-D and II-E** to this Information Statement.

State Debt describes the procedures for the authorization to incur State debt and the various ways in which the State may borrow funds to finance State functions and capital projects. This section provides both current and historical information about the State's borrowing practices and State indebtedness.

Other Funds, Debt and Liabilities provides an overview of certain obligations of the State that are not accounted for in the General Fund but that are contingent liabilities of the State. Certain additional information regarding these other funds, debt and liabilities of the State is included in **Appendix II-C** to this Information Statement.

Pension and Retirement Systems describes the major pension and retirement systems of the State. Additional information regarding these systems is included in **Appendix II-C** to this Information Statement.

Litigation comprises a summary of pending legal actions in which the fiscal impact of an adverse decision may not be determined at this time and the Attorney General is unable to opine that a final judgment against the State in such suits would not materially adversely affect the State's financial position.

COVID-19 and Other Matters includes additional matters that do not fall within the other headings.

Appendices II-A through II-E to this Information Statement contain detailed information relating to the information summarized in the Information Statement and should be read in their entirety. **Appendix II-A** provides information concerning the organization of the State government and services. **Appendix II-B** provides information about the State's economy. **Appendices II-C and II-D** provide financial statements of the State. **Appendix II-E** provides additional budgetary and financial information.

The State's fiscal year begins on July 1 and ends on June 30. References to "Fiscal Year" throughout this Information Statement refer to the referenced fiscal year ending June 30. For example, Fiscal Year 2022 refers to the fiscal year beginning July 1, 2021 and ending June 30, 2022.

References herein to "CGS" refer to the Connecticut General Statutes.

FINANCIAL PROCEDURES

The State has in place a number of constitutional provisions, statutes, regulations, and administrative policies and procedures that bear on fiscal management and accountability. These include provisions that limit debt and expenditures and provisions that lay out a sequence for planning future budgets, the development and adoption of a biennial budget, and the monitoring of the State's financial position against the current budget. Taken as a whole, the State believes these provisions provide budgetary discipline, financial controls and forecasting and monitoring resulting in sound fiscal management and accountability. These provisions include the following elements, each of which are explained in more detail in the text that follows:

Budget Discipline	***Balanced Budget Requirement***	The State Constitution provides that the General Assembly may not authorize general budget expenditures in excess of estimated revenues. State law requires that total net appropriations for each fund shall not exceed estimated revenues for such fund.
Financial Controls	***Spending Cap***	The General Assembly is prohibited by the State Constitution from increasing expenditures from year to year by a percentage exceeding the greater of the percentage increase in personal income or the percentage increase in inflation, with certain exceptions.
Budget Discipline	***Biennial Budget***	The budget covers a two year period and the power to propose, enact, and implement such budget rests with the Governor and General Assembly.
Budget Discipline	***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.
Financial Controls	***Debt Limit***	By statute, the State may not authorize general obligation debt in excess of 1.6 times General Fund tax receipts, subject to statutory exceptions. The Treasurer certifies as to the debt limit in connection with each authorization of debt by the General Assembly and the State Bond Commission. In addition, there are additional issuance limits imposed on the Treasurer.
Forecasting and Monitoring	***Regular Revenue Forecasting, Monitoring of Fiscal Progress and Multiple-Year Planning Tools***	Monthly reports are required from the Comptroller and the Office of Policy and Management, and periodic reports from other governmental entities, including the Legislature's Office of Fiscal Analysis.
Financial Controls	***Rescission Authority and Deficit Mitigation***	The Governor is required to propose mitigation plans should projections indicate a General Fund deficit greater than 1% of total General Fund appropriations. The Governor is authorized to reduce allotments up to 5% of any appropriation, but not to exceed 3% of any fund and to make further reductions with legislative approval.
Budget Discipline	***Budget Reserve Fund***	There exists both a constitutional and a statutory regime for funding the Budget Reserve Fund.
Financial Controls	***GAAP Based Budgeting***	The State has transitioned from the use of a modified cash basis of accounting to the application of Generally Accepted Accounting Principles, as prescribed by the Government Accounting Standards Board.
Transition to GAAP		See Financial Procedures - Accounting Procedures – Financial Reporting.
Budget Discipline	***Bond Covenant***	The State has covenanted with bondholders to follow financial disciplines and controls.

The Budgetary Process

Balanced Budget Requirement and Spending Cap. The State Constitution provides that the amount of general budget expenditures authorized for any fiscal year may not exceed the estimated amount of revenue for such fiscal year. The Constitution also precludes the General Assembly 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 that 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.

In addition to the exclusion of debt service from the budget cap, by statute there are also excluded expenditures of any federal funds granted to the State or its agencies; expenditures to implement federal mandates and court orders in the first fiscal year in which such expenditures are authorized; expenditures for federal programs in which the State is participating for which the State received federal matching funds in the first fiscal year in which such expenditures are authorized and temporarily payments for a portion of the state employee and teachers' pension contributions. In addition, a base year adjustment is made in any fiscal year in which an expenditure item is moved on or off budget.

In addition to the above limitations on the authorization of general budget expenditures, the General Assembly is prohibited from authorizing General Fund and Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed a specified percentage (beginning July 1, 2019 and declining over six years from 99.5% to 98%) of the estimated revenues included in a budget act, subject to certain exceptions. This is referred to as the "revenue cap". Public Act No. 23-1 revised the provisions related to the revenue cap, effective July 1, 2023. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Biennium Budget. The State's fiscal year begins on July 1 and ends on 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 that 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, that sets forth estimated revenues and expenditures for the three fiscal years after the biennium in progress.

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. On or before September 1 of each odd-numbered year, each agency submits its recommended adjustments or revisions of such estimates. 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, revenue and bonding on or before November 15. Upon receipt of such agency reports, it is OPM's practice to prepare a preliminary budget report.

Budget Document. The budget document 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 on the day the General Assembly first convenes in even-numbered years. By statute, the budget document must contain the Governor's budget message, 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. The Governor also will recommend the manner in which any deficit will be met or any surplus used.

Adoption of the Budget. Following publication and presentation of the budget document to the General Assembly, 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 related reports. Prior to June 30 of each odd-numbered year, the General Assembly enacts legislation making appropriations for the next two fiscal years and setting forth revenue estimates for those years.

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. The General Assembly may separately reconsider and repass such disapproved appropriation items by a two thirds vote of each house.

Statutory Debt Limit. In addition to the biennial budget, the General Assembly also authorizes a variety of types of debt. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. However, in computing the aggregate amount of indebtedness at any time, there are certain statutory exclusions and deductions. In addition, the Treasurer may not issue general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $1.9 billion in any fiscal year, subject to certain exclusions and inflationary adjustments, commencing July 1, 2019, and the State Bond Commission may not authorize bond issuances or credit revenue bond issuances of more than $2.0 billion in any calendar year, subject to certain exclusions and inflationary adjustments, commencing January 1, 2018. See **STATE DEBT – State Direct General Obligation Debt – *Statutory Debt Limit***. Public Act No. 23-1 revised the provisions related to the statutory debt limit, the Treasurer's issuance limit and the State Bond Commission's authorization limit, effective July 1, 2023. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Consensus Revenue Estimates. OPM and the Legislature's Office of Fiscal Analysis ("OFA") are required by statute to issue consensus revenue estimates each year by November 10. The estimates must cover a five-year period that includes the current biennium and the three following fiscal years. It also requires the two offices, by January 15 and April 30 each year, to issue either (1) a consensus revision of their previous estimate or (2) a statement that no revision is needed. If the two agencies cannot arrive at a consensus estimate, they must issue separate ones. In such a case, the Comptroller must issue the consensus estimate based upon the separate estimates. The Comptroller's estimate must equal one of the separate estimates or fall between the two.

Fiscal Accountability Report. By statute, by November 20 annually, the Secretary of OPM and the Director of OFA 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) for the current biennium and the next ensuing three fiscal years, an estimate of State revenues, the level of expenditure change from current year expenditures allowable by consensus revenue estimates in each fund, any changes to current year expenditures necessitated by fixed cost drivers, and the aggregate changes to current year expenditures required to accommodate fixed cost drivers without exceeding the current revenue estimate; (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 December 15 annually, the legislative committees then meet with the Secretary of OPM and the Director of OFA to consider the submitted reports.

Financial Controls

Expenditures. The financial control procedures utilized by the State are described below and may be generally summarized as follows: the legislature must appropriate 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 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 in Expenditure Control. Before an appropriation for a budgeted agency becomes available for expenditure, the agency must submit to the Governor 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.

If the cumulative monthly financial statement issued by the Comptroller indicates a projected General Fund deficit greater than one per cent of the total of General Fund appropriations, the Governor is required, within thirty days of such statement date, to file a report with the joint standing committees of the General Assembly on appropriations and on finance, revenue and bonding. The report must include a plan that the Governor shall implement to modify agency allotments to the extent necessary to prevent a deficit. 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 propose an aggregate allotment reduction of a specified amount for the legislative or judicial branch.

In addition, the Governor shall not approve allotment requisitions that would result in the issuance of general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $1.9 billion in any fiscal year, subject to certain exclusions and inflationary adjustments. Not later than April first annually, the Governor shall provide the Treasurer with a list of general obligation bond and credit revenue bond expenditures that can be made July first commencing the next fiscal year totaling not more than $1.9 billion, subject to inflationary adjustments. See **STATE DEBT – State Direct General Obligation Debt – *Statutory Debt Limit***. Public Act No. 23-1 revised the provisions related to the statutory debt limit, effective July 1, 2023. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Comptroller's Role in Expenditure Control. 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. The Comptroller is required to issue cumulative monthly financial reports concerning the State General Fund on or before the first day of the following month. OPM provides estimates to the Comptroller by the twentieth day of each month of the revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report.

Treasurer's Role in Expenditure Control. The Treasurer is required to honor all warrants, drafts and orders properly drawn by the Comptroller. Payments of principal or interest of State bonds and payments of interest on funds held by the Treasurer on which the Treasurer is required to pay interest do not require specific appropriations.

Use of Appropriations; Unexpended 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. 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.

Unappropriated Surplus – Budget Reserve Fund. The State Constitution provides that any 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. In 2017, the General Assembly, restructured the funding and use of the Budget Reserve Fund by a three-fifths vote of each house. All revenue in excess of $3.15 billion received by the State each fiscal year from estimated and final payments of the personal income tax imposed under Chapter 229 of the CGS and the pass-through entity tax is to be transferred by the Treasurer to the Budget Reserve Fund. The $3.15 billion amount is subject to annual adjustment by the compound annual growth rate of personal income in the State over the preceding five calendar years and further subject to amendment by a vote of at least three-fifths of the members of each house of the General Assembly due to changes in State or federal tax law or policy or significant adjustments to economic growth or tax collections. The Treasurer is also required to transfer any unappropriated surplus in the General Fund to the Budget Reserve Fund, unless otherwise directed by law.

Pursuant to CGS Section 4-30a, when the amount in the Budget Reserve Fund in any fiscal year equals 15% of the net General Fund appropriations for the current fiscal year, no further transfers shall be made by the Treasurer and the amount of such funds in excess of that transferred to such fund shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the State, to (i) the State Employees' Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, up to 5% of the unfunded actuarial accrued liability or (ii) the Teachers' Retirement Fund, in addition to payments required pursuant to CGS Section 10-183z, up to 5% of the unfunded actuarial accrued liability of such fund. Thereafter, amounts are appropriated for redemption, purchase or extinguishment of outstanding indebtedness or additional contributions to the State Employees' Retirement Fund or Teachers' Retirement Fund or, under specified conditions, may be transferred to the General Fund. For management and accounting purposes, the State treats funds that would be transferred to the Budget Reserve Fund but for the 15% cap, as being transferred to the Budget Reserve Fund and then withdrawn after the end of the fiscal year and applied as per the statute.

While Public Act No. 22-118, the omnibus budget, bonding and implementer bill passed by the General Assembly and signed by the Governor (the "2022 Budget Bill") did not amend CGS Section 4-30a, it altered the operation of CGS Section 4-30a, which gives the Treasurer discretion in the application of the funds that would otherwise bring the balance of the Budget Reserve Fund to be greater than 15% of net General Fund appropriations of the current fiscal year, as he determines to be in the best interest of the State subject to certain limitations. The 2022 Budget Bill requires that from passage through June 30, 2023, the Treasurer shall determine it is in the best interest of the State to apply excess funds that otherwise would be transferred to the Budget Reserve Fund as follows: (i) first to the State Employees' Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, up to 5% of the unfunded actuarial accrued liability, (ii) then to the Teachers' Retirement Fund, in addition to payments required pursuant to CGS Section 10-183z, up to 5% of the unfunded actuarial accrued liability of such fund, and (iii) then to make additional payments to the State Employees' Retirement Fund. While the 2022 Budget Bill did not address the other purposes included within CGS Section 4-30a, specifically the redemption, purchase or extinguishment of outstanding indebtedness or additional contributions to the Teachers' Retirement Fund, it does not direct the application of the funds to purposes or in amounts not already contemplated by CGS Section 4-30a.

Whenever the amount in the Budget Reserve Fund equals or exceeds 5% of the net General Fund appropriations for the current fiscal year, the General Assembly may transfer funds in excess of the 5% threshold from the Budget Reserve Fund, for the purpose of paying unfunded past service liability of the State Employees'

Retirement Fund or the Teachers' Retirement Fund, as the General Assembly, in consultation with the Treasurer, determines to be in the best interests of the State. Whenever in any fiscal year the Comptroller has determined that there is a deficit with respect to the immediately preceding fiscal year, to the extent necessary, funds credited to the Budget Reserve Fund shall be deemed to be appropriated for purposes of funding such deficit.

In addition, the General Assembly may transfer funds from the Budget Reserve Fund to the General Fund if any consensus revenue estimate for the current biennium projects a decline in General Fund revenues for the current biennium of 1% or more from the total amount of General Fund estimated revenue on which the budget act or adjusted revenue plan enacted by the General Assembly was based or from the April 30th annual consensus revenue estimate. Any such transfer may be made at any time during the remainder of the current biennium. The General Assembly may also transfer funds from the Budget Reserve Fund to the General Fund if the consensus revenue estimate maintained or revised not later than April thirtieth annually projects a decline in General Fund revenues, in either year or both years of the biennium immediately following such consensus revenue estimate, of one per cent or more from the total of General Fund appropriations for the current year. Any such transfer shall be made in the fiscal year for which such deficit is projected.

The balance in the Budget Reserve Fund as of June 30, 2022 was $3.31 billion. The balance in the Budget Reserve Fund for the last three fiscal years and application of excess funds is below:

Budget Reserve Fund
(In Millions)

	Fiscal Year 2020	**Fiscal Year 2021**	**Fiscal Year 2022**
BRF Beginning Balance	$ 2,505.5	$ 3,012.9	$ 3,112.0
Plus Surplus	38.7	475.9	1,261.3
Plus Volatility Cap	530.3	1,241.5	3,047.5
Total	$ 3,074.5	$ 4,730.3	$ 7,420.8
BRF Statutory 15% Cap	$ 3,012.9	$ 3,112.0	$ 3,313.4
Excess to Pension Funds (SERF/TRS)	(61.6)	(1,618.3)	(4,107.4)
BRF Net Increase / (Decrease)	$ 507.4	$ 99.1	$ 201.4
Application of Excess BRF:			
State Employees' Retirement Fund	$ 61.6	$ 714.7	$ 3,203.7
Teachers' Retirement System	--	903.6	903.6
Total	$ 61.6	$ 1,618.3	$ 4,107.4

Public Act No. 23-1 revised the provisions related to the Budget Reserve Fund, effective July 1, 2023. See **STATE DEBT – Statutory Provisions –** ***Bond Covenant*** herein.

Bond Covenant. The Treasurer was required to include a covenant in general obligation bonds and credit revenue bonds issued on and after May 15, 2018 and prior to July 1, 2020 requiring the State to comply with various statutory provisions. Effective July 1, 2023, the Treasurer is required to include a covenant in general obligation bonds and credit revenue bonds issued on or after July 1, 2023, and prior to July 1, 2025 requiring the State to comply with various statutory provisions. See **STATE DEBT – State Direct General Obligation Debt – Bond Covenant** herein.

Accounting Procedures

Books and Records. The State uses an enterprise resource planning system called Core-CT to address its automated financial accounting and human resources needs. This statewide system uses technology to manage financial transaction activities ranging from contracting and purchasing to payment and reporting. The State's financial applications are fully integrated with human resources, providing a single comprehensive management and reporting system.

Financial Reporting. For a number of years, the State has prepared annual financial statements in two ways: financial statements prepared using the guidance of Generally Accepted Accounting Principles ("GAAP"), as prescribed by the Government Accounting Standards Board ("GASB"), and financial statements prepared on a statutory basis (that is, following the adopted budget and related statutes, and referred to as "statutory basis" statements). As described below, the State has transitioned to both budgeting and statutory financial statement reporting more in line with GAAP standards.

While not required by statute to prepare financial statements in accordance with GAAP, since 1988 the State has issued comprehensive annual financial reports in accordance with the guidelines established by GASB. These reports include audited annual financial statements prepared using the guidance of GAAP. The State does not prepare GAAP statements on an interim basis.

The Comptroller prepares financial statements annually on a statutory basis for submission to the Governor by September 30 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.

The statutory basis of accounting used for budgetary 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. As described below under "**GAAP Based Budgeting**", commencing in Fiscal Year 2014 appropriations have been made in line with the accrual of expenses for GAAP purposes, and the differences between the two methods are less significant than they would have been without the budgetary conversion to GAAP budgeting, discussed below. Under the statutory basis, expenditures are recorded in the fiscal year in which the payment is processed versus when the expense is realized under a GAAP basis. In addition, there is a recording of expenditure accruals to the fiscal year in which specific goods and services are received even though payment is not processed until the next fiscal year. Such accrued expenditures include State of Connecticut payroll expenses, general agency operating expenses, and Medicaid expenses. Certain appropriations that have not lapsed are reflected in the balance sheet through a reserve for continuing appropriations. Under the statutory basis, there are limited modifications from the cash basis in recording revenues permitted by statute or decision of the Comptroller. Under the modified accrual basis used for GAAP financial recording, generally all revenues are recognized when they are realized or realizable and earned.

The audited statutory basis financial statements for Fiscal Years 2018 through 2022 and the audited financial statements of the State prepared using the guidance of GAAP for Fiscal Year 2022 appear in **Appendices II-C** and **II-D**.

GAAP Based Budgeting. Legislation passed in 2011 required the transition from the previously used modified cash basis of accounting to GAAP. This legislation required that the budget, commencing with Fiscal Year 2014, be prepared in accordance with GAAP, commonly referred to as GAAP budgeting. While GASB does not recognize a concept of GAAP budgeting or prescribe standards for GAAP budgeting, the State interprets the policy objectives of the GAAP budgeting requirement as a requirement to authorize expenditures in line with the accrual of the expenditures, to estimate revenues in line with the accrual of revenues, and an intention, over time, to reduce or eliminate the GAAP deficit. The transition to the implementation of the use of GAAP accrual principles with respect to the preparation of the biennial budget included changing the meaning of a deficit as it relates to the requirement that the Governor's budget include recommendations to the General Assembly regarding the manner in which any deficit shall be met. As a result, prior to the start of the biennium for which the budget document is transmitted to the General Assembly, the Governor now accounts for the amount necessary to extinguish any unreserved negative balance in each budgeted fund as addressed in the most recently issued statutory basis annual financial report issued by the Comptroller. The Governor is not required to account for the extinguishment of any unreserved negative balance resulting from adjustments that are not accounted for within the budget process.

The Comptroller initiated a process intended to result in the implementation of the policy objectives of GAAP with respect to the preparation and maintenance of the biennial budget and the annual financial statements of the State previously prepared on a modified cash basis. The Comptroller established an opening combined balance sheet for each appropriated fund reflecting GAAP accrual principles. This combined balance sheet reflected as a deferred charge the accumulated deficit in the General Fund on June 30, 2013 of $1,217.1 million, as determined on the modified accrual basis of GAAP and identified in the comprehensive annual financial report of the State as the unassigned fund balance in the General Fund ("Accumulated 2013 GAAP Deficit"). As part of a two-part plan to extinguish such deficit, the State issued bonds in October 2013 in the amount of $560.43 million ("GAAP Bonds") generating net proceeds of approximately $600 million, which were deposited in the General Fund and applied to reduce the Accumulated 2013 GAAP Deficit. The second part of the plan was additional legislation that deemed appropriated the amounts needed to amortize the remaining Accumulated 2013 GAAP Deficit from Fiscal Year 2016 to Fiscal Year 2028. The GAAP Bonds contain a contractual covenant with bondholders that no future action of the General Assembly may diminish the appropriation so long as the GAAP Bonds are outstanding, unless the Governor declares an emergency or there are other extraordinary circumstances. The final maturity of the GAAP Bonds is October 15, 2027, at which time the covenant will no longer be in effect.

In accordance with the second part of the plan, the deferred charge of the Accumulated 2013 GAAP Deficit is required to be fully amortized by June 30, 2028. Commencing with Fiscal Year 2018 and for the succeeding ten years, the Secretary of OPM is required to annually publish an amortization schedule to fully reduce the Accumulated 2013 GAAP Deficit by June 30, 2028. Additionally, the unreserved negative balance in the General Fund reported in the comprehensive annual financial report of the State for Fiscal Year 2014, reduced by (i) the Accumulated 2013 GAAP Deficit and (ii) any funds from resources deposited in the General Fund for the purpose of reducing the negative unassigned balance of the General Fund, resulting in $108.7 million, is required to be amortized in each fiscal year of each biennial budget commencing with Fiscal Year 2018 and for the succeeding ten fiscal years. To date, there have been amortization payments made for the GAAP deficit totaling $123.28 million, due to the elimination or delay of the amortization payment in some fiscal years. The first payment of $47.58 million was made in Fiscal Year 2016 and the second payment of $75.7 million was made in Fiscal Year 2020. The remaining Accumulated 2013 GAAP Deficit to be amortized by June 30, 2028 pursuant to Public Act No. 17-51 was $603.9 million as of June 30, 2022.

Cash Management and Investment

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 funds under the control of the Treasurer in a variety of investments allowed by statute, subject to certain conditions, including in certain circumstances the approval of the Investment Advisory Council.

Cash Management. The cash management system and the investment by the Treasurer of State monies, other than monies invested on a longer-term basis, including pension and certain trust funds, are based on the concept of available cash. Available cash consists of the State's common cash pool and funds invested in certain accounts in the Short-Term Investment Fund ("STIF"), including proceeds of various State bonding programs and miscellaneous other STIF accounts. The common cash pool is comprised of the operating cash of most State funds, including the General Fund and the Budget Reserve Fund, and is held or invested in bank deposits, STIF, and other short term investments. It is the State's practice to permit temporary inter-fund transfers to the common cash pool as needed to address mismatches in the timing of receipts and disbursements. This cash management policy is intended to provide flexibility for expenditures to occur when they are needed without the need to resort to short-term financing mechanisms that could impose additional costs on the State. Cash transferred pursuant to these temporary inter-fund transfers is returned as cash pool balances allow. The State's available cash varies from day to day. The week-ending balances of available cash for Fiscal Year 2022 averaged $11.6 billion.

In addition, the Treasurer has the authority to establish, and has in the past established, lines of credit and other short-term financing mechanisms to secure the availability of cash.

On a daily basis, the Treasurer calculates expected cash receipts and disbursements, necessary bank balances, and amounts available for investment. The Treasurer is required to submit a monthly report to certain legislative members and the OFA that includes among other items, a weekly list of the State's cash balance, a year to date total of authorized but unissued bonds, debt instruments or commercial paper of the State, and the amounts in the State's common cash pool.

Short-Term Investment Fund. STIF is a combined investment pool of high quality, short-term money market instruments, which is an investment vehicle for the temporary surplus cash of all funds for 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 and the investment restrictions of CGS Section 3-27d. These investment guidelines prohibit investment in derivative securities other than floating rate securities that 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. STIF is rated "AAAm" by Standard & Poor's.

Other Funds. Other State monies are held in certain 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 Section 3-24k. In addition, investments may be made in individual securities pursuant to CGS Section 3-31a. Allowable investments under CGS Section 3-31a include United States government and agency obligations, shares or interests in an investment company or investment 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 collateralized by such obligations, certificates of deposit, commercial paper, savings accounts, and bank acceptances. The Treasurer has adopted guidelines for investments made under CGS Section 3-31a that specify credit and diversification standards, and limit individual security maturities to three years and the total amount invested to $5.0 billion, subject to increases with the approval of the Treasurer. Pursuant to CGS Section 3-28a and guidelines adopted by the Treasurer, the Treasurer is authorized to invest 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.

Investment and Payment of Bond Proceeds. Proceeds of bonds are accounted for in various bond funds. Generally, all invested assets of the bond funds are invested in STIF. Bond proceeds are expended in accordance with the authorization and allotment procedure of the State Bond Commission and the Governor. Assets of the bond funds may from time to time be transferred temporarily to the common cash pool in accordance with the State's overall cash flow needs. Under the State's accounting system, transfer 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 temporary transfer 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.

Investment of Pension and Trust Funds. Eleven investment funds traditionally served as the investment medium for the various pension, retirement and trust funds of which the Treasurer is the trustee. They were the Domestic Equity Fund, the Developed Markets International Stock Fund, the Emerging Markets International Stock Fund, the Core Fixed Income Fund, the Private Credit Fund, the Emerging Markets Debt Fund, the High Yield Debt Fund, the Private Investment Fund, the Real Assets Fund, the Liquidity Fund and the Alternative Investment Fund. The pension, retirement and trust funds acquired units, in varying proportions depending on the investment policies of the funds, in one or more of the eleven 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. Pursuant to an Investment Policy Statement adopted in September 2022, the investment of such pension, retirement and trust funds will shift to the asset classes in the below table over the next three years. The long term policy target for the State Employees' Retirement Fund and Teachers' Retirement Fund, the bulk of the State's investment funds, is noted below; other pension, retirement and trust funds have different targets.

Composite / Asset Class	**Long-Term Policy Target***	**Benchmark**
Global Equity	37%	MSCI All Country World IMI Net Index
Core Fixed Income	13%	Blend: Bloomberg Barclays U.S. Aggregate Bond and Bloomberg Barclays U.S. Treasuries Index
Non-Core Fixed Income (Public Credit)	2%	Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index
Private Equity	15%	Russell 3000 + 250 basis points*
Private Credit	10%	S&P / LSTA Leveraged Loan Index + 150 basis points*
Absolute Return (Risk Mitigating)	5%	Blend: Dynamic weighted strategy (HFRX)
Real Estate	10%	Open End Diversified Core Equity (NFI-ODCE Index)*
Infrastructure and Natural Resources	7%	CPI + 400 basis points*
Liquidity / (Cash Equivalents)	1%	U.S. 3-Month T-Bill Index

*Deviations from approved asset allocation targets may occur from time to time as a result of market movements or other unanticipated events. Performance comparisons are typically evaluated one quarter in arrears.

See also **PENSION AND RETIREMENT SYSTEMS** herein.

Investment Advisory Council. 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. Under certain limited circumstances, all private equity or real estate investments require approval of the Investment Advisory Council. 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.

STATE GENERAL FUND

The State finances most of its operations through its General Fund. Certain State functions, such as the State's transportation budget, are financed through other State funds. See **OTHER FUNDS, DEBT AND LIABILITIES** herein. For budgetary purposes, the State's General Fund has been accounted for in accordance with accounting standards prescribed by statutes ("statutory-basis"). The State has not been required by law to prepare generally accepted accounting principles financial statements, although it has prepared such statements annually since 1988. Legislation passed in 2011 facilitated a transition from the prior modified cash basis of accounting to a basis of accounting that incorporates certain policy objectives of GAAP. For an explanation of the differences between the statutory basis and GAAP based accounting and a discussion of the transition to GAAP, see **FINANCIAL PROCEDURES — Accounting Procedures** herein.

GAAP based audited financial statements for certain funds including the General Fund of the State for Fiscal Year 2022 are included as **Appendix II-C**. Statutory basis audited financial statements for the General Fund for Fiscal Years 2018 through 2022 are included in **Appendix II-D**. The adopted budget and audited financial statutory basis results for Fiscal Year 2022 and the adopted budget and estimated budget (as of December 31, 2022) for Fiscal Year 2023 are included as **Appendix II-E**. Unless otherwise stated, amounts set forth in the discussion that follows under this caption **STATE GENERAL FUND** refer to such amounts as calculated on the statutory basis of accounting. Financial information presented herein for Fiscal Year 2023 and later is unaudited and subject to change.

General Fund Revenues

Procedure For Forecasting Revenues. Revenues are forecast by the legislature in adopting a budget and by the executive branch in proposing a budget and tracking performance through the year and for other planning purposes. Revenue forecasting incorporates a blend of econometric modeling and economic advice obtained from an array of expert sources. Some of these major sources include: "Blue Chip Economic Indicators," which is a compilation of the consensus forecast for major national economic indicators from the top 50 economic and financial institutions and IHS Global Inc. ("IHS"), a nationally recognized econometric forecasting firm.

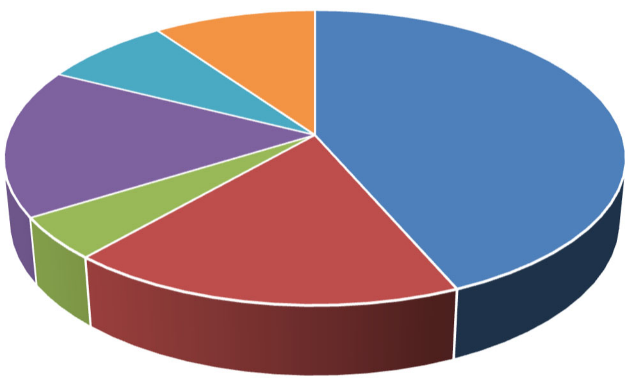
Because of the vast number of variables that can impact the revenue forecast, the State considers forecasting to be a process and not a product. While the economic data from available sources is analyzed and used to anticipate overall direction and trends, the revenue forecast is generated through a consensus interpretation of all available data. Annual revenue estimates from the beginning of each year attempt to account for possible variations in economic activity during the year. Periodic economic data, such as seasonal adjustments to estimated personal income growth, or a monthly drop in employment, are analyzed on an on-going basis. Adjustments are made when the aggregate values of such changes deviate beyond tolerance levels derived from aggregate and historical estimates. The State believes that the process followed in developing Connecticut's revenue forecast is consistent with approaches taken in many other states.

Fiscal Year 2022 and 2023 Adopted Revenues. General Fund revenues are forecasted by the legislature at the adoption of the budgets for Fiscal Years 2022 and 2023 ("Adopted Revenues") and are reflected in **Appendix II-E**.

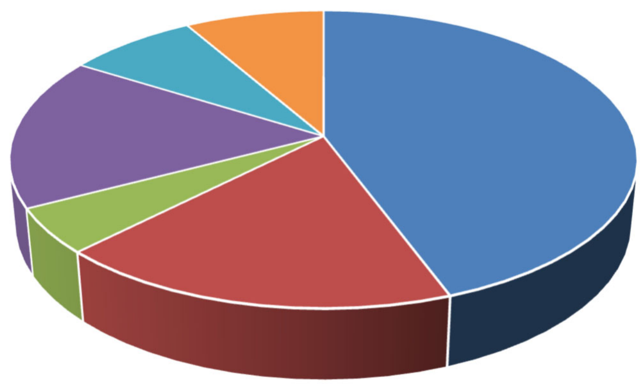
General Fund revenues are derived primarily from the collection of State taxes, including the personal income tax, the sales and use tax and the corporation business tax. The State, as of the forecast date, expected to derive approximately 66.1 percent and 67.3 percent of its General Fund revenues from these taxes during Fiscal Year 2022 and Fiscal Year 2023, respectively. A summary of anticipated General Fund revenue sources based on the Adopted Revenues for Fiscal Years 2022 and 2023, is set forth below:

Adopted General Fund Revenues (In Millions)

Adopted Revenues
Fiscal Year 2022
$20,811.1 [(a)]



Adopted Revenues
Fiscal Year 2023
$22,108.3 [(a)]



Fiscal Year 2022

Personal Income Tax	$ 10,361.0	43.5%
Sales and Use Tax	4,274.6	17.9%
Corporate Business Tax	1,115.6	4.7%
Other Taxes[(b)]	3,883.4	16.3%
Unrestricted Federal Grants	1,851.9	7.8%
Other Non-Tax Revenues[(c)]	2,328.4	9.8%

Fiscal Year 2023

Personal Income Tax	$ 11,707.1	44.3%
Sales and Use Tax	4,777.6	18.1%
Corporate Business Tax	1,294.2	4.9%
Other Taxes[(b)]	4,371.6	16.6%
Unrestricted Federal Grants	2,059.0	7.8%
Other Non-Tax Revenues[(c)]	2,193.5	8.3%

NOTE: Totals may not add to 100% due to rounding.

(a) The pie charts reflect the total of the listed tax and revenue amounts of $23,814.9 million for Fiscal Year 2022 and $26,403 million for Fiscal Year 2023, while the amounts in the title of the pie charts reflect reductions resulting from tax refunds, earned income tax, R&D Credit Exchange, refunds of payments, transfers to other funds, volatility cap adjustments and revenue cap deductions of $3,003.8 million for Fiscal Year 2022 and $4,294.7 million for Fiscal Year 2023. See **Appendix II-E** for anticipated adjustments to adopted tax revenues.

(b) Other taxes are comprised of inheritance and estate taxes; pass-through entity tax; taxes on gross receipts of public service corporations, on net direct premiums of insurance companies, on cigarettes and alcoholic beverages, on real estate transfers, on admissions and dues, on health care providers and other miscellaneous taxes. See **Appendix II-E**.

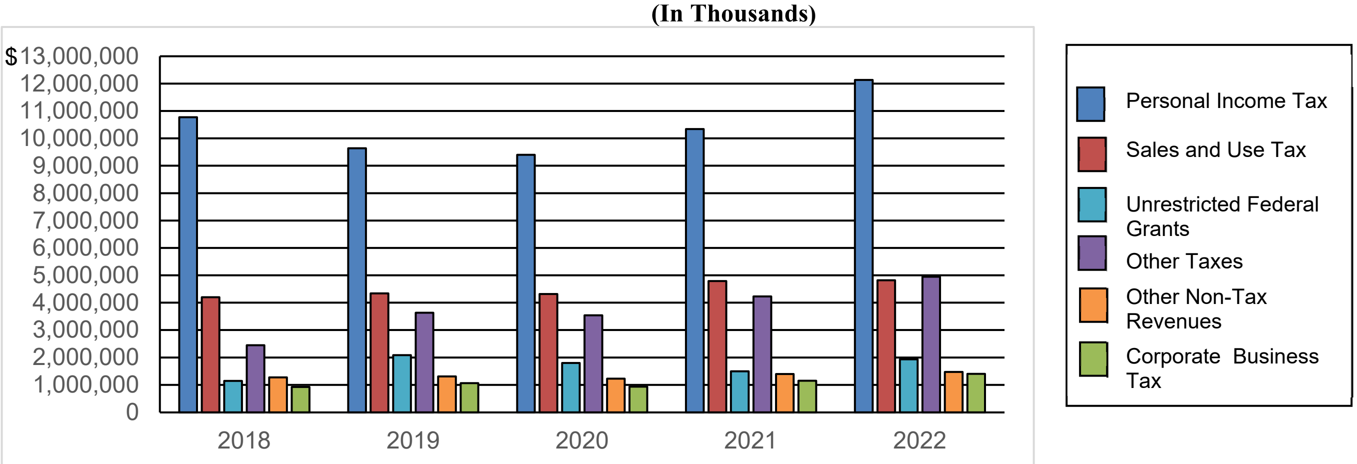
(c) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues; designated Tobacco Settlement Revenues and special transfers to the resources of the General Fund. **See Appendix II-E**.

SOURCE: Special Act No. 21-15 and Public Act No. 22-118

Historical General Fund Revenues

Actual General Fund revenues for Fiscal Years 2018 through 2022 are set forth in **Appendix II-D**. A summary of the composition of General Fund gross revenues for the last five fiscal years is illustrated below:

General Fund Revenues[(a)]
Fiscal Year Ending June 30
(In Thousands)



	2018	2019	2020	2021	2022
Taxes:					
Personal Income Tax……………	$10,770,150	$ 9,640,164[(b)]	$ 9,397,778[(b)]	$10,340,437[(b)]	$12,131,800[(b)]
Sales Tax………………………	4,202,246	4,338,061	4,317,730	4,792,675	4,818,083
Corporate Business Tax………..	920,746	1,060,877	934,499	1,153,079	1,401,153
Other Taxes[(c)]………………….	2,447,461	3,631,038	3,542,851	4,229,834	4,947,333
Subtotal……………………..	$18,340,603	$18,670,140	$18,192,858	$20,516,024	$23,298,369
R & D Credit Exchange………..	(5,664)	(5,370)	(8,628)	(7,093)	(5,756)
Refunds of Taxes………………	(1,269,667)	(1,465,368)	(1,491,413)	(1,857,512)	(1,811,202)
Total Net Taxes…………….	$17,065,272	$17,199,401	$16,692,816	$18,651,419	$21,481,411
Other Revenue:					
Federal Grants (Unrestricted)….	$ 1,143,075	$ 2,083,774	$ 1,796,754	$ 1,496,315	$ 1,934,869
Other Non-Tax Revenues[(d)]…….	1,273,461	1,307,982	1,227,906	1,397,789	1,474,531
Transfers to Other Funds……….	(1,528,983)[(e)]	(1,051,495)[(f)]	(659,936)[(g)]	(1,128,604)[(h)]	(3,026,155)[(i)]
Transfers from Other Funds…….	245,726	110,200	136,000	114,500	126,200
Total Other Revenues……..	$ 1,133,279	$ 2,450,461	$ 2,500,724	$ 1,880,000	$ 509,445
Total Revenues.....................	$18,198,551	$19,649,862	$19,193,540	$20,531,418	$21,990,857

(a) The bar graph reflects the gross listed tax and revenue amounts and does not reflect the listed adjustments for tax credits and refunds and transfers to or from other funds. See **Appendix II-D** for adjustments to revenues.

(b) Personal Income Tax total in Fiscal Years 2019 through 2022 are comprised of $6,665.8 million, $6,815.2 million, $7,243.8 million and $7,886.2 million, respectively, in the withholding portion of Personal Income Tax and $2,974.4 million, $2,582.6 million, $3,096.6 million and $4,245.6 million, respectively, in the estimated and finals portion of Personal Income Tax.

(c) Other taxes are comprised of inheritance and estate taxes; taxes on gross receipts of public service corporations, net direct premiums of insurance companies, cigarettes and alcoholic beverages, real estate transfers, admissions and dues, and health care providers; and other miscellaneous taxes. Fiscal Years 2019 through 2022 also contain a pass-through entity tax in the amount of $1,172.1 million, $1,241.9 million, $1,549.7 million and $2,307.6 million, respectively.

(d) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues, designated Tobacco Settlement Revenues and special transfers to the resources of the General Fund less refunds of payments.

(e) Includes transfer to the Budget Reserve Fund for the volatility adjustment of $1,471.3 million and transfer to the Pequot/Mohegan Fund.

(f) Includes transfer to the Budget Reserve Fund for the volatility adjustment of $949.7 million and transfer to the Pequot/Mohegan Fund.

(g) Includes transfers from resources of the General Fund and transfers for the volatility adjustment of $530.3 million and transfer to the Pequot/Mohegan Fund.

(h) Includes transfers from resources of the General Fund of $112.9 million and transfers for the volatility adjustment of $1,241.5 million and transfer to the Pequot/Mohegan Fund.

(i) Includes transfers from resources of the General Fund of $21.3 million and transfers for the volatility adjustment of $3,047.5 million and transfer to the Pequot/Mohegan Fund.

SOURCE: 2018, 2019, 2020, 2021 and 2022 Annual Reports of the State Comptroller.

Components of Revenue

Personal Income Tax. The State imposes a Personal Income Tax on the income of residents of the State (including resident trusts and estates), part-year residents and certain non-residents who have taxable income derived from or connected with sources within Connecticut. The current tax is imposed on a graduated scale, with a maximum rate of 6.99% on Connecticut taxable income. Depending on federal income tax filing status, the taxable year and Connecticut adjusted gross income, personal exemptions are available to taxpayers, ranging from $15,000 to $24,000. In addition, tax credits ranging from 1% to 75% of a taxpayer's Connecticut tax liability are also available depending upon federal income tax filing status, the taxable year and Connecticut adjusted gross income. Such exemptions and tax credits are phased out at higher income levels. Under the current structure, the top rate increases to 6.99% with a rate of 3% applicable to taxable income up to certain amounts. The first $20,000 of taxable income for a joint filer and the first $10,000 of taxable income for a single filer are taxed at the 3% rate, rising thereafter to 6.99%. Lower rates are phased out for all filers who exceed certain income thresholds. There is an income tax credit available to certain filers for property taxes paid of $300 per filer for tax years beginning on or after January 1, 2022. Taxpayers also are subject to a Connecticut minimum tax, based on their liability, if any, for payment of the federal alternative minimum tax. Neither the personal exemption nor the tax credits described above are available to trusts or estates.

Sales and Use Taxes. A Sales Tax is imposed, subject to certain limitations, on the gross receipts from certain transactions within the State of persons engaged in business in the State, including (a) retail sales of tangible personal property, (b) the rendering of certain services, (c) the leasing or rental of tangible personal property, (d) the production, fabrication, processing, printing, or imprinting of tangible personal property to special order or with materials furnished by the consumer, (e) the furnishing, preparation or serving of food, meals, or drinks, and (f) hotel, lodging house rooms or bed and breakfast establishment for a period not exceeding thirty consecutive calendar days. A Use Tax is imposed, with certain exceptions, on the consideration paid for certain services or purchases or rentals of tangible personal property used within the State pursuant to a transaction not subject to the Sales Tax. The tax rate for each of the Sales and Use Taxes is 6.35% except as otherwise provided. A separate rate of 15% is charged on the occupancy of hotel rooms or lodging house rooms and 11% for bed and breakfast establishments. Various exemptions from the Sales and Use Taxes are provided, based on the nature, use or price of the property or services involved or the identity of the purchaser. Tax returns and accompanying payments with respect to these taxes are generally due monthly on or before the last day of the month next succeeding the taxable month.

Corporation Business Taxes. A Corporation Business Tax is imposed on any corporation, joint stock company or association, any dissolved corporation that continues to conduct business, any electric distribution company or fiduciary of any of the foregoing that carries on or has the right to carry on business within the State, owns or leases property, maintains an office within the State, or is a general partner in a partnership or a limited partner in a limited partnership, except an investment partnership, which does business, owns or leases property or maintains an office within the State. Certain financial services companies and domestic insurance companies are exempt from this tax. Corporations are required to compute their tax liability under three methods, determine which calculation produces the greatest tax, and pay that amount to the State.

- The first method of computing the Corporation Business Tax is a tax measured by the net income of a taxpayer (the "Income-Base Tax"). Net income means federal gross income with limited variations less certain deductions, most of which correspond to the deductions allowed under the Internal Revenue Code of 1986, as amended. The Income-Base Tax is at a rate of 7.5%.
- The second method of computing the Corporation Business Tax is a tax on capital (the "Capital Base Tax"). This tax is determined either as a specific maximum dollar amount or at a flat rate on a defined base, usually related in whole or in part to the corporation's capital stock and balance sheet surplus, profit and deficit.
- The third method of computing the Corporation Business Tax is a minimum tax in the amount of $250.

The State limits corporation credits from reducing tax liability by more than 50.01% for most credits. The State imposed a corporation business tax surcharge of 20% for income years 2012 through 2017 for businesses with over $100 million in federal adjusted gross income. Under current law, the surcharge decreased to 10% for income years 2018 through 2022 and is phased out completely for income year 2023.

Other Taxes. Other tax revenues are derived from pass-through entities; inheritance and estate taxes; taxes on gross receipts of public service corporations, on net direct premiums of insurance companies, on cigarettes and alcoholic beverages, on real estate transfers, on admissions and dues, on health care providers, and other miscellaneous taxes.

The State imposes a Pass-Through Entity Tax on the income derived from or connected with Connecticut sources for: (a) partnerships, including limited liability companies that are treated as partnerships for federal income tax purposes, but excluding publicly-traded partnerships, and (b) S corporations, including limited liability companies that are treated as S corporations for federal income tax purposes. Formerly such income was subject to either the state's Personal Income Tax or the Corporation Business Tax. The current tax rate for the Pass-Through Entity tax is 6.99%. Members of a pass-through entity are entitled to a credit on the State's Personal Income Tax or Corporation Business Tax based upon their respective shares of the pass-through entity's tax liability. For taxable years that begin on or after January 1, 2018, but prior to January 1, 2019, the tax credit is 93.01% of the member's share of the Pass-Through Entity Tax. For taxable years that begin on or after January 1, 2019, the tax credit is 87.5% of the member's share of the Pass-Through Entity Tax.

Federal Grants. Depending upon the particular program being funded, federal grants-in-aid are normally conditioned, to some degree, on resources provided by the State. Most unrestricted federal grant revenue is based on expenditures. The largest components of federal grants in Fiscal Year 2022 were related to assistance provided to low income individuals under Medicaid and Temporary Assistance for Needy Families. The State also receives certain restricted federal grants that are not reflected in annual appropriations but that nonetheless are accounted for in the General Fund. In addition, the State receives certain federal grants that are not accounted for in the General Fund but are allocated to the Special Transportation Fund, various Capital Project Funds and other funds. With respect to Medicaid expenditures, only the State's share of Medicaid expenditures are appropriated in the Department of Social Services ("DSS") Medicaid account. Current federal regulations reduced the reimbursement rate for the Medicaid expansion population to 90% beginning in calendar year 2020. Federal reimbursement for this population was 100% for calendar years 2014 through 2015 and was phased down starting in 2017 to 95% and dropped to 94% for calendar year 2018 and 93% in calendar year 2019. The Medicaid appropriation in the DSS is "net funded" while other Medicaid expenditures – including funding for the Hospital Supplemental Payments account in DSS – are gross funded, with federal funds deposited directly to the State.

Other Non-Tax Revenues. Other non-tax revenues are derived from special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenue sources; and designated Tobacco Settlement Revenues.

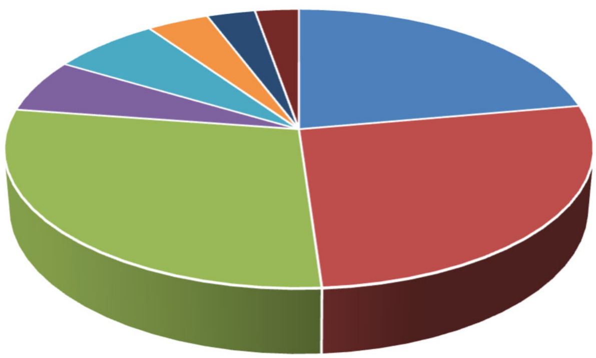
General Fund Expenditures

Fiscal Year 2022 and 2023 Appropriated Expenditures. State expenditures are categorized for budget and appropriation purposes under ten functional headings, with expenditures by agency generally shown as subheadings in the following functional categories: Human Services; Education, Libraries and Museums; Non-Functional (debt service and miscellaneous expenditures including fringe benefits); Health and Hospitals; Corrections; General Government; Judicial; Regulation and Protection; Conservation and Development; and Legislative. State expenditures for Department of Transportation functions are generally paid from the Special Transportation Fund, although minor expenditures for transportation related expenditures are occasionally paid from the General Fund. See **OTHER FUNDS, DEBT AND LIABILITIES - Special Transportation Fund and Debt** herein.

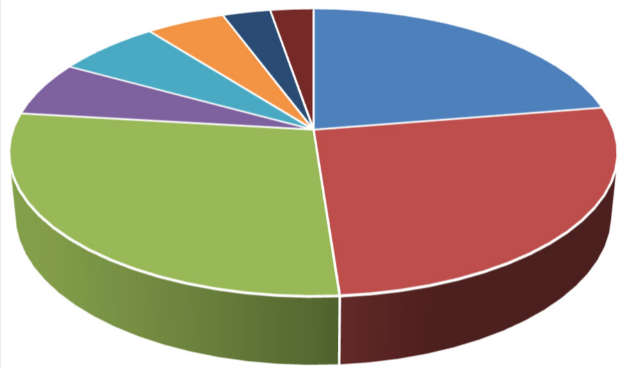
The adopted budgets for Fiscal Year 2022 and 2023 are included as **Appendix II-E**. A summary of appropriated General Fund expenditures for Fiscal Years 2022 and 2023 is set forth below.

Appropriated General Fund Expenditures (In Millions)

Appropriated Expenditures
Fiscal Year 2022
$20,746.4[(a)]



Appropriated Expenditures
Fiscsal Year 2023
$22,089.2[(a)]



Fiscal Year 2022

Human Services	$ 4,618.0	22.2%
Education, Libraries and Museums	5,556.7	26.7%
Non-Functional	5,910.2	28.4%
Health and Hospitals	1,287.4	6.2%
Corrections	1,416.3	6.8%
General Government	811.0	3.9%
Judicial	629.6	3.0%
Other Expenditures[(b)]	571.0	2.7%

Fiscal Year 2023

Human Services	$ 4,983.5	22.4%
Education, Libraries and Museums	5,871.1	26.4%
Non-Functional	6,236.6	28.1%
Health and Hospitals	1,370.0	6.2%
Corrections	1,430.9	6.4%
General Government	1,084.5	4.9%
Judicial	658.3	3.0%
Other Expenditures[(b)]	594.3	2.7%

(a) The pie charts reflect the total appropriated expenditures of $20,800.3 million for Fiscal Year 2022 and $22,229.4 million for Fiscal Year 2023, while the references in the title of the pie charts reflect adjustments for unallocated lapses of $53.9 million for Fiscal Year 2022 and $140.2 million for Fiscal Year 2023. See **Appendix II-E** for anticipated adjustments to appropriated expenditures.

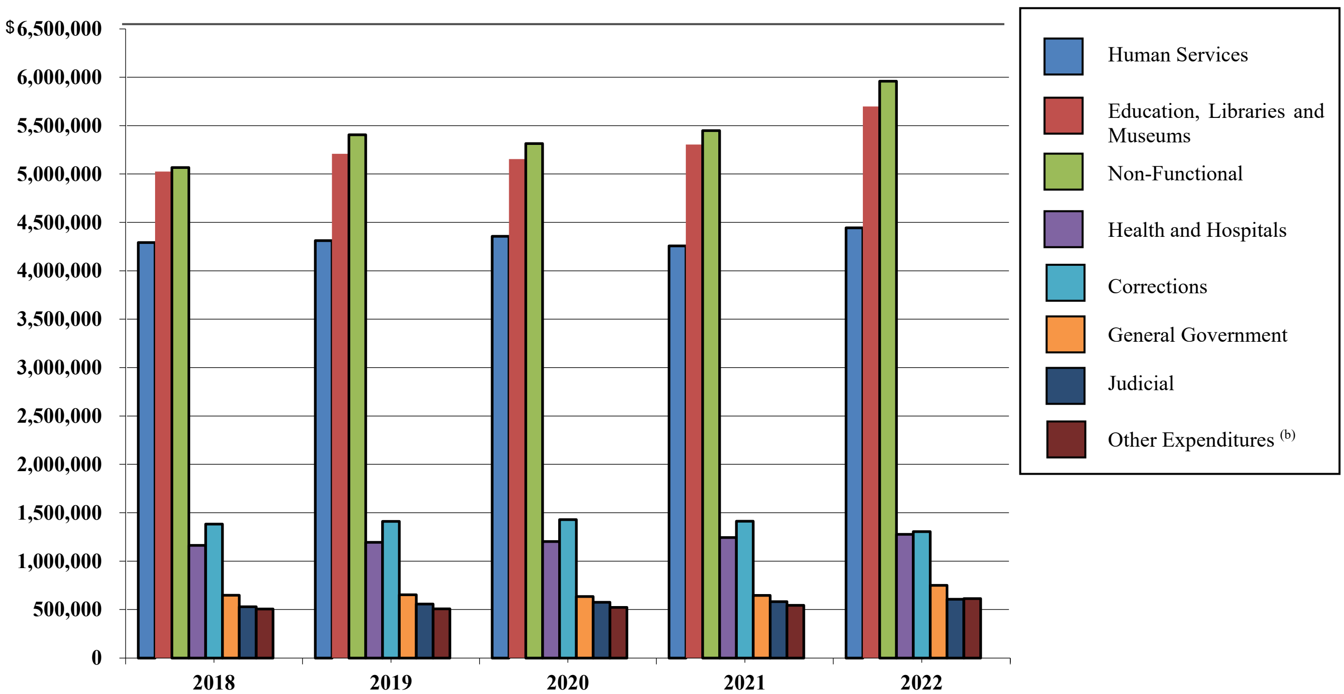
(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

SOURCE: Special Act No. 21-15 and Public Act No. 22-118.

Historical General Fund Expenditures

Actual General Fund expenditures for Fiscal Years 2018 through 2022 are set forth in **Appendix II-D** to this Information Statement. A summary of the composition of General Fund expenditures for the last five fiscal years is illustrated below:

General Fund Expenditures By Function[a]
Fiscal Year Ending June 30
(In Thousands)



	2018	2019	2020	2021	2022
Human Services	$ 4,291,893	$ 4,311,722	$ 4,356,788	$ 4,257,971	$ 4,444,984
Education, Libraries and Museums	5,024,542	5,208,399	5,154,647	5,303,846	5,697,620
Non-Functional	5,066,694	5,405,866	5,314,485	5,447,513	5,958,694
Health and Hospitals	1,163,451	1,194,173	1,202,890	1,243,572	1,276,373
Corrections	1,382,304	1,410,967	1,429,124	1,412,659	1,305,228
General Government	647,508	653,270	634,622	646,356	749,700
Judicial	528,902	557,067	574,735	580,979	606,544
Other Expenditures[b]	505,415	507,186	521,343	543,308	612,359
Totals	$ 18,610,709	$ 19,248,650	$ 19,188,634	$ 19,436,204	$ 20,651,502

(a) The bar graphs and amounts listed do not reflect the offsetting effect of restricted federal and other grants. Amounts shown do not exclude expenditures or appropriations carried over from the prior fiscal year and do not include expenditures of appropriations carried into the next fiscal year. See **Appendix II-D**.

(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

NOTE: Totals may not add due to rounding.

SOURCE: 2018, 2019, 2020, 2021 and 2022 Annual Reports of the State Comptroller.

Components of Expenditures

Human Services. Virtually all of the State expenditures for Human Services are allocated to the Department of Social Services for various programs and services, including Medicaid payments, Temporary Assistance to Families, and General Assistance payments.

Education, Libraries and Museums. The majority of State expenditures for Education, Libraries and Museums is allocated to the Department of Education, the largest share of which consists of payments to local governments. The remaining consists of expenditures for higher education (including the University of Connecticut, Connecticut State Colleges and Universities and Office of Higher Education), the Office of Early Childhood Education, the Teachers' Retirement Board and the State Library.

Non-Functional. Non-Functional State expenditures consist of debt service payments, State employee fringe benefit accounts and other miscellaneous appropriations.

Health and Hospitals. State expenditures for Health and Hospitals are allocated primarily for programs and services provided by the State Departments of Public Health, Developmental Services, and Mental Health and Addiction Services.

Corrections. Appropriations to the State Department of Correction and the Department of Children and Families comprise the largest portion of State expenditures for Corrections.

General Government. State expenditures for General Government may be classified into three categories: executive, financial administration and legal, the largest of which is expenditures for financial administration. Such expenditures are primarily for salaries and other miscellaneous expenses of various State departments.

Judicial. Judicial expenditures are comprised of salaries, expenses and payments for special programs of the Judicial Department and the Public Defender Services Commission.

Regulation and Protection. State expenditures for Regulation and Protection consist primarily of appropriations for the Department of Public Safety for salaries, equipment, training and other services and expenses. Other agencies and programs for which appropriations are made include the Police Officer Standards and Training Council, the Board of Firearms Permit Examiners, the Military Department, the Commission on Fire Prevention and Control, the Department of Consumer Protection, the Department of Labor, the Commission on Human Rights and Opportunities, and the Office of the Child Advocate.

Conservation and Development. State expenditures for Conservation and Development fall into three general categories: agriculture; development of housing, historical sites, commerce and industry; and environment.

Legislative. Legislative expenditures are comprised primarily of salaries, equipment and other expenses necessary for Legislative Management and the Auditors of Public Accounts.

Expenditures by Type

General Fund appropriations and the corresponding State expenditures can be categorized into two groups, non-fixed costs and fixed costs. Non-fixed costs can be described as the costs of State administration and include expenditures used directly to operate the facilities and programs of State agencies. This includes such items as salaries and wages for State employees; utility and fuel costs; food; institutional and office supplies; equipment; rent for office space and other facilities; and other current expenses, variable costs and discretionary items.

Fixed costs consist largely of payments for State employee and teacher benefits including pension contributions, retiree health benefits, entitlement programs such as Medicaid, and payments of debt service. For Fiscal Year 2021, Fiscal Year 2022 and Fiscal Year 2023, fixed costs amount to approximately 51.2%, 51.1% and 50.5%, respectively, of total General Fund expenditures. A summary of non-fixed and fixed costs for the General Fund is shown below.

TABLE 1 [(a)]
Fixed Costs – General Fund
Summarized by Major Expenditure Category
(In Millions)

	Fiscal Year 2021 (Actual)	**Fiscal Year 2022 (Actual)**	**Fiscal Year 2023 (Estimated)**
Total Non-Fixed Costs	**$ 9,492.1**	**$ 10,097.0**	**$ 11,239.7**
Fixed Costs:			
Debt Service	2,275.8	2,383.6	2,568.2
Teachers' Pensions	1,249.8	1,443.7	1,578.0
State Employees' Retirement System	1,315.6	1,460.6	1,567.8
Other State Pensions	49.2	53.3	60.7
State and Teachers' OPEB	779.0	758.4	792.9
Medicaid	2,444.1	2,548.6	2,840.3
All Other Entitlement Accounts[(b)]	1,830.6	1,906.4	2,068.4
Total Fixed Costs	**$ 9,944.1**	**$ 10,554.6**	**$ 11,476.3**
Fixed Cost Percent of Total Expenditures	**51.2%**	**51.1%**	**50.5%**

(a) Table 1 includes actual audited expenditures for Fiscal Years 2021-2022 and estimated expenditures for Fiscal Year 2023 per OPM's January 20, 2023 letter to the Comptroller.

(b) Includes entitlement programs under the Department of Mental Health and Addiction Services, Department of Development Services, Department of Social Services, Department of Children and Families and adjudicated claims under the Office of the State Comptroller.

NOTE: Totals may not add due to rounding.

SOURCE: OPM

Forecasted Operation

Consensus Revenue Estimates

Pursuant to CGS Section 2-36c, on May 1, 2023, OPM and OFA issued their consensus revision to their January 17, 2023 consensus revenue estimates for the remaining fiscal year of the current biennium and the next three ensuing fiscal years as follows:

General Fund Consensus Revenue Estimate
(in Millions)

Fiscal Year:	**2023**	**2024**	**2025**	**2026**
Revenue Estimate January 17, 2023	$23,224.5	$22,599.8	$23,216.7	$23,864.2
Revenue Estimate May 1, 2023	$23,444.6	$22,790.8	$23,423.9	$24,065.2
Increase/(Decrease) in Revenue Estimate	$ 220.1	$ 191.0	$ 207.2	$ 201.0

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 State will not indicate changes in the final results of the fiscal years reported.

Fiscal Accountability Report

Fiscal accountability reports were submitted by OPM and OFA on November 18, 2022. The reports show the level of expenditure change from current year expenditures allowable by consensus revenue estimates in the General Fund, the changes to current year expenditures necessitated by fixed cost drivers which include, generally, pension and other retiree costs, debt service, Medicaid and certain other costs for the Department of Social Services and the Department of Children and Families, and the aggregate changes to current year expenditures required to accommodate such fixed cost drivers without exceeding current revenue estimates.

Both reports estimated revenue in the General Fund exceeding expenditures for Fiscal Year 2023 resulting in a projected surplus of $1,005.3 million by OPM and $931.7 million by OFA.

OFA projected a General Fund surplus of $6.7 million, $436.7 million and $822 million in each of Fiscal Years 2024 to 2026, respectively. OFA noted that there may be pressure in the Fiscal Year 2024-2025 biennial budget cycle to replace some of the Fiscal Year 2023 unspent funds from the prior fiscal year which have been reallocated and the funding from the American Rescue Plan Act of 2021 (“ARP Act”). OFA further noted that there is a measure of uncertainty in the economic outlook.

The OPM report projected year-over-year revenue growth vs. fixed cost growth beyond Fiscal Year 2023 as follows:

Year-Over-Year Revenue Growth vs. Fixed Cost Growth
(In Millions)

	Fiscal Year 2024 vs. Fiscal Year 2023	Fiscal Year 2025 vs. Fiscal Year 2024	Fiscal Year 2026 vs. Fiscal Year 2025
Revenue Growth	$ (646.6)	$ 590.6	$ 654.2
Less: Total Fixed Cost Growth	409.3	266.9	262.4
Difference	**$ (1,055.9)**	**$ 323.7**	**$ 391.8**

According to OPM, the fixed cost growth anticipated to exceed revenue growth for Fiscal Year 2024 is both a reflection of the large decrease in anticipated revenue relative to Fiscal Year 2023 primarily because of the loss of coronavirus state fiscal recovery funds, the diversion of the full 0.5 percent of the Sales and Use Tax to the Municipal Revenue Sharing Account, and one-time increases in the State share of Medicaid costs. Beyond Fiscal Year 2024, the revenue growth anticipated to exceed the growth in fixed cost requirements reflects the State’s discipline in addressing its long-term liabilities which approximate $88.3 billion, down $7.1 billion from the level reported last year.

The OFA report estimated that General Fund fixed costs are projected to grow in the out years by approximately $152.3 million in Fiscal Year 2024, $160.7 million in Fiscal Year 2025 and $268.9 million in Fiscal Year 2026, projecting an average annual growth rate of 1.6% in Fiscal Year 2024 through Fiscal Year 2026 across all General Fund fixed cost expenditure categories. OFA noted that fixed costs are anticipated to grow at a slower pace in the out-years than the current biennium largely due to savings in state employee and teachers’ pensions from deposits from the excess in the Budget Reserve Fund. OFA further noted that revenue growth is expected to outpace fixed cost growth in each year from Fiscal Year 2024 to Fiscal Year 2026.

The OPM report projected the State's spending cap would allow growth in capped expenditures of approximately 5.48% in Fiscal Year 2024 over Fiscal Year 2023, 4.11% in Fiscal Year 2025 over Fiscal Year 2024 and 4.26% in Fiscal Year 2026 over Fiscal Year 2025.

The OPM report further discussed the long-term liabilities facing the State that total approximately $88.3 billion. The table below details the components of these long-term liabilities:

Long-Term Obligations
(In Billions)

Bonded Indebtedness – As of 6/30/2022	$ 27.0
State Employee Pensions – Unfunded as of 6/30/2021	22.4
Teachers' Pension – Unfunded as of 6/30/2022	17.1
State Employee Post-retirement Health and Life – Unfunded as of 6/30/2022	19.5
Teachers' Post-Retirement Health and Life – Unfunded as of 6/30/2021	1.6
Cumulative GAAP Deficit – As of 6/30/2021	0.7
Total	**$ 88.3**

OPM estimates that the impact of the additional deposits to the State Employees Retirement Fund and the Teachers Retirement Fund, spread over 25 years (in accordance with the plans' policies related to recognizing gains and losses), results in actuarially determined employer contribution savings over 25 years of over $9.4 billion.

The reports also 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 $1.3 billion to 1.6 billion in each year and UConn 2000/Next Generation bond issuances between $0.26 billion to $0.07 billion in each year with the expenditure on debt service generally gradually increasing over such period. In addition, OPM projected the State's aggregate debt subject to the debt limit to range from 73.71% to 76.01% of the debt limit from Fiscal Year 2023 to Fiscal Year 2027.

The projections of OPM and OFA 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 State will not reflect changes in the operations of the General Fund or in the estimated or final results of such fiscal years. In addition, the State has a balanced budget requirement, a revenue cap and a spending cap as discussed in the **Financial Procedures** section under the heading **The Budgetary Process –** ***Balanced Budget Requirement***. As such, budgets adopted for future fiscal years will need to comply with those requirements. As a result, the figures included in the report do not represent a projection of the actual financial results that might be expected, but instead serve as a planning tool.

Adopted Budget for Fiscal Years 2022 and 2023

On June 9, 2021, the General Assembly passed a biennial budget bill which the Governor signed into law (the "2021 Budget Act"). The 2021 Budget Act projected revenues of $21,021.3 million and made net General Fund appropriations of $20,746.4 million for Fiscal Year 2022. Taking into account the deduction for the cap on revenues, the General Fund was projected to have a surplus of $64.7 million in Fiscal Year 2022. The 2021 Budget Act was further amended and projected General Fund revenues of $22,388.2 million and made net General Fund appropriations of $ $22,089.2 in Fiscal Year 2023. Taking into account the deduction for the cap on revenues, the General Fund was projected to have surplus of $19.1 million in Fiscal Year 2023.

Fiscal Year 2022 Operations

Pursuant to the Comptroller's audited statutory based financial report provided on December 15, 2022, as of June 30, 2022, General Fund revenues were $21,990.9 million, General Fund expenditures and net miscellaneous adjustments and reservations (including net appropriations continued and estimated lapses) were $20,729.6 million and the General Fund surplus for Fiscal Year 2022 was $1,261.3 million. See **FINANCIAL PROCEDURES – Financial Controls –** ***Unappropriated Surplus – Budget Reserve Fund.***

Fiscal Year 2023 Operations

Pursuant to CGS Section 4-66, by the twentieth day of each month, OPM provides projected estimates to the Comptroller of revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report. By statute, the State's fiscal position is reported on or before the first day of each month by the Comptroller. The following summarizes OPM's and the Comptroller's estimates of General Fund revenues; expenditures and miscellaneous adjustments (including net appropriations continued and estimated lapses); and surplus/(deficit) balance in the General Fund for the 2023 Fiscal Year as of the referenced ending period in accordance with specific budgetary basis accounting standards set forth by statute, which incorporate new budgeted expenditure accruals consistent with specific statutory reporting requirements:

OPM and Comptroller Estimates Fiscal Year 2023
(in Millions)

	OPM's Report			Comptroller's Report		
Period Ending[(a)]	Revenues	Expenditures[(b)]	Surplus/ (deficit)	Revenues[(c)]	Expenditures[(b)(c)]	Surplus/ (deficit)[(c)]
December 31, 2022	$23,224.5	$21,881.8	$1,342.7	$23,224.5	$21,881.8	$1,342.7
January 31, 2023	23,224.5	21,871.3	1,353.2	23,224.5	21,871.3	1,353.2
February 28, 2023	23,281.5	21,844.8	1,436.7	23,281.5	21,856.9	1,424.6
March 31, 2023[(d)]	23,444.6	21,860.8	1,583.8	23,444.6	21,862.9	1,581.7
April 30, 2023	23,444.6	21,844.7	1,599.9	23,444.6	21,855.8	1,588.8

(a) Estimates reflect projections as of the period ending date for full Fiscal Year 2023.
(b) Expenditures include net appropriations, continued and estimated lapses and miscellaneous adjustments.
(c) Figures derived from the Comptroller's monthly letters to the Governor.
(d) Information updated as of May 1, 2023.

In the May 22, 2023 letter of the Secretary of OPM, the Secretary noted the projected surplus represents 7.2% of the General Fund. The May 22, 2023 estimates have ***not*** been reflected in **Appendix II-E** of this Official Statement.

In the May 22, 2023 letter, prior to taking into account the limit on transfers into the Budget Reserve Fund, the Secretary forecasted the balance in the Budget Reserve Fund as of the end of Fiscal Year 2023 would be approximately $6.26 billion, or 28.3% of the current net General Fund appropriations, after taking into account the projected operating surplus of $1,599.9 million and projected volatility cap transfer of $1,347.5 million. The Secretary noted that since this balance would exceed the statutory 15% cap for the Budget Reserve Fund, he anticipates additional significant transfers to the State Employees' Retirement Fund and the Teachers' Retirement Fund. From his prior May 1, 2023 estimate, this month's estimate reflects a net $16.1 million decrease in projected General Fund spending and no change to the projected revenues which was previously revised upward by a net $163.1 million while the estimates and finals component of the personal income tax was revised downward by $560 million based on April tax receipts. This downward revision in personal income tax receipts was modestly offset by a $60 million increase in pass-through entity tax collections which netted to a

$500 million decrease in the projected volatility cap transfer from General Fund revenue to the Budget Reserve Fund.

The next report of OPM is expected on or about June 20, 2023 and the next monthly report of the Comptroller is expected on or about July 3, 2023. The projections discussed above are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates or adjustments by OPM, the Comptroller or other State agencies will not reflect changes in the estimated or final result of Fiscal Year 2023 operations of the General Fund. In addition, adjustments or audit or actions of the State may also result in changes in the final result of Fiscal Year 2023 operations of the General Fund.

Governor's Recommended Budget for Fiscal Years 2024 and 2025

On February 8, 2023, the Governor presented to the General Assembly his proposed budget for Fiscal Years 2024 and 2025. General Fund available revenues are proposed to be $22,379.9 million for Fiscal Year 2024 and $22,793.3 million for Fiscal Year 2025 before application of the revenue cap. General Fund available revenues are proposed to be $22,044.2 million in Fiscal Year 2024 and $22,394.4 million in Fiscal Year 2025 after application of the revenue cap. Proposed General Fund appropriations total $22,035.0 million for Fiscal Year 2024 and $22,392.7 million for Fiscal Year 2025, resulting in proposed surpluses of $9.2 million in the first year of the biennium and $1.7 million in the second year of the biennium. This represents a growth of (0.2) % and 1.6% in each year of the biennium, respectively.

Revenues

The Governor's budget proposal includes $219.9 million in revenue reductions in Fiscal Year 2024 and $423.4 million for Fiscal Year 2025. As a result of the revenue cap, only $22,044.2 million in Fiscal Year 2024 and $22,394.4 million in Fiscal Year 2025 is available for the budget appropriations. The significant revenue changes include:

- Reducing the 5% Personal Income Tax rate to 4.5% and the 3% Personal Income Tax rate to 2% impacting approximately 1.1 million (63.2%) of the 1.7 million Personal Income Tax filers, being the first income tax rate relief in almost 30 years;
- Increasing the Earned Income Tax Credit ("EITC") from 30.5% to 40% of the federal tax credit permanently beginning in income year 2023, reflecting a 31% increase;
- Maintaining the 10% Corporation Tax Surcharge for income years 2023, 2024 & 2025;
- Increasing the overall rate of the tax credit for qualifying expenses for childcare under the Human Capital Tax Credit from 5% to 10% and increasing the rate at which the tax credit is earned for expenses relating to childcare subsidies and the development of a childcare center from 5% to 25%;
- Extending the timeline for when the Estate Tax must be filed by changing the filing deadline to match the federal timeline from 6 months to 9 months following the death of a person;
- Restoring the revenue-neutral Pass-through Entity Tax Credit from 87.5% to 93.01% as it was when it was originally enacted in 2018; and
- Eliminating the use of $314.9 million in federal aid from the ARP Act to balance the budget in Fiscal Year 2023.

Expenditures

The Governor's proposed budget assumes $223.8 million in expenditure reductions from the Fiscal Year 2023 baseline in Fiscal Year 2024 and an additional $315.8 million in expenditure reductions in Fiscal Year 2025. Notable expenditures in the Governor's proposed budget include:

- Restructuring fringe benefit funding to higher education to ameliorate high fringe rates to position the institutions to be more competitive at securing research grants;

- Sustaining the current level of funding for PACT (debt-free college) and Guided Pathways programs at Connecticut State Community Colleges;
- Providing $14.2 million in Fiscal Year 2024 and $53.3 million in Fiscal Year 2025 to support a recommended increase in the Care4Kids program of 10% per year for licensed providers and 5% per year for unlicensed providers;
- Providing additional support for workforce development initiatives including, but not limited to, the use of $10 million in ARP Act funds to support districts with staffing issues including addressing the paraprofessional shortage and $10 million in the General Fund to support the Department of Labor's CT Youth Employment Program;
- Minimizing health care disruptions by providing targeted outreach to individuals with serious chronic health conditions who are losing Medicaid coverage, increasing support for Covered CT, which provides zero-cost, Medicaid-like coverage for individuals just over income limits for Medicaid, and providing two months of premium payments for individuals eligible for federal subsidies under Access Health CT; and
- Maintaining increased funding to support three substantial trooper training classes with 255 new troopers projected to graduate and be deployed over the biennium.

The Governor's budget proposal would be $57.4 million below the expenditure cap for Fiscal Year 2024 and $405.3 million below the expenditure cap for Fiscal Year 2025.

Bond Authorizations

The Governor's proposed budget includes several bonding authorizations including:

- ***General Obligation –*** a net increase in general obligation bond authorizations totaling $1.4 billion in Fiscal Year 2024 and $1.7 billion in Fiscal Year 2025 which includes:
  - ***Department of Economic and Community Development*** -- $62.0 million in general obligation bond authorizations for the Small Business Boost program in Fiscal Year 2024 and $62.0 million in Fiscal Year 2025;
  - ***Connecticut State Colleges and Universities --*** $127.5 million in general obligation bond authorizations for the Connecticut State Colleges and Universities in Fiscal Year 2024 and $125.8 million in Fiscal Year 2025;
  - ***Department of Housing --*** $300.0 million in general obligation bond authorizations for affordable and workforce housing in Fiscal Year 2024 and $300.0 million in Fiscal Year 2025; and
  - ***Department of Energy and Environmental Protection --*** $142.1 million in general obligation bonds in Fiscal Year 2024 and $188.0 million in Fiscal Year 2025.
- ***Clean Water Fund*** -- $25.0 million in additional clean water revenue bond authorizations in Fiscal Year 2025; and
- ***Special Tax Obligation --*** $1.5 billion in new special tax obligation bond authorizations for transportation purposes in Fiscal Year 2024 and $1.5 billion in Fiscal Year 2025.

Deliberations on the Governor's budget recommendations are expected to continue throughout the legislative session with a scheduled adjournment date of June 7, 2023.

In addition to the proposed budget for the Fiscal Year 2024-2025 biennium, the Governor also presented a three year budget report for Fiscal Years 2026, 2027 and 2028. The report indicated out-year projected revenues, expenditures and balances in the General Fund prior to the application of the revenue cap as follows:

Three Year Budget Report
(In Millions)

Fiscal Year	2026	2027	2028
Revenues	$23,412.1	$ 23,971.4	$ 24,625.1
Expenditures	23,009.3	23,567.8	24,045.1
Surplus / (Deficit)	$ 402.8	$ 403.6	$ 580.0

Federal Infrastructure Improvement and Jobs Act ("IIJA").

On November 15, 2021, President Biden signed into law the IIJA which is expected to provide the State with over $6 billion of federal investment over five years. Approximately $5.4 billion of the $6 billion will be for transportation infrastructure and systems upgrades/projects, which is an increase of $1.6 billion over the last infrastructure bill that was enacted in 2015. The State is expected to receive funds for the following project areas: (1) replacement and repairs to the State's bridges and roads, (2) improving public transportation, (3) expanding electric vehicle (EV) charging networks, (4) expanding broadband coverage, (5) improving water infrastructure, and (6) improving airport infrastructure development. The Governor's proposed budget includes funding to maximize the amount of federal reimbursement the State is eligible to receive under IIJA.

General Fund Budget History

The table below summarizes the results of operation of the General Fund on a budgetary-basis. Summaries of actual revenues and expenditures on the statutory basis for Fiscal Years 2018 through 2022 are set forth in **Appendix II-D.**

TABLE 2
General Fund
Summary of Operating Results — Statutory Basis
(In Millions)

Fiscal Year	2018	2019	2020	2021	2022
Total General Fund Revenues[(a)]................	$18,198.5	$19,649.9	$19,193.5	$20,531.4	$21,990.9
Net Appropriations/Expenditures[(b)]...........	18,681.4	19,279.3	19,154.8	20,055.6	20,729.6
Operating Surplus/(Deficit)[(c)]	$ (482.9)	$ 370.6[(d)]	$ 38.7[(e)]	$ 475.9[(e)]	$ 1,261.3[(e)]

(a) Does not include Restricted Accounts and Federal and Other Grants. See **Appendix II-D-6**.
(b) Does not include expenditures for Restricted Accounts and Federal and Other Grants. Includes Amounts Reserved for Prior Year Appropriations Less Appropriations Carried Forward and Other Adjustments. See **Appendix II-D**.
(c) The Fiscal Year 2018 deficit was eliminated through the release of funds from the Budget Reserve Fund.
(d) In accordance with State statute, this amount was transferred to the Budget Reserve Fund upon completion of the audit.
(e) In accordance with State statute, because the Budget Reserve Fund had reached the statutory limit of 15%, the Treasurer decided it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund.

SOURCE: Comptroller's Office

The table below shows the reconciliation of the actual operations surplus (deficit) under the statutory basis to the GAAP basis of accounting for the last five fiscal years. Audited GAAP based financial statements for Fiscal Year 2022 are included in **Appendix II-C**.

TABLE 3

General Fund
Summary of Operating Results —Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2018	2019	2020	2021	2022
Statutory Basis Operating Surplus/ (Deficit)	$ (482.9)	$ 370.6	$ 38.7	$ 475.9	$ 1,261.3
Volatility Deposit Budget Reserve Fund	1,471.3	933.6	530.3	1,241.5	3,047.5
Change in Statutory Surplus Reserve	--	160.0	(15.6)	(144.4)	208.2
Amortization Payment on GAAP Bonds	--	--	75.7	--	
Adjustments:					
Increases (decreases) in revenue accruals:					
Governmental Receivables	515.5	(423.4)	(80.5)	262.8	(106.8)
Other Receivables	41.9	75.0	(61.5)	775.6	402.9
(Increases) decreases in expenditure accruals:					
Accounts Payable and Other Liabilities	3.9	(151.8)	(306.4)	(2,196.4)	(2,937.6)
Salaries and Fringe Benefits Payable	22.0	(26.6)	14.5	17.7	77.5
Increase (decrease) in Continuing Appropriations	74.1	30.2	(25.4)	619.3	75.8
Transfer of Prior Year Surplus and BRF 15% Excess	--	--	--	(61.6)	(1,618.3)
GAAP Based Operating Surplus/(Deficit)	$1,645.8	$ 967.6	$ 169.8	$ 990.4	$ 410.5

SOURCE: Comptroller's Office

The table below sets forth on the statutory basis the actual cumulative unreserved fund balance (deficit) for the General Fund for the last five fiscal years.

TABLE 4

General Fund
Unreserved Fund Balance —Statutory Basis
(In Millions)

Fiscal Year	2018	2019	2020	2021	2022
Operating Surplus/(Deficit)	$ (482.9)	$ 370.6	$ 38.7	$ 475.9	$ 1,261.3
Fund Transfers and Reserves					
Transfers to Budget Reserve Fund	0.0	370.6	0.0	0.0	0.0
Transfers from Budget Reserve Fund	482.9	0.0	0.0	0.0	0.0
Transfers to SERF[(a)]	0.0	0.0	38.7	475.9	1,261.3
Total Transfers/Reserves	$ 482.9	$ (370.6)	$ (38.7)	$ (475.9)	$ (1,261.3)
Unappropriated Surplus/(Deficit)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0

(a) In accordance with State statute, because the Budget Reserve Fund has reached the statutory limit of 15%, the Treasurer decided it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund.

SOURCE: Comptroller's Office

The table below shows the reconciliation of the actual cumulative unreserved General Fund balance (deficit) under the statutory basis to the GAAP basis of accounting for the last five fiscal years.

TABLE 5

General Fund
Unreserved Fund Balance — Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2018	2019	2020	2021	2022
Fund Balance (Deficit) Related to Statutory GAAP Budgeting	$ 116.1	$ 116.1	$ 191.8	$ 191.8	$ 191.8
GAAP Based Adjustments					
Additional Assets					
Taxes Receivable					
Income Tax Accrual Reduction	(425.0)	(515.8)	(563.0)	(579.2)	(605.9)
Eliminate Corporation Accrual	(17.7)	(14.9)	(97.9)	(37.0)	(23.6)
Additional Taxes Receivable	2.8	10.2	2.7	5.0	12.5
Net Increase (Decrease) Taxes	(439.9)	(520.5)	(658.2)	(611.2)	(617.0)
Net Accounts Receivable	448.7	510.3	724.4	744.4	595.7
Federal and Other Grants Receivable[(a)]	537.3	113.9	33.3	296.2	189.5
Due From Other Funds	45.0	47.7	44.6	56.2	63.8
Total Additional Assets	$ 591.1	$ 151.4	$ 144.1	$ 485.6	$ 232.0
Additional Liabilities					
Salaries and Fringe Payable	135.6	109.1	123.5	141.1	218.7
Accounts Payable—Department of Social Services	(9.9)	(0.7)	--	--	--
Accounts Payable—Trade & Other	(706.2)	(754.2)	(930.8)	(718.5)	(782.1)
Payable to Federal Government	(288.7)	(326.9)	(505.2)	(679.9)	(495.0)
Due to Other Funds	(79.1)	(66.2)	(95.6)	(80.8)	(117.6)
Total Additional Liabilities	$ (948.3)	$(1,038.9)	$(1,408.1)	$(1,338.1)	$(1,176.0)
Unreserved Fund Balance (Deficit) GAAP Basis	$ (241.1)	$ (771.4)	$ (1,072.2)	$ (660.7)	$ (752.2)

(a) Primarily reimbursement for additional liabilities accrued to federal grant accounts or programs with federal participation, e.g., Medicaid.

SOURCE: Comptroller's Office

The table below sets forth on a GAAP basis the components of the fund balance for the General Fund for the last five fiscal years.

TABLE 6

General Fund Fund Balances-GAAP Basis
(In Millions)

Fiscal Year	2018	2019	2020	2021	2022
Reserved:					
Budget Reserve	$ 1,201.4	$ 2,505.5	$ 3,012.9	$ 3,112.0	$ 3,313.4
Future Budget Years	-	160.0	144.4	-	208.2
Loans & Advances to Other Funds	43.6	47.2	51.4	56.3	72.9
Inventories	12.8	15.2	17.2	20.8	21.7
Continuing Appropriations	134.3	164.5	139.1	758.4	834.3
Total	$ 1,392.1	$ 2,892.4	$ 3,365.0	$ 3,947.5	$ 4,450.5
Unreserved:	(241.1)	(771.4)	(1,072.2)	(660.7)	(752.2)
Total Fund Balance	$ 1,151.0	$ 2,121.0	$ 2,292.8	$ 3,286.8	$ 3,698.3

SOURCE: Comptroller's Office

STATE DEBT

The State expects to issue approximately $100,000,000 General Obligation Bonds (2023 Series A), $265,855,000 General Obligation Refunding Bonds (2023 Series B) and $350,000,000 Taxable General Obligation Bonds (2023 Series A) in or around June 2023.

Constitutional Provisions

The State has no constitutional limit on its power to issue obligations or incur debt, except that it may borrow only for public purposes. There are no reported court decisions relating to State bonded debt other than two cases validating the legislative determination of the public purpose for improving employment opportunities and related activities. The State Constitution has never required a public referendum on the question of incurring debt. Therefore, the CGS govern the authorization and issuance of State debt, including the purpose, the amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, the security therefor, and other related matters.

Statutory Provisions

Pursuant to various public and special acts, the State has authorized a variety of types of debt. These types fall generally into the following categories: direct general obligation debt, which is payable from the State's General Fund; special tax obligation debt, which is payable from specified taxes and other funds that are maintained outside the State's General Fund; and special obligation and revenue debt, which is payable from specified revenues or other funds that are maintained outside the State's General Fund, including credit revenue bonds secured by a pledge of withholding tax receipts. In addition, the State provides annual appropriation support for, or is contingently liable on, the debt of certain State quasi-public agencies and political subdivisions. Whenever any general statute or public or special act, authorizes special tax obligation bonds or general obligations bonds of the State to be used for any purpose, such general statute or public or special act shall be deemed to have authorized such bonds to be issued as either special tax obligation bonds or general obligation bonds; provided in no event shall the total of the principal amount of special tax obligation bonds and general obligation bonds issued pursuant to the authority of any general statute or public or special act exceed the amount authorized thereunder. For purposes of presentation of authorized amounts included in the various tables and discussion herein, they are being included in the category in which they were originally authorized. See **OTHER FUNDS, DEBT AND LIABILITIES** for information concerning debt and contingent liabilities on debt other than direct general obligation debt.

Statutory Authorization and Security Provisions. The State issues general obligation bonds pursuant to specific bond acts and CGS Section 3-20 (the "General Obligation Bond Procedure Act" or the "Act"). The Act provides that such bonds shall be general obligations of the State and that the full faith and credit of the State are pledged for the payment of the principal of and interest on such bonds as the same become due. The Act further provides that, as a part of the contract of the State with the owners of such bonds, there is made an appropriation of all amounts necessary for the punctual payment of principal and interest on such bonds, and the Treasurer shall pay such principal and interest as the same become due. In addition, the State may issue bonds secured by a statutory pledge of the State's withholding tax receipts ("credit revenue bonds"). See ***Credit Revenue Bond Program.***

There are no State constitutional provisions precluding the exercise of State power by statute to impose any taxes, including taxes on taxable property in the State or on income, in order to pay debt service on bonded debt now or hereafter incurred. The constitutional limit on increases in General Fund expenditures for any fiscal year does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There are also no constitutional or statutory provisions requiring or precluding the enactment of liens on or pledges of the State's General Fund revenues or taxes, or the establishment of priorities for payment of debt service on the State's general obligation bonds. There are no express statutory provisions establishing any priorities in favor of general obligation bondholders over other valid claims against the State.

Statutory Debt Limit. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. Credit revenue bonds issued pursuant to CGS Section 3-20j shall be considered as payable from General Fund tax receipts of the State for purposes of the debt limit. However, in computing the aggregate amount of indebtedness at any time, there shall be excluded or deducted:

- the principal amount of revenue anticipation notes having a maturity of one year or less
- refunded indebtedness
- bond anticipation notes
- borrowings payable solely from the revenues of a particular project
- the balances of debt retirement funds associated with indebtedness subject to the debt limit as certified by the Treasurer
- the amount of federal grants certified by the Secretary of OPM as receivable to meet the principal of certain indebtedness
- all authorized and issued indebtedness to fund any budget deficit of the State for any fiscal year ending on or before June 30, 2009
- all authorized debt to fund the tax increment bond program of Connecticut Innovations, Inc.
- authorized indebtedness issued pursuant to CGS Section 3-62h in connection with abandoned property
- any indebtedness represented by agreements entered into pursuant to certain provisions of the CGS, provided the indebtedness in connection with which such agreements were entered into shall be included in such aggregate amount of indebtedness and
- any indebtedness authorized for transportation projects up to $500 million pursuant to CGS Section 3-21aa.

For purposes of the debt limit statute, all bonds and notes issued or guaranteed by the State and payable from General Fund tax receipts are counted against the limit, except for the exclusions or deductions described above, and certain other debt specifically excluded by statute (see **Table 7**, footnote (a)). In addition, the amount of authorized but unissued debt for the UConn 2000 program is limited to the amount permitted to be issued under the cap under CGS Section 3-21. See ***Types of Direct General Obligation Debt — UConn 2000 Financing Program***. The provisions of CGS Section 3-21 do not apply to any indebtedness issued for the purpose of meeting cash flow needs and covering emergency needs in times of natural disaster.

The Treasurer is required to compute the aggregate amount of indebtedness as of January 1 and July 1 each year and at other statutorily prescribed times and to certify the results of such computation to the Governor and the General Assembly. If the aggregate amount of indebtedness reaches 90% of the statutory debt limit, the Governor shall review each bond act for which no bonds, notes or other evidences of indebtedness have been issued, and recommend to the General Assembly priorities for repealing authorizations for remaining projects so that the aggregate amount of indebtedness authorized will be below 90% of the statutory debt limit. The General Assembly is not required to act upon such recommendations.

In addition, the Treasurer may not issue general obligation bonds or notes pursuant to the Act or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $1.9 billion in any fiscal year, excluding bonds issued for the Connecticut State Colleges and Universities 2020 Program as defined in CGS Section 10a-91c(3) ("CSCU 2020") and UConn 2000 as defined in CGS Section 10a-109c (25), refunding bonds, revenue anticipation bonds, and up to $500 million in bonds for general obligation transportation projects. The $1.9 billion limit is subject to prescribed inflationary adjustments commencing July 1, 2019.

Further, the Governor may not approve allotment requisitions that would result in the issuance of general obligation bonds or notes pursuant to the Act or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $1.9 billion in any fiscal year, subject to certain exclusions, subject to prescribed inflationary adjustments commencing July 1, 2019.

Public Act No. 23-1 revised the provisions related to the statutory debt limit, the Treasurer's issuance limit and the Governor's allotment limit, effective July 1, 2023. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

The total tax receipts for Fiscal Year 2023, as last estimated by the General Assembly's joint standing committee on finance, revenue and bonding, the calculation of the debt limit, the aggregate amount of outstanding debt and of authorized but unissued debt subject to such limit, and the debt incurring margin, all as of February 1, 2023, are described in the following table.

TABLE 7

Statutory Debt Limit
As of February 1, 2023

Total General Fund Tax Receipts	$20,047,000,000	
Multiplier	1.6	
Debt Limit		$ 32,075,200,000
Outstanding Debt[(a)]	14,175,950,000	
Guaranteed Debt[(b)]	2,040,977,333	
Authorized Debt[(c)]	6,976,426,488	
Total Subject to Debt Limit		23,193,353,822
Aggregate Net Debt		23,193,353,822
Debt Incurring Margin[(d)]		8,881,846,178

(a) See **Table 8**. Includes accreted value of capital appreciation bonds. Excludes Pension Obligation Bonds, UConn 2000 Bonds, tax increment financings, CRDA Bonds, CHFA Supportive Housing Bonds, CHFA Emergency Mortgage Assistance Program Bonds, CHEFA Child Care Facilities Bonds and lease financings other than the Juvenile Training School and the Energy Leases.

(b) **Table 7** reflects only guarantees for certain outstanding debt of Southeastern Connecticut Water Authority, UConn 2000 Bonds, Municipal Contract Assistance secured by the State's debt service commitment and Small Business Energy Advantage Loans. See also **OTHER FUNDS, DEBT AND LIABILITIES – Contingent Liability Debt**.

(c) Includes UConn 2000 Bonds secured by the State's debt service commitment that are authorized but unissued under the statutory cap for Fiscal Year 2023.

(d) State debt as a percentage of the statutory debt limit is 72.3%. State debt as a percentage of the statutory debt limit for prior dates were as follows: 2/1/2020 – 76.7%; 2/1/2021 – 80.9%; 2/1/2022 – 80.0%.

SOURCE: State Treasurer's Office

State Bond Commission. The General Obligation Bond Procedure Act establishes the State Bond Commission (the "Commission") and empowers it to authorize the issuance of general obligation bonds and credit revenue bonds for purposes and in amounts and subject to other limits established by the legislature in a bond act. The Commission consists of the Governor, the Treasurer, the Comptroller, the Attorney General, the Secretary of OPM, the Commissioner of Administrative Services, and the Co-Chairpersons and Ranking Minority Members of the Joint Standing Committee on Finance, Revenue and Bonding of the General Assembly. The Secretary of OPM serves as secretary to the Commission.

Upon authorization, the principal amount of bonds so authorized is deemed to be appropriated for such purpose or project and, subject to allotment thereof by the Governor, contracts may be awarded and obligations incurred with respect to the project or purpose in amounts not exceeding the authorized principal amount. Such contracts and obligations may at any particular time exceed the amount of the bond proceeds received by the State up to that time. The Commission also determines the terms and conditions of the bonds authorized or delegates such determination to the Treasurer. The Commission generally meets monthly. The Commission may not authorize general obligation or credit revenue bond issuances of greater than $2.0 billion in the aggregate in any calendar year, subject to prescribed inflationary adjustments commencing January 1, 2018 and the exclusion of up to $500 million for certain transportation projects. Public Act No. 23-1 revised the provisions related to the Commission's authorization limits, effective July 1, 2023. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Bond Covenant. Pursuant to subsection (aa) of CGS Section 3-20, each fiscal year during which general obligation bonds or credit revenue bonds of the State issued on and after May 15, 2018 and prior to July 1, 2020 are outstanding, the State is required to comply with the following provisions and was required to include a covenant in such bonds (which is applicable through June 20, 2023) that no public act or special act of the general assembly taking effect on or after May 15, 2018, and prior to July 1, 2023, shall alter the obligation of the State to comply with the following provisions, each as in effect on June 20, 2018:

- CGS Section 4-30a (funding of the Budget Reserve Fund and permissible expenditures therefrom)
- CGS Section 2-33c in effect on October 31, 2017 (the cap on General Fund and Special Transportation fund aggregate appropriations)
- CGS Section 2-33a (cap on spending)
- Subsections (d) and (g) of CGS Section 3-20 (limitation of $2.0 billion on the authorization of bonds by the State Bond Commission in any calendar year), and
- CGS Section 3-21 (the debt limit, including the limitation on the issuance by the State of general obligation bonds pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j to $1.9 billion in each fiscal year subject to certain exclusions and inflation adjustments, and the requirement that the Governor control spending allotments to ensure compliance with such limitation).

Alterations are permissible (i) if and when adequate provision is made by law for the protection of the holders of the bonds, or (ii) (1) if and when the Governor declares an emergency or the existence of extraordinary circumstances, (2) at least 3/5 of the members of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (3) any such alteration is for the fiscal year in progress only.

The General Assembly passed and on February 14, 2023 the Governor signed into law, Public Act No. 23-1, which adds new provisions, effective July 1, 2023, that during each fiscal year during which general obligation bonds or credit revenue bonds of the State issued on and after July 1, 2023, and prior to July 1, 2025 are outstanding, the State is required to comply with the following provisions, and include a covenant in such bonds (which is applicable through June 30, 2033 or, unless a resolution of the General Assembly is adopted on or after January 1, 2028 and prior to July 1, 2028 to not continue it beyond June 30, 2028) that no public act or special act of the general assembly taking effect during the time the covenant is in place, shall alter the obligation of the State to comply with the following provisions:

- CGS Section 4-30a, as amended by Public Act No. 23-1 (funding of the Budget Reserve Fund and permissible expenditures therefrom)
    - Public Act No. 23-1 revised CGS Section 4-30a, effective July 1, 2023, to provide that on and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 15% or more but less than 18% of the net General Fund appropriations for the current fiscal year, (i) 50% of the amount of such surplus in excess of that transferred to the Budget Reserve Fund shall be transferred to said fund, to a maximum amount in said fund of 18% of the net General Fund appropriations for the

current fiscal year, and (ii) 50% of the amount of such surplus shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the state, to (I) the State Employees Retirement Fund, in addition to the contributions required pursuant to section 5-156a, but not exceeding 5% of the unfunded past service liability of the state employees retirement system as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (II) the Teachers' Retirement Fund, in addition to the payments required pursuant to section 10-183z, but not exceeding 5% of the unfunded past service liability of the teachers' retirement system as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board. On and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 18% of the net General Fund appropriations for the current fiscal year, no further transfers shall be made by the Treasurer to the Budget Reserve Fund and the amount of such funds in excess of that transferred to said fund shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the state, to (i) the State Employees Retirement Fund, in addition to the contributions required pursuant to section 5-156a, but not exceeding 5% of the unfunded past service liability of the state employees retirement system as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (ii) the Teachers' Retirement Fund, in addition to the payments required pursuant to section 10-183z, but not exceeding 5% of the unfunded past service liability of the teachers' retirement system as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board.

- CGS Section 2-33a (cap on spending)
- CGS Section 2-33c, as amended by Public Act No. 23-1 (the cap on General Fund and Special Transportation fund aggregate appropriations)
    - Public Act No. 23-1 revised CGS Section 2-33c, effective July 1, 2023, to provide that for Fiscal Year 2023 and thereafter, the General Assembly shall not authorize General Fund and Special Transportation Fund appropriations for any fiscal year in an amount that in the aggregate exceeds 98.75% of the estimated revenues included in a budget act, subject to certain exceptions.
- Subsections (d) and (g) of CGS Section 3-20, as amended by Public Act No. 23-1 (limitation of $2.4 billion on the authorization of bonds by the Commission in any fiscal year and general Commission provisions)
    - Public Act No. 23-1 revised CGS 3-20(d), effective July 1, 2023, to provide that for each fiscal year commencing July 1, 2023, and for each fiscal year thereafter, the Commission may not authorize bond issuance or credit revenue bond issuances of more than $2.4 billion in the aggregate in any fiscal year, subject to certain exclusions and inflationary adjustments.
- CGS Section 3-21 as amended by Public Act No. 23-1 (the debt limit, including the limitation on the issuance by the State of general obligation bonds pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j to $2.4 billion in each fiscal year subject to certain exclusions and inflation adjustments)
    - Public Act No. 23-1 revised CGS 3-21, effective July 1, 2023, to provide that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. Credit revenue bonds issued pursuant to CGS Section 3-20j shall be considered as payable from General Fund tax receipts of the State for

purposes of the debt limit. However, in computing the aggregate amount of indebtedness at any time, there shall be excluded or deducted:

- the principal amount of revenue anticipation notes having a maturity of one year or less
- refunded indebtedness
- bond anticipation notes
- borrowings payable solely from the revenues of a particular project
- the balances of debt retirement funds associated with indebtedness subject to the debt limit as certified by the Treasurer
- the amount of federal grants certified by the Secretary of OPM as receivable to meet the principal of certain indebtedness
- all authorized and issued indebtedness to fund any budget deficit of the State for any fiscal year
- all authorized debt to fund the tax increment bond program of Connecticut Innovations, Inc.
- authorized indebtedness issued pursuant to CGS Section 3-62h in connection with abandoned property
- any indebtedness represented by agreements entered into pursuant to certain provisions of the CGS, provided the indebtedness in connection with which such agreements were entered into shall be included in such aggregate amount of indebtedness
- any accumulated deficit as determined on the basis of GAAP
- any indebtedness authorized pursuant to any section of the general statutes or any public or special act that is by its terms not in effect until a future date, provided such indebtedness shall be included from the date such authorization is in effect and
- all indebtedness authorized and issued pursuant to a declaration by the Governor of an emergency or the existence of extraordinary circumstances and for which at least 3/5 of the members of each house of the General Assembly has voted to authorize such indebtedness.

For purposes of the debt limit statute, all bonds and notes issued or guaranteed by the State and payable from General Fund tax receipts are counted against the limit, except for the exclusions or deductions described above, and certain other debt specifically excluded by statute (see **Table 7**, footnote (a)). The provisions of CGS Section 3-21 do not prevent the issuance of any indebtedness for the purpose of meeting cash flow needs, covering emergency needs in times of natural disaster or funding budget deficits of the State.

In addition, Public Act No. 23-1 revised CGS 3-21(f) to provide that for the fiscal year commencing July 1, 2023, and for each fiscal year thereafter, the Treasurer may not issue general obligation bonds or notes pursuant to the Act or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.4 billion in any fiscal year, excluding bonds issued for CSCU 2020 and UConn 2000 as defined in CGS Section 10a-109c(25), refunding bonds and revenue anticipation bonds. The $2.4 billion limit is subject to prescribed inflationary adjustments commencing July 1, 2024.

Public Act No. 23-1 also provides, effective July 1, 2023 that the Governor may not approve allotment requisitions exceed the foregoing issuance limit.

Alterations of the foregoing requirements, as amended by Public Act No. 23-1, are permissible (i) if and when adequate provision is made by law for the protection of the holders of the bonds, or (ii) (1) if and when the Governor declares an emergency or the existence of extraordinary circumstances, (2) at least 3/5 of the members of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (3) any such alteration is for the fiscal year in progress only.

Types of Direct General Obligation Debt

General Obligation Bonds. Pursuant to various public or special bond acts, the General Assembly empowers the Commission to authorize bonds for a variety of projects or purposes. Each bond act is usually specific as to its projects or purposes and the amount of bonds to be issued therefor, although each bond act may contain several projects or purposes. Each bond act also generally sets forth a maximum maturity of the bonds.

The types of projects and purposes for which the State has authorized general obligation debt include the following: acquisition, construction, renovation and improvement of buildings and facilities for State departments and agencies, educational institutions, prisons, college and university facilities, library facilities and courthouses, acquisition of development rights to preserve open space and farmland, and the provision of grants and loans to promote economic development within the State. Some bonds authorized for university and college facilities are self-liquidating, and certain fees and charges collected by the college or university are set aside and used to service the debt on these bonds. Bonds are also authorized to fund a wide variety of grant programs. Such grants are made to local governments for local school construction projects or to finance a variety of local government, economic development, highway, bridge and other capital improvement projects. Certain bonds are authorized to finance grants and loans to local housing authorities and developers of affordable housing. Other general obligation debt finances grants and loans to municipalities for design and construction of water pollution control facilities, in addition to loans that are financed under the State's Clean Water revenue bond program.

Credit Revenue Bond Program. The State may issue credit revenue bonds secured by a statutory gross pledge of the State's withholding tax receipts to fund its capital projects. These receipts will be paid into segregated pledged accounts from which the trustee for the credit revenue bonds will withdraw amounts to be set aside for debt service on the credit revenue bonds. Withholding tax revenues withdrawn to be set aside for debt service on the credit revenue bonds will not be available to pay debt service on general obligation bonds. Amounts in the segregated pledged accounts in excess of the amounts withdrawn for debt service will be swept daily into other accounts of the State, free of the credit revenue bond lien and available for all purposes of the General Fund, including payment of debt service on the State's general obligation bonds. The credit revenue bonds will have no claim on any other revenues of the State and will not be subject to acceleration. The credit revenue bonds may be issued for any purpose for which general obligation bonds are authorized, including refunding bonds, and, if issued, would be in lieu of general obligation bonds. Credit revenue bonds will be authorized in the same manner as general obligation bonds, and accounted for within the State's General Fund. The credit revenue bonds will be treated as general obligation bonds for purposes of the State bond cap, and therefore do not represent an avenue for additional bond issuance. Issuance of credit revenue bonds is subject to an additional bonds test requiring a debt service coverage ratio of three times. As of February 1, 2023, no credit revenue bonds have been issued and the State has no current plans to issue such bonds.

Teachers' Retirement Fund Pension Obligation Bonds. In April 2008 the State issued $2,287 million of bonds to fund up to $2 billion of the unfunded accrued liability in the Teachers' Retirement Fund plus capitalized interest and issuance costs. $2,568.4 million (reflecting the accreted value) of such bonds are outstanding as of February 1, 2023. The bonds are general obligations of the State, but are excluded from the calculation of the statutory debt limit.

UConn 2000 Financing Program. The University of Connecticut is a separate corporate entity and instrumentality of the State empowered to issue bonds and construct certain infrastructure improvements at the University's various campuses. Known as "UConn 2000", the infrastructure improvement program now is estimated to cost $4,644.3 million to be financed over a thirty-two year period. The UConn 2000 program contemplates total issuance of $4,307.9 million general obligation bonds of the University secured by the State's debt service commitment, which is an annual amount for any debt service requirements when due and payable. Under the enabling legislation, appropriations of all amounts of the State's debt service commitment are made out of the resources of the State's General Fund and the Treasurer is obligated to make such payments. For this reason, general obligation borrowings by the University that are secured by the State's debt service commitment are treated as part of the State's general obligation debt and are reflected in **Tables 8 through 14**. The amount of the University's bonds secured by the State's debt service commitment is capped for each fiscal year, but any amount not used may be carried forward to future fiscal years. As of February 1, 2023, $4,380.6 million of such debt secured by the State's debt service commitment had been issued (including refunding bonds), of which $1,644.0 million remain outstanding, with a remaining authorization of $503.9 million, of which $340.2 million is allocated. It is anticipated that additional authorizations will become effective in future fiscal years.

Special obligation bonds of the University are secured by particular revenues of the University and are not subject to the cap on the University's general obligation debt service commitment bonds and are not counted against the State's debt limit.

The General Assembly has and may continue to authorize capital improvements for the University of Connecticut in addition to the UConn 2000 Program. General obligation bonds authorized for such purposes are reflected in the Authorized but Unissued Direct General Obligation Debt shown in **Table 12**. However, the construction of a new $203 million ambulatory care center at the University of Connecticut Health Center authorized in 2011, but financed through a lease financing through the University of Connecticut Health Center Finance Corporation is not reflected in **Table 12**.

Lease Financing. The State has issued certificates of participation for the development of courthouse facilities (none of which are outstanding) and an energy facility at a juvenile training school, each based upon State rental payments under a lease purchase agreement between the State and the project developer. The State has treated this method of lease financing as general obligation debt. The State is evaluating opportunities for the lease financing of energy improvements under existing statutory authorizations. The State has entered into other leasing arrangements for the development of government facilities that are not treated as general obligation debt, most often in circumstances where the lease is an operating lease or the State is not a participant in the securitization of rental payments under the lease.

Tax Increment Financing. Connecticut Innovations, Inc. ("CI") is authorized to issue tax increment bonds for certain types of economic development projects. Under the program the amount of such bonds that may be issued is limited so that the debt service on the bonds may not exceed the estimated increases in the sales tax and the admissions, cabaret and dues taxes generated by the project and allocated by CI for debt service on the bonds. Debt service on the bonds is required to be paid from such tax receipts (whether or not the actual tax receipts equal or exceed the estimated amount) and is deemed appropriated from the General Fund. The State has classified such tax increment bonds as general obligation debt. No such tax increment bonds may be issued without the approval of the Commission. Such tax increment bonds are not reflected in **Table 7**, but are reflected in **Tables 8 through 12**.

Supportive Housing Financing. The Connecticut Housing Finance Authority ("CHFA") in conjunction with other state agencies developed a collaborative plan to create affordable housing and support services for specified eligible persons. The program is to be funded in part through mortgages, tax credits and grants from CHFA and the Department of Economic and Community Development. CHFA is authorized to issue bonds in support of the program and the Commission has authorized the Treasurer and OPM to enter into a contract to provide State assistance and pay debt service on the bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and other similar bond-related expenses. Bonds supported by such State assistance may not exceed $105 million in the aggregate. As of February 1, 2023, $34.77 million of such bonds were outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

Emergency Mortgage Assistance Program. CHFA is authorized to issue up to $50 million of bonds to fund an Emergency Mortgage Assistance Program and the Treasurer and OPM are required to enter into a contract to provide

State assistance to pay debt service on such bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and similar bond-related expenses. As of February 1, 2023, the entire $50 million had been issued, of which $26.54 million is outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

Economic Recovery Notes. The Treasurer is authorized from time to time to issue notes to fund budget deficits of the State. Currently, no such authorization is in place and no notes are outstanding.

Municipal Contract Assistance. The Municipal Accountability Advisory Board ("MARB") supervises distressed municipalities in the State. The State, acting through the Treasurer and the Secretary of OPM, is authorized to enter into contract assistance agreements with municipalities operating as "Tier III" or "Tier IV" municipalities under the MARB. Such contract assistance may provide for payment by the State of all or a portion of annual debt service on refunding bonds issued to refund outstanding indebtedness of such a municipality, plus costs of issuance. The State is also authorized to provide alternate forms of credit support, provided the alternate support is not in excess of the amount of contract assistance otherwise available. The contract assistance would be deemed appropriated, and would constitute the full faith and credit obligation of the State. Currently, the City of West Haven is a "Tier IV" municipality and the City of Hartford and the Town of Sprague are "Tier III" municipalities. In March 2018 the State and the City of Hartford entered into an agreement which obligates the State to make payments equal to principal and interest, when due, on all of Hartford's then outstanding general obligation bonds, with the State retaining the right to restructure the outstanding debt in the future. As of February 1, 2023, Hartford's outstanding debt subject to this agreement is approximately $395.0 million. Approximately $137,035,000 of this debt is expected to be refunded in or around May 2023 through the issuance of City of Hartford, Connecticut Special Obligation Refunding Bonds (State Contract Assistance), Series 2023 which are payable solely from contract assistance payments of the State in the amount of debt service on such bonds. This contract assistance program is in addition to, but not in duplication of, assistance available to municipalities and described under **OTHER FUNDS –** ***Assistance to Municipalities***.

Certain Short-Term Borrowings. The CGS authorize the Treasurer, subject to the approval of the Governor, to borrow such funds, from time to time, as may be necessary, and to issue obligations of the State therefor, which shall be redeemed by the Treasurer whenever, in the opinion of the Treasurer, there are funds in the treasury available for such purpose, or not later than two years from the date of issuance, whichever is earlier. The State has established programs of temporary note issuances and credit facilities from time to time to cover periodic cash flow requirements. No temporary notes are outstanding and no such credit facilities are in effect.

Other Forms of Debt. In addition to the bonds, notes and lease financings described above, the Treasurer has the authority to issue refunding bonds, bond anticipation notes, and capital appreciation bonds. The Act provides that the Treasurer may issue temporary notes and any renewals thereof in anticipation of the proceeds from the sale of bonds whenever the Commission has adopted a resolution authorizing bonds. The Treasurer is also authorized by the Act to issue refunding bonds whenever the Treasurer finds that a refunding is in the best interests of the State and that the State reasonably expects to achieve net debt service savings as a result of such refunding.

Certain of the State's general obligation bonds have been issued as capital appreciation bonds. Capital appreciation bonds are issued at a deep discount and interest on the bonds is compounded semi-annually and only paid at maturity. For purposes of the State's debt tables, the interest that has accrued on capital appreciation bonds up to the date of the table is added to the principal amount of the State's outstanding debt. Pursuant to State statute, accrued interest on UConn 2000 capital appreciation bonds is excluded from the calculation of the statutory debt limit.

Derivatives. The Treasurer, with the authorization of the Commission, has the power to enter into reimbursement and similar agreements in connection with liquidity or credit facilities and to pledge the full faith and credit of the State or other collateral to secure the State's payment obligations under any such agreement. The Treasurer, with the authorization of the Commission, has the power to enter into contracts to place the obligation of the State as represented by bonds or notes of the State, on such interest rate or cash flow basis as the Treasurer may determine, including swap agreements and other arrangements to manage interest rate risk. When any such arrangement is entered into, the counter-party to the arrangement must have a rating on its unsecured long-term obligations that is the same as or higher than the underlying rating of the State on the applicable bonds. The Commission may authorize the Treasurer to pledge the full faith and credit of the State and any other collateral pledged to secure the applicable bonds to also secure the State's payment obligations under any such contract. The State has entered into swap agreements in connection with various bond issues, but currently has no swap agreements in place in connection with its general obligation bonds.

Debt Statement. The following table shows all direct general obligation indebtedness (including the accreted value of capital appreciation bonds) for the payment of the principal and interest on which the State has pledged its full faith and credit or which is otherwise payable from the State's General Fund.

TABLE 8

Direct General Obligation Indebtedness[(a)]
Principal Amount Outstanding As of February 1, 2023
(In Thousands)

General Obligation Bonds	$ 13,996,839
Pension Obligation Bonds	2,369,965
UConn 2000 Bonds	1,644,040
Other [(b)]	254,931
Long-Term General Obligation Debt Total	$ 18,265,775
Short-Term General Obligation Debt Total	0
Gross Direct General Obligation Debt	$ 18,265,775
Net Direct General Obligation Debt	$ 18,265,775

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(a) The table does not include refunded bonds for which escrow funds and investments are sufficient to pay all debt service. The table also does not include limited or contingent liabilities of the State or obligations of the State to towns for participation in the construction and alteration of school buildings. See **OTHER FUNDS, DEBT AND LIABILITIES**.

(b) "Other" includes miscellaneous general obligation debt, lease financings, tax increment financings, CHFA Supportive Housing Bonds and CHFA Emergency Mortgage Assistance Program Bonds. However, it does not include CRDA Bonds or CHEFA Child Care Facilities Bonds or Municipal Contract Assistance secured by the State's debt service commitment. See **OTHER FUNDS, DEBT AND LIABILITIES – Other Debt Service and Contractual Commitments**.

Debt Ratios. The following table sets forth certain ratios relating to the State's gross and net direct general obligation indebtedness:

TABLE 9

Outstanding Long-Term General Obligation Debt and Debt Ratios

Fiscal Year	2018	2019	2020	2021	2022
Gross Direct Debt[(a)]	$18,723,853	$18,705,288	$18,773,733	$18,799,680	$18,596,012
Ratio of Debt to Personal Income[(b)]	7.11%	6.87%	6.65%	6.26%	6.19%
Ratio of Debt to Estimated Full Value of Equalized Grand List[(c)]	2.93%	2.99%	3.05%	3.12%	3.48%
Per Capita Debt[(d)]	$5,185	$5,186	$5,212	$5,213	$5,150

(a) In thousands. Includes gross direct general obligation bonded indebtedness outstanding as of June 30 of each fiscal year as set out in **Table 11** which includes bonds that are considered self-liquidating.

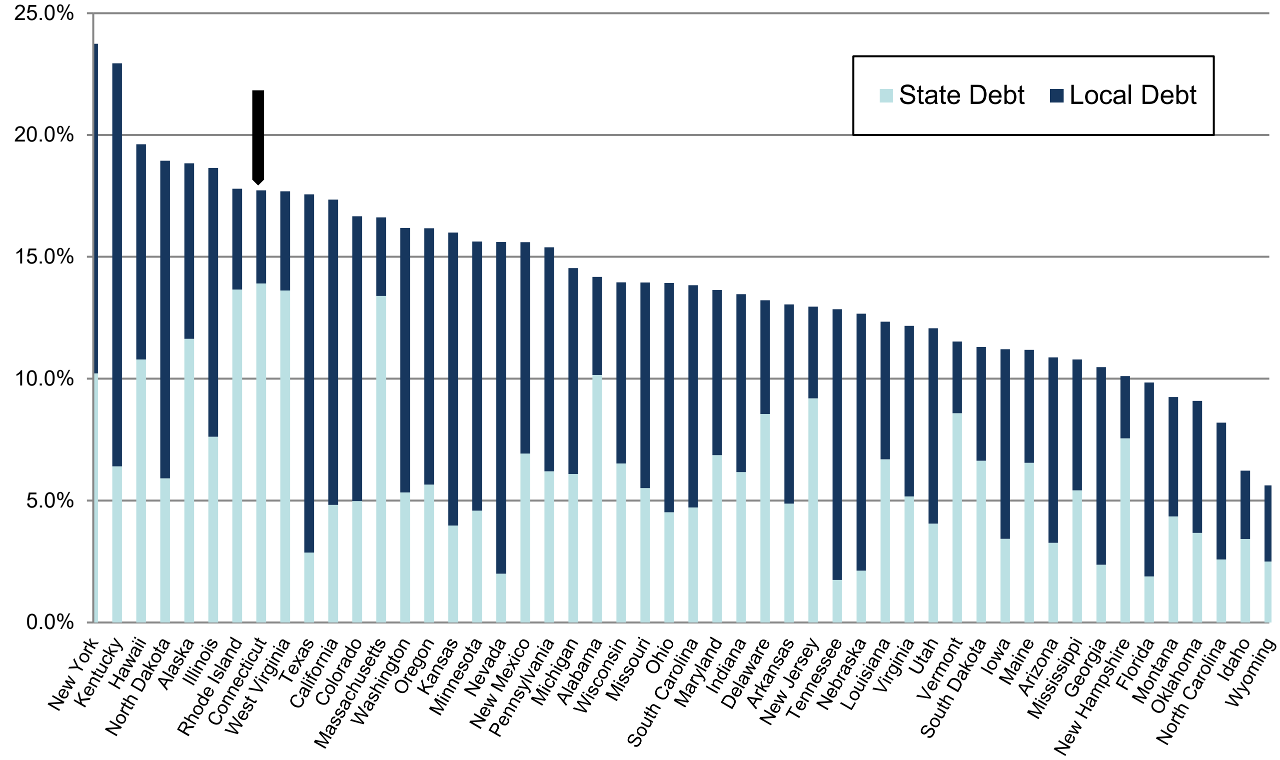
(b) See **Appendix II-B, Table B-2**. Personal Income: 2018 — $263.4 billion; 2019 — $272.5 billion; 2020 — $282.5 billion; and 2021 – 300.3 billion. The 2022 ratio uses 2021 data.

(c) Full value estimated by OPM. Uses final equalized net grand lists: 2016 – $549.2 billion; 2017 – $560.0 billion, 2018 -- $573.5 billion, 2019 -- $586.0 billion and 2020 --$647 billion. Property is assessed as of October 1 in each year for the tax levy effective the following July 1. The 2018 ratio uses 2016 data; 2019 ratio uses 2017 data; 2020 ratio uses 2018 data; 2021 ratio uses 2019 data and 2022 ratio uses 2020 data.

(d) See **Appendix II-B, Table B-1**. State population in thousands: 2018 — 3,611; 2019 — 3,607; 2020 — 3,602; 2021 — 3,606; and 2022 – 3,611.

Aggregate State and Local Debt. The following table sets forth the per capita aggregate debt level of each state, including debt issued at both the state and local levels, compared to per capita personal income within the state. As the chart shows, the State of Connecticut is 43rd among all states in a ranking of states with the least aggregate debt per capita as a percentage of per capita personal income. The chart below also indicates that the State has the sixth lowest ratio of per capita local debt to per capita personal income and second lowest ratio of local debt to aggregate debt. This is due in part to the State's practice of financing school construction primarily at the state level and the absence of county-level government in the State.

TABLE 9a (a)(b)
Combined State and Local Debt Compared to State Personal Income



(a) The percentages along the vertical axis are calculated by dividing per capita aggregate debt over per capita personal income. Population figures used in the underlying calculations are the population estimates as of July 1, 2021 from the U.S. Census Bureau, Population Division. State and local debt figures used in the underlying calculations are from the U.S. Census Bureau, 2020 Annual Surveys of State and Local Finances. Per capita income figures used in the underlying calculations are from the Bureau of Economic Analysis, which used data from 2021.

(b) The Census Bureau state and local debt figures include debt obligations of all dependent agencies of the state and local government, respectively, including agencies, boards, commissions, or other organizations, regardless of the responsibility for debt service. This differs from the components of debt in other places within this Information Statement.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

Debt Service Schedule. The following table sets forth the principal, sinking fund and interest payments required on all outstanding long-term direct general obligation debt of the State, as of February 1, 2023. Although not specifically reflected as a result of combining all outstanding long-term direct debt, the State generally issues general obligation bonds maturing within twenty years. The exceptions include thirty-year Rental Housing Term Bonds and certain other bonds with maturities of less than twenty years where required by statute or in instances where the expected period of usefulness of the project or purpose financed does not warrant a maturity of twenty years.

TABLE 10

Summary of Principal, Mandatory Sinking Fund Payments, and Interest on Long-Term Direct General Obligation Debt[(a)]
As of February 1, 2023

Fiscal Year	Principal Payments[(b)]	Interest Payments[(b)(c)]	Total Debt Service
2023	$ 808,949,554	$ 87,423,289	$ 1,196,372,843
2024	1,673,774,066	847,159,274	2,520,933,340
2025	1,616,077,437	779,481,757	2,395,559,193
2026	1,593,420,000	625,207,514	2,218,627,514
2027	1,551,530,000	552,989,614	2,104,519,614
2028	1,500,515,000	480,676,410	1,981,191,410
2029	1,390,020,000	411,678,819	1,801,698,819
2030	1,343,040,000	345,982,465	1,689,022,465
2031	1,293,330,000	284,527,055	1,577,857,055
2032	1,202,065,000	224,125,200	1,426,190,200
2033	760,450,000	165,726,147	926,176,147
2034	697,050,000	134,440,329	831,490,329
2035	621,550,000	105,193,053	726,743,053
2036	525,545,000	78,894,026	604,439,026
2037	424,965,000	58,149,599	483,114,599
2038	321,905,000	41,681,738	363,586,738
2039	255,605,000	28,827,138	284,432,138
2040	209,365,000	18,783,938	228,148,938
2041	154,365,000	10,528,288	164,893,288
2042	91,355,000	4,751,638	96,106,638
2043	32,500,000	812,500	33,312,500
Totals	$ 18,067,376,057	$ 5,587,039,788	$ 23,654,415,845

(a) Includes long-term general obligation debt as outlined in **Table 8**. The future principal payments ($18,067,376,057), plus accreted interest ($198,398,860) total the amount of such long-term debt ($18,265,774,917) as shown in Table 8. See footnotes (b) and (c) for further explanation.

(b) Principal payments include aggregate stated initial values of capital appreciation bonds. Interest payments include the difference between the aggregate stated initial values and the aggregate maturity amounts of capital appreciation bonds. Capital appreciation bonds mature in Fiscal Years 2023 through 2025.

(c) Some of the State's direct debt pays interest at variable rates. For purposes of this **Table 10**, the interest on such debt is calculated based on the following assumed average rates:

Year Issued	Amount Issued	Amount Outstanding	Maturities	Interest Rate
2013	$ 244,570,000	$ 49,275,000	2023-2025	4.75%
2014	47,000,000	10,000,000	2023	4.75
2015	200,000,000	63,345,000	2023-2024	4.75
2016	300,000,000	241,465,000	2023-2034	4.75
2017	300,000,000	262,635,000	2023-2037	4.75
Totals	$ 1,091,570,000	$ 626,720,000		

SOURCE: State Treasurer's Office

Outstanding Long-Term Direct General Obligation Debt. The following table sets forth the total long-term direct general obligation debt outstanding at the end of each of the last ten fiscal years. The long-term debt outstanding includes bonds that are considered self-liquidating. See **Table 8**.

TABLE 11

Outstanding Long-Term Direct General Obligation Debt
As of June 30
(In Thousands)

Fiscal Year	Gross Debt
2013	$14,762,696
2014	15,819,826
2015	16,879,336
2016	17,704,949
2017	18,534,494
2018	18,723,853
2019	18,705,288
2020	18,773,733
2021	18,799,680
2022	18,596,012

SOURCE: State Treasurer's Office

Future Issuance of Direct General Obligation Debt. The General Assembly has empowered the Commission to authorize direct general obligation bonds pursuant to certain bond acts. The table below shows, as of February 1, 2023, the amount of bonds authorized by bond acts in effect, the amount the Commission has authorized, the amount of bonds issued pursuant to Commission authorizations, the balance remaining authorized but unissued and the balance available for authorization. The following table shows the same information for UConn 2000 bonds secured by the State's debt service commitment authorized to be issued under the cap through June 30, 2022.

Table 12

Authorized but Unissued Direct General Obligation Debt
As of February 1, 2023
(In Thousands)

	State Direct Debt[(a)]	Pension Obligation Bonds[(b)]	UCONN 2000[(c)]	Tax Increment[(d)]	Total
Amount Authorized by Legislature	$47,176,964	$ 2,276,578	$3,851,852	$ 74,750	$53,380,144
Amount Allocated by Commission	43,260,565	2,276,578	3,851,852	74,750	49,463,745
Available for Commission Allocation	3,916,399	0	0	0	3,916,399
Amount Authorized by Legislature	$47,176,964	$ 2,276,578	$3,851,852	$ 74,750	$53,380,144
Amount Issued	40,554,278	2,276,578	3,511,652	68,040	46,410,548
Authorized by Legislature but Unissued	6,622,686	0	340,200	6,710	6,969,596
Amount Allocated by Commission	43,260,565	2,276,578	$3,851,852	$ 74,750	$53,380,144
Amount Issued	40,554,278	2,276,578	3,511,652	68,040	46,410,548
Allocated by Commission but Unissued	2,706,287	0	340,200	6,710	3,053,197

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(a) Includes CHFA Supportive Housing Bonds, CHFA Emergency Mortgage Assistance Program Bonds and GAAP Deficit Bonds. Excludes CRDA Bonds, CHEFA Child Care Facilities Bonds and lease financings.
(b) The amount available does not include additional amounts which may exceed the cap to finance issuance costs and capitalized interest.
(c) Includes new money bonds that may be issued under the cap in effect on the date of the table. The amount available for authorization does not include additional amounts which may exceed the cap to finance reserve funds, issuance costs and capitalized interest. The amount issued has been adjusted to reflect increases due to closing costs and decreases due to premiums.
(d) The amount of tax increment bonds authorized is based on the amount authorized by the Commission, since there is no statutory amount of authorization.

SOURCE: State Treasurer's Office; OPM

The General Assembly authorizes bonds in various public and special acts each year or each biennium. In addition to authorizing bonds for new projects and purposes, the General Assembly reviews prior authorizations and may repeal certain projects and bond authorizations or otherwise reduce prior bond authorizations. The following table and graph list the amount of new authorizations of general obligation debt that take effect during the fiscal year listed, and the net amount after subtracting prior bond authorizations that have been repealed or reduced. Pension obligation bonds and economic recovery notes are not included since they are not recurring authorizations.

TABLE 13

Statutory General Obligation Bond Authorizations and Reductions[a]
(In Millions of Dollars)

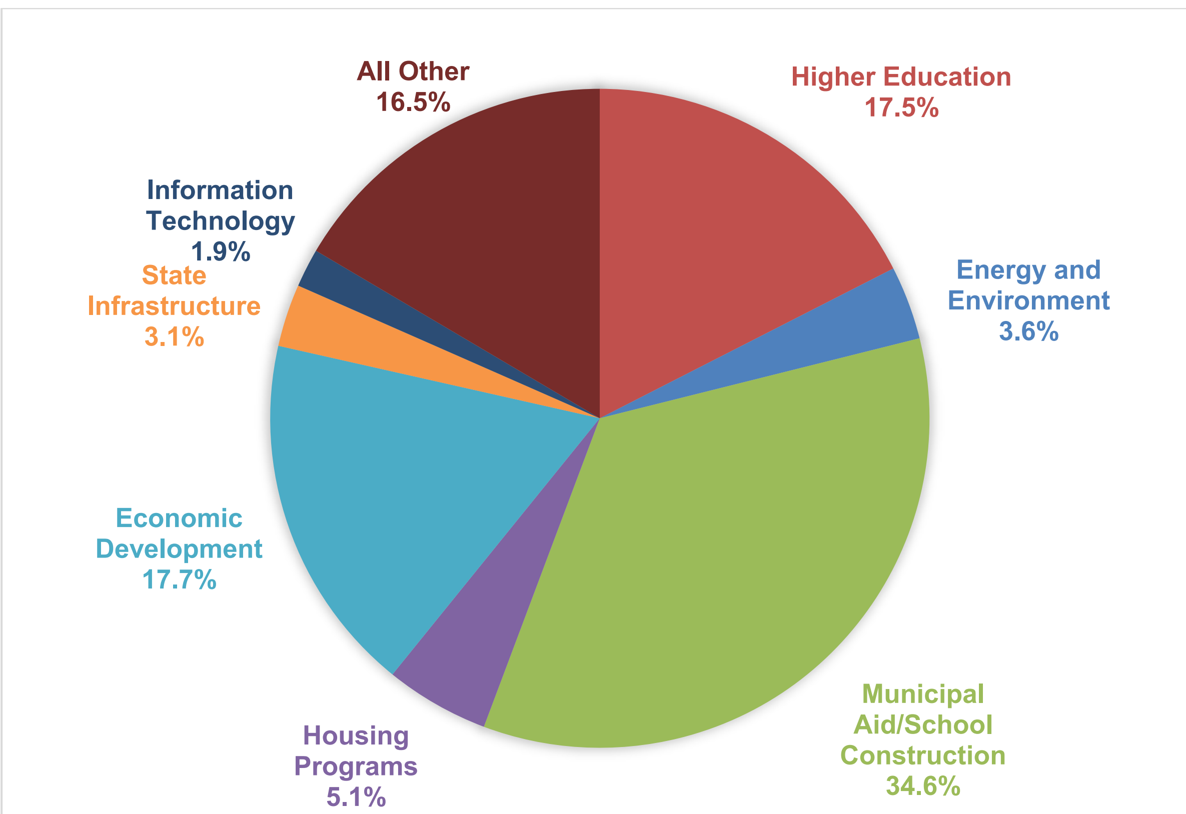
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Authorizations	1,993.6	2,843.6	2,391.5	2,661.3	1,875.6	1,800.0	1,895.4	1,903.5	2,174.5	1,541.8
Reductions	(12.0)	(27.8)	(272.5)	(985.7)	(263.3)	(406.3)	(3.4)	0.0	(156.2)	(410.5)
Net New Authorizations	1,981.6	2,815.8	2,119.0	1,675.6	1,612.3	1,393.7	1,892.0	1,903.5	2,018.3	1,131.3

(a) Does not include Pension Obligation Bonds, Economic Recovery Notes, lease financings, tax increment or cash flow borrowings. Does not include GAAP Deficit Bonds authorized in Fiscal Year 2014 in an aggregate principal amount sufficient to generate net proceeds of not more than $598.5 million. Includes amount for UConn 2000 bonds available under the cap for Fiscal Years 2010 through 2023, as amended, but does not include additional amounts which may exceed the cap to finance reserve funds, issuance costs and capitalized interest. Amounts are listed in the fiscal year that the bond authorizations become effective. Does not include any authorizations which take effect after Fiscal Year 2023. See **Table 14**.

Source: OPM

TABLE 14

General Obligation Bond Allocations for Fiscal Years 2018 – 2022



SOURCE: OPM

OTHER FUNDS, DEBT AND LIABILITIES

The State conducts certain of its operations through State funds other than the State General Fund and may issue debt secured by the special taxes or revenues pledged to certain of such funds. In addition, the State is contingently liable, or has limited liability, from the resources of the State's General Fund, for payment of debt service on certain obligations of quasi-public State agencies and municipalities of the State. The State also has committed to pay debt service on loans to finance certain child care facilities and has committed to certain municipalities to make future grant payments for school construction projects, payable over a period of years, and has certain other contingent liabilities for future payments.

Special Transportation Fund and Debt

The Transportation Infrastructure Program was created in 1984 and included the authorization of Special Tax Obligation ("STO") bonds to finance the program. The Transportation Infrastructure Program is a continuous program for the planning, construction, and improvement of transportation infrastructure, and is administered by the Department of Transportation.

The cost of the Transportation Infrastructure Program for Fiscal Years 2018-2027, which will be met from federal, State, and local funds, is currently estimated at $19.4 billion. The State's share of such cost, estimated at $10.3 billion, is to be funded from the proceeds of STO bonds, and from transportation-related taxes, fees and revenues deposited in the Special Transportation Fund, as described below. The portion of State program costs not financed by STO bonds is estimated at $173 million and includes the expenses of the transportation infrastructure program that either are not sufficiently large or do not have a long enough life expectancy to justify the issuance of long-term bonds.

It is estimated that an additional $3.1 billion of STO bonds will be issued to fund the estimated $10.3 billion State's share of the cost of the infrastructure program for Fiscal Years 2018-2027. There is currently $6.4 billion of authorized but unissued STO bonds. While current appropriations are adequate to provide for expenditures through the projection period, additional appropriations, including the authorization of additional STO bonds, will be required before the end of the projection period in order to continue the multi-year planning required for expenditures beyond the end of the projection period.

The State has established the Special Transportation Fund for the purpose of budgeting and accounting for all transportation-related taxes, fees and revenues credited to such Fund and securing the STO bonds. STO bonds are payable solely from revenues of the Special Transportation Fund and other pledged receipts, funds or moneys. The aggregate of certain transportation related taxes and other transportation related revenue sources, and any direct pay federal interest subsidy received by the State in connection with the issuance of any taxable STO bonds (Build America Bonds) are intended to cover the cost of the State's share of the infrastructure program, including debt service requirements on STO bonds.

The table below shows the amount of STO bonds authorized by bond acts in effect, the amount the State Bond Commission has allocated, the amount of bonds issued, the balance remaining of authorized but unissued, the balance remaining of allocated but unissued, and the amount outstanding. It is anticipated that additional STO bonds will be authorized by the General Assembly annually in an amount necessary to finance the ongoing Transportation Infrastructure Program. Such additional bonds may be issued on an equal rank with the outstanding bonds provided certain pledged revenue coverage requirements of the STO bond indentures controlling the issuance of such bonds are met.

TABLE 15

Special Tax Obligation Bonds
As of February 1, 2023
(In Millions)

	New Money
Amount Authorized by Legislature[(a)]	$21,703.1
Amount Allocated by the Commission	20,545.8
Available for Commission Allocation	1,157.3
Amount Authorized by Legislature[(a)]	$21,703.1
Amount Issued[(b)]	15,325.2
Authorized by Legislature but Unissued	6,377.9
Amount Allocated by the Commission	$20,545.8
Amount Issued[(b)]	15,325.2
Allocated by the Commission but Unissued	5,220.6
Amount Outstanding	$7,500.9

(a) Refunding Bonds do not require legislative approval.
(b) Excludes the issuance of refunding bonds.

SOURCE: State Treasurer's Office

In 2015, legislation created a new statutory transportation "lock box" that established the Special Transportation Fund as a perpetual fund, the resources of which are to remain in the Special Transportation Fund to be expended solely for transportation purposes, including the payment of debt service. All sources of moneys required by State law to be credited to the Special Transportation Fund after June 29, 2015 are to continue to be credited to such fund to the extent the State collects or receives such moneys. Further, at a referendum held November 6, 2018, the electors approved an amendment to the Constitution of the State "to ensure (1) that all moneys contained in the Special Transportation Fund shall be used solely for transportation purposes, including debts of the state incurred for transportation purposes, and (2) that sources of funds deposited in the Special Transportation Fund be deposited in said fund so long as such sources are authorized by statute to be collected or received by the state." Note that a new source of funds is not subject to the "lockbox" until it has begun to be credited, deposited, or transferred to the Special Transportation Fund (the "First Receipt Date"). Until the First Receipt Date, a new law can be enacted to use the new source of funds for another purpose.

Other Special Revenue Funds and Debt

Bradley International Airport. Bradley International Airport, located in Windsor Locks, Connecticut, is owned and operated by the Connecticut Airport Authority ("CAA"), a quasi-public authority of the State. The General Assembly authorized the issuance of revenue bonds for improvements at Bradley International Airport (the "Airport") payable from all or a portion of the revenues generated at the Airport. As of February 1, 2023, there were $78.65 million of Bradley International Airport Revenue Refunding Bonds outstanding. In addition, the State is a party to certain interest rate swap agreements with respect to certain of these bonds. Any obligations of the State under the interest rate swap agreements are payable from all or a portion of the revenues generated at the Airport. In January 2023, the Connecticut Airport Authority authorized the issuance of new money and refunding bonds of CAA to refinance the outstanding Bradley International Airport Revenue Refunding Bonds and novation or termination of the related swaps. The outstanding Bradley International Airport Revenue

Refunding Bonds were redeemed and the related swaps were terminated in March 2023. See ***Quasi-Public Agencies - Connecticut Airport Authority ("CAA").***

Additional special obligation bonds to finance self-sustaining special facilities at Bradley International Airport payable solely from the revenues derived from such special facilities were authorized in 1993. No such bonds are currently outstanding.

State Revolving Fund ("SRF"). The General Assembly has authorized the issue of revenue bonds for the purpose of funding various State and federally mandated water pollution control and drinking water projects for up to $4,486.1 million, of which $2,466.6 million have been issued. The revenue bonds are payable solely from the revenues or other receipts, funds or moneys of the SRF. The proceeds of the revenue bonds are loaned primarily to Connecticut municipalities and public water systems to finance water pollution control and drinking water improvements, and the loan repayments by the municipalities and public water systems secure the revenue bonds. The loan obligations of the municipalities and public water systems are secured by either the full faith and credit of each such entity, or the revenues and other funds of a municipal sewer or public water system. As of February 1, 2023, $833.6 million revenue bonds will be outstanding (including refunding bonds).

Unemployment Compensation. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the State may borrow from the Federal Unemployment Trust Fund or issue revenue bonds payable from such sources in an aggregate amount outstanding at any time not in excess of $1.0 billion, plus amounts for certain reserves and costs of issuance. At the end of August 2020, the State began borrowing funds from the United States Department of Labor in order to pay Unemployment Insurance ("UI") benefits to unemployed workers. Generally, federal loans carry interest immediately, but the federal government waived interest on UI trust fund loans until September 6, 2021. After the interest free borrowing expired, the first special assessment payment of $1.085 million was due on September 30, 2021 and was authorized to be paid by the Governor using funds from the CARES Act. The Governor has authorized $30 million in funds available through the ARP Act to cover interest payments due, beginning August 2022 through end of 2026. Principal payments are made by employers through increased Federal Unemployment Tax Act (FUTA) tax payments and through the Connecticut Department of Labor UI Trust Fund when such fund begins to have a surplus. Currently, the State continues to borrow and as of February 8, 2023, the outstanding UI loan balance was $117 million.

Second Injury Fund. The Second Injury Fund is a State-run workers' compensation insurance fund that pays lost wages and medical benefits to qualified injured workers. The Second Injury Fund is now closed to future second injury claims. However, there remain authorized the issuance of an amount not to exceed $750 million in revenue bonds and notes outstanding at any one time to provide funds for paying past claims. No bonds or short-term borrowings are currently outstanding. The State's management objective is to pay additional claims and settlements from current income and, if necessary, short term borrowings.

Contingent Liability Debt

The General Assembly has the power to impose limited or contingent liabilities upon the State in such a manner as it may deem appropriate and as may serve a public purpose. This power has been used to support the efforts of quasi-public agencies, municipalities and other authorities formed to carry out essential public and governmental functions by authorizing these entities to issue indebtedness backed, partially or fully, by General Fund resources of the State. Not all entities that are authorized to issue such indebtedness have done so, and the description below of the State's limited or contingent liability is restricted only to specific indebtedness backed by the State.

Special Capital Reserve Funds. The primary vehicle through which the State has undertaken contingent or limited liability is the special capital reserve fund ("SCRF"). A SCRF, if established, provides additional security for certain bonds issued by a quasi-public agency, municipality or other authority. Subject to certain legislative exceptions, monies held in and credited to a SCRF are intended to be used solely for the payment of the principal of bonds secured by such SCRF, 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. The SCRF is frequently funded with bond proceeds to a specified amount (the minimum of which is often the maximum annual principal and interest payments due on the bonds). The State undertakes the obligation to restore a SCRF to its minimum level. The method for determining such required minimum capital reserve is set out in the legislation authorizing the SCRF. If the SCRF should fall below the required minimum capital reserve amount, an official of the issuer that established the SCRF is to certify to the Secretary of OPM or the Treasurer or both the amount necessary to restore such SCRF to the required minimum capital reserve amount. On or before December 1, annually, there is deemed to be appropriated from the State's General Fund such amount as specified in the certificate, which amount shall be allotted and paid to the entity that established the SCRF. On an annual basis, the State's liability under any SCRF mechanism is limited to its obligation to restore each SCRF to its minimum capital reserve amount.

By statute, the Capital Region Development Authority; the Connecticut Airport Authority; the Connecticut Green Bank; the Connecticut Health and Educational Facilities Authority; the Connecticut Higher Education Supplemental Loan Authority; the Connecticut Housing Finance Authority; Connecticut Innovations, Incorporated; the Connecticut Port Authority; and the Materials Innovation and Recycling Authority may borrow money or issue bonds or notes that are guaranteed or otherwise supported by the State or for which there is a State supported SCRF with the approval of the Treasurer or the Deputy Treasurer, and for certain of these quasi-public issuers, the Secretary of OPM. The approval shall be based on documentation provided by the authority that the authority anticipates receiving sufficient revenues to (1) pay the principal of and interest on the bonds and notes to be issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

Similarly, no municipality may issue any obligation for which there is a State supported SCRF without the approval of the Treasurer. The Treasurer's approval shall be based upon factors delineated in the general statutes, including the establishment of a property tax intercept procedure to service the municipality's debt.

Quasi-Public Agencies

The State has established a number of quasi-public agencies that are not departments, institutions or agencies of the State. They are, however, bodies politic and corporate that constitute public instrumentalities and political subdivisions of the State. These organizations provide a wide range of services that might otherwise be provided directly by the State.

Each of these public authorities is authorized to issue bonds in its own name to facilitate its activities and, with the exception of the Connecticut Airport Authority and the Connecticut Port Authority, each has issued bonds secured by a SCRF, or other contractual arrangement, for which the State has limited contingent liability.

Capital Region Development Authority ("CRDA"). CRDA was granted authority to issue revenue bonds for a convention center project in the City of Hartford. The bonds are backed by State contractual assistance equal to annual debt service. CRDA retains authority to use SCRFs in connection with additional revenue bonds, but there are currently no plans to do so. The CRDA's charge includes projects to stimulate development and redevelopment in the City of Hartford and the surrounding towns.

Connecticut Airport Authority ("CAA"). CAA has ownership of and responsibility for the management and operations of Bradley International Airport and the State's other general aviation airports. The CAA is authorized to issue revenue bonds, including bonds backed by a SCRF.

Connecticut Green Bank ("Green Bank"). The Green Bank, was designated for the purposes of administering the Clean Energy Fund and the Environmental Infrastructure Fund. The Green Bank is a clean energy and environmental infrastructure finance authority, designed to leverage public and private funds to drive investment and increase clean energy and environmental infrastructure deployment in Connecticut. The Green Bank is authorized to issue bonds to facilitate its activities, which bonds may be secured by a SCRF.

Connecticut Health and Educational Facilities Authority ("CHEFA"). CHEFA was established to assist in the financing of facilities for educational or health care purposes, including colleges and universities, secondary schools, nursing homes, hospitals, child care facilities, and any other qualified non-profit institutions through the issuance of bonds and other obligations. CHEFA loans the proceeds of its bond issues to client institutions, which make debt service payments on such loans that match CHEFA's payment obligations under its bonds. CHEFA is also authorized to issue tax-exempt and taxable revenue bonds secured by one or more SCRFs solely to finance projects for housing, student centers, food service facilities and other auxiliary service facilities at public institutions of higher learning, including the Connecticut State University System, or for clinical services projects for the University of Connecticut Health Center, and up to $100.0 million to finance equipment acquisitions by hospitals.

CHEFA also is authorized to issue bonds and loan the proceeds to various entities to finance child care facilities. The State Treasurer is committed to pay the debt service on these loans, subject to annual appropriation. See **Other Debt Service and Contractual Commitments** – ***CHEFA Child Care Program***.

Connecticut Higher Education Supplemental Loan Authority ("CHESLA"). CHESLA, a subsidiary of CHEFA, provides financial assistance in the form of education loans to students in or from the State. CHESLA is also authorized to provide loans to refinance eligible education loans of qualified borrowers. CHESLA is authorized to issue bonds the proceeds of which are used to fund or refinance education loans to applicants meeting certain eligibility requirements. The repayment of such loans is used to make debt service payments on CHESLA bonds. CHESLA bonds are further secured by a SCRF.

Connecticut Housing Finance Authority ("CHFA"). CHFA was established to meet the needs of low and moderate income families and persons for decent housing and to encourage and assist the development and construction of multi-family housing. CHFA is authorized to issue bonds the proceeds of which are used to fund mortgage loans to applicants meeting certain eligibility requirements. CHFA also is authorized to make or purchase construction and permanent mortgage loans that are guaranteed or insured by the United States of America or any agency or instrumentality thereof, by the Federal Home Loan Mortgage Corporation, by a private mortgage insurance company or the State or the Authority itself without limitation as to amount and to make or purchase mortgage loans not so insured or guaranteed in an aggregate amount not to exceed $2.25 billion. In order to finance these activities, CHFA established a Housing Mortgage Finance Program and issued its general obligation bonds under a General Bond Resolution. Bonds issued under CHFA's General Bond Resolution are secured by a SCRF.

CHFA has also established a Special Needs Housing Mortgage Finance Program (formerly known as the Group Home Mortgage Finance Program) and has issued and expects to issue additional State-Supported Special Obligation Bonds which bonds are and will be secured by a SCRF. CHFA also issues bonds for supportive housing and emergency mortgage assistance for which the debt service is paid by the State pursuant to contracts for State assistance. See **State Debt –** ***Types of Direct General Obligation Debt – Supportive Housing Financing and Emergency Mortgage Assistance Program***.

Connecticut Innovations, Incorporated ("CI"). Under its General Obligation Bond Program, CI may issue bonds secured by a SCRF to finance eligible economic development and information technology projects. As of February 1, 2023, no such bonds are outstanding. Although there remains legislative authority for the issuance of bonds secured by SCRFs under the Umbrella Bond Program, no loans have been initiated under that program since 1985, and CI does not anticipate a resumption of any lending activity under that program.

Connecticut Municipal Redevelopment Authority ("CMRA"). The CMRA was established for the purpose of, among others, stimulating economic and transit-oriented development, encouraging residential housing development, stimulating new investments, and assisting municipalities in development and redevelopment efforts. The CMRA is authorized to issue bonds, notes and other obligations in such amounts as in the opinion of the board are necessary to provide sufficient funds for carrying out its purposes which shall be general obligations of the CMRA. However, in the event any bond, note or other obligation of the CMRA cannot be paid by the CMRA, the State shall assume the liability of and make payment on such debt.

Connecticut Port Authority ("CPA"). The CPA is charged with marketing and coordinating the development of the State's ports and maritime economy. CPA bonds may be secured by a SCRF.

Materials Innovation and Recycling Authority ("MIRA"). MIRA is charged with the development and operation of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. MIRA bonds may be secured by a SCRF, but MIRA has no plans to issue such debt. MIRA is presently consolidating in response to a shift in demand to private sector waste management facilities and services. It has established an interim mission pending future State policy decisions, which are actively being evaluated.

UConn 2000 Special Obligation Financing. The University of Connecticut may issue special obligation bonds that may be secured by a SCRF. The University may also issue special obligation bonds that are not secured by such a SCRF. As of February 1, 2023, the University has outstanding $183.6 million special obligation student fee revenue bonds that are not secured by such a SCRF.

Assistance to Municipalities and Others

Municipalities. The State has undertaken certain limited or contingent liabilities to assist municipalities. The State currently has limited or contingent liabilities outstanding in connection with bonds issued by the Southeastern Connecticut Water Authority. The State previously was obligated to secure certain SCRF-backed bonds issued by the Cities of Bridgeport, Waterbury and West Haven to fund past deficits of such municipalities; however no such bonds are currently outstanding. Legislation also authorized distressed municipalities, in certain circumstances and subject to various conditions, to issue deficit funding obligations secured by a SCRF. There are no such obligations currently outstanding. See, also discussion under **STATE DEBT – State Direct General Obligation Debt – *Municipal Contract Assistance***.

Southeastern Connecticut Water Authority. The Southeastern Connecticut Water Authority was established for the purpose of developing a reliable water supply for southeastern Connecticut. The Commission is authorized to approve a State guarantee of obligations of the Southeastern Connecticut Water Authority. Amounts borrowed by the Southeastern Connecticut Water Authority are to be repaid by July 1, 2045.

Outstanding Special Capital Reserve Fund Debt

The amount of authorized and outstanding debt that is secured by special capital reserve funds as described above is outlined in the following table.

TABLE 16

Special Capital Reserve Fund Debt
As of February 1, 2023
(In Millions)

Indebtedness Secured by SCRF	Authorized Debt	Outstanding Debt	Minimum SCRF Requirement
Capital Region Development Authority	$ (a)	$63.0(b)	$ N.A.
Connecticut Airport Authority	(a)	0.0	0.0
Connecticut Green Bank	250.0	46.4	4.9
Connecticut Health and Educational Facilities Authority			
Connecticut State University System	(a)	279.7	30.8
Hospital Equipment Program	100.0	0.0	0.0
UCONN Health Center Program	(a)	0.0	0.0
Connecticut Higher Education Supplemental Loan Authority	300.0	129.0	15.7
Connecticut Housing Finance Authority			
Housing Mortgage Finance Program	(a)	4,438.7(c)	290.7(c)
Special Needs Housing Mortgage Finance Program	(a)	62.0	5.0
Connecticut Innovations	450.0	0.0	0.0
Connecticut Port Authority	50.0	0.0	0.0
Materials Innovation and Recycling Authority	725.0	0.0	0.0
Southeastern Connecticut Water Authority	15.0	0.4 (b)	N.A.
University of Connecticut	(a)	0.0(d)	N.A.

(a) No statutory limit.
(b) Debt is secured by a non SCRF State guarantee.
(c) Figures are as of December 31, 2022.
(d) Debt is secured by a non SCRF State guarantee, but excludes general obligation bonds of the University that are secured by the State's debt service commitment.

CHESLA issued $25,805,000 of its State Supported Revenue Bonds (CHESLA Loan Program) 2023 Series B - AMT in May 2023 which bonds are secured by a State supported SCRF.

Other Debt Service and Contractual Commitments

CHEFA Child Care Program. CHEFA is authorized to issue Child Care Facilities Bonds and loan the proceeds to various entities to finance child care facilities. Debt service payments are made by the State Treasurer and the State Office of Early Childhood is obligated to reimburse a portion of the debt service payments from intercepts of revenues from providers. The obligation by the State Treasurer to pay such debt service is subject to annual appropriation. As of February 1, 2023, CHEFA had approximately $36.53 million in Child Care Facilities Bonds outstanding under this program, with annual debt service of approximately $4.27 million, of which the State Office of Early Childhood is committed to reimburse approximately $0.60 million. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**. Two other Child Care Facilities programs also authorize the Commissioner of the State Office of Early Childhood to enter into guaranties of loans made to entities to finance the development of child care and child development centers or programs. CHEFA is administering this program on behalf of the State Office of Early Childhood, and is currently limiting the aggregate amount of guaranties to the balance of monies in the reserve funds for the respective programs. The State's obligations in connection with these programs are not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

Capital Region Development Authority. The Commission approved up to $122.5 million of revenue bonds and other borrowings for the Hartford convention center project. The predecessor authority to CRDA issued $110 million of its revenue bonds backed by the State's contract assistance agreement equal to annual debt service on the revenue bonds. As of February 1, 2023, $63.0 million of CRDA revenue bonds was outstanding. The State's aggregate obligation under the contract assistance agreement is limited to $9.0 million per year, and the CRDA's debt obligations are structured not to exceed this amount. An additional $12.5 million of borrowing, not backed by the contract assistance agreement, has also been incurred. Debt service on the revenue bonds is payable from debt service appropriations in the General Fund and CRDA is obligated to reimburse the State for such contract assistance payments from parking and energy fee revenues after payment of operating expenses of the parking garage and the energy facility. Through December 31, 2022, the State has paid $58.3 million of debt service with respect to such bonds which has not been reimbursed. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

The operations of the convention center were adversely affected by the COVID-related shutdowns. Together with reduced parking from area businesses, revenues were down significantly while many costs remained fixed. The economic impact of the COVID crisis, as well as a delay in completion of all elements of the project, along with higher than anticipated startup expenses and operating expenses have resulted in insufficient parking revenues, after operating expenses, to fully reimburse the State for debt service payments. This situation is expected to continue while the COVID crisis exists, and at least until all elements of the project are completed and placed in service. As debt service on CRDA's revenue bonds continues to be paid under the contract assistance agreement, CRDA's reimbursement obligation will increase, and this reimbursement obligation will need to be satisfied before excess parking revenues are available to fund the operations of the convention center, which itself is partially funded by General Fund appropriations from the State to CRDA.

School Construction Grant Commitments. The State provides partial funding for public school building new construction and renovation projects to public school districts under a reimbursement grant program. For certain school projects approved by the General Assembly, districts are ranked according to their adjusted equalized net grand list per capita and, based on such rankings, a reimbursement percentage is assigned that determines the amount of grant money a town or regional school district may be eligible to receive. The State reimburses districts its share on a progress payment basis during the construction period. Each year the legislature authorizes grant commitments in varying amounts based on completed applications received. The State expects to authorize new school construction grant commitments of approximately $137 million that take effect in Fiscal Year 2023. It is anticipated that in future years new authorizations will average approximately $300 million per year. As of June 30, 2022, the Commissioner of Administrative Services estimates that current grant obligations for school construction projects are approximately $2,460 million.

The legislature has authorized the issuance of State bonds for the school construction grant program based on the amount of grants that the Commissioner of Administrative Services estimates will be paid during each fiscal year. Since there is generally a lapse of one or more years from the time grant commitments are approved to the time grant payments are required to be made, the amount of unpaid grant commitments will be significantly greater than the amount of bonds authorized to fund the grant commitments.

Connecticut Lottery Corporation. The Connecticut Lottery Corporation (the "Corporation") was created as a public instrumentality of the State to operate the State's lottery pursuant to the Connecticut Lottery Corporation Act (the "CLC Act"). The State and the Corporation purchase annuities under contracts with insurance companies that provide payments corresponding to the obligation for payments to lottery prize winners. The State has transferred to the Corporation all annuities purchased by it, and the Corporation has assumed responsibility for the collection of revenue generated from the lottery and for the payment of all lottery prizes. Under the CLC Act, the termination of the Corporation would not affect any outstanding contractual obligation of the Corporation and the State would succeed to the obligations of the Corporation under any such contract. As of June 30, 2022 the current and long-term liabilities of the Corporation total $268.3 million.

PENSION AND RETIREMENT SYSTEMS

The State sponsors several public employee retirement systems and provides other post-employment benefits. This section will describe these plans in turn. It should be noted that the characteristics of the pension plan systems, where significant assets are available to meet the State's obligations, are different than the characteristics of the systems providing other post-employment benefits, which have not accumulated significant assets. Both types of plans have unfunded liabilities that represent significant financial obligations of the State, both now and in the future. In round numbers, the unfunded actuarial accrued liability ("UAAL") of the major pension systems aggregate approximately \$38.1 billion and the net social security and other post-employment benefits liability of the other major post-employment benefits systems aggregate approximately \$17.1 billion, based on the most recent actuarial valuations.

Pension Systems - Overview

The State sponsors several public employee retirement systems discussed in more detail in this section. The two largest of these are the State Employees' Retirement System ("SERS") and the Teachers' Retirement System ("TRS"). These plans have been in operation for a number of years and have significant assets held for the purposes of each plan. Like other similar plans, each plan began with "pay-as-you-go" funding, whereby benefits to beneficiaries were paid from the General Fund when due. In 1971, the plans were converted to actuarially funded plans and irrevocable trusts were established to accumulate assets that are invested on a long-term basis to fund future liabilities on an actuarial basis. In an actuarially funded pension plan, plan contributions, plus plan assets and the return on plan assets, are designed to meet the future benefits payments over the life of the plan.

The transition of the plans from a "pay-as-you-go" basis to a fully funded actuarial basis requires setting aside significant assets. As it would be impractical to set aside the accumulated liability in a short period, it was contemplated that the plans would achieve full funding over a period of time. The actuarially determined employer contribution ("ADEC") (formerly referred to as the actuarially recommended contribution or "ARC") is the recommended annual payment by the State to the applicable pension plan in order to achieve full funding of the plan over the applicable period, assuming that the actuarial assumptions are met.

When both of the State's major pension plans were converted to an actuarial funding method, the original time period determined to achieve full funding was set at 40 years, a period that was subsequently extended, most recently in 2019. Under the funding models in effect as of June 30, 2022, the remaining periods as of that date to reach full funding were approximately 23.7 years for the State Employees' Retirement Fund and approximately 25.9 years for the Teachers' Retirement Fund, as long as the State fully funded the annual funding requirement determined by the actuary and the actuarial assumptions were realized.

In valuing the assets of each system for actuarial purposes, the actuaries calculate an actuarial valuation which "smooths" the asset values. These methods are discussed for SERS and TRS below.

It is important that the funding plan be revisited periodically. Accordingly, by statute, actuarial valuations are performed with respect to the systems at least once every two years. Because these valuations are estimating future resources and future liabilities, it is necessary to make important assumptions in arriving at these future assets and liabilities. Using these assumptions, the actuarial valuation compares the actuarial accrued liability with the actuarial value of assets and any excess of that liability over the assets forms an UAAL. This UAAL represents the remaining amortization of the original unfunded status, changes in the UAAL arising from actual experience compared to these assumptions (including actual investment performance compared to assumed performance), changes in the actuarial assumptions, and any failure to fully fund ADECs in prior years. The actuarial valuation then arrives at a recalculated ADEC for future years, which represents the sum of benefits to be accrued in these years, plus the amortization of the recalculated UAAL over the remaining amortization period.

In addition to these recalculations, the State has taken several additional steps in the last few years to address the funding issues with the plans. In the case of SERS, it has negotiated reduced benefits, as described below, made more conservative assumptions which have had the effect of increasing the UAAL, and eliminated the provisions that permitted the State to not fund its full ADEC payment. In the case of TRS, it has issued pension obligation bonds to augment the funding of the system, which bonds included a covenant requiring the State to fund the ADEC while the bonds (or any refunding of the bonds) are outstanding, subject to certain exceptions. These additional steps are described in more detail below for each plan.

While the UAAL for each plan is large and the funded ratio is low, in addition to statutory commitments (which can be, and have been, changed by legislation), and unlike many similar plans, the State now has contractual commitments requiring annual funding of the ADEC. In the case of SERS, the State is required to annually fund the ADEC pursuant to its bargaining agreement with SEBAC. In the case of TRS, the State is required to fund the annual amount as a condition of a bond covenant so long as the State's pension obligation bonds issued in April 2008 to fund a $2.0 billion deposit to the Teachers' Retirement Fund ("TRF Bonds"), or any refunding of the TRF bonds, are outstanding, as more fully discussed under ***Pension Obligation Bonds*** below.

Actuarial Valuations

The actuarial value of the liabilities of the plan are not current liabilities but represent a present value measure of the stream of benefits that the plan is expected to pay over the foreseeable future. These benefits in turn depend on future events, such as the size of the workforce, the rate workers leave the workforce, the rate of retirement, the rate of mortality of retirees, the rate of salary increase and the rate benefits accrued at retirement increase by future cost of living increases, among other factors. The State engages actuaries to assist it in selecting assumptions about these factors, and based on these assumptions, the actuary estimates the current stream of future benefits. In order to come to an estimate of the accrued liabilities of the plan, this stream of estimated future benefits is discounted to a present value based on an assumed discount rate. The State uses a discount rate that is the same as its investment return assumption. The significant assumptions used in making these calculations are described below for each plan.

One measure of the level of plan funding is the "funded ratio", which is calculated by dividing the actuarial value of the assets of the plan by the actuarial accrued liability of the plan. The actuarial valuation will state the funded ratio for each plan, and is shown herein. Also shown is the funded ratio calculated based on the market value of the assets of the plan.

The actuarial valuation also will state an ADEC, which is the recommended payment of the State to the applicable pension plan. These recommendations are used in the next budget cycle. The ADEC consists of two components: (1) normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service, and (2) an amortization of a portion of the UAAL. The normal cost is partially funded from active member contributions, if required under the particular plan, with the remainder funded by State contributions. The UAAL amortization component is made over the length of time chosen as the amortization period, and designed to eliminate the UAAL and bring the plan to the state of being fully funded. Following the full amortization of the UAAL, to maintain this full funding only the normal cost amount would need to be contributed, plus any contribution necessary due to the effect of actual experience compared to the actuarial assumptions.

One of the most significant factors in determining the annual UAAL amortization amount, and determining the point in time when the plan should be fully funded, is the remaining period over which the UAAL will be amortized. The State Employees' Retirement Fund now uses a layered amortization method in which existing bases are amortized over closed-end periods and future actuarial gains and losses are phased in over closed 25 year periods, resulting in a weighted average amortization period of 23.7 years as of June 30, 2022, as further described below. The Teachers' Retirement Fund now amortizes the UAAL as of June 30, 2018 over a closed period of thirty years, with future actuarial gains and losses amortized over separate closed periods of twenty-five years, beginning the year each separate base is established, resulting in a remaining weighted amortization period of 25.9 years as of June 30, 2022. A second important factor is determining the amount to be amortized in each year of the remaining amortization period. Previously, both of the State plans used a "level percent of payroll" formula for this purpose, where in each year the same percent of assumed payroll for that year is calculated as the amount to be amortized. This method assumes that the amortization payments increase in future years by the assumed increase in payroll since it calculates amortization payments as a constant percentage of projected payroll over a given number of years. This makes the assumption of the rate at which payroll increases each year an important assumption. SERS is now phasing in a "level dollar" amortization over a five year period, where the cost is amortized in equal dollar amounts to be paid over the specified number of years. This method generally results in decreasing inflation-adjusted payments over time. TRS used a "level percent of payroll" amortization method, and is now also transitioning over a five year phase-in period beginning in Fiscal Year 2020 to a level dollar amortization method.

Both SERS and TRS now use an "entry age normal" actuarial cost method to calculate the annual amortization payments needed to amortize the UAAL. The entry age normal method calculates the annual normal cost for a member as a uniform and constant rate of employer contribution that, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to contributions of the member to meet the cost of all benefits payable on behalf of the member. The actuaries have indicated that the entry age normal method is the most widely used cost method of large public sector plans and has demonstrated the highest degree of contribution stability to alternative methods. It also is the only method allowed under the Governmental Accounting Standards Board ("GASB") reporting standards which came into effect in 2014.

Pension Reporting Pursuant to GASB Statement Nos. 67 and 68

Beginning with Fiscal Year 2014, the State began reporting pensions in accordance with GASB Statement No. 67 ("GASB 67"), and GASB Statement No. 68 ("GASB 68"), which prescribe certain methods for comparability and other purposes. These methods are not necessarily the same as those used in calculating the ADEC of the State, which are determined by statute and/or contract.

GASB 67 requires a determination of the Total Pension Liability ("TPL") for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability ("NPL") is then set equal to the TPL minus the plan's Fiduciary Net Position ("FNP") which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate ("SEIR"). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR to be used is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of Aa/AA or higher.

GASB 68 requires, among other things, that Pension Expense ("PE") be calculated and a proportionate share of NPL and PE be recognized in the employer's financial reporting. PE includes amounts for service cost (the normal cost under the Entry Age Normal actuarial cost method for the year), interest on the TPL, changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years. PE should not be considered a proxy for funding or contribution levels.

OPEB Reporting Pursuant to GASB Statement Nos. 74 and 75

In June 2015, GASB released new accounting standards for public sector plans providing post-employment benefits other than pensions ("OPEB") and sponsoring employees, including GASB Statement No. 74 ("GASB 74"), effective for Fiscal Year 2017, and GASB Statement No. 75 ("GASB 75"), effective for Fiscal Year 2018. GASB 74 and GASB 75 supersede GASB Statement No. 43 and GASB Statement No. 45, respectively. Generally, the changes made by GASB 74 and GASB 75 to OPEB plan reporting substantially parallel the changes made by GASB 67 and GASB 68 to pension plan reporting.

GASB 74 requires a determination of the Total OPEB Liability ("TOL") for a plan using the Entry Age Normal actuarial funding method. The Net OPEB Liability ("NOL") is then set equal to the TOL minus the plan's FNP which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a SEIR, which is determined in the same manner as provided by GASB 67 for pension plans.

GASB 75 requires, among other things, that OPEB Expense ("OE") be calculated and a proportionate share of NOL and OE be recognized in the employer's financial reporting. OE is calculated in a manner similar to the manner provided by GASB 68 for the calculation of TOL for pension plans. OE should not be considered a proxy for funding or contribution levels.

State Employees' Retirement Fund

SERS is one of the systems maintained by the State with approximately (i) 46,661 active members, consisting of 24,436 vested members and 22,225 non-vested members, (ii) 2,862 deferred vested members, and (iii) 56,778 retired members and beneficiaries as of June 30, 2022.

Payments into the State Employees' Retirement Fund ("SERF") are made from employee contributions, General and Special Transportation Fund appropriations and grant reimbursements from Federal and other funds. State contributions to the fund are made monthly on the basis of transfers submitted by the Office of the State Comptroller.

By statute full actuarial valuations are required to be performed as of June 30th of each even-numbered year. The State intends to perform annual actuarial valuations and has done so commencing with the valuation as of June 30, 2019. The actuarial valuation uses recognized actuarial methods to calculate the actuarial value of assets and the actuarial accrued liability of the SERF. The valuation uses an asset valuation method that smooths the difference between the market value of assets and actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. The actuarial value of assets is determined by first projecting the actuarial value forward from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed investment rate of return. One fifth of any difference between this expected actuarial value and the actual market value is added to or subtracted from the expected actuarial value to arrive at the actuarial value of assets in order to "smooth" year to year changes in market values. The unfunded actuarial liability is the actuarial accrued liability less the actuarial value of assets. The valuation includes a projection from the valuation date to future years based on certain key assumptions such as the investment return on the market value of assets, the active population count for hazardous and nonhazardous duty members, total payroll growth, age and salary distributions for new entrants, and actual plan experience with respect to terminations, retirement, mortality, and cost of living increases, among other things.

June 30, 2022 Actuarial Valuation, and Fiscal Years 2023 and 2024 Employer Contribution Requirements

The Connecticut State Employees Retirement Commission ("SER Commission") received from Cavanaugh Macdonald Consulting, LLC an actuarial valuation as of June 30, 2022 dated December 7, 2022 ("December 2022 Valuation"), and subsequently approved such valuation. The December 2022 Valuation reported the following results as of June 30, 2022 with respect to the SERF:

Actuarial Valuation as of June 30, 2022	
Market Value of Assets	$18,532.1 million[(a)]
Actuarial Value of Assets	19,726.0 million[(a)]
Actuarial Accrued Liability	40,657.0 million
UAAL	20,931.0 million
Funded Ratio (based on the actuarial value of assets)	48.5%
Funded Ratio (based on the market value of assets)	45.6%

(a) Amounts include the transfer of $3,132,087,937 made subsequent to June 30, 2022.

The January 2022 Valuation was based on the following assumptions and methodologies, among others:

- 6.90% investment return assumption (including inflation at 2.50%)
- Entry Age Normal actuarial cost method
- Level dollar amortization method
- Projected salary increases of 3.0% to 11.5% (including inflation at 3.0%)
- COLA of 1.95% to 3.25%
- A COLA moratorium for employees retiring on or after July 1, 2022 for the first 30 months of retirement, and that the partial COLA available during the COLA moratorium period to take into account a potential environment where CPI is greater than 5.5% will result in the first COLA being assumed to be 0.15% higher
- Social security wage base increase of 3.5%
- The actuarial value of assets recognizes 20% of the difference between the market value of assets and the expected actuarial value of assets

In addition, under the agreement with SEBAC as to revisions to the UAAL amortization schedule, the UAAL layered amortization is as follows:

Portion of UAAL	Year Established	Remaining Amortization Period
Statutory Base	1984	24 years [(a)]
Transitional Base	2016	24 years
2018 Base	2018	21 years
2019 Base	2019	22 years
2020 Base	2020	23 years
2021 Base	2021	24 years
2022 Base	2022	25 years

(a) Changed from 13 years to 28 years in Fiscal Year 2019.

The December 2022 Valuation determined the ADEC requirement for Fiscal Year 2023 and an estimated ADEC requirement for Fiscal Year 2023, and the annual contribution rate as a percentage of payroll, based on a covered payroll as of June 30, 2020 of $3,672.4 million for Fiscal Year 2022 and a covered payroll of $3,847.1 for Fiscal Year 2021, as follows:

Annual Employer Contributions for:	**Fiscal Year 2023**		**Fiscal Year 2024 (Estimated)**	
	Amount (in millions)	Percent of Payroll	Amount (in millions)	Percent of Payroll
Employer Normal Cost	$232.5	6.04%	$223.2	5.89%
Amortization of Net UAAL (amortized over 25.8 years as of June 30, 2020)	$1,910.9	49.67%	$1,817.2	47.99%
Total Employer Contribution Requirement	$2,143.3	55.71%	$2,040.4	53.88%

The 2021 Budget Act for Fiscal Year 2023 contains appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2023. The budget for Fiscal Year 2024 has not yet been adopted.

SERS Plan Results – Five Prior Years

Set forth in the following table are State contributions to the SERF, Federal grant programs, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2018 (as revised June 18, 2019), June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 2022. The actuaries do not recommend that the results of a roll forward valuation be used as the basis for adjusting the scheduled contribution requirements but rather as information as to the expected condition of the SERF Fund as of the end of the interim year.

TABLE 17
State Employees' Retirement Fund
(In Millions)

	2018	2019	2020	2021	2022
General Fund Contributions	$ 1,051.3	$ 1,165.6	$ 1,195.7	$ 1,377.2	$ 1,481.7[(d)]
Transportation Fund Contributions	116.4	126.3	147.1	156.2	172.4
Federal and Other Reimbursements	275.3	286.2	273.5	320.5	360.2
Employee Contributions	194.0	489.1[(a)]	192.7	194.8	202.2
Total Contributions	$ 1,637.0	$ 2,067.2	$ 1,809.0[(b)]	$ 2,048.7[(c)]	$ 2,216.5[(d)]
Benefits Paid[(e)]	$ 1,952.4	$ 2,025.1	$ 2,119.0	$ 2,212.6	$ 2,362.0
Investment Income/Net Gains (Losses)[(f)]	$ 875.6	$ 705.9	$ 1,502.0	$ 150.3	$ 459.4
Actuarially Determined Employer Contribution	$ 1,443.1	$ 1,574.5	$ 1,616.3	$ 1,806.7	$ 1,993.2
Percentage of Actuarially Determined Employer Contribution Made	100.1%	100.2%	100.0%[(g)]	102.6%[(h)]	101.1%[(i)]
Actuarial Accrued Liabilities	$ 34,214.2	$ 36,087.9	$ 36,971.1	$ 38,344.4	$ 40,657.0
Actuarial Value of Assets	$ 12,990.4	$ 13,795.4	$ 14,242.9[(m)]	$ 15,946.9[(n)]	$ 19,726.0[(o)]
Unfunded Accrued Liabilities	$ 21,223.8	$ 22,292.5	$ 22,728.2	$ 22,397.6	$ 20,931.0
Market Value of Assets	$ 12,452.8[(j)]	$ 13,275.7[(k)]	$ 13,311.1[(l)(m)]	$ 17,063.0[(n)]	$ 18,532.1[(o)]
Funded Ratio (Assets Actuarial Value)	38.0%	38.2%	38.5%	41.6%	48.5%
Funded Ratio (Assets Market Value)	36.4%	36.8%	36.0%	44.5%	45.6%
Ratio of Actuarial Value of Assets to Market Value of Assets	104.3%	103.9%	107.0%	93.5%	106.4%

(a) Includes $273.0 million in contributions resulting from former members of the State's Alternate Retirement Plan that elected to pay the actuarial cost associated with joining the State Employees' Retirement System. This was a limited one-time transfer opportunity that expired in January 2019.
(b) Does not include the transfer referred to in footnote (m).
(c) Does not include the transfer referred to in footnote (n).
(d) Does not include the transfer referred to in footnote (o).
(e) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership.
(f) Adjusted to comply with GASB 72. Reflects investment income and net realized gain (loss) on shares redeemed.
(g) Does not reflect the transfer referred to in footnote (m) which would bring the percentage to 103.8%.
(h) Does not reflect the transfer referred to in footnote (n) which would bring the percentage to 140.9%.
(i) Does not reflect the transfer referred to in footnote (o) which would bring the percentage to 258.2%.
(j) As reported in Actuarial Valuation. This amount includes $11.4 million of receivables.
(k) As reported in Actuarial Valuation. This amount includes $13.2 million of receivables.
(l) As reported in Actuarial Valuation. This amount includes $19.8 million of receivables.
(m) Includes the transfer of $61.6 million made subsequent to June 30, 2020.
(n) Includes the transfer of $697.0 million made subsequent to June 30, 2021, discounted back to June 30, 2021.
(o) Includes the transfer of $3,132.1 million made subsequent to June 30, 2022, discounted back to June 30, 2022.

The December 2022 Valuation breaks out the normal cost component and the amortization component associated with the several tiers of employees as determined by the valuation for Fiscal Year 2024 as set forth below:

TABLE 18

Normal Cost by Tier

Group	Number of Active Members[(a)]	Average Age (years)[(a)]	Average Service (years)[(a)]	Normal Cost	Normal Rate (percent of payroll)
Tier I-Plan B	117	67.6	40.0	$ 777,094	5.54%
Tier I-Plan C	5	69.8	41.6	28,936	6.16
Tier II-Hazardous	158	54.6	25.2	2,874,675	16.03
Tier II-Hybrid	268	60.9	28.1	1,234,841	3.31
Tier II-Others	5,483	57.4	29.3	28,789,501	5.05
Tier IIA-Hazardous	3,559	47.0	16.4	56,536,512	15.03
Tier IIA-Hybrid	783	55.0	18.0	1,795,377	1.99
Tier IIA-Others	12,243	51.4	17.2	51,122,738	4.70
Tier III-Hazardous	2,259	40.2	8.8	25,809,546	13.60
Tier III Hybrid	596	46.3	7.8	900,933	1.79
Tier III-Others	7,015	45.5	8.4	21,201,103	4.03
Tier IV-Hazardous	2,528	34.7	2.5	16,284,373	9.97
Tier IV Hybrid	1,382	41.2	2.0	681,269	0.89
Tier IV-Others	10,265	38.9	2.3	15,123,107	2.58
Total	46,661	46.5	12.3	$ 223,160,005	5.89%

(a) As of June 30, 2022.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2051

The consulting actuary for the SERF prepared a baseline open group model of future funded ratios and annual contribution requirements for the SERF through Fiscal Year 2052. The modeling presented in **Table 19** is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the December 2022 Valuation and includes a static active population throughout the projection period. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the SERF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

TABLE 19

Modeling Of State Employees' Retirement Fund
Future Funded Ratios and Annual Contribution Requirements
(In Millions)[a]

The funded ratio and annual contributions for each fiscal year have been modeled based on the assumption of an actuarial valuation prepared as of the June 30 two years prior to the end of such fiscal year.

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2024	2022	$20,931.0	45.6%	$223.2	$1,817.2	$2,040.4
2025	2023	20,695.5	47.4	223.6	1,828.9	2,052.5
2026	2024	20,473.2	49.0	223.5	1,844.1	2,067.6
2027	2025	20,192.4	50.6	222.5	1,856.9	2,079.4
2028	2026	19,849.3	52.2	220.3	1,867.2	2,087.5
2029	2027	19,445.1	53.9	218.2	1,875.1	2,093.3
2030	2028	18,983.8	55.6	214.5	1,881.2	2,095.8
2031	2029	18,463.2	57.2	211.8	1,885.5	2,097.3
2032	2030	17,886.2	59.0	209.8	1,888.5	2,098.3
2033	2031	17,252.7	60.7	208.8	1,890.3	2,099.1
2034	2032	16,562.1	62.5	208.6	1,891.0	2,099.6
2035	2033	15,812.9	64.4	209.5	1,891.0	2,100.4
2036	2034	15,004.5	66.4	210.7	1,890.2	2,101.0
2037	2035	14,135.1	68.4	210.9	1,889.0	2,099.9
2038	2036	13,199.1	70.6	212.2	1,887.1	2,099.3
2039	2037	12,195.5	72.8	214.4	1,884.8	2,099.1
2040	2038	11,120.9	75.2	217.6	1,882.1	2,099.7
2041	2039	9,972.1	77.8	221.3	1,879.2	2,100.5
2042	2040	8,744.2	80.5	225.6	1,876.1	2,101.7
2043	2041	7,432.3	83.4	230.6	1,872.8	2,103.4
2044	2042	6,031.3	86.5	236.5	1,869.3	2,105.8
2045	2043	4,536.0	89.9	243.1	1,815.7	2,058.8
2046	2044	2,942.3	93.4	249.2	1,720.3	1,969.6
2047	2045	1,294.0	97.1	255.1	1,665.1	1,920.1
2048	2046	0.0	100.0	260.2	0.0	260.2
2049	2047	0.0	100.0	266.2	0.0	266.2
2050	2048	0.0	100.0	273.6	0.0	273.6
2051	2049	0.0	100.0	281.4	0.0	281.4
2052	2050	0.0	100.0	289.5	0.0	289.5

(a) In fiscal year ending June 30, 2048 and thereafter the annual employer contribution requirement consists only of the payment of the normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

Contribution, Eligibility and Benefits Requirements

Generally, based on the start date of employment and the particular State agency/office, State employees participate in one of following plans: (i) Tier I, (ii) Tier II, (iii) Tier II Hybrid, (iv) Tier IIA, (v) Tier IIA-Hybrid, (vi) Tier III, (vii) the Tier III Hybrid, (viii) Tier IV and (ix) the Tier IV Hybrid. From time-to-time the State has instituted, and in the future may institute, early retirement incentive plans that may impact retirement plan eligibility and benefits. The SERS also provides disability and pre-retirement death benefits.

Set forth in the following table are the percentages of the total State workface in each Tier of the SERS plan as of June 30, 2022, and approximate average annual benefit payable to a retired member in Fiscal Year 2022 in each Tier.

	Percentage of Total Workforce as of June 30, 2022	**Average Annual Benefit Payable to Retired Member in Fiscal Year 2022**
Tier I	0.3%	$ 55,770
Tier II	12.1	36,224
Tier II Hybrid	0.6	43,347
Tier IIA	33.9	24,275
Tier IIA Hybrid	1.7	22,343
Tier III	19.9	18,439
Tier III Hybrid	1.3	42,022
Tier IV	27.4	6,211
Tier IV Hybrid	3.0	N/A[a]
	100.0%[b]	

(a) As of June 30, 2022, there were no retired Tier IV Hybrid members.

(b) Does not total due to rounding.

Member contribution requirements, and the eligibility for and calculation of normal retirement benefits varies by tier and plan, as set forth in the following table:

TABLE 20

State Employees' Retirement System Member Contribution Requirements, Eligibility Requirements and Normal Retirement Benefits

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
Tier I - Hazardous	6% of earnings up to the Social Security Taxable Wage Base plus 7% of earnings above that level	20 years of hazardous duty credited service	50% of FAE plus 2% for each year of service in excess of 20 years
Tier I - Plan A or C	7% of earnings	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service. At age 70, greater of 2.5% of FAE times years of service (maximum 20 years) or 2.0% of FAE times years of service with a minimum benefit with 25 years of $833.34 per month 25 years of service of $833.34 per month
Tier I - Plan B	4% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service up to Social Security maximum age; for retirements after Social Security maximum age, 1% of FAE up to $4,800, plus 2% of FAE in excess of $4,800 times years of service, with a minimum benefit with 25 years of service of $833.34 per month; for retirements at or after age 70, the greater of 1.25% of FAE up to $4,800 plus 2.5% of FAE in excess of $4,800 times years of service (maximum 20 years) or 1.0% of FAE up to $4,800 plus 2% of FAE in excess of $4,800 times year of service. Minimum benefit with 25 years is $833.34 per month
Tier II – Hazardous	6% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier II	2% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's Breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier IIA – Hazardous	7% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier IIA	4% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
Tier III - Hazardous	7% of earnings	25 years of hazardous duty credited service or age 50 with at least 20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier III - Hybrid Plan	7% of earnings for members first hired on or after July 1, 2011 7% of earnings for members with original date of hire on or after July 1, 1997 5% of earnings for members with original date of hire prior to July 1, 1997	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service For those members with original date of hire prior, on or after July 1, 1997 but prior to July 1, 2011 eligible for the following: Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month[(b)]
All Other Tier III	4% of earnings	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier IV-Hazardous	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a) [(c)]	25 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier IV-Hybrid Plan	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a) [(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
All other Tier IV	5% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a) [(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month

(a) For all members of all Tiers other than Tier III and Hybrid, "FAE" is defined as the average salary of the three highest paid years of service, provided that, effective January 1, 1986, no one year's earnings can be greater than 130% of the average of the two preceding years for purposes of calculating the FAE. For Tier III and the Hybrid Plan members, FAE is defined as the average salary of the five highest paid years of service, provided that no one year's earnings can be greater than 130% of the average of the preceding two years. Effective July 1, 2014, this limit will be 150% for Tier III and the Hybrid Plan members with mandatory overtime earnings.

(b) The Hybrid Plan provides members with the option to receive at retirement a lump sum payment of their contributions plus a five percent (5%) employer match and four percent (4%) interest in lieu of their receipt of monthly benefit payments.

(c) In years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2.0%). All Tier IV employees must contribute 1% to the Defined Contributions of the Hybrid Plan and may elect additional contribution of up to 3% of salary to the Defined Contribution portion.

The SERS provides annual cost-of-living allowance adjustments each July 1 as set forth below:

TABLE 21

State Employees' Retirement Benefit Cost-Of-Living Allowances [(a)]

Retirement Date	Adjustment Based On	Minimum Increase	Maximum Increase	Maximum Increase For Members And Beneficiaries Not Covered By Social Security And Age 62 And Over
Prior to July 1, 1980	Increase in National Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W")	3.0%	5.0%	6.0%
On and after July 1, 1980 but prior to July 1, 1997	N/A	3.0%	3.0%	6.0%
On and after July 1, 1997 but prior to July 1, 1999, an irrevocable choice between one of the two following plans required:	(1) 60% of the increase in "CPI-W" up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.5%	6.0%	N/A
	(2) N/A	3.0%	3.0%	N/A
On or after July 1, 1999, but prior to October 1, 2011	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.5%	6.0%	N/A
On or after October 1, 2011	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.0%	7.5%	N/A
On or after July 1, 2022	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	None	7.5%	N/A

(a) An employee from Tier IIA must have at least ten years of actual State service or directly make the transition into retirement in order to be eligible for annual adjustments.

GASB 67 and GASB 68 Disclosure as of June 30, 2022

The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2022 and dated January 13, 2023 containing information to assist the SER Commission in meeting the requirements of GASB 67. Much of the material provided in the report is based on the data, assumptions and results of the December 2022 Valuation. This report reported the following results as of June 30, 2022 with respect to the SERF in accordance with GASB 67:

2023 GASB 67 Report as of June 30, 2022	
Total Pension Liability	$40,657.0 million
Fiduciary Net Position	$18,603.7 million
Net Pension Liability	$22,053.2 million
Ratio of Fiduciary Net Position to Total Pension Liability	45.76%

The GASB 67 report used a discount rate of 6.90%, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in excess and 1% less than the SEIR used, which would decrease the NPL to $18,004.8 million or increase the NPL to $26,910.7 million, respectively.

The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2022 and dated January 13, 2023 containing information to assist the SER Commission in meeting the requirements of GASB 68. This report indicates a Pension Expense of $264.1 million for the fiscal year ending June 30, 2022.

The audited financial statements for Fiscal Year 2022 which are included as Appendix II-C hereto, and in particular note 10 and the Pension Plans Required Supplementary Information of the accompanying Basic Financial Statements, reflect the supplemental information reported in a May 17, 2022 GASB 67 report and a May 17, 2022 GASB 68 report. As those reports were prepared as of June 30, 2021 based on data, assumptions and results of the actuarial experience study for the period July 1, 2015 through June 30, 2020, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

Teachers' Retirement Fund

The Teachers' Retirement Fund ("TRF"), administered by the Teachers' Retirement Board, provides benefits for any teacher, principal, supervisor, superintendent or other eligible employee in the public school systems of the State, with certain exceptions. While setting and paying salaries for teachers, municipalities do not provide contributions to the maintenance of the fund. As of June 30, 2022, there were 102,844 active and former employees and beneficiaries, consisting of (i) 52,200 active members, (ii) 2,442 inactive vested members, (iii) 8,861 inactive non-vested members, (iv) 39,056 retired members and beneficiaries, and (v) 285 members on disability allowance.

Contributions to the fund are made by employees and by General Fund appropriations from the State. State contributions to the fund are made quarterly on the basis of certifications submitted by the Teachers' Retirement Board and are funded with annual appropriations from the General Fund. State contributions to the fund for Fiscal Year 2008 included $2.0 billion of the proceeds of the State's Taxable General Obligation Bonds (Teachers' Retirement Fund 2008 Series), as discussed under ***Pension Obligation Bonds*** below.

Actuarial valuations are performed as of June 30th of each even-numbered year. The actuarial valuation uses recognized actuarial methods to calculate the actuarial value of assets and the actuarial accrued liability of the TRF. The valuation uses an asset valuation method of smoothing the difference between the market value of assets and actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. The actuarial value of assets is determined by first projecting the actuarial value forward from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed investment rate of return. One fourth of any difference between this expected actuarial value and the actual market value is added to or subtracted from the expected actuarial value to arrive at the actuarial value of assets in order to "smooth" year to year changes in market values. The unfunded actuarial liability is the actuarial liability less the actuarial value of assets. The valuation includes a projection from the valuation date to future years based on certain key assumptions such as the investment return on the market value of assets, the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit, the rates of mortality, the rates of disability, the rates of pay increases and the assumed age or ages at actual retirement.

November 2022 Actuarial Valuation, and Fiscal Years 2023 and 2024 Employer Contribution Requirements

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC an actuarial valuation as of June 30, 2022 dated November 4, 2022 ("November 2022 Valuation"). The November 2022 Valuation reported the following results as of June 30, 2022 with respect to the TRF:

Actuarial Valuation as of June 30, 2022	
Market Value of Assets	$21,574.4 million
Actuarial Value of Assets	22,729.2 million
Actuarial Accrued Liability	39,860.3 million
UAAL	17,131.1 million
Funded Ratio (based on the actuarial value of assets)	57.02%
Funded Ratio (based on the market value of assets)	54.13%

The November 2022 Valuation set forth the ADEC requirement for Fiscal Year 2023 and determined the ADEC requirement for Fiscal Year 2024, and the annual contribution rate as a percentage of payroll, based on a covered payroll as of June 30, 2022 of $4,695.7 million, as follows:

Annual Employer Contributions for:	
Fiscal Year 2023	$1,578.0 million
Fiscal Year 2024	$1,554.5 million
Annual Employer Contribution as a Percent of Payroll as of June 30, 2022	32.14%

The 2021 Budget Act for Fiscal Year 2023 contains appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2023. The budget for Fiscal Year 2024 has not yet been adopted.

The November 2022 Valuation was based upon the following assumptions and methodologies, among others, which incorporate the changes recommended in the latest experience study for the five-year period ending June 30, 2019:

- 6.90% earnings assumption (including inflation at 2.50%)
- Entry Age Normal actuarial cost method
- The UAAL as of June 30, 2018 is amortized as a level percent of pay and will grade to a level dollar method beginning with the June 30, 2024 valuation. Future changes to the UAAL will be amortized utilizing layered 25-year closed amortization bases established at the end of each plan year.
- Projected salary increases of 3.00% to 6.50% (including inflation at 2.50%)
- Cost-of-living adjustments of 3.0% annually for members retired before September 1992, 2.0% for members retired on and after September 1, 1992 and hired prior to July 1, 2007 and 1.75% for members retired on and after September 1, 1992 and hired on or after July 1, 2007

- Payroll Growth Rate of 3.00% during the level percent of pay amortization method. The rate does not anticipate increases in the number of members. The rate will transition to 0% in the following steps: 2.40% for the Fiscal Year 2022 payment, 1.80% for the Fiscal Year 2023 payment, 1.20% for the Fiscal Year 2024 payments, 0.60% for the Fiscal Year 2025 payment and 0% for fiscal years thereafter
- Remaining amortization period for the (i) June 30, 2018 Transitional Base is 26 years, (ii) June 30, 2020 Incremental Base is 23 years, and (iii) June 30, 2022 Incremental Base is 25 years; with an equivalent single amortization period of 25.9 years
- The actuarial value of assets recognizes 25% of the difference between the market value of assets and the expected actuarial value of assets

Pension Obligation Bonds

In April 2008 the State issued $2,276.6 million general obligation bonds ("TRF Bonds") to fund a $2.0 billion deposit to the TRF plus amounts required for costs of issuance and up to two years of capitalized interest. Section 8 of Public Act No. 07-186, which authorized the TRF Bonds, provides that in each fiscal year that any TRF Bonds (or any refunding of TRF Bonds) are outstanding, there shall be deemed appropriated from the General Fund an amount equal to the annual required contribution to the TRF, and such amount shall be deposited in the fund in such fiscal year. The amounts of the annual required contributions for each biennial budget shall be based on the actuarial valuation required to be completed by the December 1 prior to the beginning of the next biennial budget. Under Section 8 the State has pledged to and agreed with the holders of any TRF Bonds that, so long as the actuarial evaluation of the TRF is completed and the certification of the annual contribution amounts is made as required by such Section, no public or special act of the General Assembly shall diminish such required contribution until such bonds, together with interest thereon, are fully met and discharged unless adequate provision is made by law for the protection of the holders of the bonds. Such contributions may be reduced in any biennium, however, if (i) the Governor declares an emergency or the existence of extraordinary circumstances (which may include changes in actuarial methods or accounting standards) in which the provisions of CGS Section 4-85 is invoked, (ii) at least three-fifths of the members of each Chamber of the General Assembly vote to diminish such required contributions during the biennium for which the emergency or extraordinary circumstances are determined, and (iii) the funded ratio of the fund is at least equal to the funded ratio immediately after the sale of the bonds in accordance with the actuarial method used at the time. If such conditions are met, the funding of the annual required actuarial contribution may be diminished, but in no event shall such diminution result in a reduction of the funded ratio of the fund by more than 5% from the funded ratio that would otherwise have resulted had the State funded the full required contribution, or the funded ratio immediately after the sale of the bonds, whichever is greater.

In 2019, legislation provided for the establishment of the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund ("TRF Bonds SCRF"), a special capital reserve fund for the benefit of the holders of the TRF Bonds. The TRF Bonds SCRF was established to provide adequate provision by law for the protection of the holders of the TRF Bonds, permitting the State to reamortize unfunded liabilities of the Teachers' Retirement Fund and provide for the full funding of the actuarial determined employer contribution to the Fund in a manner consistent with its pledge to the holders of the TRF Bonds. The Attorney General of the State has advised that the proposal satisfies the requirements of the applicable covenants contained in the TRF Bonds.

The TRF Bonds SCRF is pledged to and used solely for the payment of the principal of and interest on, or the redemption or purchase of, the TRF Bonds. In the event the State has not otherwise timely made available moneys to pay principal or interest due on the TRF Bonds, the Treasurer shall direct the trustee of the TRF Bonds SCRF to transfer from the fund to the paying agent for the bonds the amount necessary to timely pay such principal or interest then due.

The TRF Bonds SCRF is funded at an amount not less than the maximum amount of principal and interest becoming due on the currently outstanding TRF Bonds, and any bonds refunding the TRF Bonds then outstanding, by reason of maturity or a required sinking fund installment in any succeeding fiscal year ("Required Minimum Capital Reserve"). The TRF Bonds SCRF was initially funded by a deposit of $380.9 million of General Fund resources. If the amount on deposit in the TRF Bonds SCRF is less than the Required Minimum Capital Reserve, funds of the Connecticut Lottery Corporation that exceed the current needs of the Corporation for the payment of prizes, the payment of current operating expenses and funding of approved reserves of the Corporation are to be deposited in the TRF Bonds SCRF, rather than the General Fund, until the amount on deposit in the TRF Bonds SCRF equals the Required Minimum Capital Reserve.

TRF Plan Results – Five Prior Years

Set forth in the following table are State contributions to the TRF, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2018 (as revised June 18, 2019), June 30, 2020 and June 30, 2022.

TABLE 22
Teachers' Retirement Fund[(a)]
(In Millions)

	2018	2019	2020	2021	2022
General Fund Contributions	$ 1,271.0	$ 1,292.3	$ 1,209.6	$ 1,249.8	$ 1,443.7
Employee Contributions[(b)]	313.4[(c)]	309.7	318.2	324.1	337.3
Total Contributions	$ 1,584.4	$ 1,602.0	$ 1,527.8	$ 1,573.9[(d)]	$ 1,781.0 [(e)]
Benefits Paid[(f)]	$ 1,937.0	$ 2,004.7	$ 2,065.2	$ 2,114.6	$ 2,168.6
Investment Income/Net Gains (Losses) [(g)]	$ 1,224.0	$ 997.8	$ 410.0	$ 4,528.5	$ (1,970.3)
Actuarially Determined Employer Contribution	$ 1,271.0	$ 1,292.3	$ 1,208.8	$ 1,249.8	$ 1,443.7
Percentage of Actuarially Determined Employer Contribution Made	100.0%	100.0%	100.1%	100.0%[(h)]	100.0%[(i)]
Actuarial Accrued Liabilities	$ 34,712.0	N/A	$ 37,128.0	N/A	$ 39,860.3
Actuarial Values of Assets	$ 17,951.8	N/A	$ 19,055.1	N/A	$ 22,729.2[(j)]
Unfunded Accrued Liabilities	$ 16,760.3[(k)]	N/A	$ 18,072.9	N/A	$ 17,131.1
Market Value of Assets[(c)]	$ 17,946.8	$ 18,493.5	$ 18,286.4	$ 23,102.1[(j)]	$ 21,574.4[(j)]
Funded Ratio (Assets - Actuarial Value)	51.72%	N/A	51.32%	N/A	57.02%
Funded Ratio (Assets - Market Value)	51.70%	N/A	49.25%	N/A	54.13%
Ratio of Actuarial Value of Assets to Market Value of Assets	100.03%	N/A	104.20%	N/A	105.35%

(a) As actuarial valuations are performed every two years, not all of the data is available for each year.

(b) Includes municipal contributions under early retirement incentive programs ($0.9 million during Fiscal Year 2018, $0.8 million during Fiscal Year 2019, $0.0 million during Fiscal Years 2020 through 2022). Does not include employee contributions to the Teachers' Retirement Health Insurance Fund.

(c) Figure derived from actuarial valuation.

(d) Does not include transfer of $903.6 million made subsequent to June 30, 2021.

(e) Does not include transfer of $903.6 million made subsequent to June 30, 2022.

(f) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership ($57.1 million during Fiscal Year 2018, $61.9 million during Fiscal Year 2019, $85.0 during Fiscal Year 2020, $56.5 million during Fiscal Year 2021 and $58.4 million during Fiscal Year 2022).

(g) Adjusted to comply with GASB 72. Reflects investment income, net realized gain (loss) on shares redeemed and net unrealized gain (loss) on fund shares.

(h) Does not include the transfer referred to in footnote (d) which would bring the percentage to 172.3%.

(i) Does not include the transfer referred to in footnote (e) which would bring the percentage to 162.6%

(j) Includes each transfer of $903.6 million received subsequent to June 30, 2021 and June 30, 2022, respectively, discounted at 6.9% to the valuation date.

(k) Does not total due to rounding.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2056

In November 2022, the consulting actuary for the TRF prepared a baseline open group model of future funded ratios and annual contribution requirements for the TRF through Fiscal Year 2056. The modeling presented in Table 22a is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the November 2022 Valuation. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the TRF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

TABLE 22a

Modeling Of Teachers' Retirement Fund
Future Funded Ratios and Annual Contribution Requirements
(Dollars In Millions)[(a)]

The funded ratio and annual contributions for each fiscal year have been modeled based on the assumption of an actuarial valuation prepared as of the June 30 two years prior to the end of such fiscal year modeling.

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2022	2020	$ 17,131.1	57.0%	$ 258.3	$1,185.4	$1,443.7
2023	2021	17,294.9	57.6	266.0	1,312.0	1,578.0
2024	2022	17,273.8	58.6	273.7	1,280.8	1,554.5
2025	2023	17,981.4	57.8	284.6	1,347.2	1,631.8
2026	2024	17,739.8	59.3	290.7	1,429.7	1,720.4
2027	2025	17,402.6	60.9	296.9	1,505.8	1,802.7
2028	2026	17,042.2	62.6	303.3	1,505.8	1,809.1
2029	2027	16,656.9	64.2	309.9	1,505.8	1,815.7
2030	2028	16,245.1	65.8	316.8	1,505.8	1,822.6
2031	2029	15,804.8	67.5	323.8	1,505.8	1,829.6
2032	2030	15,334.1	69.1	331.1	1,505.8	1,836.9
2033	2031	14,831.0	70.7	338.5	1,505.8	1,844.3
2034	2032	14,293.1	72.4	346.3	1,505.8	1,852.1
2035	2033	13,718.1	74.1	354.4	1,505.8	1,860.2
2036	2034	13,103.5	75.7	362.8	1,505.8	1,868.6
2037	2035	12,446.4	77.4	371.6	1,505.8	1,877.4
2038	2036	11,744.0	79.1	380.9	1,505.8	1,886.7
2039	2037	10,993.2	80.8	390.7	1,505.8	1,896.5
2040	2038	10,190.5	82.6	401.0	1,505.8	1,906.8
2041	2039	9,332.5	84.4	411.6	1,505.8	1,917.4
2042	2040	8,415.2	86.2	422.7	1,505.8	1,928.5
2043	2041	7,434.7	88.0	434.4	1,505.8	1,940.2
2044	2042	6,386.5	89.9	446.6	1,505.8	1,952.4
2045	2043	5,266.0	91.8	459.4	1,505.8	1,965.2
2046	2044	4,068.1	93.8	472.7	1,505.8	1,978.5
2047	2045	2,884.9	95.7	486.5	1,411.9	1,898.4
2048	2046	1,620.1	97.6	500.8	1,411.9	1,912.7
2049	2047	146.2	99.8	515.5	1,529.4	2,044.9
2050	2048	73.8	99.9	530.7	79.6	610.3
2051	2049	0.0	100.0	546.3	76.1	622.4
2052	2050	0.0	100.0	562.3	0.0	562.3
2053	2051	0.0	100.0	578.7	0.0	578.7
2054	2052	0.0	100.0	595.5	0.0	595.5
2055	2053	0.0	100.0	612.7	0.0	612.7
2056	2054	0.0	100.0	630.2	0.0	630.2

(a) In Fiscal Year 2052 and thereafter the annual employer contribution requirement consists only of the payment of the normal costs, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

Contribution, Eligibility and Benefits Requirements

Each member of the TRS is required to contribute 7% of annual salary for the pension benefit effective on and after January 1, 2018 (an increase of 1% from its prior level). The State's contribution requirement is determined in accordance with CGS Section 10-183z, which requires the retirement system to be funded on an actuarial reserve basis.

Eligibility for normal retirement benefits is available at age 60 for those with 20 years of credited Connecticut service, or 35 years of credited service including at least 25 years of service in Connecticut. The normal retirement benefit is 2% of average annual salary received during three years of highest salary times years of credited service (maximum benefit is 75% of average annual salary received during three years of highest salary), subject to certain maximum dollar limits under the Internal Revenue Code of 1986, as amended. In addition, amounts derived from the accumulation of supplemental account contributions made prior to July 1, 1989 and voluntary contributions by the member are payable. Effective January 1, 1999, there is a minimum monthly retirement benefit of $1,200 to members who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement. The plan also provides reduced early retirement and pro-ratable retirement benefit, disability benefits, return with interest on certain contributions upon termination of employment, and pre-retirement death benefits for spouses and dependent children. The average annual benefit payable to a retired member in fiscal year ending June 30, 2022 was approximately $58,771.

The plan includes cost-of-living allowances as set forth below:

TABLE 23

Teachers' Retirement Benefit Cost-Of-Living Allowances

Retirement Date	Adjustments Consistent With Adjustments To:	Minimum Increase	Maximum Increase	Limitation On Maximum Increase Based On Previous Year's Plan Assets Return
Prior to September 1, 1992	National Consumer Price Index for Urban Wage Earners and Clerical Workers	3.0% per annum	5.0% per annum	N/A
On or after September 1, 1992, and became System member before July 1, 2007	Social Security benefits	0.0% per annum	6.0% per annum	If asset return less than 6.9% per annum, the maximum increase is 1.5%
On or after July 1, 2007, and became System member after July 1, 2007	Social Security benefits	0.0% per annum	5.0% per annum	If asset return less than 9.9% per annum, the maximum increase is 3.0%; if less than 6.9% per annum, maximum increase is 1.0%.

A board of education may offer a retirement incentive plan. Such plan is required to provide for the purchase by the board of education and a member of the system who chooses to participate in the plan of additional credited service from the TRS for such member and for payment by the board of education of not less than 50% of the entire cost of such total cost. Any such plan shall specify a maximum number of years to be purchased, not to exceed five. Members must have attained age 50 and be eligible for retirement with the additional purchased service. The amount of service purchased cannot exceed the lesser of five years or one-fifth of the member's credited service.

GASB 67 and GASB 68 Disclosure as of June 30, 2022

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of the period ending June 30, 2022 and dated January 25, 2023 containing supplemental information to assist the Board in meeting the requirements of GASB Statement No. 67. Much of the material provided in the report is based on the data, assumptions and results of a November 2022 Valuation as of June 30, 2022. This report reported the following results as of June 30, 2022 with respect to the TRF in accordance with GASB 67:

GASB 67 Report as of June 30, 2022	
Total Pension Liability	$39,860.3 million
Fiduciary Net Position	$21,549.7 million
Net Pension Liability	$18,310.6 million
Ratio of Fiduciary Net Position to Total Pension Liability	54.06%

The GASB 67 report used a discount rate of 6.90%, which was the rate used in the November 2022 Valuation, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in excess and 1% less than the SEIR used, which would decrease the NPL to $14,107.6 million or increase the NPL to $23,371.9 million, respectively.

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2022 and dated February 28, 2023, containing supplemental information to assist the Teachers' Retirement Board in meeting the requirements of GASB 68. This report reported a collective PE of $1,769.7 million for the fiscal year ending June 30, 2022.

The audited financial statements for Fiscal Year 2022 which are included as Appendix II-C hereto, and in particular note 10 and the Pension Plans Required Supplementary Information of the accompanying Basic Financial Statements, reflect the supplemental information reported in a May 17, 2022 GASB 67 report and a May 17, 2022 GASB 68 report. As those reports were prepared as of June 30, 2021 based on data, assumptions and results of the November 2020 TRF actuarial valuation, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

State Employees' Retirement Fund/Teachers' Retirement Fund Sensitivity and Stress Test Analyses

Pursuant to CGS Section 4-68ee, the Secretary of OPM is required to develop and annually report to the Appropriations Committee of the General Assembly sensitivity and stress test analyses for SERS and TRF. The report is to include projections of benefit levels, pension costs, liabilities, and debt reduction under various economic and investment scenarios. The Secretary received from GovInvest a report titled Connecticut Pension Stress Test – November 2022 (the "2022 Stress Test Report"). The 2022 Stress Test Report is in addition to the sensitivity analyses performed for SERS and TRF in accordance with GASB 68 based on the results of actuarial valuations, as discussed above.

The 2022 Stress Test Report provided a baseline projection, stress test analysis, sensitivity analyses and budget impact analysis on a combined basis for SERS and TRF to provide a holistic view of pension funding and costs from a statewide perspective. Plan specific results for the stress test were also provided. The projections were based on the SERS valuation as of June 30, 2021 and the TRF biennial valuation as of June 30, 2020 (but incorporating the investment experience, retiree COLA experience and calculated ADEC from the TRF November 2022 Valuation). The 2022 Stress Test Report also included the effect of supplemental contributions made subsequent to the 2021 and 2020 valuations. Baseline projections are designed to match as closely as possible, but not replicate, official projections developed by plan actuaries.

Baseline Projections

The report used as a starting point for the risk assessment a baseline projection of combined SERS and TRF funding levels and required employer contributions under a scenario where all assumptions are met each year. The first year of the projection reflected the funded status of the plans at the start of Fiscal Year 2022 on a market value basis of 44% for SERS and 61% for TRF, which included the impacts of strong investment performance in Fiscal Year 2021 (above 25%) and supplemental contributions of $1.6 billion. The second year reflected the net funding decline that occurred after accounting for Fiscal Year 2022 investment losses and another $4.1 billion in supplemental contributions. Beyond Fiscal Year 2023, the projection assumed investment performance met the 6.9% assumed rate of return and did not anticipate any supplemental contributions.

Baseline contribution requirements are projected to grow from the current levels of $3.4 billion to $3.7 billion by Fiscal year 2027 and then remain stable for the next 20 years until the unfunded liability is paid off in Fiscal Year 2047. The report noted that had the additional contributions not occurred, annual contributions would have been on average, approximately $300 million more each year to achieve full funding.

Stress Test Analysis

The report determined that if investment returns are 2% above the assumed rate of 6.9%, full funding of the plans will be accelerated by nine years, assuming baseline contributions. Funding peaks at 80% when investment returns are 2% below the assumed rate, assuming baseline contributions. Under the baseline projections and assumption of 8.9% investment return, ADEC levels as a percent of payroll decline from current levels while rates stabilize around 40% of payroll when investment returns fall short. In dollars over the life of the projection period, these rates generate total contributions that range from $71 billion assuming 8.9% investment returns to $130 billion assuming 4.9% investment returns.

The report also analyzed the impacts of a large investment loss and recovery period followed by expected returns over the long term, referred to as Asset Shock. Combined total contributions under the Asset Shock scenario over the full projection period reach $121 billion. If contributions are held constant at baseline levels instead of rising as required under the funding policy, the funded ratio reaches just 65% by the end of the projection period compared to more than 100% if full baseline ADEC is made each year. Finally, the report analyzed the impact of multiple years of elevated inflation levels on retiree COLA benefits, plan funding and contribution requirements and found that four years of maximum COLA benefits would result in higher actuarially accrued liability, higher benefit payments and lower dollar amount of investment returns due to a smaller asset base. These factors keep funding levels 2% below the baseline on average over the projection period while still achieving full funding by 2047.

Sensitivity Analysis

The report further summarized the results of the SERS and TRF sensitivity analyses included in each plan's 2021 GASB 67 disclosure while adding an additional rate of return at 3.5% which serves as an estimate of the "Low Default Risk Obligation Measure." Under that scenario, the 2021 net pension liability sensitivity analysis indicates an NPL of $29.0 billion for SERS and $36.4 billion for TRF.

Budget Impact Analysis

Finally, the report compared ADEC for SERS and TRF under the baseline projection and Asset Shock scenario from Fiscal Years 2023-2028. The combined contribution in the baseline projection totals $21.7 billion over six years while the combined contribution in the Asset Shock scenario totals $24.2 billion over such period. Further, the Asset Shock scenario causes contribution requirements to grow faster than projected revenues over the next five years.

It should be noted that the 2022 Stress Test Report did not reflect updated consensus revenues and updated Fiscal Year 2023 projections (which may result in additional supplemental contributions), actuarial smoothing of investment returns, newer actuarial valuations or recalculation of future ADECs based on actual performance varying from assumed performance.

Investment of Pension Funds

Eleven investment funds serve as the investment medium for both SERF and TRF, as listed below along with the percentage allocation of holdings for the SERF and the TRF as of June 30, 2022 in each of these funds. See also **FINANCIAL PROCEDURES** herein.

TABLE 24

Pension Fund Investment Allocations
As of June 30, 2022*

	State Employees' Retirement Fund	Teachers' Retirement Fund
Domestic Equity Fund	23.5%	23.5%
Developed Markets International Stock Fund	10.8	10.9
Emerging Markets International Stock Fund	8.0	8.1
Real Assets Fund	15.9	16.1
Core Fixed Income Fund	11.6	11.8
Emerging Markets Debt Fund	4.4	4.5
High Yield Debt Fund	5.7	5.8
Liquidity Fund	1.1	0.2
Private Investment Fund	12.2	12.4
Private Credit Fund	2.7	2.7
Alternative Investment Fund	4.1	4.2
	100.0%	100.0%

* Pursuant to an Investment Policy Statement adopted in September 2022, pension fund investments will shift to other funds over the next three years. See **FINANCIAL PROCEDURES** herein.

Investment Returns

Annualized Net Returns on Investment Assets in
Retirement Funds
Periods Ending June 30, 2022

	1 Year	5 Year	10 Year	15 Year	20 Year	25 Year
SERF	(7.63)%	5.86%	7.32%	5.20%	6.61%	6.42%
TRF	(7.63)%	5.79%	7.28%	5.24%	6.68%	6.48%

Other Retirement Systems

The other minor retirement systems funded by the State include the Judges, Family Support Magistrates and Compensation Commissioners Retirement System (the Judicial Retirement System), the General Assembly

Pension System, the State Attorneys' Retirement Fund and the Public Defenders' Retirement Fund. As of June 30, 2022, there were 187 active members and 328 retired members and beneficiaries of these plans.

Unclassified employees of the Connecticut State System of Higher Education and the central office staff of the Department of Higher Education are eligible to participate in the Connecticut Alternate Retirement Program. This program is a defined contribution program, and thus the State has no unfunded liability with respect to the program. All member contributions and State appropriations are held in a separate retirement fund by the third party administrator of the plan, who invests the fund's assets allocable to a member at the direction of such member in the investment funds available under the plan. A member may not withdraw funds from the plan unless such member has reached age 55 and has terminated from service, retired or died, provided that any member with less than five years of participation in the plan who is under the age of 55 and terminates from service may rollover such member's entire account into an eligible retirement plan.

The State is the administrator of the Connecticut Municipal Employees' Retirement System and the Connecticut Probate Judges and Employees' Retirement System. As the administrator of these systems the State owes a fiduciary obligation to these systems; however, the State has no direct financial liability to pay benefits under these systems.

Social Security and Other Post-Employment Benefits ("OPEB")

Social Security

State employees and teachers are treated in various ways for purposes of federal social security. Most State employees are covered under social security, and most teachers are not. As of June 30, 2022, approximately 54,530 State employees were entitled to Social Security coverage. The following table summarizes this treatment.

Category	Covered
Teachers	No
State employees under the SERF	Yes
State employees under other retirement systems hired after 2/21/1958	No
State police hired after 2/21/58 and before 5/8/1984	No
State police hired after 5/8/1984	Yes
Employees under the Connecticut Alternate Retirement Program hired after 7/12/1990	Yes
Employees under the Connecticut Alternate Retirement Program hired before 7/12/1990	Could elect

The State has appropriated $238.4 million, $246.0 million and $253.8 million for Social Security coverage for Fiscal Years 2021, 2022 and 2023, respectively. Of such amounts, $221.2 million, $228.4 million and $235.5 million have been appropriated from the General Fund for Fiscal Years 2021 to 2023, respectively, with the remainder appropriated from the Special Transportation Fund.

Other Post-Employment Benefits – State Employees

The State provides post-retirement health care and life insurance benefits to eligible employees who retire from State employment. The State currently finances the cost of such benefits on a pay-as-you-go basis for life insurance benefits and on a pay-as-you-go basis through a transfer of an appropriation from the General Fund to a trust fund (the "OPEB Trust") established for the payment of post-retirement health care benefits, and for the accumulation of assets with which to pay post-retirement health care benefits to future retirees. Beginning on July 1, 2009 new hires and employees with fewer than five years of service were required to contribute 3% of salary for ten years, to be deposited into the trust. In 2011, an agreement with the State Employees' Bargaining Agent Coalition required all current employees to contribute 3% of compensation to the trust for 10 years and a subsequent agreement in 2017 extended the requirement of trust contributions for a period of fifteen (15) years to all State employees hired on or after July 1, 2017. As of June 30, 2022, the fair market value of the net assets within the trust totaled $2,071 million, adjusted to comply with GASB 72, invested in the Combined Investment Funds. See also notes 13 and 14 of **Appendix II-C** hereto and **FINANCIAL PROCEDURES** herein. It is not currently anticipated that the trust will provide any significant contribution to the funding for post-retirement health care in the near future. The State's contribution to the OPEB Trust to match State employee contributions consists of a combination of General Fund and Transportation Fund appropriations, and OPEB fringe benefit recoveries through the application of fringe benefit rates for the SERS and Alternative Retirement Plans. For Fiscal Year 2023, the State's matching contribution is projected to be approximately $91.5 million in the aggregate. The State will need to make significant General Fund appropriations for post-retirement health care and life insurance benefits in upcoming fiscal years. Because the plan is being funded on a pay-as-you-go basis, the amounts are much less than the annual required employer contribution payment calculated for the plan, which includes a component to amortize the UAAL.

In an effort to control health care costs, the State has established a Health Care Cost Containment Committee, and has implemented or is investigating various structural changes to the SERS health care benefits plans, including but not limited to value-based contracts with prescribers, e-prescribing tools, establishment of a regional network of surgical centers of excellence for certain complex medical procedures, agreement with the State's pharmacy benefit manager to reduce the State's pharmaceutical costs by approximately 10% through the elimination of "spread pricing" and other measures, and to provide prescription drug net price transparency to providers. Various additional programs are being pursued to reduce overall medical spend and to improve care that members are receiving. These initiatives include the episodes of care program, more effective utilization of primary care services, pursuing additional pharmacy reductions, and the introduction of a narrow network health plan option. Through a competitive procurement process, the State has awarded and is in active contract negotiations for its Medicare Advantage Part –D insurance plan for calendar years 2023-2025. The 2022 SERS OPEB GASB 75 Report discussed below takes into account the savings anticipated from the contract.

SERS OPEB Valuation and GASB 74 Report as of June 30, 2022. The State received from The Segal Group ("Segal") a report prepared as of June 30, 2022 and dated February 17, 2023 ("2023 SERS OPEB GASB 74 Report") containing supplemental information to assist the State in meeting the requirements GASB 74 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS.

The 2023 SERS OPEB GASB 74 Report indicated the following as of June 30, 2022:

SERS OPEB GASB 74 Report as of June 30, 2022	
Total OPEB Liability	$17,738.3 million
Fiduciary Net Position	$ 2,240.1 million
Net OPEB Liability ("NOL")	$15,498.2 million
Ratio of Fiduciary Net Position to Total OPEB Liability	12.63%
Actuarially Determined Employer Contribution (Fiscal Year 2022)	$ 1,055.5 million

In Fiscal Year 2022, the State contributed $848.0 million to the Plan, 80.3% of the Actuarially Determined Employer Contribution. There has been no actuarial determinations of the ADEC or Annual OPEB Expense applicable to the Plan for Fiscal Year 2023.

The demographic assumptions used in the 2023 SERS OPEB GASB 74 Report are the same as those used in the SER December 2022 Valuation or experience studies available. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2021 using the following actuarial assumption, applied to all period included in the measurement, unless otherwise specified, among others:

- An entry age normal actuarial cost method
- An expected long-term rate of return on Plan assets of 6.90%
- Salary increases of 3.00% to 11.5%, vary by service and retirement system, including inflation
- A discount rate applied to projected benefit payments of 3.90% as of June 30, 2022 and 2.31% as of June 30, 2021
- A payroll growth rate of 3.00%
- Medical and prescription drug cost trend rates of 6.0% graded to 4.5% over six years
- Dental trend rate of 3.0%
- Part B trend rate of 4.5%

The tables below present the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2022 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and rate that is 1% lower or higher than the current discount rate, as set out in the 2023 SERS OPEB GASB 74 Report:

Net SERS OPEB Liability Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Decrease	Current (Medical and Prescription Drug: 6.0% graded to 4.5% over 6 years; Dental: 3.0%; Part B: 4.5%)	1% Increase
Net OPEB Liability	$13,082.8	$15,498.2	$18,564.3

Net SERS OPEB Liability Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease (2.90%)	Current (3.90%)	1% Increase (4.90%)
Net OPEB Liability	$18,120.3	$15,498.2	$13,377.3

For Fiscal Years 2018 through 2022, the State paid $701.1 million, $682.0 million, $743.1 million, $749.5 million and $735.5 million, respectively, for retirees' health care costs. While not a part of post-employment costs, for Fiscal Years 2018 through 2022, the State paid $608.5 million, $634.2 million, $682.0 million, $674.9 million and $672.9 million respectively, for General Fund eligible employees' health care costs. For Fiscal Year 2023, the projected General Fund expenditure for retirees' health care costs is $759.5 million. For Fiscal Years 2018 through 2022, General Fund expenditures on life insurance benefits were $7.9 million, $7.7 million, $8.7 million, $8.7 million and $9.9 million, respectively. For Fiscal Year 2023, the projected General Fund expenditure on life insurance benefits is $10.3 million.

SERS OPEB GASB 75 Report as of June 30, 2022. The State received from The Segal Group a report prepared as of June 30, 2022 and dated September 28, 2022 ("2022 SERS OPEB GASB 75 Report") containing supplemental information to assist the State in meeting the requirements GASB 75 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS. The report indicated a Net OPEB Liability of 19,527.4 million, which was a decrease of $4.0 billion from the prior year's Net OPEB Liability of $23,540.9 million.

The 2022 SERS OPEB GASB 75 Report indicated the following as of June 30, 2021:

SERS OPEB GASB 75 Report as of June 30, 2021	
Total OPEB Liability	$21,727.0 million
Fiduciary Net Position	$ 2,199.5 million
Net OPEB Liability ("NOL")	$19,527.4 million
Ratio of Fiduciary Net Position to Total OPEB Liability	10.12%
Annual OPEB Expense	$ 1,444.8 million

The total OPEB liability in the 2022 SERS OPEB GASB 75 Report was measured by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified, among others:

- An entry age normal actuarial cost method
- An expected long-term rate of return on Plan assets of 6.90%
- Salary increases of 3.00% to 11.5%, vary by service and retirement system, including inflation
- Inflation rate of 2.50%
- A discount rate applied to projected benefit payments of 2.31% as of June 30, 2021 and 2.38% as of June 30, 2020
- A payroll growth rate of 3.00%
- Medical and prescription drug cost trend rates of 6.0% graded to 4.5% over six years
- Dental trend rate of 3.0%
- Part B trend rate of 4.5%

The tables below present the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2021 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and rate that is 1% lower or higher than the current discount rate, as set out in the 2022 SERS OPEB GASB 74 Report:

Net SERS OPEB Liability Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Decrease	Current (Medical and Prescription Drug: 6.0% graded to 4.5% over 6 years; Dental: 3.0%; Part B: 4.5%)	1% Increase
Net OPEB Liability	$19,929.3	$24,133.6	$29,566.2

Net SERS OPEB Liability Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease (1.31%)	Current (2.31%)	1% Increase (3.31%)
Net OPEB Liability	$28,503.7	$24,133.6	$20,624.0

Set forth below for each of the past five fiscal years are the number of employees retired from State employment eligible to receive post-retirement health care and life insurance benefits, the number of retirees, respectively, actually receiving health care benefits and life insurance benefits, and the amount of General Fund appropriations by the State for such coverage.

TABLE 25

State Employee Retirees Health Care and Life Insurance Benefits
(In Millions)

	2018	2019	2020	2021	2022
Retirees Eligible to Receive Benefits	53,572	54,887	55,280	54,437	56,633
Retirees Receiving Health Care Benefits	50,562	51,198	52,021	52,990	53,481
Retirees Receiving Life Insurance Benefits	29,845	29,010	29,040	28,341	29,151
General Fund Appropriations for Retiree Health Care and Life Insurance Benefits (millions)	$616.4[(a)]	$689.7[(b)]	$751.8[(c)]	$758.2[(d)]	$745.4[(e)]

(a) The $616.4 million appropriated for Fiscal Year 2018 includes a combined appropriation of $7.9 million for active employees and retiree life insurance benefits. Of the $616.4 million appropriation, $608.5 million was expended on retiree health care benefits and $4.8 million was expended on retiree life insurance benefits.

(b) The $689.7 million appropriated for Fiscal Year 2019 includes a combined appropriation of $7.7 million for active employees and retiree life insurance benefits. Of the $689.7 million appropriation, $682.0 million was expended on retiree health care benefits and $4.8 million was expended on retiree life insurance benefits.

(c) The $751.8 million appropriated for Fiscal Year 2020 includes a combined appropriation of $8.7 million for active employees and retiree life insurance benefits. Of the $751.8 million appropriation, $743.1 million was expended on retiree health care benefits and $5.2 million was expended on retiree life insurance benefits.

(d) The $758.2 million appropriated for Fiscal Year 2021 includes a combined appropriation of $8.7 million for active employees and retiree life insurance benefits. Of the $758.2 million appropriation, $749.5 million was expended on retiree health care benefits and $5.2 million was expended on retiree life insurance benefits.

(e) The 745.4 million appropriated for Fiscal Year 2022 includes a combined appropriation of $9.9 million for active employees and retiree life insurance benefits. Of the $745.4 million appropriation, $735.5 million was expended on retiree health care benefits and $5.7 million was expended on retiree life insurance benefits.

Other Post-Employment Benefits – Teachers

The State is required to (i) make General Fund appropriations to the Teachers' Retirement Board to cover one-third of retiree health insurance costs plus any portion of the balance of such costs that is not funded from the amounts available in the Teachers' Retirement Health Insurance Fund ("TRHIF"); (ii) subsidize the health insurance costs of retired teachers who are not members of the Teachers' Retirement Board's health benefit plan; and (iii) provide an additional health insurance subsidy of at least $220 per month (which was increased to such amount from $110 on July 1, 2022) on behalf of retired teachers who are ineligible to participate in Medicare Part A "premium free" and who pay at least $440 per month (which was increased to such amount from $220 on July 1, 2022) to participate in the local board of education plan available to active teachers. **TABLE 26** provides the State contributions to the TRHIF for the past five fiscal years. The 2021 Budget Act includes $22.7 million for Fiscal Year 2023 to subsidize the TRHIF.

The Board implemented a Medicare Advantage with a prescription drug plan with United/Optum RX as the base plan effective January 1, 2022, otherwise referred to as a Medicare Advantage Prescription Drug Plan (MAPD). The United/OptumRX plan replaced the existing plan offered through Anthem Blue Cross Medicare Advantage PPO. The Board also replaced the existing Medicare Supplement with the same United/Optum RX as the Medicare Advantage effective January 1, 2022. Members opting to remain in the Medicare Supplement plan continue to pay the full excess cost of the plan.

The TRHIF is invested in the Short Term Investment Fund. See also **FINANCIAL PROCEDURES** herein. Fund assets do not constitute plan assets for purposes of GASB Statements Nos. 43 and 45, and for actuarial valuation purposes fund assets are not treated as valuation assets available to offset the accrued liability of the plan. During the period commencing July 1, 1994 and prior to July 1, 2018 retiree health benefits sponsored through the Teachers' Retirement Board were self-insured.

TRHIP OPEB GASB 74. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC, GASB Statement No. 74 Report for the Retiree Health Insurance Plan of the Teachers' Retirement System dated February 9, 2023 ("February 2023 TRHIP GASB 74 Report"). The February 2023 TRHIP GASB 74 Report has been prepared as of June 30, 2022 based on the November 2022 Valuation. The results of the February 2023 TRHIP GASB 74 Report are based on the assumptions and methods used in the November 2022 Valuation. All GASB 74 assumptions were selected for the measurement of the plan's benefit obligations as of June 30, 2022 and reflected best estimates of anticipated experience.

The February 2023 TRHIP GASB 74 Report indicated the following:

February 2023 TRHIP GASB 74 Report as of June 30, 2022	
Actuarial Accrued Liability	$1,937.5 million
Actuarial Value of Assets	$ 167.6 million
Unfunded Actuarial Liability	$1,769.9 million
Ratio of Actuarial Value of Assets to Unfunded Actuarial Liability	8.65%
Actuarially Determined Employer Contribution (Fiscal Year 2023)	$ 74.4 million
Actuarially Determined Employer Contribution (Fiscal Year 2024)	$ 76.7 million
Annual Employer Contribution as a Percentage of Payroll	1.59%
Total OPEB Liability	$1,771.1 million
Fiduciary Net Position	$ 167.6 million
Net OPEB Liability ("NOL")	$1,603.6 million
Ratio of Fiduciary Net Position to Total OPEB Liability	9.46%
NOL as a Percentage of Covered Compensation	34.15%

The February 2023 TRHIP GASB 74 Report was based upon the following assumptions and methodologies among others:

- An individual entry-age actuarial cost method
- Level percent-of-payroll contributions over an open 30-year amortization period
- An expected long-term rate of return on Plan assets of 3.0%
- An inflation rate of 2.50%
- Real wage growth of 0.50%
- A discount rate of 3.53% for accounting purposes
- Payroll growth rate of 3.00%
- Projected salary increases, including wage inflation, of 3.00% to 6.50%

- Health care cost trend rates include known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031

The February 2023 TRHIP GASB 74 Report also reported the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2022 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and a SEIR that is 1% lower or higher than the current SEIR, as set forth in the following table:

Net TRHIP OPEB Liability Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Lower Trend Rate	Current Trend Rates	1% Higher Trend Rate
Net OPEB Liability	$1,378.2	$1,603.6	$1,908.8

Net TRHIP OPEB Liability Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease (2.53%)	Current (3.53%)	1% Increase (4.53%)
Net OPEB Liability	$1,936.4	$1,603.6	$1,341.1

TRHIP OPEB GASB 75 Report as of June 30, 2022. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting LLC a report dated March 2, 2023, prepared as of the June 30, 2022 measurement date for financial reporting as of June 30, 2023, and containing information to assist the Board in meeting the requirements of GASB 75 with respect to the TRHIP. The report indicates a collective OPEB Expense of $96.7 million for the fiscal year ending June 30, 2022.

Set forth below for each of the past five fiscal years are State contributions to the TRHIP to cover retiree health insurance costs and the portions of such contribution attributable to post-retirement Medicare supplement health insurance and to the health insurance cost subsidy for retired teachers who are not members of the Board's health benefit plan, active and retired teachers' contributions, investment income, the expenditures from the Fund, and the reported fund balance of the Fund as of June 30.

TABLE 26

Teachers' Retirement Health Insurance Fund (In Thousands)

	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund Contribution Attributable To Post Retirement Retiree Medicare Health Insurance	$ 14,554.5	$ 14,575.3	$ 26,001.3	$ 24,405.4	$ 17,798.9
General Fund Contribution Attributable To Non-Board Health Insurance Cost Subsidy	4,644.7	4,644.7	5,532.1	5,006.0	5,044.1
One-Time General Fund Transfer Pursuant to P.A. 18-81, § 22	N/A	16,100.0	N/A	N/A	N/A
Total General Fund Contributions	$ 19,199.2	$ 35,320.0	$ 31,533.4	$ 29,411.4	$ 22,843.0
Teacher Contributions (Active and Retired)	101,590.1	106,710.2	106,716.0	106,974.2	103,540.3
Investment Income	461.6	1,090.5	848.3	90.8	450.4
Total Receipts	$ 121,250.9	$ 143,120.7	$ 136,737.0	$ 136,476.4	$ 126,833.8
Fund Expenditures	$ (147,205.0)	$ (121,031.7)	$ (121,481.2)	$ (92,804.7)	$ (75,931.9)
Fund Balance as of June 30	$ 34,890.3	$ 56,979.3	$ 72,235.2	$ 115,906.9	$ 166,808.7

Additional Information

The audited financial statements for Fiscal Year 2022 included as **Appendix II-C** hereto, and in particular notes 10 through 14 and note 16 and the Pension Plans and Other Postemployment Benefit Plans Required Supplementary Information of the accompanying Basic Financial Statements, provide additional information about the foregoing retirement systems and their funding.

The cumulative value of the annual differences between the State's contribution to a public employee pension or OPEB plan and the actuarially determined employer contribution to the plan for that fiscal year constitutes the "net pension obligation" or "net OPEB obligation" of the State with respect to such plan, and is reported as a liability in the State's financial statements. The net pension obligation or net OPEB obligation of the State with respect to a plan is not the equivalent of the State's actuarial accrued liability with respect to such plan.

LITIGATION

The State and its officers and employees are parties to numerous legal proceedings, many of which normally occur in government operations. The final outcomes of most of these legal proceedings are not, in the opinion of the Attorney General, either individually or in the aggregate likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, either individually or in the aggregate may require the State to make material future expenditures or may impair revenue sources. It is not possible to determine the impact that the outcomes of these proceedings, either individually or in the aggregate, could have on the State's financial position. Among these proceedings, an adverse judgment in the matters described below, in the opinion of the Attorney General, individually could have a fiscal impact on the State of $50 million or more.

Sheff v. O'Neill is an action originally brought in 1989, on behalf of school children in the Hartford public school system, alleging racial and ethnic segregation. The State Supreme Court directed the legislature to develop appropriate remedial measures, and in 1997, the General Assembly enacted Public Act No. 97-290, An Act Enhancing Educational Choices and Opportunities, in response to the Supreme Court's decision. The plaintiffs filed subsequent motions to require the State to adhere to the Supreme Court ruling and the parties entered into various settlement agreements through the years. The final agreement commits $1.24 million in additional magnet school funding for Fiscal Year 2022, with commitments increasing to $32 million annually by Fiscal Year 2032. Capital costs associated with renovation of the new magnet schools are estimated at $48.7 million. The agreement was approved by the General Assembly and reapproved by the Superior Court.

State Employees Bargaining Agent Coalition ("SEBAC") v. Rowland is a Federal District Court case in which a class of approximately 50,000 laid off State employees sued the Governor and the Secretary of OPM alleging that they were laid off in violation of their constitutional rights. The parties reached a settlement that provides for cash payments payable over several fiscal years, pension adjustments, and vacation and personal time accruals. The overall value of the settlement, inclusive of attorneys' fees, is estimated at $175 million to $210 million. The damages for approximately 49,900 class members have been settled and accounted for in the State's financial statements and budget. The parties are still in the process of calculating economic damages for the remaining approximately 100 class members who sustained economic damages as a result of the layoffs.

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

In October, 2016, the Schaghticoke Tribal Nation initiated a lawsuit against the State and the Commissioner of the Department of Energy and Environmental Protection seeking approximately $610.5 million as well as declaratory and injunctive relief for the alleged unconstitutional taking of reservation lands in the nineteenth and early twentieth centuries. In September 2022, the Appellate Court upheld a trial court's dismissal because, among other findings, it concluded STN did not possess a sufficient ownership interest in the land to overcome the bar of sovereign immunity. The Connecticut Supreme Court recently denied STN's petition for certification to appeal the appellate court's decision.

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

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

COVID-19 AND OTHER MATTERS

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Public Health Emergency of International Concern by the World Health Organization and, on March 13, 2020 was declared a national emergency by the President of the United States. The outbreak of the virus affected travel, commerce and financial markets and economic growth globally.

The impact of COVID-19 caused a significant pullback in consumption and significant increases in unemployment. As a result, on March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act ("CARES Act") that provides aid to industries and entities throughout the country, including state and local governments. The State received $1.382 billion to cover statewide costs associated with the response to the outbreak of COVID-19. These resources were not counted towards revenues in the General Fund. Consistent with the State's practice in using federal grant funds, expenditures are not authorized through the General Fund.

Additionally, on March 11, 2021, the United States Congress enacted the American Rescue Plan Act of 2021 ("ARP Act") that provided additional relief to individuals, grants to businesses, and support to state and local governments. The State received approximately $2.8 billion under the ARP Act to respond to the impacts of the COVID-19 pandemic. The adopted budget for the Fiscal Year 2022-2023 biennium programmed the use of ARP Act funds for the State for the 2022-2023 biennium. The Governor's February 8, 2023 budget proposal makes adjustments to the programmed uses of some of those funds, which is subject to the approval of the legislature.

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

Hospital Dispute

In Fiscal Year 2012, the State began levying a user fee on the net patient revenue of most hospitals in the State ("First Hospital User Fee"). A petition for a declaratory ruling was received by the Department of Social Services ("DSS") and the Department of Revenue Services ("DRS") claiming that the First Hospital User Fee was invalid as implemented under various constitutional and administrative provisions. The First Hospital User Fee was sunset by the General Assembly effective June 30, 2017. The General Assembly enacted a separate and distinct user fee on certain hospitals beginning July 1, 2017 ("Second Hospital User Fee"). On December 18, 2019, the General Assembly approved a settlement agreement among the State and the Connecticut Hospital Association and the petitioning hospitals that is expected to have a cost impact on the State of approximately $60 million to $186 million in each fiscal year through Fiscal Year 2026. The federal government issued the required approvals of the Second Hospital User Fee waivers and Medicaid State plan amendments, respectively, for the Second Hospital User Fee and Medicaid expenditures required under the settlement agreement. If after initial approval, during the term of the settlement agreement, federal requirements impact the ability of the State to implement the settlement agreement's requirements as to the Second Hospital User Fee or Medicaid expenditures in excess of $100 million on an annual basis, the State has the option to terminate the settlement agreement. If the federal requirements impact the State in excess of $50 million on an annual basis, the parties can either agree to an amendment to the settlement agreement or seek a court ordered modification that is designed to maintain a proportionate balance of benefits and burdens on the parties. Under the settlement agreement, for Fiscal Years 2020 to 2026 the hospitals agree not to challenge the Second Hospital User Fee or the Medicaid rates and supplemental payments.

Information Technology, Cybersecurity and Related Matters

The State's IT strategic plan for Fiscal Year 2022 focused on three goals: (i) to centralize IT services across executive branch agencies for improved flexibility and efficiency; (ii) to grow digital government services, which will increase online services to residents and businesses; and (iii) to improve cybersecurity statewide. To account for the increased cyber risk that is being experienced across all industries, the State authorized $8.2 million in spending out of a total $11.8 million program to reduce cybersecurity risks. This investment to date has been used to increase security monitoring and vulnerability response capabilities and to upgrade State government endpoint security.

The State operates information technology systems critical to its operations. In Fiscal Year 2016, the State introduced its first five-year technology strategy that outlined the critical technology activities to guide State actions. This strategy is now updated annually and published online. In order to improve the efficiency and effectiveness of information technology within the State, the Department of Administrative Services undertook a reorganization of Executive Branch agency technology resources. In January 2022, the State began operation of the Department of Administrative Services / Bureau of Information Technology Solutions ("DAS/BITS"). This wide-ranging shared service includes infrastructure, applications, and user supports.

In accordance with these plans and prior initiatives, the State continues to make progress in improvements to its systems. Since 2015, the State's shared systems have been primarily operated through two data centers which allows infrastructure continuity through duplication at the two facilities. The two data centers operate in an "active/passive" mode, whereby the overall system load is handled by one of the two centers, and the applications and datasets are replicated in each. If one data center is offline, the entire load would shift to the other data center. Depending on the application criticality, some manual intervention may be required to return to operation. One data center is located in Groton, Connecticut and the other in Springfield, Massachusetts. The datasets are regularly verified for integrity, and backed up incrementally in stages covering approximately six months. Some of these backups are maintained externally to the datacenters. DAS/BITS has systems in place to monitor and protect against malicious events. The datacenters of the State have procedures in place to protect against unauthorized physical access, against misconduct or risks associated by personnel with physical access and similar risks, on a level comparable to the other parties collocated with it in the datacenters. Since these centers were put in operation, the State has been incrementally moving agency computing from older, location-based technology to a shared private cloud infrastructure. The State intends to vacate the Groton data center before 2029 and in the 2023 calendar year began substantive planning for the next iteration of computing.

Approximately 50% of the State's overall systems are dedicated to single agency use; the State has been modernizing these systems and in some cases moving them to shared private cloud solutions operated by third parties. Agencies using these applications may utilize internal or outside consulting assistance for improvements and maintenance of these systems. In 2022, the Department of Revenue Services, Department of Labor, Office of Early Childhood and the Department of Motor Vehicles all introduced substantial new technologies that reduced the amount of outdated technology operated by the State.

The State had been rolling out the enterprise Voice over IP telephone system to State agencies to improve agency communication capabilities and reduce operational and maintenance costs. In Fiscal Year 2021 State agencies substantially completed migrating to a Microsoft-based Office365 common set of applications, which also introduced multi-factor authentication (MFA) and represented an upgrade of these applications to more secure and updated products. The State maintains a State-wide fiber-optic networking system for its Connecticut Education Network and its Public Safety Data Network. This network had been relatively stable, seeing incremental expansion as schools, towns, libraries, state agencies, first responders and others were connected. The State's E911 system operates on this network, with microwave radio backup for the state police systems. Because of the critical nature of these systems, DAS/BITS has taken steps to ensure the continuity of the systems for natural events, the continuity of the systems for malicious events, and safeguarding the information maintained against theft and misuse. The systems are regularly monitored, evaluated, tested, and improved. Individual offices of the State access the systems through internet facilities maintained by third parties, and those offices have varied levels of backup power and redundancy. None of the offices are believed to be critical to the integrity of the overall systems, but events such as snowstorms, flooding, fire and other hazards may affect the ability of the State to deliver services as contemplated.

In Fiscal Year 2018, the State announced its first cybersecurity strategy and released the first Cybersecurity Action Plan. These documents outline the critical importance of protecting all the digital assets in the State. In calendar year 2022 steps continued to be taken to significantly harden the State's operations against cybersecurity threats. The State released the second statewide cybersecurity strategy, with input from federal, state and local partners, in March of 2022 and is pursuing four-year Department of Homeland Security grant funding to address a "whole of state" approach to cybersecurity that factors in both state and local government entities through the Department of Emergency Services and Public Protection, Division of Emergency Management and Homeland Security and the DAS/BITS, the State convenes a monthly cybersecurity working group with local, state, federal, and private sector partners. The State also operates under a State Cyber Disruption Response Plan and a Cyber Incident Response Plan, which was updated in 2022.

Generally, the State's centralized systems were also protected by methods limiting access of users to relevant portions of the system. Malware infection introduced by one user may therefore be limited to the portions of the system accessible by that user. In the past five years, no malware corruptions have materially affected State data or operations. Beginning in April 2022, the State began the rollout of Endpoint Detection and Response capabilities for servers and endpoints to provide advanced protections from constantly evolving threats. Over the last year, the State has experienced three service provider cybersecurity incidents. While there were no impacts to State-owned and operated systems, the State continues to update its contracts with cybersecurity risk management terms and conditions. Other threats experienced in the year included denial-of-service attacks on its systems, which were relatively short-lived and without notable impact. Additional protections have been put in place for these ever evolving threats. Where the State utilizes shared private cloud solutions, protections are primarily established through contractual requirements with vendors, which are regularly evaluated.

The State's systems contain significant amounts of personally identifiable and non-public information. This includes social security identification numbers, credit card information, criminal and arrest records, medical records, driving records, educational records, information made available from the federal government and other states. The State limits misuse of this information by compartmentalizing access and endeavoring to design systems such that such information is encrypted, segmented and otherwise not available to unauthorized individuals gaining access to some portion of the State's systems. This information is nevertheless vulnerable to misuse by persons with authorized access to such information, persons with unauthorized access to such information (such as through phishing or other social attack vectors), persons inadvertently granting access, and other means. The consequences of any such potential misuse, to the persons involved and to the State, cannot be predicted. To date the State has uncovered no such material unauthorized access. The State endeavors to further mitigate any such potential misuse with thorough training of its users to recognize common attack vectors.

The State's response to the pandemic in this area built on this existing platform and strategic plan. The Governor's executive orders requiring remote working required augmentation of the State's telecommunication capacity, employee equipment, altered training and support services. Certain of the State's systems needed also to be adapted to present modern front-end interfaces to legacy back-end systems. More specifically:

- The State significantly increased its Voice Over Internet Protocol and data capacity. Because of its move to cloud-based solutions, these could be done with minimal disruption.
- The State could move much of its internal interactions to a Microsoft Teams based videoconferencing solution.
- The State is contemplating more permanent work from home and hybrid work strategies where possible. In advance of this, the State has been purchasing substantially more laptop devices than desktop devices.

- The State's implementation of MFA in this environment led to a significant hardening of its systems to intrusion.

The activities of DAS/BITS in calendar year 2022 continued to align with the evolving landscape. Substantial efforts have been made planning for the optimization of IT support resources in the State. As of January 2023, DAS/BITS had approximately 474 employees with an additional 65 hires planned for July 2023. Over the next 12 months DAS anticipates it will complete the IT consolidation effort to expand the utilization of technology and bring greater skills and abilities to the State's IT workforce.

Climate Change and the State's Responses

Climate change refers to the effect that a warming and changing climate has on the environment, humans and infrastructure. Among the impacts of climate change are rising sea surface temperatures and sea levels and more frequent extreme weather events and in general, the State has been getting warmer and wetter. The effect of climate change extends to potential impacts on ecological habitats, species, agricultural products, air quality and diseases which are not discussed here. Although climate change is already impacting the State, the State is planning for these changes using locally-scaled science and is investing in clean and renewable energy to mitigate the State's Greenhouse Gas ("GHG") emissions. The State has taken a proactive and informed approach to ensure that the State's environment and economy continue to be sustainable. The findings of the State's climate science planning and the specific actions the State is taking to address these potential impacts through adaptation and by increasing resiliency and sustainability are discussed below.

The State has experienced significant but unmeasurable losses from extreme weather events over the years and such events in the future could impose additional costs on residents, businesses and government that can adversely affect local, state and regional economies. These events impose recovery costs, often reimbursed by the federal government through emergency declarations, which can be further offset by investment in resiliency and sustainability. Rising sea levels increase the impact of these events and also require investment in adaptation.

Rising Sea Levels

While the State is less susceptible to flooding and rising sea levels than some other coastal states, it has 618 miles of coastline along Long Island Sound and Fishers Island Sound, with direct proximity to, but partially protected from the Atlantic Ocean. The effects of rising sea levels are expected to be experienced in the next three decades primarily in the low-lying neighborhoods and natural areas that are in floodplains along the coastline and in tidal riverine areas. Rising sea levels are expected to result in increased tidal flooding, conversion of tidal wetlands to open water and increased rates of coastal erosion. Neighborhoods and roads that experienced infrequent flooding today and in the past could be challenged by flooding on a regular basis without elevation.

The current sea level rise planning scenario adopted by the Department of Energy and Environmental Protection ("DEEP") projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 national tidal datum by 2050. It is estimated that approximately 4 inches of this maximum rise occurred by 2016. Areas currently vulnerable to flooding therefore will be at higher risk. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. However, in the portions of coastal eastern Connecticut where the annual risk of coastal flooding has been 10% (or 1 event every 10 years), a rise in sea level of 20 inches would increase that risk to 50% (or 1 event every 2 years).

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding, depending on land elevation. The lowest lying areas that could be affected by increased frequency of tidal flooding, particularly urban areas, may require extensive renovation to harden construction in these areas, elevate properties, and increase resiliency, as well as protect fresh water supplies from saltwater intrusion. Higher water levels may also alter floodplain maps, resulting in higher insurance and building costs for new construction, reconstruction and renovation. Higher water levels may also require future rebuilding of public roads, railroads and other infrastructure in these lower lying areas to account for the rise. These relatively slow-moving effects are continually studied and addressed at the state and local level, with many coastal communities conducting planning to evaluate risks and identify options to increase resilience. Federal EmergencyManagement Agency ("FEMA") flood insurance maps do not currently amount for sea level rise, which further indicates the need for State identification of sea level rise extents.

Extreme Heat, Drought and Precipitation

The State is susceptible to heat waves, drought and increased precipitation. According to CIRCA, climate change is expected to increase average temperature by five degrees Fahrenheit by 2050. Average annual precipitation is expected to increase four inches by 2050 and the number of heat wave days from four to 48. The State has also experienced, and is currently experiencing, abnormally dry or drought conditions. Indices of hot weather, summer drought, and extreme precipitation (rain or snow) are all expected to increase by 2050 with a decrease in summer water availability. Extreme heat events pose a significant threat to public health in the State.

Extreme Storms

Like other New England states, the State is susceptible to storms, including blizzards, nor'easters and hurricanes. Wet weather events can cause river flooding, drainage problems and increased groundwater tables and can overwhelm sewer systems. In particular, as noted in the most recent report of the State's Governor's Council on Climate Change ("GC3"), though it is unclear whether the frequency or intensity of storms in Connecticut will change, they will likely bring higher winds and more precipitation during the event. In addition, land infrastructure along the State's coast has generally been designed on 25, 50 or 100 year storm specifications and existing flood plain and coastal area management designations. These may not fully capture all of the adaptation requirements required by climate change, which could lead to costly damage or destruction of infrastructure.

Wind events and ice storms also present threats due to downed trees and tree limbs blocking roads and bringing down power lines. Most of the State's power grid is above ground and exposed to such hazards. Like other states, in recent years, the State has had extensive damage and power outages due to storms. The Division of Emergency Management and Homeland Security ("DEMHS") works with municipalities and utilities on a regular basis to enhance preparation for, response to, and recovery from severe storms, including a Make Safe Protocol and improved communications among local, state, and private sector partners.

State Actions to Improve Sustainability and Resiliency

The State has been active in taking steps to improve sustainability and resiliency. Many areas of the State have been protected from its rivers by the installation of levees, concrete walls, pump stations and conduit tunnels. However, the Army Corps of Engineers has rated the system seriously deficient in some areas that have experienced considerable flooding and have the potential to experience more in the future. While current maintenance has kept existing flood control structures meeting the minimum for certification by FEMA, there is a recognized need for more investment on the operations and maintenance of current flood control structures and new structures.

Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the federal Clean Water Act of 1972 and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are operating under consent orders with the State and the federal Environmental Protection Agency requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm water infrastructure. Public Act No. 21-115 permits municipalities to establish stormwater authorities to manage stormwater and runoff in their communities, which is expected to increase with climate change. Several municipalities have already started such authorities.

DEMHS includes a Hazard Mitigation and Resiliency Unit, led by the State Hazard Mitigation Officer, who administer a number of federal hazard mitigation grant programs, including the FEMA disaster assistance Hazard Mitigation Grant Program and the Building Resilient Infrastructure and Communities Program. DEMHS solicits projects from state and local agencies to be funded by these and other programs. The State Hazard Mitigation Plan is currently under revision, and, per Executive Order No. 21-3, it will include a climate vulnerability assessment of critical facilities. DEMHS also coordinates the filing of local natural hazard mitigation plans with FEMA, as well as required revisions to the State Natural Hazard Mitigation Plan. These plans are prerequisites to federal funding.

With respect to the power grid, the State and local municipalities have worked with the two main electric distribution companies in the State (Eversource and United Illuminating) to develop coordinated recovery plans. Hospitals, nursing homes and municipal water and sewerage systems are required to have auxiliary power. The State and the electric distribution companies have recently engaged in extensive tree removal and trimming efforts to increase the resilience of the grid system and mitigate extended power outages. DEEP administers a microgrid grant program to support local distributed energy generation to ensure critical facilities remain powered during outages. The Connecticut Public Utilities Regulatory Authority ("PURA") and the electric distribution companies in the State have undertaken significant efforts to improve electrical systems resilience. PURA has authorized funding for substation flood mitigation and other storm hardening initiatives. Recent legislation holds the State's electric distribution companies accountable for any extended power outages and expands the microgrid program to cover resilience projects that prioritize the protection of vulnerable communities disproportionately impacted by climate change. In August 2022, PURA directed Eversource and United Illuminating to conduct a Climate Change Vulnerability Study that considers the effect of extreme weather due to climate change on their company's operations, planning and infrastructure.

In 2011 the State created the first energy finance authority in the nation, the Connecticut Green Bank, to drive investment and increase clean energy deployment in the State through the creation of cleaner, less expensive and more reliable sources of energy. The Connecticut Green Bank incentivizes the installation of residential and commercial solar power installations and energy efficiency and assists with their financing, with other ways of reducing usage as well as battery electric storage, and with wind and fuel cell electric generation. These efforts are intended to confront climate change and to increase and accelerate the flow of private capital into the green economy.

In 2022, CIRCA released its Phase II Report, which identified about 60 Resilience Opportunity Areas in Fairfield and New Haven counties. These areas are expected to experience moderate to high impacts of climate change, have identified regional significance, and meet additional local, regional or State policy goals (such as housing, transportation, ecology, etc.) These areas are slated for consideration for additional technical assistance, planning, or funding. The State Legislature, recognizing the contributions of these efforts, allocated funding for CIRCA to expand their climate change vulnerability mapping and the resilience opportunity area process to the rest of the State, which is underway.

Additionally, the State has created a new position, the Climate & Infrastructure Policy Development Coordinator with OPM to develop State climate policy, coordinate across State agencies and localities, and assist in statewide climate planning.

State Response to Reduce Its Contribution to Climate Change

The State has taken a number of actions to reduce its own impact on the environment pursuant to several Executive Orders, legislation and the recommendations of various studies and initiatives. The discussion that follows outlines a few of these actions.

Governor Lamont, in his first Executive Order, set a goal for the executive branch of State government to achieve a 45% reduction in GHG emissions below 2001 levels by 2030, a 25% reduction in waste disposal by 2030 from a 2020 statewide baseline, and a 10% reduction in water consumption by 2030 from a 2020 statewide baseline.

The order establishes a steering committee of state agencies to develop a strategy to achieve a 70% reduction in GHG emissions from 2016 levels by 2040, and zero emissions by 2050. The State's economy-wide GHG emissions in 2016 were 41.1 million metric tons of carbon dioxide equivalent, 9% below 1990 levels and 16% below 2001 levels. In Executive Order 21-3 the Governor directed the adoption of the following subtargets to meet the goals set in Executive Order 1 to reduce State agency greenhouse gas emissions by 45% by 2030:

- By 2030 all electricity purchased and generated by the executive branch will be 100% zero carbon and all newly leased light duty state vehicles will be zero emission vehicles.

- By 2023 DEEP and DAS shall develop a plan to retrofit existing fossil fuel based heating and cooling systems at state building systems and shall develop a plan and a budget to achieve zero-GHG emissions for all new construction and major renovations funded by the state or in facilities owned/operated by the Executive Branch, targeting construction beginning in fiscal year 2024 and after. In 2022, DAS and DEEP completed an analysis of all State buildings and proposed a wide range of projects, including retrofitting at least 16 older buildings with state-of-the-art energy efficiency equipment, seven of which are in densely urban areas.

- By 2024 all executive branch agency facilities should implement an organics and food waste diversion program and shall divest 1% of all Executive Branch buildings square footage and an additional 2% by 2028.

The Governor, in his third Executive Order, relaunched and expanded the GC3 to address reducing GHG emissions statewide, not just within State-owned or operated facilities covered under Executive Order 1, and planning for how to adapt and make the State resilient to the impacts of climate change. On January 15, 2021, the GC3 finalized 61 recommendations for near term climate mitigation and adaptation actions to begin implementation in 2021 and early 2022 in its initial report, "Taking Action on Climate Change and Building a More Resilient Connecticut for All." While some of the recommendations were implemented in the 2021 legislative session, including Public Act No. 21-115, the Governor took additional action to implement the recommendations by Executive Order. On December 16, 2021, Governor Lamont signed Executive Order 21-3. This Executive Order requires 23 actions to reduce greenhouse gas emissions and help the State adapt and become more resilient to the impacts of climate change. It supported over 30 recommendations of the GC3 in the five areas below with multiple actions in each area as follows:

Buildings and Infrastructure

- To achieve greenhouse gas emissions reductions consistent with the State's emissions reduction goals, the order directs DEEP, in the next update to the Comprehensive Energy Strategy, to identify strategies to provide for more affordable heating and cooling for Connecticut residents and businesses, reduce greenhouse gas emissions from residential and commercial buildings and industrial processes, and improve the resilience of the State's energy sector to extreme weather events, fuel commodity price spikes, and other disruptions.

- The DAS building inspector is directed to maintain up-to-date energy efficient and climate resilient building codes, ensuring state buildings are capable of withstanding wind and flood risks, and to consider the use of Insurance Institute of Business & Home Safety's FORTIFIED standards to meet this goal.

- The order strengthens interim targets for the GreenerGovCT Lead By Example program.

- DEEP is directed to promulgate regulations to promote energy conservation and efficiency for appliances.

- The Department of Transportation ("DOT") and DAS are to identify opportunities to deploy solar on their properties and rights-of-way.

Clean Transportation

- To further clean transportation goals, DOT is directed to cease purchasing or providing State funding to third parties for the purchase of diesel buses by the end of 2023 and to create an implementation plan which identifies any barriers to full bus fleet electrification.

- DOT must set a 2030 vehicles miles traveled reduction target.

Community Climate Resilience

- DEEP was directed to establish a Connecticut Community Climate Resilience program for plans and project development with 40% of resources targeted at municipalities where vulnerable populations reside. What is now called the DEEP Climate Resilience Fund serves as seed money to help Connecticut communities begin planning for climate change impacts and then propel those who have already completed planning into developing projects that are eligible for federal resilience competitions, with the goal of bringing federal funding for construction. The State made available $10 million for the first round of the DEEP Climate Resilience Fund and opened a call for applications in September 2022. The State anticipates announcing results at the end of the first quarter of 2023. This historic state-funded investment will help Connecticut communities meaningfully improve resilience.

- DEEP will work with partners, including UConn, to help municipalities and Councils of Government implement climate resilience actions, including establishing stormwater authorities and municipal climate resilience boards enabled under Public Act No. 21-115.

- The order requires an assessment the vulnerability of State assets and operations to the impacts of climate change and the creation of a list of priority assets and infrastructure for climate resilience projects for each State agency.

- DEEP has been directed to update the design criteria for stormwater management systems and DOT shall identify culverts that need to be repaired or replaced to guide application for federal funding for this work.

- DESPP, DEEP, DAS and OPM are directed to maintain a list of State and local critical facilities and all state agencies are directed to consider this list in their capital and climate resilience planning, especially in floodplains or flood-prone areas.

Health, Equity & Environmental Justice

- To tackle the State's air quality issues, DEEP is directed to develop a community-based air quality monitoring program, in consultation with the Department of Public Health and to assess whether the State needs to adopt California's standards to meet air quality standards and emissions reduction targets.

- The order also directs the Department of Public Health to establish an Office of Climate and Public Health to address the intersection of climate change and health equity.

- In 2022, the Connecticut Equity and Environmental Justice Advisory Council ("CEEJAC") was established with 17 members. The CEEJAC advises DEEP on current and historic environmental injustice, pollution reduction, energy equity, climate change mitigation and resiliency, health disparities and racial inequity. The CEEJAC conducts quarterly meetings as well as periodic subcommittee meetings to explore these issues.

- In 2022 CIRCA and DEEP partnered to establish the Climate and Equity Grants Program as a response to recommendation number one on the GC3 Phase 1 Report to provide funding to community-based organizations aligned with environmental justice, climate change adaptation, and mitigation work across the State.

Jobs and Economic Development

- The order establishes a Connecticut Clean Economy Council to advise the Governor on strategies and policies to strengthen the State's climate mitigation, clean energy, resilience, and sustainability programs by identifying opportunities to leverage state and federal funding and maximize local economic development in clean energy, climate and sustainability; train the workforce in these areas; and support a diverse and equitable economic development and employment.

- DECD is directed to include climate resilience and adaptation in its considerations of projects for selected grant programs, with additional consideration for any projects designed under the Connecticut Community Climate Resilience program created under the order.

Natural and Working Lands

- DEEP and the Department of Agriculture are directed to engage stakeholders on resources and programs to ensure the State's forests and agricultural lands continue to be resilient to the impacts of climate change and are maximized to sequester and store carbon in support of state's emissions reduction goals. In 2022, the Department of Agriculture released the Climate Smart Agriculture and Forestry Grant Program. This funding made $7 million available for agribusiness or entities (including nonprofit organizations, soil and water conservation districts, colleges and universities, municipalities or for-profit organizations) for: (1) technical assistance, (2) distributing grant funding to producers, (3) coordinating training programs, (4) coordinating projects that pilot or demonstrate water and land-based conservation practices, (5) creating tools that help reduce barriers to accessing assistance for water or land-based conservation practices on farms, (6) establishing equipment-sharing programs, or (7) other activities that increase the number of farmers who are implementing climate-smart agriculture and forestry practices.

- DEEP and DAS are directed to develop guidance for State agencies on how to use nature-based solutions for flood and erosion control and stormwater management, integrate coastal marsh migration into state projects in coastal areas, and utilize low impact development and green infrastructure in new state construction and state-funded construction or redevelopment.

The final Integrated Resources Plan was released in October 2021, confirming that the State is on the path to achieving the Governor's goal of a 100% carbon free electric supply by 2040. Through competitively bid long-term contracts, State ratepayers are currently supporting over 600,000 MWh/year of operating grid-scale, zero-emission renewables and more than 9 million MWh/year of zero-carbon nuclear resources, equivalent to nearly 65 percent of the electricity consumed by customers of the state's two electric distribution utilities companies. By 2025, that percentage is expected to increase to 91 percent, or 24.5 million MWh/year, as new offshore wind, including the largest purchase of renewable energy in the State's history with the 804 MW Park City Wind offshore wind project, located in Bridgeport, Connecticut and grid-scale solar projects that have been contracted, but not yet constructed, will come online. The State's investments in decarbonizing the electric sector are reflected in the latest Greenhouse Gas Inventory report released in 2021 with 2018 emissions data. The report documented a decline in electricity-sector emissions of 32 percent since 1990 and 35 percent since 2001.

Unfortunately, at 15.8 million metric tons, transportation emissions exceeded the combined emissions of electricity and residential and have actually risen since 1990 despite a 16 percent improvement in per vehicle mile emissions over the same period. Despite significant improvements in fuel economy since 1990, vehicle miles traveled have increased at a faster rate, thereby increasing transportation-sector emissions. A modest increase in emissions from building heating and cooling was also observed.

The Greenhouse Gas Inventory report demonstrated that significant actions to reduce emissions in the transportation and building sector must be implemented in order to meet the State's economy-wide emissions reductions goals. The State released its Electric Vehicle Roadmap in April 2020 that provides a pathway to meet the State's commitment of putting between 125,000 to 150,000 electric vehicles on the road by 2025. With respect to buildings, there are rebates and efficiency solutions to decrease the GHG emissions from our built environment through EnergizeCT, funded by a fee on utility bills. The State will use ARP Act funds to address public health and safety barriers that prevent the implementation of energy efficiency investments, particularly for low-income homeowners. With a $7 million investment over three years, the program will serve approximately 875 homes. Energy efficiency upgrades will also be supported and are expected to reach 1000 homes.

The State continues to look for opportunities to drive down emissions in all sectors and will be leveraging federal investments enabled through the Bipartisan Infrastructure Investment and Jobs Act in electric vehicle charging stations, school bus electrification, and a resilient electric grid to advance these priorities. This same act also makes the largest ever investment in climate resilience by the federal government and the State continues to position itself to use these funds to protect its residents and infrastructure from the impacts of climate change.

To that end, the DOT released their National Electric Vehicle Infrastructure ("NEVI") plan, which was approved by the federal department of transportation in November 2022. The NEVI Plan is a robust roadmap for how the State intends to expand a safe, reliable, accessible, and equitable electric vehicle fast charging network throughout the State.

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APPENDIX –II-A

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APPENDIX II-A

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.

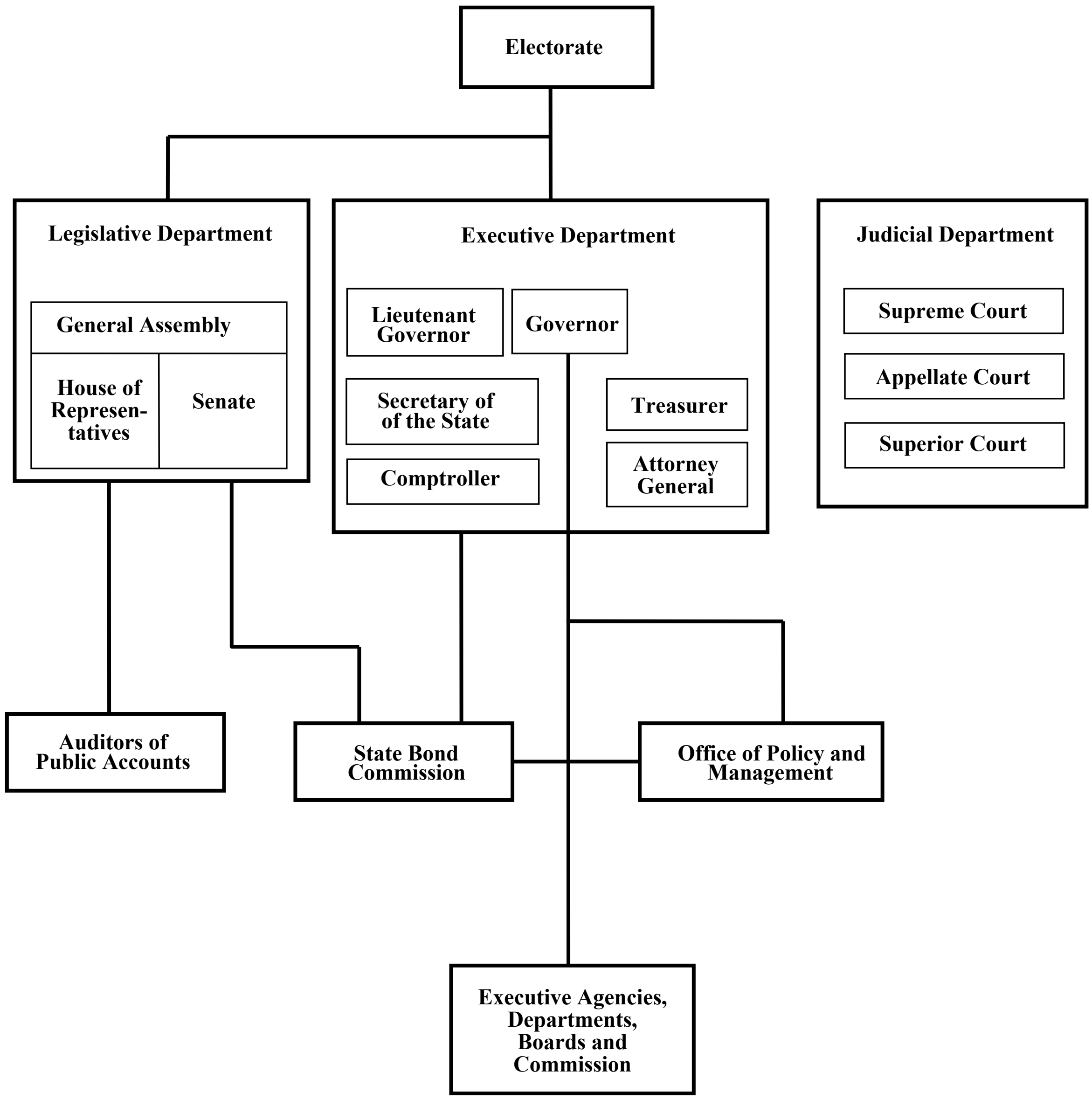
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute 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 A-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 A-2** and **A-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 2022, and the new members took office in January 2023.

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 quasi-public agency funds or any actual or contemplated breakdown in the safeguarding of any resources of the State or a quasi-public agency promptly upon discovery to the Governor, the State Comptroller, the Attorney General and appropriate legislative agencies. The Auditors may give an agency a reasonable amount of time to conduct an investigation in certain circumstances prior the Auditors reporting the matter to such officials. 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 A-2** and **A-3** below.

Executive Department. The Governor, Lieutenant Governor, Secretary of the State, Treasurer and Attorney General, whose offices are mandated by the State's Constitution, were elected at the general election in November 2022 for terms beginning in January 2023. 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 A-2** and **A-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 A-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. By statute, there are 201 authorized Superior Court judges, with approximately 146 sitting judges as of February 1, 2023, each nominated by the Governor and appointed by the General Assembly to eight-year terms.

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 nine 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 54 probate districts situated throughout the State.

Employees of the judicial department are shown in **Tables A-2** and **A-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 A-2

State Employees [(a)]
By Function of Government

Function Headings[(b)]	2018	2019	2020	2021	2022
Legislative	535	531	532	533	535
General Government	2,690	2,735	2,767	2,749	2,971
Regulation and Protection	3,793	3,685	3,749	3,757	3,740
Conservation and Development	1,289	1,338	1,353	1,398	1,354
Health and Hospitals	5,917	5,813	5,792	5,529	5,402
Transportation	4,380	4,288	4,469	4,477	4,505
Human Services	2,025	2,070	2,094	2,082	1,992
Education	16,445	16,045	16,276	16,144	16,324
Corrections	8,187	8,616	8,706	8,405	8,204
Judicial	3,862	4,154	4,166	3,965	4,060
Total	49,123	49,275	49,904	49,039	49,087

(a) Table shows count of employees by fund category and function of government paid in April of each year. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.

(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 A-5**.

SOURCE: OPM

TABLE A-3

State Employees As of April 30, 2022 [(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	TOTALS
Legislative	535	0	0	0		535
General Government	2,672	35	8	112	144	2,971
Regulation and Protection	1,995	563	390	535	257	3,740
Conservation and Development	741	25	120	65	403	1,354
Health and Hospitals	4,958	0	24	0	410	5,402
Transportation	0	2,993	0	632	880	4,505
Human Services	1,686	0	5	0	301	1,992
Education	4,945	0	0	11,146	233	16,324
Corrections	8,117	0	0	73	14	8,204
Judicial	3,983	0	0	22	45	4,060
Total	29,642	3,616	557	12,568	2,687	49,087

(a) Table shows a count of paid employees by fund category. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.

(b) Reflects funding source based on Core-CT chart of accounts coding.

SOURCE: OPM

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 49 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. 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.

If an agreement is rejected, the matter shall be returned to the parties who shall initiate arbitration. The parties may submit any award issued pursuant to such arbitration to the General Assembly in the same manner as the rejected agreement. If the arbitration award is rejected by the General Assembly, the matter shall be returned again to the parties for further arbitration. Any award issued pursuant to such further arbitration shall be deemed approved by the General Assembly.

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 in the following table:

TABLE A-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		
Administrative and Residual (P-5)	5.84 %	Contract in place through 6/30/2025
Administrative Clerical (NP-3)	4.73	Contract in place through 6/30/2025
American Federation of School Administrators	0.15	Contract in place through 6/30/2025
Assistant Attorneys General (P-6)	0.38	Contract in place through 6/30/2025
Assistant Attorney General Dept. Heads (P-7)	0.03	Contract in place through 6/30/2025
Board for State Academic Awards Prof	0.13	Contract in place through 6/30/2025
Community College Administration - AFSCME	0.20	Contract in place through 6/30/2025
Community College Administration – CCCC	1.56	Contract in place through 6/30/2025
Community College AFT – Counselors/Librarians	0.02	Contract in place through 6/30/2025
Community College Faculty – AFT	0.32	Contract in place through 6/30/2025
Community College Faculty – CCCC	1.15	Contract in place through 6/30/2025
Connecticut Association of Prosecutors	0.40	Contract in place through 6/30/2025
Correctional Officers (NP-4)	8.38	Contract in place through 6/30/2025
Correctional Supervisor (NP-8)	1.04	Contract in place through 6/30/2025
Criminal Justice Inspectors	0.14	Contract in place through 6/30/2025
Criminal Justice Residual	0.22	Contract in place through 6/30/2025
DCF Program Supervisors - AFSCME	0.20	Contract in place through 6/30/2025
DPDS Asst Public Defenders	0.36	Contract in place through 6/30/2025
DPDS Supervising Attorneys - AFSCME	0.04	Contract in place through 6/30/2025
Education Administrative (P-3A)	0.37	Contract in place through 6/30/2025
Education Technical (P-3B)	0.99	Contract in place through 6/30/2025
Engineering, Scientific and Technical (P-4)	4.89	Contract in place through 6/30/2025
GEU-UAW Graduate Empl Union	3.26	Contract in place through 6/30/2025
Health Care Unit-Non-Professional (NP-6)	4.91	Contract in place through 6/30/2025
Health Care Unit-Professional (P-1)	5.62	Contract in place through 6/30/2025
Higher Education – Professional Employees	0.07	Contract in place through 6/30/2025
Judicial - Judicial Marshals	1.08	Contract in place through 6/30/2025
Judicial – Law Clerks	0.11	Contract in place through 6/30/2025
Judicial – Non-Professional	2.31	Contract in place through 6/30/2025
Judicial – Non-Professional B	0.23	Contract in place through 6/30/2025
Judicial – Professional	2.48	Contract in place through 6/30/2025
Judicial – Professional B	0.36	Contract in place through 6/30/2025
Judicial - Supervising Judicial Marshals	0.10	Contract in place through 6/30/2025
Judicial – Professional Appellate	0.05	Contract in place through 6/30/2025
Protective Services (NP-5)	1.42	Contract in place through 6/30/2025
Service/Maintenance (NP-2)	7.00	Contract in place through 6/30/2025
Social and Human Services (P-2)	7.57	Contract in place through 6/30/2025
State Vocational Federation of Teachers	2.38	Contract in place through 6/30/2025
State Police (NP-1)	1.79	Contract in place through 6/30/2026
State Police Lieutenants and Captains (NP-9)	0.07	Contract in place through 6/30/2025
State University-Faculty	2.62	Contract in place through 6/30/2025
State University- Non-Faculty Professional	1.80	Contract in place through 6/30/2025
UCHC – Faculty	0.11	Contract in place through 6/30/2025
UCHC – Faculty AAUP	0.93	Contract in place through 6/30/2025
UCHC University Health Professionals	5.08	Contract in place through 6/30/2025
UConn – Faculty	3.69	Contract in place through 6/30/2025
UConn – Law School Faculty	0.09	Contract in place through 6/30/2025
UConn - Non-Faculty	3.99	Contract in place through 6/30/2025
UConn – UAW Postdoc	0.00	Contract in place through 6/30/2026
Total Covered by Collective Bargaining	90.65	
Not Covered by Collective Bargaining		
Auditors of Public Accounts	0.25	Not Applicable
Other Employees	9.10	Not Applicable
Total Not Covered by Collective Bargaining	9.35	
Total Full-Time Work Force	100.00%	

(a) Percentage expressed reflects approximately 49,374 filled full-time positions as of January 25, 2023.

SOURCE: OPM

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 A-5

Function of Government Headings [(a)(b)]

Conservation and Development
Department of Agriculture
Department of Energy and Environmental Protection
Department of Economic and Community Development
Department of Housing
Agricultural Experiment Station

Corrections
Department of Corrections
Department of Children and Families

Education, Libraries and Museums
Department of Education
State Library
Office of Early Childhood
University of Connecticut
University of Connecticut Health Center
Connecticut State Colleges and Universities
Office of Higher Education
Teachers' Retirement Board

General Government
Governor's Office
Lieutenant Governor's Office
Secretary of the State
Office of Governmental Accountability
State Treasurer
State Comptroller
Department of Revenue Services
Office of Policy and Management
Department of Veterans Affairs
Department of Administrative Services
Attorney General
Division of Criminal Justice

Health and Hospitals
Department of Public Health
Office of Health Strategy
Office of the Chief Medical Examiner
Department of Developmental Services
Department of Mental Health and Addiction Services
Psychiatric Security Review Board

Human Services
Department of Social Services
Department of Rehabilitation Services

Judicial
Judicial Department
Public Defender Services Commission

Legislative
Legislative Management
Auditors of Public Accounts
Commission on Women, Children Seniors, Equity and Opportunity

Regulation and Protection
Department of Emergency Services and Public Protection
Department of Motor Vehicles
Military Department
Department of Banking
Insurance Department
Office of Consumer Counsel
Office of the Health Care Advocate
Department of Consumer Protection
Department of Labor
Commission on Human Rights and Opportunities
Workers' Compensation Commission

Transportation
Department of Transportation

(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 July 1, 2022.

SOURCE: OPM

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 Services and Public Protection. The Department of Emergency Services and Public Protection (DESPP) is responsible for providing a coordinated, integrated program for the protection of life and property and for state-wide emergency management and homeland security. Through the Division of Emergency Management and Homeland Security (DEMHS), the Department is responsible for the preparation of a comprehensive civil preparedness plan and program, including integration and coordination with planning and activities of the federal government, other states, and towns, cities and tribal nations within the State. The State's plans include the State Response Framework and the State Disaster Recovery Framework and the State Natural Hazard Mitigation Plan, which includes consideration of how climate change is and will continue to affect the frequency, intensity, and distribution of specific hazards. For planning purposes, DEMHS has given priority for preparedness to the following potential scenarios: (i) a severe weather event in or affecting Connecticut; (ii) a terrorist attack in or affecting Connecticut (cyber and/or physical), and (iii) a release of contamination from the Millstone Power Plant. Although these three events are still priority disasters, it is clear that response to a pandemic disaster is the overwhelming priority facing the State at this time. But the other potential disasters still occur, such as Tropical Storm Isaias in 2020 and the remnants of Hurricane Ida in 2021, and the State responds by following the all-hazards State Response Framework and operating the Emergency Operations Center in person and virtually.

Current planning activities at the State level include multiple cyber security initiatives, including a State Cyber Security Strategy and Action Plan, Cyber Incident Response Plan, and Cyber Disruption Response Plan, which is an annex to the State Response Framework. DESPP/DEMHS also operates the State's fusion center – the Connecticut Intelligence Center – which is a multi-agency, multi-jurisdictional entity which collects, analyzes and disseminates intelligence information to law enforcement and other groups as appropriate. DESPP/CSP operates the CT State Police Cyber Crimes Investigative Unit. DEMHS includes a Radiological Emergency Preparedness Unit, which, among other things, conducts regular exercises evaluated by the Federal Emergency Management Agency (FEMA). DESPP/DEMHS is also actively involved in both school security planning and the State school security grant program, as well as program management of many other grant programs, including FEMA disaster grants and state and federal non-profit security grants.

Pursuant to the Connecticut General Statutes, the Commissioner of 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 statewide emergency management and homeland security activities during the preceding calendar year. In April 2015, the State received accreditation for its emergency management and homeland security activities from the nationally recognized Emergency Management Accreditation Program. Under the state emergency management and homeland security re-accreditation process, DEMHS received full re-accreditation in 2020.

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APPENDIX II-B

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 the 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. 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 five decades. The following table presents the population trends of Connecticut, New England, and the United States since 1940. Connecticut's population increased 0.0% from 2013 to 2022 versus an increase of 2.4% in New England and 5.0% for the nation. The mid-2022 population in Connecticut was estimated at 3,611 million, a 0.1% change from a year ago, compared to an increase of 0.1% for New England and an increase of 0.3% for the United States. From 2013 to 2022, within New England, Massachusetts (3.0%), New Hampshire (5.0%), Maine (3.3%), Rhode Island (2.6%) and Vermont (2.8%) all experienced growth higher than Connecticut (0.0%).

TABLE B-1

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
2010 Census	3,574	4.9	14,445	3.7	308,746	9.7
2020 Census	3,606	0.9	15,116	4.6	331,449	7.4
2013….	3,611	0.1	14,743	0.6	317,368	0.8
2014….	3,614	0.1	14,822	0.5	319,880	0.8
2015….	3,612	(0.1)	14,878	0.4	322,408	0.8
2016….	3,608	(0.1)	14,936	0.4	324,900	0.8
2017….	3,609	0.0	15,001	0.4	327,113	0.7
2018….	3,611	0.1	15,057	0.4	329,025	0.6
2019….	3,607	(0.1)	15,094	0.2	330,651	0.5
2020….	3,602	(0.2)	15,100	0.0	331,760	0.3
2021….	3,606	0.1	15,093	(0.0)	332,222	0.1
2022….	3,611	0.1	15,102	0.1	333,105	0.3

NOTE: 1940-2020, April 1 Census. Figures are for census comparison purposes.
2013-2022 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 Census Bureau

The State is highly urbanized with a 2022 population density of 720 persons per square mile, as compared with 90 for the United States as a whole. Of the eight counties in the State, according to the U.S. Bureau of Census for the 2020 Census count, 75.1% of the population resides within Fairfield (26.2%), Hartford (24.9%), and New Haven (24.0%) counties.

Education. In 2021 Connecticut ranked 6th in the nation with 40.6% of the State population over the age of 25 holding a bachelor's degree or higher.

Connecticut is home to over 45 colleges and universities, including, among others: Yale University, Wesleyan University, Trinity College, Connecticut College, University of Connecticut, Southern Connecticut State University, Central Connecticut State University, Eastern Connecticut State University, Western Connecticut State University, Fairfield University, Quinnipiac University, Hartford Seminary, Coast Guard Academy, University of New Haven, University of Hartford, and Sacred Heart University.

Industry Landscape. Connecticut is home to some of the country's leading companies, including, but not limited to the following members of the 2020 Fortune 500: Cigna, Charter Communications, Hartford Financial Services, Synchrony Financial, XPO Logistics, Booking Holdings, Stanley Black & Decker, Xerox, Frontier Communications, Amphenol, EMCOR Group, United Rentals, Otis Worldwide Corporation, GXO Logistics and W.R. Berkley. The historical presence of the insurance industry in the State, and especially in its capital city of Hartford, has caused it to be referred to as the "insurance capital of the world".

Transportation. Connecticut has an extensive network of expressways and major arterial highways which provide easy access to local and regional markets. Connecticut is home to Bradley International Airport ("Bradley") in Windsor Locks, which is accessible from all areas of the State and western Massachusetts via the highway network and public transportation system. In 2022, Bradley handled approximately 175 commercial flights every day to 40 non-stop destinations and was served by virtually all major passenger and cargo air carriers. Bradley served over 5.8 million passengers in 2022, which represented a 14% decrease from pre-pandemic levels and a 25.5% increase over 2021 passenger levels.

The Connecticut Department of Transportation funds and oversees the operation of rail, bus, paratransit and ferry services throughout the State. Prior to the COVID-19 pandemic, the New Haven Line (including the Waterbury, Danbury and New Canaan branch lines), Shore Line East and Hartford Line served approximately 42 million passengers each year. As of December 2022, passenger counts on all State bus and rail lines are 78.6% of 2019 pre-pandemic levels. Since the beginning of the COVID-19 pandemic, passenger counts have significantly declined. State-funded, contracted public bus and paratransit transportation programs provided approximately 42 million passenger trips a year on urban transit, commuter express bus, rural transit, and Americans with Disabilities Act paratransit services. The overall program includes State-funded CT*transit* bus services in 8 urbanized areas and CT*fastrak* bus rapid transit services in the greater Hartford area, as well as urban and rural transit and paratransit services provided by 13 independent, locally-governed and operated transit districts. The State also operates two historic passenger and vehicular ferries, linking communities on the Connecticut River.

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. Positioned between the ports of New York and Boston, with access to European and South American markets, the State's deep draft harbors at Bridgeport, New Haven, and New London offer similar direct access to international markets and U.S. ports.

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 for New England. An independent system operator, ISO New England, Inc., operates this regional system.

Most consumers in Connecticut can choose an independent electric supplier as their provider of electricity. Consumers that do not choose an independent electric supplier will automatically be placed on Connecticut's standard service. The electricity is delivered to the consumer over the wires of the regulated distribution companies (Eversource Energy and The United Illuminating Company). Electric suppliers are not subject to rate regulation by the State Public Utilities Regulatory Authority (PURA), but must receive a license issued by the PURA before commencing service to consumers. In general, Connecticut consumers located in a municipally owned electric service territory can continue to purchase and receive their electrical needs from the municipal electric company.

Legislation enacted in 2011 merged PURA under a new Department of Energy and Environmental Protection (DEEP) structure, where it continues its mandates related to rates, reliability and safety, but now must also be guided in accordance with the goals of DEEP as outlined in its Integrated Resource Plan and Comprehensive Energy Strategy. These include a focus on clean energy, creating jobs and building a state energy economy. The legislation declares DEEP as a successor to the PURA, and divides DEEP into three bureaus, Energy, Environmental Protection and PURA.

PURA staff is responsible for developing a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of "standard service" while maintaining "standard service" cost volatility within reasonable levels.

Lastly, the legislation created a quasi-public authority, the Connecticut Green Bank to administer the Clean Energy Fund which is funded by a charge on consumer's electric bills. Subsequently, Green Bank's scope was expanded to include more types of projects the fund can support with respect to the financing of clean energy sources and energy efficiency.

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 Eversource Energy, Connecticut Natural Gas Company, and Southern Connecticut Gas Company. Over the past few years, UIL Holdings Corp. has acquired both Connecticut Natural Gas and Southern Connecticut Gas. UIL Holdings Corp., the parent company of The United Illuminating Company, is a New Haven, Connecticut-based utility holding company.

Since 1996 the PURA 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 open to competition. Local exchange telephone service is provided in the State by incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). Two ILECs currently offer local telephone services in Connecticut. They are Frontier Corporation and Verizon New York, Inc. Connecticut also has 108 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 2.83 thousand British Thermal Units (BTU) per 2012 chained dollar of Gross State Product in 2020, the latest available data, ranking it the 47th most efficient state among the 50 states and 43% less than the national average of 5.05 thousand BTUs. When compared to the national per person average, Connecticut residents use a moderate amount of energy. Connecticut consumed 185.3 million BTU's of energy per person in 2020, ranking it 32 among the 50 states plus the District of Columbia and 33.8% less than the national average of 280.1 million BTU.

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. In calendar year 2021, per capita personal income in Connecticut equaled $83,280, the second highest of any state in the nation behind Massachusetts at 83,690. This high level of personal income is not concentrated in a single county, but is widely distributed throughout the State. County-level data from the United States Department of Commerce, Bureau of Economic Analysis for calendar year 2021 indicates that if they were states, four of the State's eight counties would each rank within the top ten of all states in the nation for state per capita personal income. The following table shows total and per capita personal income for Connecticut residents during the period from 2012 to 2021 and compares Connecticut per capita personal income as a percentage of both New England and the United States.

TABLE B-2

Connecticut Personal Income by Place of Residence

Calendar Year	Connecticut Total (Millions of Dollars)	Connecticut Per Capita (Dollars)	Connecticut Per Capita as Percent of New England	Connecticut Per Capita as Percent of United States
2012	$23,171	$64,113	116.2%	144.1%
2013	226,176	62,635	114.3	140.1
2014	236,757	65,508	114.8	139.9
2015	243,165	67,328	113.0	138.4
2016	247,777	68,669	112.4	138.6
2017	252,571	69,990	111.0	136.0
2018	263,358	72,938	110.9	135.7
2019	272,459	75,529	109.6	134.4
2020	282,486	78,435	107.1	131.2
2021	300,323	83,278	106.8	129.9

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, for Connecticut, New England and the United States.

TABLE B-3

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)
2012	1.9%	3.4%	5.1%	0.5%	2.0%	3.1%
2013	(2.2)	(0.2)	1.3	(3.8)	(1.3)	(0.1)
2014	4.7	4.7	5.5	3.4	2.9	3.9
2015	2.7	4.8	4.7	2.5	4.0	4.5
2016	1.9	2.9	2.6	0.8	0.5	1.6
2017	1.9	3.6	4.6	0.3	2.2	2.7
2018	4.3	4.6	5.0	5.4	3.1	2.8
2019	3.5	5.1	5.1	2.1	3.7	3.6
2020	3.7	6.3	6.7	1.9	4.5	5.5
2021	6.3	6.4	7.4	2.2	2.2	3.3

Note — Real dollars are adjusted for inflation using the national personal consumption expenditures price index and regional price parities.

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 2021.

TABLE B-4

Sources of Personal Income By Place of Residence
Calendar Year 2021
(In Billions)

	Conn.	Percent of Total	U.S.	Percent of Total
Wages in Non-manufacturing	$133.7	44.5%	$ 9,330.0	43.8%
Property Income (Div., Rents & Int.)	59.3	19.7	3,926.2	18.4
Wages in Manufacturing	16.1	5.4	960.1	4.5
Transfer Payments less Social Insurance Paid	28.9	9.6	3,076.5	14.4
Other Labor Income	32.0	10.7	2,248.4	10.6
Proprietor's Income	30.3	10.1	1,753.6	8.2
Personal Income — Total	$300.3	100.0%	$21,294.8	100.0%

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 2021, the State produced $298.4 billion worth of goods and services and $246.6 billion worth of goods and services in 2012 chained dollars.

The following table shows the Gross State Product in current dollars for Connecticut, New England, and the United States.

TABLE B-5

Gross State Product
(In Millions)

	Connecticut		New England[(a)]		United States[(b)]	
Calendar Year	$	Percent Growth	$	Percent Growth	$	Percent Growth
2012	240,912.0	3.3%	886,830.9	3.6%	16,253,970.0	4.2%
2013	241,517.5	0.3	903,108.6	1.8	16,843,195.8	3.6
2014	246,597.0	2.1	931,130.6	3.1	17,550,687.8	4.2
2015	259,487.8	5.2	980,272.5	5.3	18,206,023.5	3.7
2016	263,670.3	1.6	1,006,667.1	2.7	18,695,105.8	2.7
2017	271,443.2	2.9	1,035,653.9	2.9	19,477,336.5	4.2
2018	279,923.0	3.1	1,084,681.9	4.7	20,533,057.5	5.4
2019	288,536.3	3.1	1,130,342.9	4.2	21,380,976.0	4.1
2020	276,223.3	(4.3)	1,115,240.5	(1.3)	21,060,474.3	(1.5)
2021	298,395.2	8.0	1,221,038.6	9.5	23,315,081.3	10.7

(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 2012 chained dollars.

TABLE B-6

Gross State Product
(In Millions of 2012 Chained Dollars*)

	Connecticut		**New England**		**United States**	
Calendar Year	**$**	**Percent Growth**	**$**	**Percent Growth**	**$**	**Percent Growth**
2012	240,911.9	1.0%	886,830.7	1.4%	16,253,970.0	2.3%
2013	236,050.7	(2.0)	883,835.4	(0.3)	16,553,347.5	1.8
2014	235,780.9	(0.1)	892,803.7	1.0	16,932,051.8	2.3
2015	242,706.6	2.9	919,169.6	3.0	17,390,295.3	2.7
2016	243,286.7	0.2	930,078.9	1.2	17,680,273.8	1.7
2017	247,035.9	1.5	942,461.5	1.3	18,076,651.5	2.2
2018	249,074.8	0.8	966,294.4	2.5	18,609,078.3	2.9
2019	251,568.2	1.0	985,453.3	2.0	19,036,052.3	2.3
2020	235,234.9	(6.5)	951,613.4	(3.4)	18,509,142.8	(2.8)
2021	246,555.9	4.8	1,011,357.9	6.3	19,609,811.8	5.9

* 2012 chained dollar series are calculated as the product of the chain-type quantity index and the 2012 current-dollar value of the corresponding series, divided by 100. Figures for the United States represent Gross Domestic Product.

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 2021 Connecticut's production was concentrated in four areas: finance, insurance and real estate (FIRE), services, manufacturing and government. Production in these four industries accounted for 76.9% of total production in Connecticut in 2021 identical to 2014 and compared to 70.4% for the nation in 2021. This demonstrates that Connecticut's economy has a similar concentration as the nation as a whole, and this concentration has changed little in recent years.

The output contribution of manufacturing, however, has been declining over time as the contributions of services has been increasing. The share of production from the manufacturing sector decreased from 11.9% in 2014 to 11.7% in 2021 caused by increased competition with foreign countries and other states. The broadly defined services in the private sector, which excludes industries in agriculture and construction, wholesale and retail trades, but includes industries in information, professional and technical services, health care and education, FIRE, and other services, have increased to 61.4% of the total GSP in 2021 from 59.3% in 2014. 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-7
Gross State Product by Industry in Connecticut
(In Millions)

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Sector								
Manufacturing	$ 29,341	$ 29,987	$ 27,730	$ 29,134	$ 32,600	$ 34,820	$ 31,831	$ 34,876
Construction[a]	6,781	7,176	7,454	7,361	7,528	7,791	7,550	7,978
Agriculture[b]	354	374	318	346	321	341	284	316
Utilities[c]	9,614	10,299	9,719	9,669	9,824	10,213	10,016	10,905
Wholesale Trade	15,587	15,810	14,997	14,524	14,616	14,635	14,532	16,675
Retail Trade	12,929	13,209	13,240	13,389	13,668	14,107	14,108	16,095
Information	11,702	13,450	14,335	14,118	14,860	16,082	15,740	16,831
Finance[d]	65,546	71,251	75,799	80,949	82,288	83,715	79,835	83,888
Services[e]	69,061	71,168	73,116	74,490	76,728	79,597	74,889	82,348
Government	25,682	26,765	26,963	27,462	27,490	27,236	27,437	28,484
Total GSP	$246,597	$259,488	$263,670	$271,443	$279,923	$288,536	$276,223	$298,395

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 2012 and 2021. Connecticut's nonagricultural employment reached a high in March 2008 of 1,717,100 persons employed, but began declining with the onset of the 2008 recession falling to 1,597,100 jobs by February 2010. After the 2008 recession, employment reached a peak of 1,696,300 in February 2020 before the onset of the COVID-19 pandemic-related recession. Employment then fell 293,300 jobs to 1,403,000 jobs in April 2020. As of December 2022, the State stands at 1,667,900 jobs.

TABLE B-8

Non-agricultural Employment [(a)]
(In Thousands)

Calendar Year	Connecticut Employment	Connecticut Percent Growth	New England Employment	New England Percent Growth	United States Employment	United States Percent Growth
2012	1,648.3	(1.1)%	6,961.5	(0.2)%	134,156.6	(0.7)%
2013	1,661.1	0.8	7,045.8	1.2	136,355.7	1.6
2014	1,672.9	0.7	7,144.3	1.4	138,922.3	1.9
2015	1,686.8	0.8	7,249.4	1.5	141,804.3	2.1
2016	1,692.5	0.3	7,346.6	1.3	144,332.8	1.8
2017	1,696.2	0.2	7,415.6	0.9	146,606.0	1.6
2018	1,699.3	0.2	7,473.0	0.8	148,898.2	1.6
2019	1,696.1	(0.2)	7,538.9	0.9	150,893.8	1.3
2020	1,570.4	(7.4)	6,946.3	(7.9)	142,145.6	(5.8)
2021	1,614.1	2.8	7,189.5	3.5	146,102.0	2.8

(a) Non-agricultural employment excludes agricultural workers, proprietors, self-employed individuals, domestic workers, family workers and members of the armed forces.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

In an effort to provide a broader employment picture, the following table, based on residential employment, was developed. Total residential employment is estimated based on household surveys which include individuals excluded from establishment employment figures such as self-employed and workers in the agricultural sector. By this measure, residential employment in 2021 decreased by approximately 10,900 jobs. The level of establishment employment based on the survey response increased by approximately 43,700 jobs in 2021. Both measurements were significantly impacted by COVID.

TABLE B-8a

Connecticut Survey Employment Comparisons
(In Thousands)

Calendar Year	Establishment Employment	Percent Growth	Residential Employment	Percent Growth
2012	1,648.3	0.9%	1,735.2	(0.6)%
2013	1,661.1	0.8	1,727.0	(0.5)
2014	1,672.9	0.7	1,773.7	2.7
2015	1,686.8	0.8	1,798.0	1.4
2016	1,692.5	0.3	1,815.7	1.0
2017	1,696.2	0.2	1,838.4	1.2
2018	1,699.3	0.2	1,855.4	0.9
2019	1,696.1	(0.2)	1,881.9	1.4
2020	1,570.4	(7.4)	1,749.3	(7.0)
2021	1,614.1	2.8	1,738.4	(0.6)

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 2021. The table shows that Connecticut has a larger share of employment in services, manufacturing, and finance than the nation as a whole.

TABLE B-9

Connecticut Non-agricultural Employment, Calendar Year 2021
(In Thousands)

	Connecticut		United States	
	Total	Percent	Total	Percent
Services[(a)]	739.1	45.8	65,019.2	44.5
Trade[(b)]	290.5	18.0	27,718.3	19.0
Manufacturing	153.4	9.5	12,346.6	8.5
Government	224.0	13.9	21,999.6	15.1
Finance[(c)]	117.6	7.3	8,775.3	6.0
Information[(d)]	29.8	1.8	2,830.5	1.9
Construction[(e)]	59.7	3.7	7,412.5	5.1
Total[(f)]	1,614.1	100.0%	146,102.0	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 five decades, while manufacturing employment in Connecticut has been steadily declining, employment in the services industries has surged. In calendar year 2021, approximately 90.5% of the State's workforce was employed in non-manufacturing jobs, up from roughly 50% in the early 1950s.

TABLE B-10

Connecticut Non-agricultural Employment
(Annual Averages In Thousands)

Calendar Year	Manufacturing	Trade[(a)]	Services[(b)]	Government	Finance[(c)]	Information[(d)]	Construction[(e)]	Total Non-agricultural Employment[(f)]
2012	161.9	290.5	734.3	245.7	133.1	31.4	51.4	1,648.3
2013	160.2	293.1	746.4	245.2	130.6	32.1	53.4	1,661.1
2014	157.2	294.9	759.7	244.7	128.8	32.1	55.5	1,672.9
2015	156.9	296.4	769.2	243.7	130.1	32.5	57.9	1,686.8
2016	156.5	297.3	776.7	241.0	129.5	32.4	59.1	1,692.5
2017	158.7	296.9	784.4	238.5	127.8	31.6	58.3	1,696.2
2018	160.7	296.5	789.9	236.4	125.5	31.7	58.8	1,699.3
2019	161.8	292.5	790.8	236.0	123.7	31.5	59.7	1,696.1
2020	153.9	277.5	707.9	224.7	120.1	29.3	56.9	1,570.4
2021	153.4	290.5	739.1	224.0	117.6	29.8	59.7	1,614.1

(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 number of jobs derived from this sector, Connecticut ranked 21 in the nation for manufacturing employment as a percentage of total employment in calendar year 2021. 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. In calendar year 2021 approximately 9.5% of the State's workforce, versus 8.5% for the nation, was employed in the manufacturing sector.

TABLE B-11

Manufacturing Employment
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Number Growth	Percent Growth	Number Growth	Percent Growth	Number Growth	Percent Growth
2012	161.9	(0.9)	599.3	(0.4)	11,927.0	1.7
2013	160.2	(1.1)	595.9	(0.6)	12,019.2	0.8
2014	157.2	(1.9)	592.2	(0.6)	12,184.6	1.4
2015	156.9	(0.2)	592.9	0.1	12,334.9	1.2
2016	156.5	(0.3)	588.8	(0.7)	12,352.8	0.1
2017	158.7	1.4	590.9	0.4	12,438.8	0.7
2018	160.7	1.2	596.0	0.9	12,686.8	2.0
2019	161.8	0.7	600.8	0.8	12,815.5	1.0
2020	153.9	(4.9)	567.3	(5.6)	12,166.2	(5.1)
2021	153.4	(0.3)	575.2	1.4	12,346.6	1.5

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, machinery, and computer and electronics for the total number employed in 2021.

TABLE B-12

Manufacturing Employment
By Industry
(In Thousands)

Calendar Year	Transportation Equipment	Fabricated Metals	Computer & Electronics	Machinery	Other[(a)]	Total Manufacturing Employment [(b)]
2012	42.0	29.2	13.1	14.5	63.1	161.9
2013	41.4	30.0	12.8	14.1	61.9	160.2
2014	40.1	29.7	12.6	14.0	60.8	157.2
2015	40.7	29.2	12.3	14.1	60.6	156.9
2016	41.7	29.2	11.6	13.6	60.4	156.5
2017	44.0	29.4	11.2	13.3	60.8	158.7
2018	45.6	29.8	10.9	13.1	61.3	160.7
2019	47.0	29.8	10.9	13.2	61.0	161.8
2020	45.9	27.8	10.3	12.9	57.1	153.9
2021	44.8	27.6	10.0	12.9	58.2	153.4

(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.

(b) 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

During the past ten years, Connecticut's manufacturing employment was at its highest in 2012 at just under 162,000 workers. Since that year, employment in manufacturing has remained relatively stable with the exception of 2021 levels which were influenced by the pandemic induced recession. Total manufacturing jobs in Connecticut declined to a recent low of 153,400 jobs in 2021, a loss of 8,500 jobs, or 5.3% from its decade high in 2012 .

Exports. In Connecticut, the export sector of manufacturing is an important component of the overall economy. According to figures published by the United States Census Bureau Foreign Trade Division, compiled by the World Institute for Strategic Economic Research, exports of manufacturing products registered at $14,541.8 billion in 2021, accounting for 5.1% of Gross State Product. From 2017 to 2021, the State's export of goods declined at a compound annual rate of 0.4% versus1.8% growth for the Gross State Product and both indicators were significantly impacted by the COVID-19 pandemic. The following table shows the growth in exports of manufacturing products.

TABLE B-13

Exports Originating in Connecticut
(In Millions)

			Calendar Year				Compound Annual
	2017	**2018**	**2019**	**2020**	**2021**	**Percent of 2021 Total**	**Growth Rate 2017-2021**
A. Manufacturing Products							
Paper	$ 152.2	$ 157.6	$ 145.1	$ 124.9	$ 161.1	1.1%	1.4%
Chemicals	954.5	1,224.5	1,054.4	1,303.2	1,347.9	9.3	9.0
Plastics and Rubber	269.9	297.7	346.4	256.8	290.7	2.0	1.9
Primary Metal	410.8	323.8	295.1	211.7	318.3	2.2	(6.2)
Fabricated Metal	829.5	901.6	938.5	888.5	869.7	6.0	1.2
Machinery, exc. Elec.	1,945.7	2,259.1	2,180.8	2,134.6	2,221.2	15.3	3.4
Comp. & Electronic	1,132.4	1,260.4	1,176.9	1,032.3	1,127.6	7.8	(0.1)
Electrical Equipment	983.6	919.6	895.6	946.5	978.6	6.7	(0.1)
Transportation Equip.	6,066.4	7,673.6	6,951.0	4,883.4	5,127.7	35.3	(4.1)
Misc. MFG	312.6	339.1	382.5	426.9	504.1	3.5	12.7
Other	1,734.1	2,046.5	1,864.3	1,618.2	1,594.8	11.0	(2.1)
Total	$14,791.6	$17,403.5	$16,230.6	$13,826.9	$14,541.8	100.0%	(0.4)
% Growth	2.8%	17.7%	(6.7)%	(14.8)%	5.2%		
B. Gross State Product[(a)]	$266,546.0	$275,782.2	$284,824.9	$280,529.8	$286,631.0		1.8%
Mfg Exports as a % of GSP	5.5%	6.3%	5.7%	4.9%	5.1%		5.5%

(a) In millions.

SOURCE: United States Census Bureau Foreign Trade Division
World Institute for Strategic Economic Research

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 2002. In Federal Fiscal Year 2021 Connecticut received $16.9 billion of prime contract awards. These total awards accounted for 6.1% of national total awards and ranked 4th in total defense dollars awarded and 1st in per capita dollars awarded among the 50 states. In Federal Fiscal Year 2021, Connecticut had $4,708 in per capita defense awards, compared to the national average of $842.50. 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 5.9% of Gross State Product in Fiscal Year 2021.

Connecticut is a leading producer of aircraft engines and parts, submarines, and helicopters. The largest employers in these industries are Raytheon Technologies Corporation, including its Pratt and Whitney Aircraft Division with headquarters in East Hartford, Lockheed Martin with its Sikorsky Division in Stratford, and 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-14

Defense Contract Awards

Federal Fiscal Year	Connecticut Total Contract Award (Millions)	Connecticut Rank Among States Total Awards	Percent Change from Prior Year Connecticut	Percent Change from Prior Year U.S.
2012	$12,745	7th	2.0%	2.5%
2013	10,028	8th	(21.3)	(5.0)
2014	13,207	4th	31.7	5.3
2015	12,147	5th	(8.0)	(1.7)
2016	14,132	4th	16.3	11.6
2017	11,647	7th	(17.6)	(4.0)
2018	14,696	6th	26.2	6.7
2019	18,358	5th	24.9	10.4
2020	22,356	4th	21.8	24.0
2021	16,966	4th	(24.1)	(30.1)

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 90.5% by 2021. This trend has diluted the State's dependence on manufacturing. From 2012 to 2021, Connecticut lost 34,200 jobs in non-agricultural employment. During this period total non-manufacturing jobs decreased by 25,700, while manufacturing jobs decreased by 8,500.

The table below provides a ten year profile of non-manufacturing employment in Connecticut, New England and the United States.

TABLE B-15

Non-manufacturing Employment
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Number	Percent Growth	Number	Percent Growth	Number	Percent Growth
2012	1,486.4	1.1%	6,362.2	1.4%	122,229.6	1.7%
2013	1,500.9	1.0	6,449.9	1.4	124,336.5	1.7
2014	1,515.7	1.0	6,552.0	1.6	126,737.7	1.9
2015	1,529.9	0.9	6,656.6	1.6	129,469.3	2.2
2016	1,536.0	0.4	6,757.8	1.5	131,980.0	1.9
2017	1,537.5	0.1	6,824.7	1.0	134,167.3	1.7
2018	1,538.6	0.1	6,877.0	0.8	136,211.3	1.5
2019	1,534.2	(0.3)	6,938.1	0.9	138,078.3	1.4
2020	1,416.5	(7.7)	6,379.0	(8.1)	129,979.4	(5.9)
2021	1,460.7	3.1	6,614.3	3.7	133,755.4	2.9

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 8.1% of the State's employment in the non-manufacturing sector. Connecticut non-manufacturing employment for 2012, 2020 and 2021 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 2012 and 2021, employment in the non-manufacturing sector shrunk by 25,700 workers driven primarily by the pandemic induced recession.

TABLE B-16

Connecticut Non-manufacturing Employment By Industry
(In Thousands)

Industry	Calendar Year 2012	Calendar Year 2020	Calendar Year 2021	Percent Change 2020-2021	Percent Change 2012-2021
Construction[a]	52.0	57.5	60.2	4.7%	15.6%
Information	31.4	29.3	29.8	1.8	(4.9)
Trade[b]	290.5	277.5	290.5	4.7	0.0
Finance, Insurance & Real Estate	133.1	120.1	117.6	(2.1)	(11.7)
Services[c]	733.7	707.4	738.6	4.4	0.7
Federal Government	17.6	19.2	18.2	(5.1)	3.5
State and Local Government	228.1	205.5	205.7	0.1	(9.8)
Total Non-manufacturing Employment[d]	1,486.4	1,416.5	1,460.7	3.1	(1.7)

(a) Includes natural resources and mining.

(b) Includes wholesale & retail trade, transportation, and utilities.

(c) Covers a considerable variety of activities, including professional, business, education, health care and personal services.

(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 over 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 by 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 Fiscal Years 2017-2021. Connecticut retail trade in Fiscal Year 2021 totaled $72.5 billion, an increase of 16.5% from Fiscal Year 2020. Sales in the durable goods category, which are typically most sensitive to changes in economic conditions, fell slightly in Fiscal Year 2021. Durable goods are mostly big ticket items such as appliances, furnishings, and automobiles.

TABLE B-17

Retail Trade In Connecticut [(a)]
(In Millions)

NAICS		Fiscal Year 2017	Percent of Fiscal Year 2017 Total	Fiscal Year 2018	Percent of Fiscal Year 2018 Total	Fiscal Year 2019	Percent of Fiscal Year 2019 Total	Fiscal Year 2020	Percent of Fiscal Year 2020 Total	Fiscal Year 2021	Percent of Fiscal Year 2021 Total	Compound Annual Growth Rate 2017-2021
441	Motor Vehicle and Parts Dealers	$10,072.3	18.0%	$10,140.8	17.8%	$11,435.0	19.0%	$11,068.4	17.8%	$13,592.5	18.7%	7.8%
442	Furniture and Home Furnishings Stores	2,009.3	3.6	2,003.9	3.5	2,043.0	3.4	1,902.1	3.1	2,390.7	3.3	4.4
443	Electronics and Appliance Stores	1,656.5	3.0	1,633.7	2.9	1,630.0	2.7	1,744.0	2.8	1,974.1	2.7	4.5
444	Building Material and Garden Supply Stores	3,020.9	5.4	3,187.3	5.6	3,331.0	5.5	3,488.3	5.6	4,147.3	5.7	8.2
445	Food and Beverage Stores[(b)]	11,045.6	19.7	10,588.4	18.6	10,873.0	18.1	11,663.8	18.7	12,234.1	16.9	2.6
446	Health and Personal Care Stores	5,274.6	9.4	4,291.3	7.5	4,124.0	6.9	4,346.7	7.0	4,944.6	6.8	(1.6)
447	Gasoline Stations	3,297.8	5.9	3,729.1	6.6	3,792.0	6.3	3,261.4	5.2	3,305.5	4.6	0.1
448	Clothing and Clothing Accessories Stores	3,035.6	5.4	3,084.0	5.4	3,083.0	5.1	2,723.8	4.4	3,210.6	4.4	1.4
451	Sporting Goods, Hobby, Book and Music Stores	1,125.1	2.0	1,047.9	1.8	936.0	1.6	856.9	1.4	1,028.0	1.4	(2.2)
452	General Merchandise Stores	5,419.0	9.7	5,523.3	9.7	5,465.0	9.1	5,625.1	9.0	6,132.4	8.5	3.1
453	Miscellaneous Store Retailers	5,978.1	10.7	6,989.2	12.3	7,917.0	13.2	8,025.6	12.9	8,967.9	12.4	10.7
454	Nonstore Retailers	4,095.5	7.3	4,641.6	8.2	5,451.4	9.1	7,568.9	12.2	10,614.4	14.6	26.9
	Total[(a)]	$56,030.3	100.0%	$56,860.5	100.0%	$60,080.4	100.0%	$62,274.9	100.0%	$72,542.1	100.0%	6.7
Durables (NAICS 441, 442, 443, 444)		$16,759.0	29.9%	$16,966.0	29.8%	$18,439.0	30.7%	$18,202.8	29.2%	$22,104.6	30.5%	7.2%
Non Durables (all other NAICS)		$39,271.0	70.1%	$39,895.0	70.1%	$41,641.4	69.3%	$44,072.1	70.8%	$50,437.5	69.5%	6.5%

(a) Totals may not agree with detail due to rounding.

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.

Just before the COVID-19 pandemic struck the state, Connecticut was experiencing low unemployment rates. In March 2020, Connecticut experienced an unemployment rate of 3.4% which is the lowest rate since January 2002 when the rate was also at 3.4%. Likewise, both the New England and the Nation were also experiencing low unemployment rates. New England saw a rate of 3.0% in January 2020 and the United States was experiencing a low unemployment rate of 3.5% in December 2019. At the height of unemployment during the pandemic, Connecticut's peak unemployment rate reached 11.4% in May and June of 2020, New England reached 14.1% in April 2020, and the nation reached 14.7% in April 2020. As of December 2022, Connecticut's unemployment rate was 4.2% whereas it was 3.3% in New England, and 3.5% for the United States.

The following table compares the unemployment rate averages of Connecticut, New England, and the United States for the calendar years 2013 through 2022.

TABLE B-18

Unemployment Rate[(a)]

Calendar Year	Unemployment Rate Connecticut	New England	United States
2013	7.9	6.9	7.4
2014	6.6	5.9	6.2
2015	5.6	4.9	5.3
2016	4.9	4.1	4.9
2017	4.4	3.8	4.4
2018	3.9	3.5	3.9
2019	3.5	3.1	3.7
2020	7.8	8.3	8.1
2021	6.3	5.5	5.4
2022	4.3	3.7	3.7

(a) On a preliminary basis, Connecticut's unemployment rate was estimated at 4.0% for March 2023 compared to the national average of 3.5%. No assurances can be provided that such rates will not change.

SOURCE: Connecticut State Labor Department
Federal Reserve Bank of Boston
United States Department of Labor, Bureau of Labor Statistics

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APPENDIX II-C

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APPENDIX II-C

SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

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

February 24, 2023

The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT 06106

Dear Treasurer Russell,

I have reviewed the accompanying balance sheets of the General Fund of the State of Connecticut for the fiscal years ending June 30, 2018-2022. This review also covered the accompanying statements of unappropriated surplus, revenues and expenditures for the years ended on those dates. The statements are based on the annual report of the Office of the State Comptroller, which is prepared in compliance with Section 3-115 of the Connecticut General Statutes, and reports of the Auditors of Public Accounts with respect to the balance sheets and related statements for the fiscal years ending June 30, 2018-2022.

The statements have been prepared on a statutory basis of accounting for appropriated funds and on a cash basis of accounting for all other funds. These methods of accounting have been applied in accordance with the governing statutory requirements for all periods shown. In fiscal year 2022, statutory provisions provided appropriations of projected expenditure accrual within budgeted funds.

Sincerely,

DocuSigned by:
03479587B0B543C...
Sean Scanlon
Comptroller

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

INDEPENDENT AUDITORS' REPORT

The Honorable Ned Lamont, Governor
Members of the General Assembly

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State of Connecticut's basic financial statements as listed in the table of contents.

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

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

		Percentage of Opinion Unit's Total	
Opinion Unit	**Fund/Entity**	**Assets**	**Revenues/ Additions**
Governmental Activities	Special Transportation Fund, Transportation Special Tax Obligations Fund, and Transportation Restricted Grants Fund	5%	7%

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

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

Basis for Opinions

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

The financial statements of the University of Connecticut, the UConn Health, the Connecticut State University System, the Connecticut Community Colleges, and the University of Connecticut Foundation were audited in accordance with GAAS but not in accordance *Government Auditing Standards*.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

Clark J Chapin

John C. Geragosian
State Auditor

Clark J. Chapin
State Auditor

February 24, 2023
State Capitol
Hartford, Connecticut

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Management's Discussion And Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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

HIGHLIGHTS

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

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

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

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

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

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

Tax revenues in the governmental funds increased $3.0 billion or 14.8 percent. General fund tax revenues increased $2.7 billion or 14.3 percent. Collections in the six largest tax categories all ended the year above their budgeted targets. The Pass-Through Entity Tax was a strong performer, and receipts ended the year $821.8 million or 55.3 percent above the budget plan. Income tax collections finished well above the budgeted plan, $1.3 billion or 42.0 percent over target. The sales and use tax came in $543.5 million or 12.7 percent above the budget plan. This was partly the result of significant Federal relief efforts, including several rounds of direct relief payments to households that helped stimulate the economy after the pandemic induced recession hit. The corporation tax outperformed its target by $285.6 million or 25.6 percent and the real estate conveyance tax came in ahead of budget by $117.1 million or 43.8 percent.

The Enterprise funds reported net position of $6.7 billion at year-end, an increase of $709.3 million during the year, substantially all of which was invested in capital assets or restricted for specific purposes.

Long–Term Debt
Total long-term debt was $87.2 billion for governmental activities at year-end, of which $28.2 billion was bonded debt.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – Reporting the State as a Whole
The Statement of Net Position and the Statement of Activities beginning on page II-C-31 together comprise the government-wide financial statements. These financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

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

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

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

- **Governmental Activities** – The State's basic services fall under this activity including legislative, general government, regulation and protection, conservation and development, health and hospital, transportation, human services, education, corrections, and judicial. Taxes and intergovernmental revenues are major funding sources for these programs.

- **Business-type Activities** – The State operates certain activities much like private-sector companies by charging fees to cover all or most of the costs of providing goods and services. The major business-type activities of the State include the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Community Colleges), Employment Security Fund, and Clean Water Fund.

- **Discretely Presented Component Units** – A number of entities are legally separate from the State, yet the State remains financially accountable for them. The major component units of the State are Connecticut Housing Finance Authority, Connecticut Lottery Corporation, and Connecticut Airport Authority.

Fund Financial Statements – Report the State's Most Significant Funds
The fund financial statements beginning on page II-C-36 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

- **Component Units –** The government-wide financial statements report information for all component units into a single, aggregated presentation. Information is provided separately in the component unit fund statements for the Connecticut Housing Finance Authority, Connecticut Lottery, and Connecticut Airport Authority. Data from the other component units is combined into a single, aggregated presentation. Individual fund data for all other nonmajor component units is provided in the combining statements immediately following the required supplementary information.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages II-C-37 and II-C-39 which reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements.

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.

- Capital outlay spending results in capital assets on the government-wide statements but is expenditures on the governmental fund statements.

- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.

- Net Pension Liability and Net OPEB Liability are included on the government-wide statements but are not reported on the governmental fund statements.

- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred inflows of resource on the governmental fund statements.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Supplementary Information

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

Statistical Section

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Position

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

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

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

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

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

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

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

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

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

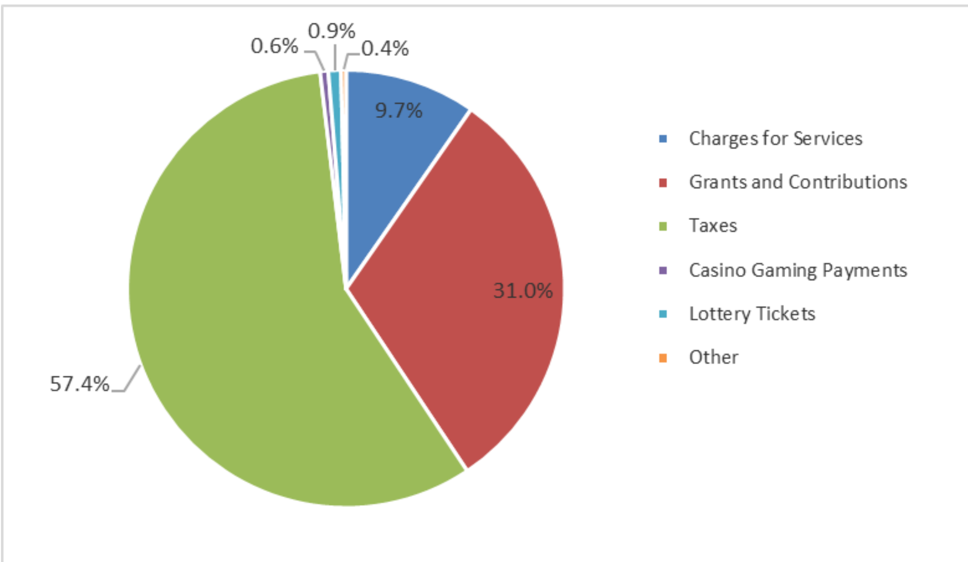
Changes in Net Position

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

Governmental Activities

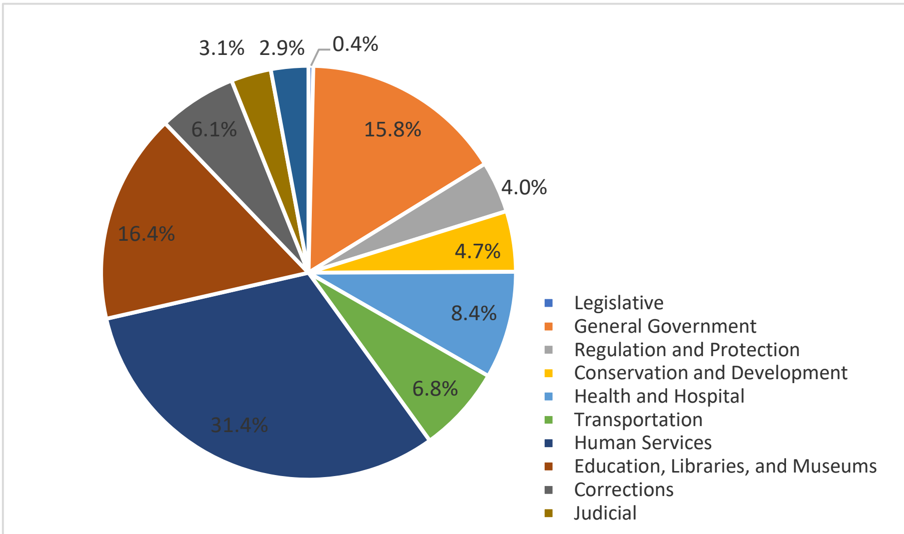
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $2.9 billion, or 7.6 percent. This increase is primarily due to an increase of $2.9 billion in taxes.

Revenue by Source – Governmental Funds
Fiscal Year 2022



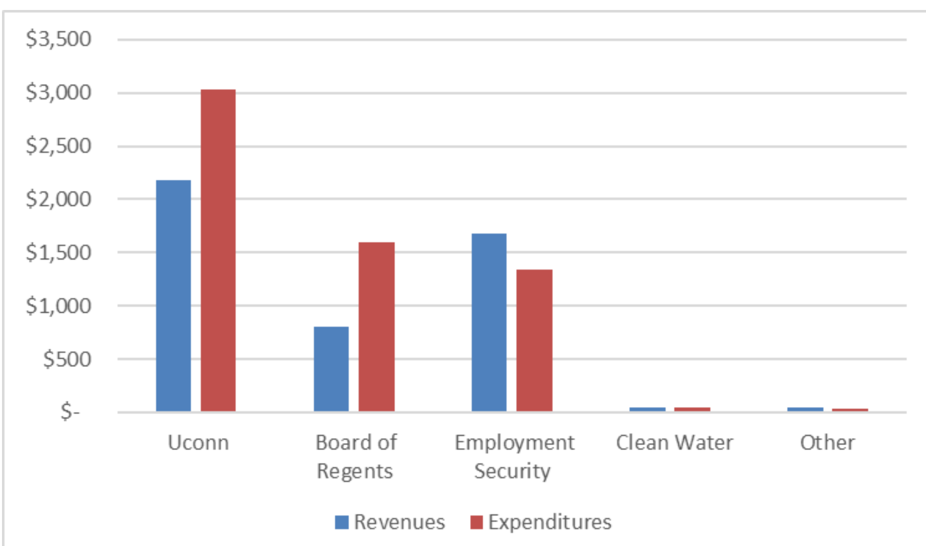
The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by $3.0 billion, or 8.0 percent.

Expenses by Type – Governmental Funds
Fiscal Year 2022



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

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



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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

As of the end of the fiscal year, the State's governmental funds had fund balances of $11.9 billion, an increase of $415.0 million over the prior year ending fund balances. Of the total governmental fund balances, $7.9 billion represents fund balance that is considered restricted for specific purposes by external constrains or enabling legislation; $244.0 million represents fund balance that is non-spendable and $4.5 billion represents fund balance that is committed or assigned for specific purposes. A negative $753.0 million unassigned fund balance offsets these amounts.

General Fund

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance of $3.7 billion, an increase of $411.4 million in comparison with the prior year. Of this total fund balance, $4.5 billion represents non-spendable fund balance, committed or assigned for specific purposes, leaving a deficit of $752.2 million in unassigned fund balance.

Specific changes to the General Fund balance included the following:

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

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

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

Debt Service Fund

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

Transportation Fund

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

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

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

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

Grant and Loan Programs
As of June 30, 2022, the Grant and Loan Programs Fund had a fund balance of $873.6 million, all of which was restricted for specific purposes, an increase of $7.2 million in comparison with the prior year.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Proprietary funds report activities of the State that are similar to for-profit business. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds is provided in that section.

FINANCIAL ANALYSIS OF THE STATE'S FIDUCIARY FUNDS

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, a Fiduciary Component Unit, an Investment Trust fund, a Private-Purpose Trust fund, and Custodial Funds. The net positions of the State's Fiduciary funds totaled $49.6 billion, an increase of $735.5 million when compared to the prior year ending net position.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled $22.8 billion (net of accumulated depreciation). This investment in capital assets includes land, art & historical collections, buildings, improvements other than buildings, equipment, right-to-use assets, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was $287 million.

Major capital asset events for governmental activities during the fiscal year include additions to land, art & historical collections, right-to use assets, infrastructure, and construction in progress of $380 million and depreciation expense of $840.3 million.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government		% change
	2022	2021	2022	2021	2022	2021	22-21
Land	$ 1,970	$ 1,946	$ 80	$ 79	$ 2,051	2,025	1.3%
Art & Historical Collections	225	222	57	57	282	279	1.1%
Buildings	2,843	2,945	4,041	4,046	6,884	6,991	-1.5%
Improvements Other Than Buildings	25	44	393	406	418	450	-7.1%
Equipment	44	46	260	278	304	324	-6.4%
Right-to-use Assets	63	2	187	206	250	208	20.3%
Infrastructure	6,116	5,848	-	-	6,116	5,848	4.6%
Construction in Progress	6,148	6,124	384	300	6,531	6,424	1.7%
Total	$ 17,434	$ 17,177	$ 5,402	$ 5,372	$ 22,836	$ 22,549	1.3%

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

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

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

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

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

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

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of February 2022 the State had a debt incurring margin of $5.7 billion.

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

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

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

June 30, 2022

(Expressed in Thousands)

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

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services, Fees, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	$ 128,476	$ 2,641	$ -	$ -
General Government	5,455,304	1,658,029	(125,836)	-
Regulation and Protection	1,383,688	833,789	583,082	-
Conservation and Development	1,635,316	329,553	536,865	-
Health and Hospitals	2,895,633	808,285	402,699	-
Transportation	2,329,548	84,862	-	915,605
Human Services	10,826,565	112,471	8,576,313	-
Education, Libraries, and Museums	5,668,457	30,208	1,529,840	-
Corrections	2,107,535	11,292	309,233	-
Judicial	1,078,980	122,097	38,933	-
Interest and Fiscal Charges	1,008,433	-	-	-
Total Governmental Activities	34,517,935	3,993,227	11,851,129	915,605
Business-Type Activities:				
University of Connecticut & Health Center	3,037,625	1,869,754	313,393	1,976
Board of Regents	1,596,579	737,353	69,298	-
Employment Security	1,343,276	702,724	975,741	-
Clean Water	45,165	31,394	15,407	-
Other	38,282	34,747	6,010	-
Total Business-Type Activities	6,060,927	3,375,972	1,379,849	1,976
Total Primary Government	$ 40,578,862	$ 7,369,199	$ 13,230,978	$ 917,581
Component Units				
Connecticut Housing Finance Authority (12/31/21)	$ 164,088	$ 143,886	$ -	$ -
Connecticut Lottery Corporation	1,608,843	1,604,061	-	-
Connecticut Airport Authority	105,990	145,317	-	28,303
Other Component Units	273,267	354,385	18,492	151,767
Total Component Units	$ 2,152,188	$ 2,247,649	$ 18,492	$ 180,070

General Revenues:
Taxes:
Personal Income
Corporate Income
Sales and Use
Other
Restricted for Transportation Purposes:
Motor Fuel
Other
Casino Gaming Payments
Tobacco Settlement
Lottery Tickets
Sports Wagering
Unrestricted Investment Earnings
Transfers Out Fiduciary Funds
Transfers-Internal Activities
Total General Revenues, Contributions, and Transfers
Change in Net Position
Net Position (Deficit)- Beginning (as restated)
Net Position (Deficit)- Ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
$ (125,835)	$ -	$ (125,835)	$ -
(3,923,111)	-	(3,923,111)	-
33,183	-	33,183	-
(768,898)	-	(768,898)	-
(1,684,649)	-	(1,684,649)	-
(1,329,081)	-	(1,329,081)	-
(2,137,781)	-	(2,137,781)	-
(4,108,409)	-	(4,108,409)	-
(1,787,010)	-	(1,787,010)	-
(917,950)	-	(917,950)	-
(1,008,433)	-	(1,008,433)	-
(17,757,974)	-	(17,757,974)	-
-	(852,502)	(852,502)	-
-	(789,928)	(789,928)	-
-	335,189	335,189	-
-	1,636	1,636	-
-	2,475	2,475	-
-	(1,303,130)	(1,303,130)	-
(17,757,974)	(1,303,130)	(19,061,104)	-
-	-	-	(20,202)
-	-	-	(4,782)
-	-	-	67,630
-	-	-	251,377
-	-	-	294,023
10,862,647	-	10,862,647	-
3,948,139	-	3,948,139	-
4,910,773	-	4,910,773	-
2,368,374	-	2,368,374	-
787,139	-	787,139	-
809,288	-	809,288	-
248,686	-	248,686	-
136,585	-	136,585	-
389,646	-	389,646	-
2,440	-	2,440	-
8,454	7,742	16,196	(30,844)
(1,639,307)	-	(1,639,307)	-
(2,005,055)	2,004,655	(400)	400
20,827,809	2,012,397	22,840,206	(30,444)
3,069,835	709,267	3,779,102	263,579
(55,093,130)	5,994,127	(49,099,003)	2,838,989
$ (52,023,295)	$ 6,703,394	$ (45,319,901)	$ 3,102,568

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FUND FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

(Expressed in Thousands)

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

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

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

June 30, 2022

(Expressed in Thousands)

Total Fund Balance - Governmental Funds		$ 11,925,151
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see Note 9). These consist of:		
Right-to-use assets	73,774	
Cost of capital assets, (excluding internal service funds)	35,351,057	
Less: Accumulated depreciation (excluding internal service funds)	(18,024,531)	
Less: Accumulated depreciation right-to-use assets	(10,624)	
Net capital assets		17,389,676
Some assets such as receivables, are not available soon enough to pay for current period's expenditures and thus, are offset by unavailable revenue in the governmental funds.		2,025,173
Deferred losses on refundings are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds.		26,020
Deferred outflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13).		14,416,492
Long-term debt instruments such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 16). Also, unamortized debt premiums and interest payable are reported in the Statement of Net Position but are not reported in the funds. These balances consist of:		
General obligation bonds payable	(18,363,522)	
Transportation bonds payable	(7,054,415)	
Direct Borrowings & Direct Placements	(262,635)	
Unamortized premiums	(2,553,371)	
Accrued interest payable	(309,043)	
Net long-term debt		(28,542,986)
Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 16).		
Net pension liability	(36,132,877)	
Net OPEB liability	(20,916,477)	
Obligations for worker's compensation	(813,349)	
Leases	(58,183)	
Compensated absences (excluding internal service funds)	(521,244)	
Claims and judgments payable	(35,006)	
Landfill postclosure care	(27,768)	
Nonexchange Financial guarantee	(418,775)	
Total other liabilities		(58,923,679)
Deferred inflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13).		
Pension and OPEB related		(10,393,831)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		54,689
Total Net Position - Governmental Activities		$ (52,023,295)

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

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

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

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

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

Net change in fund balances - total governmental funds		$ 429,660
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-term debt proceeds provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities In the current period, these amounts consist of		
Debt issued or incurred:		
Bonds issued	(2,027,184)	
Refunding bonds issued	(934,315)	
Premium on bonds issued	(428,451)	
Accretion on Capital Appreciation Bonds	25,483	
Principal repayment:		
Principal Retirement	2,013,044	
Payments to refunded bond escrow agent	1,032,920	
Capital lease payments	7,211	
Net debt adjustments		(311,292)
Some capital assets acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Activities		(48,883)
Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:		
Capital outlays (including construction-in-progress)	1,093,094	
Depreciation expense (excluding internal service funds)	(833,822)	
Net capital outlay adjustments		259,272
Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which purchases exceeded consumption of inventories.		4,596
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recognized in the funds. In the current period, the net adjustments consist of:		
Increase in accrued interest	(7,355)	
Amortization of bond premium	229,274	
Amortization of loss on debt refunding's	(8,339)	
Decrease in Net OPEB Liability & Net pension liability	11,542,334	
Increase in net deferred inflows related to OPEB & pensions	(8,002,669)	
Decrease in net deferred outflows related to OPEB & pensions	(1,671,648)	
Decrease in compensated absences	55,058	
Increase in workers compensation	(704)	
Decrease in claims and judgments	9,002	
Decrease in landfill post closure cost	1,819	
Decrease in non-exchange financial guarantees	34,410	
Net expense accruals		2,181,182
Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.		553,864
Internal service funds are used by management to charge the costs of certain activities, to individual funds. The net revenues (expenses) of internal service funds are included with governmental activities in the Statement of Activities.		1,436
Change in net position - governmental activities		$ 3,069,835

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2022

(Expressed in Thousands)

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

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

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2022
(Expressed in Thousands)

	Business-Type Activities						Governmental Activities
	Enterprise Funds						
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other	Totals	Internal Service Funds
Cash Flows from Operating Activities							
Receipts from Customers	$ 1,646,664	$ 376,815	$ 673,191	$ 162,016	$ 45,373	$ 2,904,059	$ 49,674
Payments to Suppliers	(842,610)	(408,478)	-	(6,686)	(3,013)	(1,260,787)	(25,566)
Payments to Employees	(1,635,935)	(1,033,975)	-	(458)	(10,003)	(2,680,371)	(11,874)
Other Receipts (Payments)	247,738	96,277	(561,186)	(109,461)	(43,200)	(369,832)	(1,445)
Net Cash Provided by (Used in) Operating Activities	(584,143)	(969,361)	112,005	45,411	(10,843)	(1,406,931)	10,789
Cash Flows from Noncapital Financing Activities							
Retirement of Bonds and Annuities Payable	(35,564)	-	-	(46,020)	(6,965)	(88,549)	-
Interest on Bonds and Annuities Payable	(21,957)	-	-	(37,510)	(6,409)	(65,876)	-
Transfers In	650,790	737,861	-	25	15,152	1,403,828	-
Transfers Out	-	(336)	(7,823)	-	-	(8,159)	-
Other Receipts (Payments)	262,384	309,945	-	-	-	572,329	1,735
Net Cash Flows from Noncapital Financing Activities	855,653	1,047,470	(7,823)	(83,505)	1,778	1,813,573	1,735
Cash Flows from Capital and Related Financing Activities							
Additions to Property, Plant, and Equipment	(288,109)	(110,607)	-	-	-	(398,716)	(13,940)
Proceeds from Capital Debt	247,000	-	-	-	-	247,000	-
Principal Paid on Capital Debt	(100,630)	(19,532)	-	-	-	(120,162)	-
Interest Paid on Capital Debt	(81,410)	(10,285)	-	-	-	(91,695)	-
Transfer In	146,989	102,552	-	-	-	249,541	-
Lease Revenue	2,712	-	-	15,407	6,124	24,243	-
Payments on capital leases, net	(15,914)	-	-	-	-	(15,914)	-
Transfer from State	20,000	-	-	-	-	20,000	-
Other Receipts (Payments)	6,608	-	(104,182)	-	-	(97,574)	-
Net Cash Flows from Capital and Related Financing Activities	(62,754)	(37,872)	(104,182)	15,407	6,124	(183,277)	(13,940)
Cash Flows from Investing Activities							
Proceeds from Sales and Maturities of Investments	-	51,148	-	-	-	51,148	-
Purchase of Investment Securities	(2,023)	(29,805)	-	-	-	(31,828)	-
Interest on Investments	1,311	2,044	-	3,212	532	7,099	-
(Increase) Decrease in Restricted Assets	-	-	-	(14,625)	-	(14,625)	-
Other Receipts (Payments)	-	-	-	30,177	4,087	34,264	-
Net Cash Flows from Investing Activities	(712)	23,387	-	18,764	4,619	46,058	-
Net Increase (Decrease) in Cash and Cash Equivalents	208,044	63,624	-	(3,923)	1,678	269,423	(1,416)
Cash and Cash Equivalents - Beginning of Year	631,534	450,688	-	5,290	52,623	1,140,135	13,524
Cash and Cash Equivalents - End of Year	$ 839,578	$ 514,312	$ -	$ 1,367	$ 54,301	$ 1,409,558	$ 12,108
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating Income (Loss)	$ (1,168,824)	$ (1,086,870)	$ 335,189	$ 14,264	$ 1,352	######	$ (299)
Adjustments not Affecting Cash:							
Depreciation and Amortization	211,687	102,598	-	-	-	314,285	16,234
Other	341,755	-	-	-	-	341,755	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivables, Net	(9,905)	(23,345)	230,173	31,147	(10,939)	217,131	(13)
(Increase) Decrease in Due from Other Funds	(605)	(19,119)	(702)	-	-	(20,426)	(651)
(Increase) Decrease in Inventories and Other Assets	(26,880)	(331)	-	-	(10)	(27,221)	(1,554)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	52,568	55,740	(316)	-	(1,246)	106,746	(2,928)
Increase (Decrease) in Due to Other Funds	16,061	-	(1,676)	-	-	14,385	-
Increase (Decrease) Deferred Inflows Leases	-	1,966	-	-	-	1,966	-
Total Adjustments	584,681	117,509	227,479	31,147	(12,195)	946,655	11,088
Net Cash Provided by (Used In) Operating Activities	$ (584,143)	$ (969,361)	$ 562,668	$ 45,411	$ (10,843)	$ (958,234)	$ 10,789

	University of Connecticut & Health Center	Board of Regents
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents - Current	$ 643,534	$ 359,541
Cash and Cash Equivalents - Noncurrent	-	154,771
Cash and Cash Equivalents - Noncurrent Restricted	816	-
Cash and Cash Equivalents - Current Restricted	195,228	-
	$ 839,578	$ 514,312
Noncash Investing, Capital, and Financing Activities:		
Proceeds from refunding bonds	$ -	
Amortization of premiums, discounts, and net loss on debt refunding's	21,969	
Acquisition of software license under long term purchase contract	2,643	
Acquisition of right-to-use assets under lease contracts	1,921	
Acquisiton of equipment under install purchase agreement	267	9,526
Capital assets acquired through gifts	487	
Unrealized gain (loss) on investment	(3,984)	
Loss on disposal of capital assets	(2,346)	
Mortgage proceeds held by Trustee in construction escrow account	-	
In kind Coronavirus relief donation	-	
Change in endowment	-	

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2022

(Expressed in Thousands)

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2022
(Expressed in Thousands)

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

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

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2022
(Expressed in Thousands)

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

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

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

General Revenues:
- Investment Income
- Transfer In
- Total General Revenues
- Change in Net Position

Net Position (Deficit)-Beginning (as restated)

Net Position (Deficit)-Ending

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

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

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Note 1
Summary of Significant Accounting Policies

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

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

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

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

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

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

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

The State's major and nonmajor component units are:

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

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

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

Connecticut Higher Education Supplemental Loan Authority (CHESLA)
CHESLA was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its bond funds. CHESLA is a subsidiary of CHEFA.

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

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

Capital Region Development Authority (CRDA)
CRDA markets major sports, convention, and exhibition venues in the region.

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

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

Connecticut Lottery Corporation (CLC)
CLC was created in 1996 for the purpose of generating revenues for the State through the operation of a lottery.

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

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

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

c. Government-wide and Fund Financial Statements

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

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

1. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds issued to buy, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the purchase, construction, or improvement of those assets or related debt should be included in this component of net position.

2. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

3. Unrestricted – This component of net position is the remaining balance of net position, after the determination of the other two components of net position.

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

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

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

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

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

In addition, the State reports the following fund types:

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

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

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

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

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

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

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

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

d. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

Governmental Fund Financial Statements

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

e. Assets and Liabilities

Cash and Cash Equivalents (see Note 3)

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

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

Investments (see Note 3)

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

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

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

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

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

Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

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

Securities Lending Transactions (see Note 3)
Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

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

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

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

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

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

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

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

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

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

h. Interfund Activities

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

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

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

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

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

i. Endowments

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

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

j. Supplemental Nutrition Assistance Program (SNAP)

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

k. External Investment Pool

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

l. Upcoming Accounting Pronouncements

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

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

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

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

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

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

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

m. Use of Estimates

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

Note 2
Nonmajor Fund Deficits

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

Capital Projects		
Transportation	$	718
Special Revenue		
Regional Market	$	340

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

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

Note 3
Cash Deposits and Investments

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

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

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

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

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

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

Primary Government

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

Short-Term Investment Fund (STIF)

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

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

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

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

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

Interest Rate Risk

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

Credit Risk

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

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

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

Concentration of Credit Risk

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

Investment Issuer		Cost
Federal Home Loan Bank		$ 1,307,937

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

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

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

Combined Investment Funds (CIFS)

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

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

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

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

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

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

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

Interest Rate Risk

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

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

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

Credit Risk

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

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

Foreign Currency Risk

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

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

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

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

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

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

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

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2022, the fair value of contracts to buy and contracts to sell was $932.5 million and $928.9 billion, respectively.

Custodial Credit Risk-Bank Deposits
The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2022, the CIFS had deposits with a bank balance of $82.8 million which was uninsured and uncollateralized.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concentration of Credit Risk
CHFA

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2021, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

Security Lending Transactions

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

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

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

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 5.55 days and an average weighted maturity of 37.48 days.

Note 4
Receivables-Current

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	$ 3,291,495	$ -	$ -
Accounts	1,458,097	537,818	80,914
Loans-Current Portion	-	252,684	2,927
Leases-Current Portion	-	4,707	5,568
Other Governments	1,013,941	18,103	19,131
Interest	2,053	6,367	2,584
Other	26,061	-	-
Total Receivables	5,791,646	819,679	111,125
Allowance for Uncollectibles	(965,024)	(115,522)	(8,574)
Receivables, Net	$ 4,826,622	$ 704,157	$ 102,550

Note 5
Taxes Receivable

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

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

Note 6
Receivables-Noncurrent

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

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

The Grants and Loans fund (governmental activities) makes loans through the Department of Economic and Community Development to provide financial support to businesses, municipalities, nonprofits, economic develop agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten-year period with rates ranging from 2 percent to 4 percent.

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

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 3.75 percent to 5.99 percent. At year end, the noncurrent portion of loans receivable was $92.1 million.

Note 7
Restricted Assets

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

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

Note 8
Current Liabilities

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

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

Note 9

Capital Assets

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

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

Depreciation expense was charged to functions as follows:

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

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

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

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

Note 10
State Retirement Systems

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

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

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

a. Plan Descriptions and Funding Policy
Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

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

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

Funding Policy

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

Teachers' Retirement System

Plan Description

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

Funding Policy

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

Judicial Retirement System

Plan Description

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

Funding Policy

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

b. Investments

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

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

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

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

Net Pension Liability

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

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

Deferred Retirement Option Program (DROP)

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

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

Discount Rate

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

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

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

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

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

c. GASB Statement 68 Employer Reporting
Employer Contributions
The following table presents the primary government's and component units' contributions recognized by the pension plans at the reporting date June 30, 2022 (amounts in thousands):

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of the measurement date June 30, 2021, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

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

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

Changes in Net Pension Liability

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

Total Pension Liability	**SERS**	**TRS**	**JRS**
Service Cost	$ 396,602	$ 599,484	$ 9,289
Interest	2,474,161	2,486,930	32,743
Benefit Changes	-	-	-
Difference between expected and actual experience	778,249	-	(9,271)
Changes of assumptions	(48,241)	-	(1,020)
Benefit payments	-	(2,171,063)	(31,116)
Refunds of Contributions	(2,227,463)	-	(6)
Net change in total pension liability	1,373,308	915,351	619
Total pension liability - beginning (a)	36,971,136	37,128,000	490,091
Total pension liability - ending (c)	**$ 38,344,444**	**$ 38,043,351**	**$ 490,710**
Plan fiduciary net position			
Contributions - employer	$ 2,568,591	$ 2,153,478	$ 31,893
Contributions - member	194,775	323,306	1,570
Net investment income	3,301,219	4,528,666	59,881
Benefit payments	(2,227,463)	(2,171,063)	(31,116)
Administrative Expense	(568)	-	-
Refunds of Contributions	-	-	(6)
Other	(5,402)	791	-
Net change in plan fiduciary net position	3,831,152	4,835,178	62,222
Plan net position - beginning (b)	13,249,488	18,281,910	239,773
Plan net position - ending (d)	**$ 17,080,640**	**$ 23,117,088**	**$ 301,995**
Net pension liability - beginning (a)-(b)	**$ 23,721,648**	**$ 18,846,090**	**$ 250,318**
Net pension liability - ending (c)-(d)	**$ 21,263,804**	**$ 14,926,263**	**$ 188,715**

d. Defined Contribution Plan

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

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

Note 11
Other Retirement Systems Administered by the State of Connecticut

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

a. Plan Descriptions and Funding Policy

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

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

Connecticut Municipal Employees' Retirement System
Plan Description

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

Funding Policy

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

b. Investments

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

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

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

c. GASB Statement 68 Employer Reporting

Net Pension Liability of Participating Employers

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

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

Discount Rate

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

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

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

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
Net Pension Liability	$ 1,197,270	$ 710,001	$ 287,796

Deferred outflows and deferred inflows of resources

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

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

Amounts recognized in subsequent years (amounts in thousands):

Year	MERS
1	$ 40,612
2	(66,159)
3	(66,232)
4	(88,521)

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

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

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

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

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

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

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

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

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

Note 12
Pension Trust Funds Financial Statements

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

Statement of Fiduciary Net Position (thousands)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Current:							
Cash and Cash Equivalents	$ -	$ 5,105	$ 108	$ 3,369	$ 64	$ 465	$ 9,111
Receivables:							
Accounts, Net of Allowances	13,031	12,902	8	18,683	5	-	44,629
From Other Governments	-	48	-	-	-	-	48
From Other Funds	3,203,864	903,677	-	25	-	1	4,107,567
Interest	222	172	-	8	-	-	402
Investments	15,412,697	20,632,472	276,266	2,985,829	125,249	2,485	39,434,998
Securities Lending Collateral	1,224,747	1,663,662	22,095	240,646	10,126	198	3,161,474
Noncurrent:							
Due From Employers	-	-	-	12,114	-	-	12,114
Total Assets	$ 19,854,561	$ 23,218,038	$ 298,477	$ 3,260,674	$ 135,444	$ 3,149	$ 46,770,343
Liabilities							
Accounts Payable and Accrued Liabilities	$ 28	$ 2,700	$ -	$ -	$ -	$ -	$ 2,728
Securities Lending Obligation	1,224,747	1,663,662	22,095	240,646	10,126	198	3,161,474
Due to Other Funds	26,061	1,955	-	-	-	-	28,016
Total Liabilities	$ 1,250,836	$ 1,668,317	$ 22,095	$ 240,646	$ 10,126	$ 198	$ 3,192,218
Net Position							
Held in Trust For Employee							
Pension Benefits	$ 18,603,725	$ 21,549,721	$ 276,382	$ 3,020,028	$ 125,318	$ 2,951	$ 43,578,125
Total Net Position	$ 18,603,725	$ 21,549,721	$ 276,382	$ 3,020,028	$ 125,318	$ 2,951	$ 43,578,125

Statement of Changes in Fiduciary Net Position (thousands)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	$ 202,270	$ 392,913	$ 1,643	$ 32,894	$ 245	$ 28	$ 629,993
State	2,849,181	2,347,299	33,170	-	-	-	5,229,650
Municipalities	-	-	-	134,628	-	-	134,628
Total Contributions	3,051,451	2,740,212	34,813	167,522	245	28	5,994,271
Investment Income	(1,497,293)	(2,003,293)	(27,103)	(293,877)	(12,292)	(243)	(3,834,101)
Less: Investment Expenses	(16,024)	(21,443)	(290)	(3,144)	(132)	(3)	(41,036)
Net Investment Income	(1,513,317)	(2,024,736)	(27,393)	(297,021)	(12,424)	(246)	(3,875,137)
Transfer In	735,664	903,643	-	-	-	-	1,639,307
Other	1,631,796	-	1	-	3,022	22	1,634,841
Total Additions	3,905,594	1,619,119	7,421	(129,499)	(9,157)	(196)	5,393,282
Deductions							
Administrative Expense	-	-	-	-	-	-	-
Benefit Payments and Refunds	2,382,509	2,227,080	33,034	218,276	6,655	-	4,867,554
Other	-	959,406	-	-	-	-	959,406
Total Deductions	2,382,509	3,186,486	33,034	218,276	6,655	-	5,826,960
Changes in Net Assets	1,523,085	(1,567,367)	(25,613)	(347,775)	(15,812)	(196)	(433,678)
Net Position Held in Trust For Employee Pension Benefits:							
Beginning of Year	17,080,640	23,117,088	301,995	3,367,803	141,130	3,147	44,011,803
End of Year	$ 18,603,725	$ 21,549,721	$ 276,382	$ 3,020,028	$ 125,318	$ 2,951	$ 43,578,125

Note 13
Other Postemployment Benefits (OPEB)

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

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

a. Plan Descriptions and Funding Policy
Membership of each plan consisted of the following to date of the latest actuarial information:

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

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

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

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

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

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

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

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

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

Net OPEB Liability

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

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

Actuarial Assumptions

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

c. GASB Statement 75 Employer Reporting

Employer Contributions

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

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

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

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

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

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

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

State Employees' OPEB Plan Year	Primary Government	Component Units
1	$ (162,255)	$ (10,152)
2	(49,897)	(7,389)
3	(398,622)	(16,630)
4	(833,163)	(16,630)
5	(138,579)	(2,409)
	$ (1,582,516)	$ (53,210)

Retired Teachers' Health Plan Year	Primary Government
1	$ (192)
2	(192)
3	(191)
4	(146)
5	(133)
Thereafter	(190)
	$ (1,044)

Changes in Net OPEB Liability

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

Total OPEB Liability	**SEOPEBP**	**RTHP**
Service Cost	$ 1,214,728	$ 121,535
Interest	618,230	64,951
Benefit Changes	-	-
Difference between expected and actual experience	389,271	(1,218,425)
Changes of assumptions	(4,936,120)	12,750
Benefit payments	(637,220)	(131,543)
Net change in total OPEB liability	(3,351,111)	(1,150,732)
Total OPEB liability - beginning	25,078,100	2,882,836
Total OPEB liability - ending (a)	**$ 21,726,989**	**$ 1,732,104**
Plan fiduciary net position		
Contributions - employer	$ 868,069	$ 29,411
Contributions - member	147,037	54,058
Net investment income	389,771	82,256
Benefit payments	(637,220)	(131,543)
Administrative expense	-	(117)
Other	(105,307)	(91)
Net change in plan fiduciary net position	662,350	33,974
Plan fiduciary net position - beginning	**$ 1,537,193**	**$ 71,941**
Plan fiduciary net position - ending (b)	**$ 2,199,543**	**$ 105,915**
Net OPEB liability - ending (a)-(b)	**$ 19,527,446**	**$ 1,626,189**

d. Other OPEB Plan

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

Plan Description

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

Contributions

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

Note 14
OPEB Trust Funds Financial Statements

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

	Statement of Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
Assets				
Cash and Cash Equivalents	$ 191,165	$ 165,690	$ 59	$ 356,914
Receivables:				
From Other Funds	350	2,003	-	2,353
Interest	-	-	1	1
Investments	2,071,264	-	43,702	2,114,966
Securities Lending Collateral	161,759	-	3,485	165,244
Total Assets	$ 2,424,538	$ 167,693	$ 47,247	$ 2,639,478
Liabilities				
Accounts Payable and Accrued Liabilities	$ 22,641	$ 137	$ -	$ 22,778
Securities Lending Obligation	161,759	-	3,485	165,244
Total Liabilities	$ 184,400	$ 137	$ 3,485	$ 188,022
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	$ 2,240,138	$ 167,556	$ 43,762	$ 2,451,456
Total Net Position	$ 2,240,138	$ 167,556	$ 43,762	$ 2,451,456

	Statement of Changes in Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
Additions				
Contributions:				
Plan Members	$ 145,475	$ 94,440	$ 719	$ 240,634
State	847,928	20,419	-	868,347
Municipalities	-	-	1,021	1,021
Total Contributions	993,403	114,859	1,740	1,110,002
Investment Income	(194,449)	49,586	(4,263)	(149,126)
Less: Investment Expenses	(2,082)	-	(46)	(2,128)
Net Investment Income	(196,531)	49,586	(4,309)	(151,254)
Other	-	16,083	-	16,083
Total Additions	796,872	180,528	(2,569)	974,831
Deductions				
Administrative Expense	-	44,369	-	44,369
Benefit Payments and Refunds	637,979	74,518	1,399	713,896
Other	118,300	-	52	118,352
Total Deductions	756,279	118,887	1,451	876,617
Changes in Net Assets	40,593	61,641	(4,020)	98,214
Net Position Held in Trust For				
Other Postemployment Benefits:				
Beginning of Year	2,199,545	105,915	47,782	2,353,242
End of Year	$ 2,240,138	$ 167,556	$ 43,762	$ 2,451,456

Note 15
Leases

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

State as Lessee

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

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

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

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

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

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

State as Lessor

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

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

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

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

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

Note 16
Long-Term Liabilities

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Bonds:					
General Obligation	$ 18,562,830	$ 2,317,310	$ 2,516,618	$ 18,363,522	$ 1,763,971
Direct Borrowings and Direct Placements	268,425	-	5,790	262,635	15,790
Transportation	6,959,265	644,190	549,040	7,054,415	412,415
	25,790,520	2,961,500	3,071,448	25,680,572	2,192,176
Plus (Less) Premiums	2,354,396	428,451	229,476	2,553,371	239,461
Total Bonds	28,144,916	3,389,951	3,300,924	28,233,943	2,431,637
Other L/T Liabilities: [1]					
Net Pension Liability (Note 10)	42,551,461	6,783,545	13,202,129	36,132,877	-
Net OPEB Liability (Note 10)	26,040,227	2,513,797	7,637,547	20,916,477	-
Compensated Absences	577,841	540	55,785	522,596	42,110
Workers' Compensation	812,645	14,994	14,290	813,349	73,255
Leases	16,511	48,883	7,211	58,183	15,088
Claims and Judgments	44,008	-	9,002	35,006	14,008
Landfill Post Closure Care	29,587	-	1,819	27,768	1,819
Contracts Payable & Other	705	-	-	705	-
Non-exchange Financial Guarantees	453,185	-	34,410	418,775	35,470
Total Other Liabilities	70,526,170	9,361,759	20,962,193	58,925,736	181,750
Governmental Activities Long-Term Liabilities	$ 98,671,086	$ 12,751,710	$ 24,263,117	$ 87,159,679	$ 2,613,387

[1.] **In prior years, the General and Transportation funds have been used to liquidate other liabilities.**

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Revenue Bonds	$ 1,448,975	$ -	$ 78,055	$ 1,370,920	$ 85,965
Plus/(Less) Premiums and Discounts	176,639	-	15,340	161,299	1,784
Total Revenue Bonds	1,625,614	-	93,395	1,532,219	87,749
Compensated Absences	213,196	42,041	56,346	198,891	53,762
Federal Loan	6,293	953,035	784,041	175,287	1,053
Leases	185,692	3,625	9,879	179,438	10,289
Other	270,479	34,206	22,701	281,984	23,354
Total Other Liabilities	675,660	1,032,907	872,967	835,600	88,458
Business-Type Long-Term Liabilities	$ 2,301,274	$ 1,032,907	$ 966,362	$ 2,367,819	$ 176,207
Primary Government Long-Term Liabilities	$ 100,972,360	$ 13,784,617	$ 25,229,479	$ 89,527,498	$ 2,789,594

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately $26.2 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2022, long-term debt of component units consisted of the following (amounts in thousands):

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

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

Landfill Closure and Postclosure Care

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

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

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

Note 17
Long-Term Notes and Bonded Debt

a. Primary Government – Governmental Activities

General Obligation Bonds

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

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

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

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

Direct Borrowing and Direct Placements

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

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

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

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

GO Demand Bonds

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

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

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

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

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

Transportation Related Bonds

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

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

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

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

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

b. Primary Government – Business–Type Activities

Revenue Bonds

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

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

Funds	Dates	Rates	(000's)
UConn	2023-2052	1.5-5.25%	$ 194,905
Board of Regents	2023-2040	.35-5.00%	300,750
Clean Water	2023-2039	1.0-5.0%	747,473
Drinking Water	2023-2039	1.0-5.0.%	127,793
Total Revenue Bonds			1,370,921
Plus/(Less) premiums and discounts:			
UConn			23,310
Board of Regents			12,563
Clean Water			104,374
Drinking Water			21,052
Revenue Bonds, net			$ 1,532,220

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

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements, and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

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

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

Year Ending June 30,	Principal	Interest	Total
2023	$ 85,965	$ 60,235	$ 146,200
2024	93,130	56,459	149,589
2025	99,810	52,062	151,872
2026	96,335	47,572	143,907
2027	95,036	43,014	138,050
2028-2032	445,100	152,692	597,792
2033-2037	317,845	68,576	386,421
2038-2042	90,590	19,612	110,202
2043-2047	38,200	7,524	45,724
2048-2052	8,910	234	9,144
Total	$ 1,370,921	$ 507,980	$ 1,878,901

c. Component Units

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

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

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

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated September 27, 1972; a special needs indenture dated September 25, 1995, and other bond resolutions dated October 2009. As of December 31, 2021, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were $4,427.7 million, $64.9 million, and $56.0 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's General fund, and (3) all monies and securities of the Authority's General and Capital Reserve funds. The resolution and indenture Capital Reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. The required reserves are $364.0 million per the resolution and $5.1 million per the indenture as December 31, 2021. As of December 31, 2021, the Authority has entered into interest rate swap agreements for $915.0 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

Capital Reserves

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

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

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

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

No-commitment debt

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2022 were $255.4 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding as of June 30, 2022, were $8,597.9 million, of which $300.8 million was secured by special capital reserve funds.

d. Debt Refundings

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

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

e. Nonexchange Financial Guarantee

In March 2018, the State entered a Contract for Financial Assistance with the City of Hartford, according to Section 376 of Public Act 17-2 of the June Special Session guaranteeing $540,080,000 of outstanding general obligation bonds of the City of Hartford, with maturity dates ranging from July1, 2028 through July 15, 2035, and semiannual interest payments. The contract assistance is limited to an amount equal to (1) the annual debt service on the outstanding amount of (A) refunding bonds to be issued by the City of Harford pursuant to section 7-370c of the general statues, or (B) any other bonds or notes issued by the City of Hartford, provided such refunding bonds or other bonds or notes are for payment, funding, refunding, redemption, replacement or substitutions of bonds, notes or other obligations previously issued by the City of Hartford, and (2) cost of issuance on any such refunding bonds and any other expenses that result directly from the refunding of debt. The Act also establishes that the City of Hartford must be under the supervision of the Municipal Accountability Review Board of the State and that the City may not issue any new debt without the board's approval. The State Representatives, defined by the contract as the Secretary of the Office of Policy and Management and the State Treasurer, may agree to provide credit support to the City of Hartford, including, but not limited to, assuming all or part of any bonds, notes, or other obligations of the City or issuance of new State obligations in replacement of such bonds, notes, or other obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

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

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

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

Note 18
Risk Management

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

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

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

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

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years.

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

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

Note 19
Interfund Receivables and Payables

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

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

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

Note 20
Interfund Transfers

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

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

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

Note 21
Restatement of Net Position, Fund Balance Classifications, and Restricted Net Position

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

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

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

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

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

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

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

Note 22
Tax Abatements

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

Film, Television, and Digital Media Tax Program

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

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

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

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

Urban and Industrial Sites Reinvestment Tax Program

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

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

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

Insurance Reinvestment Fund Program

The purpose of the Insurance Reinvestment Fund Program is to capitalize on the base of local insurance expertise and help people laid off after the massive restructuring of the insurance industry. The program was also intended to encourage small insurance startups and specialty insurance businesses in Connecticut companies engaged in the insurance business or providing services to insurance companies.

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

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

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

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

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

The Neighborhood Assistance Act tax credit may be earned by businesses that make cash investments of at least $250 to certain community programs. The cash investments must be made in a community program that is proposed and conducted by a tax exempt or municipal agency and must be approved both by the municipality in which the program is conducted and the Department of Revenue Services.
This tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

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

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

Research and Development Expenditures

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

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

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

Historic Structures Rehabilitation (Conn. Gen. Stat. §10-416a)
Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.
A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a certified historic structure for residential use or to a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher.

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

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

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

Historic Preservation (Conn. Gen. Stat. §10-416b)
Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

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

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

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

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

Historic Rehabilitation (Conn. Gen. Stat. §10-416c)
A tax credit administered by the Connecticut Department of Economic and Community Development is available for the qualified rehabilitation expenditures associated with the certified rehabilitation of a certified historic structure. No credit may be claimed until the Department of Economic and Community Development issues a tax credit voucher.

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

The tax credit is equal to twenty-five percent of the total qualified rehabilitation expenditures. The tax credit increases to thirty percent of the total qualified rehabilitation expenditures if the project includes a component with at least twenty percent of the rental units or ten percent of for-sale units qualify as affordable housing under Conn. Gen. Stat. §8-39a. The tax credit allowed for any project shall not exceed $4.5 million.
The tax credit may be carried forward for five succeeding income years following the year in which the substantially rehabilitated structure was placed in service. No carryback is allowed.

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

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

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

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

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

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

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

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

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

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

Note 23
Asset Retirement Obligations

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

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

Note 24
Related Organizations

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

Note 25
Adoption of New Accounting Pronouncements

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

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

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

Note 26
Commitments and Contingencies

a. Commitments

Primary Government

Commitments are defined as "existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities."

As of June 30, 2022, the State had contractual commitments as follows (amounts in millions):

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

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

Component Units

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

b. Contingent Liabilities

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

As of June 30, 2022, the State reported an escheat liability of $530.4 million in the General Fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of $197.0 in the future.

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

c. Litigation

The State and its officers and employees are parties to numerous legal proceedings, many of which normally occur in government operations. The final outcomes of most of these legal proceedings are not, in the opinion of the Attorney General, either individually or in the aggregate likely exceed to $58,000,000.

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

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

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

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

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

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

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

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

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

Note 27
COVID-19 Pandemic

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

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

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

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

Note 28
OPIOD Settlement

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

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

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

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

Pending and future opioid negotiations and litigation will likely result in additional settlements, and each agreement or judgement will likely have unique terms governing payment amounts, timing, and duration.
These payments must be used to support any of a wide variety of strategies to fight the opioid crisis. 15% of each settlement payment amount allocated to Connecticut (as described above) is paid directly to cities and towns by the settlement administrator, with the remaining 85% paid to the state by the administrator.
Actual amounts paid will be dependent on a number of factors, including participation by states and municipalities and companies' continuing ability to pay.

Note 29
Subsequent Events

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

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

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

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

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

On March 24, 2022, the Authority issued $103.9 million 2022 Series A Housing Mortgage Finance Program Bonds (Social Bonds) consisted of $75 million 2022 million 2022 Series A-1, $8.9 million 2022 Series A-2, and $20 million Series A-3 variable rate bonds. The bond proceeds along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for the financing of Home Mortgage Loans and Agency Securities and to pay certain costs of issuance.

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

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

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

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGET

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

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

- Notes to Required Supplementary Information: Statutory Reporting

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

For the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

STATUTORY REPORTING

A. Budgeting Process

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

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

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

B. Reconciliation of Budget/GAAP Reporting Differences

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

- Revenues are recorded when received in cash except for certain year-end accruals statutory basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).

- Certain expenditures are not subject to accrual for budgeting purposes and are recorded when paid in cash (statutory basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).

- For statutory reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

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

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

C. Budget Reserve Fund ("Rainy Day Fund")

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

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

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

Prior to the close of FY 2022, the balance of the BRF was just over $3.11 billion. Adding the $3.05 billion volatility transfer brought the BRF total to $6.16 billion, or 27.9 percent of net General Fund appropriations for FY 2023. As a result, the BRF was $2.85 billion above the statutory 15 percent cap. According to CGS Section 4-30a (c)(1)(A), no further transfers will be made to BRF. Instead, the State Treasurer transfers any remaining General Fund surplus, as he determines to be in the state's best interest, as follows:

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS

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

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

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

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

Last Seven Fiscal Years*

(Expressed in Thousands)

SERS							
Total Pension Liability	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Service Cost	$ 396,602	$ 388,671	$ 391,941	$ 429,321	$ 480,350	$ 322,114	$ 310,472
Interest	2,474,161	2,416,577	2,290,633	2,212,890	2,255,533	2,105,947	2,052,651
Benefit Changes	-	-	-	-	(1,444,220)	-	-
Difference between expected and actual experience	778,249	208,138	1,224,344	482,904	-	772,762	-
Changes of assumptions	(48,241)	-	-	-	-	4,959,705	-
Benefit payments	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Refunds of contributions	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Net change in total pension liability	1,373,308	883,198	1,873,775	1,161,471	(564,024)	6,424,249	705,534
Total pension liability - beginning	36,971,136	36,087,938	34,214,163	33,052,692	33,616,716	27,192,467	26,486,933
Total pension liability - ending (a)	**$ 38,344,444**	**$ 36,971,136**	**$ 36,087,938**	**$ 34,214,163**	**$ 33,052,692**	**$ 33,616,716**	**$ 27,192,467**
Plan net position							
Contributions - employer	$ 2,563,189	$ 1,616,312	$ 1,578,323	$ 1,443,053	$ 1,542,298	$ 1,501,805	$ 1,371,651
Contributions - member	194,775	192,716	489,099	193,942	132,557	135,029	187,339
Net investment income	3,301,219	295,737	710,861	875,944	1,509,862	(100)	294,412
Benefit payments	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Administrative expense	(568)	(782)	(693)	(391)	(674)	(651)	-
Refunds of contributions	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Other	-	-	3,704	(3,139)	(371)	85,608	-
Net change in plan net position	3,831,152	(26,205)	748,151	545,765	1,327,985	(14,588)	195,813
Plan net position - beginning	13,249,488	13,275,693	12,527,542	11,981,777	10,653,792	10,668,380	10,472,567
Plan net position - ending (b)	**$ 17,080,640**	**$ 13,249,488**	**$ 13,275,693**	**$ 12,527,542**	**$ 11,981,777**	**$ 10,653,792**	**$ 10,668,380**
Ratio of plan net position to total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%
Net pension liability - ending (a) -(b)	**$ 21,263,804**	**$ 23,721,648**	**$ 22,812,245**	**$ 21,686,621**	**$ 21,070,915**	**$ 22,962,924**	**$ 16,524,087**
Covered-employee payroll	$ 3,847,146	$ 3,672,443	$ 3,686,365	$ 3,428,068	$ 3,850,978	$ 3,720,751	$ 3,618,361
Net pension liability as a percentage of covered-employee payroll	552.72%	645.94%	618.83%	632.62%	547.16%	617.16%	456.67%

TRS	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability							
Service Cost	$ 599,484	$ 616,370	$ 463,997	$ 465,207	$ 450,563	$ 419,616	$ 404,449
Interest	2,486,930	2,379,886	2,406,206	2,371,168	2,308,693	2,228,958	2,162,174
Benefit Changes	-	-	(224,281)	28,036	-	-	-
Difference between expected and actual experience	-	(306,400)	-	(396,067)	-	(375,805)	-
Changes of assumptions	-	1,022,137	3,875,996	-	-	2,213,190	-
Benefit payments	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	(50,329)
Net change in total pension liability	915,351	1,561,825	4,455,277	474,252	796,723	2,747,828	742,886
Total pension liability - beginning	37,128,000	35,566,175	31,110,898	30,636,646	29,839,923	27,092,095	26,349,209
Total pension liability - ending (a)	**$ 38,043,351**	**$ 37,128,000**	**$ 35,566,175**	**$ 31,110,898**	**$ 30,636,646**	**$ 29,839,923**	**$ 27,092,095**
Plan net position							
Contributions - employer	$ 1,249,835	$ 1,209,573	$ 1,292,672	$ 1,272,277	$ 1,012,162	$ 975,578	$ 984,110
Contributions - member	323,306	318,217	309,333	312,150	288,251	293,493	228,100
Net investment income	4,528,666	410,311	1,012,089	1,224,931	2,199,895	(18,473)	452,942
Benefit payments	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	(50,329)
Other	904,434	522	(837)	(2,753)	1,679	(37,648)	57,749
Net change in plan net position	4,835,178	(211,545)	546,616	812,513	1,539,454	(525,181)	(100,836)
Plan net position - beginning	18,281,910	18,493,455	17,946,839	17,134,326	15,594,872	16,120,053	16,220,889
Plan net position - ending (b)	**$ 23,117,088**	**$ 18,281,910**	**$ 18,493,455**	**$ 17,946,839**	**$ 17,134,326**	**$ 15,594,872**	**$ 16,120,053**
Ratio of plan net position to total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%
Net pension liability - ending (a) -(b)	**$ 14,926,263**	**$ 18,846,090**	**$ 17,072,720**	**$ 13,164,059**	**$ 13,502,320**	**$ 14,245,051**	**$ 10,972,042**
Covered-employee payroll	$ 4,500,666	$ 4,352,967	$ 4,389,654	$ 4,321,593	$ 4,279,755	$ 4,125,066	$ 4,078,367
Net pension liability as a percentage of covered-employee payroll	331.65%	432.95%	388.93%	304.61%	315.49%	345.33%	269.03%

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

Last Seven Fiscal Years*

(Expressed in Thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

(Expressed in Thousands)

SERS	2021	2020	2019	2018
Actuarially determined employer contribution	$ 1,806,708	$ 1,616,302	$ 1,574,537	$ 1,443,110
Actual employer contributions	2,568,591	1,616,312	1,578,323	1,443,053
Annual contributions deficiency excess	$ (761,883)	$ (10)	$ (3,786)	$ 57
Covered Payroll	$ 3,847,146	$ 3,672,443	$ 3,686,365	$ 3,428,068
Actual contributions as a percentage of covered-employee payroll	66.77%	44.01%	42.82%	42.10%
TRS				
Actuarially determined employer contribution	$ 1,249,835	$ 1,208,819	$ 1,292,314	$ 1,272,277
Actual employer contributions	1,249,835	1,208,819	1,292,314	1,272,277
Annual contributions deficiency excess	$ -	$ -	$ -	$ -
Covered Payroll	$ 4,500,666	$ 4,352,967	$ 4,389,654	$ 4,321,593
Actual contributions as a percentage of covered-employee payroll	27.77%	27.77%	29.44%	29.44%
JRS				
Actuarially determined employer contribution	$ 31,893	$ 27,011	$ 27,427	$ 25,458
Actual employer contributions	31,893	27,011	27,427	25,458
Annual contributions deficiency excess	$ -	$ -	$ -	$ -
Covered Payroll	$ 31,438	$ 31,495	$ 34,643	$ 34,970
Actual contributions as a percentage of covered-employee payroll	101.45%	85.76%	79.17%	72.80%

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

Methods and Assumptions Used to Determine Contribution Rates:

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

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

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS

Last Nine Fiscal Years*

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

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

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

Last Four Fiscal Year

(Expressed in Thousands)

SEOPEBP

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

RTHP

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

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

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

(Expressed in Thousands)

SEOPEBP	2021	2020	2019	2018
Actuarially determined employer contribution	$ 1,338,541	$ 1,287,059	$ 1,203,406	$ 1,157,121
Actual employer contributions	868,070	867,222	752,941	801,893
Annual contributions deficiency excess	$ 470,471	$ 419,837	$ 450,465	$ 355,228
Covered Payroll	$ 3,745,802	$ 3,619,133	$ 3,619,133	$ 3,875,035
Actual contributions as a percentage of covered-employee payroll	23.17%	23.96%	20.80%	20.69%

RTHP	2021	2020	2019	2018
Actuarially determined employer contribution	$ 120,299	$ 173,273	$ 167,819	$ 172,223
Actual employer contributions	29,411	29,173	35,320	35,299
Annual contributions deficiency excess	$ 90,888	$ 144,100	$ 132,499	$ 136,924
Covered Payroll	$ 4,438,394	$ 4,438,394	$ 4,389,654	$ 4,075,939
Actual contributions as a percentage of covered-employee payroll	0.66%	0.66%	0.80%	0.87%

Note:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

2017	2016	2015	2014	2013	2012
$ 1,043,143	$ 1,443,716	$ 1,513,336	$ 1,525,371	$ 1,271,279	$ 1,354,738
667,401	608,593	546,284	514,696	542,615	541,262
$ 375,742	$ 835,123	$ 967,052	$ 1,010,675	$ 728,664	$ 813,476
$ 3,743,995	$ 3,895,100	$ 3,539,800	$ 3,539,728	$ 3,539,728	$ 3,902,248
17.83%	15.62%	15.43%	14.54%	15.33%	13.87%

$ 166,802	$ 130,331	$ 125,620	$ 187,227	$ 180,460	$ 184,145
19,922	19,960	25,145	25,955	27,040	49,486
$ 146,880	$ 110,371	$ 100,475	$ 161,272	$ 153,420	$ 134,659
$ 4,279,755	$ 3,949,900	$ 3,831,600	$ 3,831,600	$ 3,652,500	$ 3,652,500
0.47%	0.51%	0.66%	0.68%	0.74%	1.35%

REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Nine Fiscal Years*

Annual money-weighted rates of return net of investment expense	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPEB Fund	-7.4%	24.61%	2.13%	6.62%	5.85%	11.83%	2.44%	3.44%	11.80%

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

APPENDIX II-D

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SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

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

February 24, 2023

The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT 06106

Dear Treasurer Russell,

I have reviewed the accompanying balance sheets of the General Fund of the State of Connecticut for the fiscal years ending June 30, 2018-2022. This review also covered the accompanying statements of unappropriated surplus, revenues and expenditures for the years ended on those dates. The statements are based on the annual report of the Office of the State Comptroller, which is prepared in compliance with Section 3-115 of the Connecticut General Statutes, and reports of the Auditors of Public Accounts with respect to the balance sheets and related statements for the fiscal years ending June 30, 2018-2022.

The statements have been prepared on a statutory basis of accounting for appropriated funds and on a cash basis of accounting for all other funds. These methods of accounting have been applied in accordance with the governing statutory requirements for all periods shown. In fiscal year 2022, statutory provisions provided appropriations of projected expenditure accrual within budgeted funds.

Sincerely,

DocuSigned by:
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Sean Scanlon
Comptroller

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

CLARK J. CHAPIN

INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont
Members of the General Assembly

Adverse and Unmodified Opinions

We have audited the accompanying balance sheet of the General Fund of the State of Connecticut as of June 30, 2018, 2019, 2020, 2021 and 2022, and the related statements of revenues, expenditures, and changes in unappropriated surplus for the years ended on those dates as shown in Appendices II-D-6, II-D-7, II-D-8 and II-D-9.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the State of Connecticut, as of June 30, 2018, 2019, 2020, 2021 and 2022.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – statutory basis of the General Fund of the State of Connecticut as of June 30, 2018, 2019, 2020, 2021 and 2022, and the results of its operations – statutory basis for the years then ended, in conformity with the basis of accounting described in Note (a) to Appendix II-D-6.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of

Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note (a) to Appendix II-D-6, the State of Connecticut prepared its financial statements for the fiscal years ended June 30, 2018, 2019, 2020, 2021 and 2022, using accounting practices that follow the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114r of the Connecticut General Statutes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between this statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Emphasis of Matter

The financial statements in Appendices II-D-6, II-D-7, II-D-8 and II-D-9 present only the General Fund and do not purport to, and do not, present fairly the financial position – statutory basis of the State of Connecticut as of June 30, 2018, 2019, 2020, 2021 and 2022 and the results of its operations – statutory basis for the years then ended, in conformity with the basis of accounting described in Note (a) to Appendix II-D-6. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114r of the Connecticut General Statutes, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

John C. Geragosian	Clark J. Chapin
State Auditor	State Auditor

January 18, 2023
State Capitol
Hartford, Connecticut

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GENERAL FUND[a]

Balance Sheet
As of June 30
(In Thousands)

	2018	2019	2020	2021	2022
Assets					
Cash and Short-Term Investments	$ --	$ --	$ --	$ 342,496	$ 1,717,891
Accrued Taxes Receivable	1,689,255	1,662,280	3,163,868	1,733,156	1,641,988
Accrued Accounts Receivable	22,394	20,733	19,780	17,572	20,434
Loans Receivable	3,419	3,419	3,419	3,412	3,412
Total Assets	$ 1,715,068	$ 1,686,432	$ 3,187,066	$2,096,636	$3,383,725
Liabilities, Reserves, Fund Balances and Surplus					
Liabilities					
Deficiency in Cash and Short-Term Investments	$ 1,271,699	$ 253,198	$ 2,030,662	$ --	$ --
Accounts Payable Nonfunctional Change to Accruals	666,339	609,367	636,018	665,656	873,763
Due to Other Funds	5,271	8,415	1,951	462	9,995
Total Liabilities	$ 1,943,309	$ 870,980	$ 2,668,631	$ 666,118	$ 883,758
Reserves and Fund Balances					
Petty Cash Funds	$ 785	$ 785	$ 1,000	$ 995	$ 991
Statutory Surplus Reserves	(366,760)	646,698	183,110	475,864	1,261,301
Statutory Surplus Reserves for FY 2022 - 2023	--	--	--	--	208,200
Appropriations Continued to Following Year	134,315	164,550	139,105	758,445	834,261
Reserve for Receivables	3,419	3,419	3,419	3,412	3,412
Fund Balance Related to Statutory GAAP Budgeting[b]	--	--	191,802	191,802	191,802
Total Reserves and Fund Balance	$ (228,241)	$ 815,452	$ 518,435	$ 1,430,518	$ 2,499,967
Unappropriated Surplus (Deficit)	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities, Reserves and Surplus	$ 1,715,068	$ 1,686,432	$ 3,187,066	$ 2,096,636	$ 3,383,725

(a) For Fiscal Years 2018-2022, the financial statements are prepared on a statutory basis using accounting practices that follow the financial reporting provisions of CGS Sections 3-115, 3-115b and 3-114b through 3-114r.

(b) Amount is deemed a statutory surplus reserve. The negative unassigned fund balance in the General Fund as defined by Public Act No. 17-51 was $603,828,154 as of June 30, 2020. Pursuant to such act, commencing with Fiscal Year 2018 and for the succeeding ten years, the Secretary of OPM shall annually publish an amortization schedule to fully reduce the negative unassigned balance by June 30, 2028.

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Unappropriated Surplus
Fiscal Year Ended June 30
(In Thousands)

	2018	2019	2020	2021	2022
Unappropriated Surplus (Deficit), July 1	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenues (per Appendix II-D-6)	18,198,551	19,649,862	19,193,540	20,531,419	21,990,857
Total Expenditures (per Appendix II-D-7)	18,610,709[(a)]	19,248,650[(b)]	19,188,634[(c)]	19,436,205[(d)]	20,655,131[(e)]
Operating Balance	$ (412,158)	$ 401,212	$ 4,906	$ 1,095,214	$ 1,335,726
Reserved for Prior Year Appropriations					
Less Appropriations Carried Forward	(74,078)	(30,235)	25,444	(619,340)	(75,816)
Other Adjustments	3,375	(379)	8,359	(10)	1,391
Reserved from Prior Year	-0-	-0-	-0-	-0-	-0-
Subtotal	$ (482,861)	$ 370,598	$ 38,709	$ 475,864	$ 1,261,301
Transferred or Reserved for:					
Budget Reserve Fund	482,861	(370,598)	--	--	--
SERS Fund	--	--	(38,709)[(f)]	(475,864)[(f)]	(1,261,301)[(f)]
Unappropriated Surplus (Deficit), June 30	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(a) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(74.078) million.

(b) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(30.235) million.

(c) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $25.444 million.

(d) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(619.340) million.

(e) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(75.816) million. Also includes $3.6 million not reflected in Appendix II-D-9.

(f) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 15%, the Treasurer determined it was in the best interest of the State to transfer the surplus to the State Employees' Retirement Fund.

GENERAL FUND

Statement of Revenues
Fiscal Year Ended June 30
(In Thousands)

	2018	2019	2020	2021	2022
Taxes:					
Personal Income	$10,770,150	$ 9,640,164[(a)]	$ 9,397,779[(b)]	$ 10,340,437[(c)]	$ 12,131,800[(d)]
Sales and Use	4,202,246	4,338,061	4,317,730	4,792,675	4,818,083
Corporations	920,746	1,060,877	934,499	1,153,079	1,401,153
Insurance Companies	230,605	193,803	228,350	229,761	240,969
Inheritance and Estate	223,839	225,230	159,538	303,339	220,223
Alcoholic Beverages	63,211	64,145	73,080	79,111	78,916
Cigarettes	376,448	357,494	346,300	351,077	326,709
Admissions, Dues, Cabaret	40,272	42,834	39,939	36,022	41,011
Public Service Corporations	250,632	262,141	254,076	243,671	295,681
Real Estate Conveyance	202,526	213,224	176,578	385,028	384,454
Miscellaneous / Health Provider	1,059,928	1,100,087	1,023,041	1,052,109	1,051,776
Pass-Through Entity Tax	--	1,172,080	1,241,949	1,549,716	2,307,594
Refunds of Taxes	(1,269,667)	(1,465,368)	(1,491,413)	(1,857,512)	(1,811,202)
R&D Credit Exchange	(5,664)	(5,370)	(8,628)	(7,093)	(5,756)
Other Revenue:					
Licenses, Permits, Fees	306,165	291,171	307,524	329,568	368,612
Sales of Commodities and Services	33,238	27,105	26,136	22,872	22,816
Transfer – Special Revenue	339,512	364,082	340,090	410,301	395,023
Investment Income	15,911	48,950	48,690	2,945	20,607
Transfers — To Other Funds[(e)]	(57,650)	(101,814)	(129,620)	--	--
Fines, Escheats and Rents	189,428	165,875	154,288	183,115	220,749
Miscellaneous	177,307	214,700	256,341	257,766	272,825
Refunds of Payments	(61,058)	(59,139)	(69,306)	(37,661)	(74,708)
Federal Grants	1,143,075	2,083,774	1,796,754	1,496,315	1,934,869
Indian Gaming Payments	272,957	255,239	164,141	228,883	248,686
Statutory Transfer to Budget Reserve Fund for Volatility Adjustment	(1,471,333)	(949,681)	(530,316)	(1,241,460)	(3,047,454)
Statutory Transfers To / From Other Funds	245,726	110,200	136,000	227,356	147,421
Total Revenues[(f)]	$ 18,198,550	$ 19,649,862	$ 19,193,540	$ 20,531,419	$ 21,990,857

(a) Personal Income includes withholding of $6,665,752,429 and Estimates and Finals of $2,974,411,405.

(b) Personal Income includes withholding of $6,815,212,581 and Estimates and Finals of $2,582,566,122.

(c) Personal Income includes withholding of $7,243,803,612 and Estimates and Finals of $3,096,633,081.

(d) Personal Income includes withholding of $7,886,242,302 and Estimates and Finals of $4,245,558,091.

(e) Transfer to Pequot/Mohegan Fund.

(f) See Operating Balance on **Appendix II-D-5** for surplus or deficit for each fiscal year.

GENERAL FUND

Statement of Expenditures
Fiscal Year Ended June 30
(In Thousands)

	2018	2019	2020	2021	2022
Legislative	$ 64,433	$ 64,595	$ 69,158	$ 69,727	$ 75,577
General Government					
Executive	10,931	11,168	11,537	11,698	12,145
Financial Administration	560,927	564,793	543,570	551,398	651,650
Legal	75,650	77,309	79,515	83,260	85,905
Total General Government	647,508	653,270	634,622	646,356	749,700
Regulation and Protection of Persons and Property					
Public Safety	178,481	184,210	195,897	204,080	212,845
Regulative	81,354	88,211	84,679	80,025	90,838
Total Regulation and Protection	259,835	272,421	280,576	284,105	303,683
Conservation and Development					
Agriculture	10,940	12,550	12,392	13,316	14,358
Environment	56,279	52,898	51,060	54,015	56,836
Historical Sites, Commerce and Industry	113,928	104,722	108,157	122,145	161,905
Total Conservation and Development	181,147	170,170	171,609	189,476	233,099
Health and Hospitals					
Public Health	64,087	65,650	67,570	68,396	76,953
Developmental Services	505,027	520,040	514,989	543,884	559,262
Mental Health	594,337	608,483	620,331	631,292	640,158
Total Health and Hospitals	1,163,451	1,194,173	1,202,890	1,243,572	1,276,373
Human Services	4,291,893	4,311,722	4,356,788	4,257,971	4,444,984
Education, Libraries and Museums					
Department of Education	3,083,629	3,232,087	3,238,749	3,265,830	3,349,271
University of Connecticut	308,922	317,363	327,486	394,370	421,975
Higher Education and the Arts	36,904	35,815	37,237	35,593	38,252
Libraries	8,399	8,435	8,272	8,798	9,011
Teachers' Retirement	1,292,213	1,313,515	1,240,227	1,281,216	1,468,617
Community—Technical Colleges	146,025	143,053	143,847	151,803	201,442
State University	148,450	158,131	158,829	166,236	209,052
Total Education, Libraries and Museums	5,024,542	5,208,399	5,154,647	5,303,846	5,697,620
Corrections	1,382,304	1,410,967	1,429,124	1,412,659	1,305,228
Judicial	528,902	557,067	574,735	580,979	606,544
Non-Functional					
Debt Service	2,284,706	2,554,610	2,204,512	2,219,492	2,328,964
Miscellaneous	2,781,988	2,851,256	3,109,973	3,228,021	3,629,730
Total Non-Functional	5,066,694	5,405,866	5,314,485	5,447,513	5,958,694
Totals	18,610,709	19,248,650	19,188,634	19,436,204	20,651,502
Total Expenditures[(a)]	$18,610,709	$19,248,650	$19,188,634	$19,436,204	$20,651,502

(a) See Operating Balance on **Appendix II-D-5** for surplus or deficit for each fiscal year.

NOTE: Totals may not add due to rounding.

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APPENDIX II-E

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APPENDIX –II-E

GENERAL FUND REVENUES AND EXPENDITURES
ADOPTED BUDGET AND FINANCIAL RESULTS FOR FISCAL YEAR 2022 AND
ADOPTED and estimated BUDGET FOR FISCAL YEAR 2023
(In Millions)

	Adopted Budget Fiscal Year 2022[e]	**Financial Results Fiscal Year 2022[f]**	**Revised Adopted Budget Fiscal Year 2023[g]**	**Estimated Budget Fiscal Year 2023[h]**
Revenues				
Taxes				
Personal Income Tax	$ 10,361.0	$ 12,131.8	$ 11,707.1	$ 11,832.1
Sales & Use	4,274.6	4,818.1	4,777.6	5,057.6
Corporation	1,115.6	1,401.2	1,294.2	1,381.7
Pass-Through Entity Tax	1,485.8	2,307.6	1,957.3	1,957.3
Public Service	262.4	295.7	277.0	287.0
Inheritance & Estate	164.4	220.2	150.2	210.2
Insurance Companies	239.9	241.0	243.1	243.1
Cigarettes	322.9	326.7	308.1	293.1
Real Estate Conveyance	267.4	384.5	290.4	290.4
Alcoholic Beverages	76.6	78.9	78.0	78.0
Admissions and Dues	27.3	41.0	27.2	27.2
Health Provider Tax	974.7	955.1	973.8	955.7
Miscellaneous	62.0	96.7	66.5	26.5
Total Taxes	$ 19,634.6	$ 23,298.4	$ 22,150.5	$ 22,639.9
Less Refunds of Taxes	(1,571.7)	(1,811.2)	(1,952.4)	(1,827.4)
Less Earned Income Tax	(173.4)	--	(143.8)	(143.8)
Less R&D Credit Exchange	(6.6)	(5.8)	(7.3)	(7.3)
Net Taxes	$ 17,882.9	$ 21,481.4	$ 20,047.0	$ 20,661.4
Other Revenues				
Transfers- Special Revenues	$ 387.4	$ 395.0	$ 402.2	$ 392.2
Indian Gaming Payments	246.0	248.7	251.8	259.9
Licenses, Permits, Fees	352.1	368.6	327.5	327.5
Sales of Commodities & Services	25.9	22.8	23.9	11.9
Rents, Fines & Escheats	160.0	220.7	163.3	163.3
Investment Income	6.6	20.6	4.8	185.0
Miscellaneous	245.4	272.8	224.9	233.4
Less Refunds of Payments	(72.6)	(74.7)	(63.8)	(63.8)
Total Other Revenue	$ 1,350.8	$ 1,474.6	$ 1,334.6	$ 1,509.4
Other Sources				
Federal Grants	$ 1,851.9	$ 1,934.9	$ 2,059.0	$ 2,210.1
Transfers from Tobacco Settlement Funds	126.2	126.2	122.1	110.1
Transfers (to)/from Other Funds[a]	778.8	21.2	673.0	581.0
Transfers to BRF – Volatility Adjustment[b]	(969.2)	(3,047.5)	(1,847.5)	(1,847.5)
Total Other Sources	$ 1,787.7	$ (965.2)	$ 1,006.6	$ 1,053.7
Total Budgeted Revenue[c]	$ 21,021.3	$ 21,990.9	$ 22,388.2	$ 23,224.5
Revenue Cap Deduction	(210.2)	--	(279.9)	--
Total Available Revenue	$ 20,811.1	$ 21,990.9	$ 22,108.3	$ 23,224.5

	Adopted Budget Fiscal Year 2022[(e)]	Financial Results Fiscal Year 2022[(f)]	Revised Adopted Budget Fiscal Year 2023[(g)]	Estimated Budget Fiscal Year 2023[(h)]
Appropriations/ Expenditures				
Legislative	$ 88.5	$ 75.6	$ 90.0	$ 83.7
General Government	811.0	749.7	1,084.5	964.3
Regulation & Protection	298.2	303.7	373.7	323.0
Conservation & Development	184.3	233.1	130.6	199.9
Health & Hospitals	1,287.4	1,276.4	1,370.0	1,467.9
Human Services	4,618.0	4,445.0	4,983.5	4,915.7
Education, Libraries & Museums	5,556.7	5,697.6	5,871.1	5,974.6
Corrections	1,416.3	1,305.2	1,430.9	1,540.6
Judicial	629.6	606.5	658.3	668.3
Non- Functional				
Debt Service	2,436.0	2,383.6	2,572.4	2,568.2
Miscellaneous	3,474.2	3,575.1	3,664.2	3,175.6
Subtotal	$ 20,800.3	$ 20,651.5	$ 22,229.4	$ 21,881.8
Other Reductions and Lapses	(53.9)	78.1	(140.2)	0.0
Net Appropriations/ Expenditures	$ 20,746.4	$ 20,729.6	$ 22,089.2	$ 21,881.8
Surplus (or Deficit) from Operations	64.7	1,261.3	19.1	1,342.7
Miscellaneous Adjustments	--	--	--	--
Balance[(d)]	$ 64.7	$ 1,261.3	$ 19.1	$ 1,342.7

NOTE: Columns may not add due to rounding.

(a) Includes transfers to the Mashantucket Pequot Fund for grants to towns.

(b) CGS Section 4-30a requires that any amount in Estimates and Finals and Pass-Through Entity revenue above $3,404.9 million in Fiscal Year 2021, $3,510.4 million in Fiscal Year 2022 and $3,614.4 million in Fiscal Year 2023 shall be transferred to the Budget Reserve Fund.

(c) Does not include revenues or expenditures with respect to Restricted Accounts and Federal & Other Grants, which are not included in this Appendix. The amount of such expenditures is generally the same as the amount of grants received.

(d) Per CGS Section 4-30a, after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus or deficit in said fund, after any amounts required by provision of law to be transferred for other purposes have been deducted, the amount of such surplus or deficit shall be transferred by the State Treasurer to/from the Budget Reserve Fund.

(e) Per Special Act No. 21-15 of the 2021 Session of the General Assembly. See also **STATE GENERAL FUND – Budget for Fiscal Years 2022 and 2023**. Does not include budget adjustments made pursuant to Public Act No. 22-18. See **STATE GENERAL FUND – Midterm Budget Revisions for Fiscal Years 2022 and 2023**.

(f) Per the Comptroller's audited statutory basis financial results dated December 15, 2022 and adjusted by the Office of Policy & Management to exclude expenditures of appropriation carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year. See **STATE GENERAL FUND – Fiscal Year 2022 Operations**.

(g) Per Public Act No. 22-118.

(h) Estimates reflect the Office of Policy & Management's January 20, 2023 monthly forecast letter to the State Comptroller as of the period ending December 31, 2022.

NOTE: The information in **Appendix II-E** of this **Information Statement** contains projections and no assurances can be given that subsequent projections or adjustments will not result in changes in the items of revenue and expenditure and in the final result of the operations of the General Fund. Changes may also occur as the result of legislative action adjusting the budget or taking other actions which impact revenues or expenditures.

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