SUPPLEMENT TO

THE OFFICIAL STATEMENT

DATED NOVEMBER 8, 2023 FOR

THE UNIVERSITY OF CONNECTICUT GENERAL OBLIGATION BONDS

CONSISTING OF

$224,540,000 GENERAL OBLIGATION BONDS, 2023 SERIES A
AND
$133,505,000 GENERAL OBLIGATION BONDS, 2023 REFUNDING SERIES A

Supplement Dated November 20, 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 November 8, 2023 Official Statement is hereby supplemented as follows:

1. The information under caption "***Consensus Revenue Estimates***" under the heading "**Forecasted Operation**" under the section "**STATE GENERAL FUND**" in **Part II** is supplemented with the following information:

   Pursuant to CGS Section 2-36c, on November 13, 2023, OPM and OFA issued their consensus revenue estimate for the current biennium and the next three ensuing fiscal years as follows:

   General Fund Consensus Revenue Estimate
   (in Millions)

Fiscal Year:	**2024**	**2025**	**2026**	**2027**	**2028**
Revenue Estimate November 13, 2023	$22,529.7	$23,089.1	$23,482.5	$24,032.4	$24,670.7

   The State expects to issue revisions to the consensus revenue estimate on January 15, 2024. There is no assurance that such estimates will not differ from the prior estimates. 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 year.

2. Appendix II-C to the Official Statement is hereby replaced in its entirety with the document entitled "APPENDIX II-C" which may be found at https://emma.msrb.org/P31449256-P21283132-P31537767.pdf and is hereby incorporated into this Supplement and the Official Statement by such reference.

   Appendix II-C has been updated to reflect (i) an updated audit opinion dated as of February 24, 2023 except as to Note 13, which is as of March 22, 2023, (ii) rounding changes and (iii) changes to the Employment Security column in the Statement of Cash Flows Proprietary Funds as described below:

   - The Proprietary Funds Statement of Cash Flows on page II-C-42: The Net Cash Provided by Operating Activities for the Employment Security Fund was changed from $562,668 to $112,005. The change did not affect any related balances presented elsewhere in the financial statements.

This Supplement is an integral part of the November 8, 2023 Official Statement. Investors should read this Supplement together with the November 8, 2023 Official Statement to obtain information essential to making an informed investment decision. Except as supplemented by this Supplement, the Official Statement continues to speak as of November 8, 2023.

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

$358,045,000
UNIVERSITY OF CONNECTICUT
GENERAL OBLIGATION BONDS

consisting of

$224,540,000 General Obligation Bonds, 2023 Series A	**$133,505,000 General Obligation Bonds, 2023 Refunding Series A**

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

The University of Connecticut General Obligation Bonds, 2023 Series A (the "2023 Series A Bonds") and the University of Connecticut General Obligation Bonds, 2023 Refunding Series A (the "2023 Refunding Series A Bonds" and, collectively with the 2023 Series A Bonds, the "2023 Bonds") are general obligations of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State") for which the University's full faith and credit are pledged and are issued pursuant to Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, as amended (the "UConn 2000 Act") and the General Obligation Master Indenture of Trust, dated as of November 1, 1995, by and between the University and U.S. Bank Trust Company, National Association, as successor trustee thereunder (the "Trustee") as supplemented by certain supplemental indentures, including the Twenty-fourth Supplemental Indenture, dated as of May 1, 2019, and the Thirtieth Supplemental Indenture, dated as of November 1, 2023 (collectively, the "Indentures"), for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The 2023 Bonds are additionally secured by a pledge of and payable from amounts of the State Debt Service Commitment equal to the interest and principal due on the 2023 Bonds appropriated out of the resources of the State's General Fund and mandated and obligated to be paid by the State Treasurer to U. S. Bank Trust Company, National Association (successor to U.S. Bank National Association, State Street Bank and Trust Company and Fleet National Bank of Connecticut) as the Trustee under the Indentures, when due. In the opinions of Pullman & Comley, LLC, Hartford, Connecticut, Lead Bond Counsel to the University ("Lead Bond Counsel") and Hawkins Delafield & Wood LLP, Hartford, Connecticut, Co-Bond Counsel to the University ("Co-Bond Counsel"), such appropriation, mandate and obligation of payment from the State's General Fund are valid and do not require further legislative approval.

The issuance of the 2023 Bonds by the University does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation. The University has no taxing power. See "NATURE OF OBLIGATION AND SOURCE OF REPAYMENT" herein.

The 2023 Bonds are issuable only as fully-registered bonds, without coupons, and when issued will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2023 Bonds. Purchases of the 2023 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the 2023 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners (as defined herein) of the 2023 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the 2023 Bonds will be paid directly to DTC by the Trustee, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. Interest on the 2023 Bonds will be payable semiannually on February 15 and August 15 in each year, commencing on February 15, 2024.

Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

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

The 2023 Series A Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinions of Lead Bond Counsel and Co-Bond Counsel (collectively, "Bond Counsel"), rendered in reliance upon and assuming the accuracy of and continuing compliance by the University and the State Treasurer with their representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law or existing statutes and court decisions, as applicable, (i) interest on the 2023 Bonds is excluded from gross income of the owners thereof under Section 103 of the Code, and (ii) is not treated as a preference item for purposes of calculating the alternative minimum tax under the Code however, such interest is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. See "Tax Matters" herein.

In the opinions of Bond Counsel, under existing statutes, interest on the 2023 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.

The 2023 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hardwick Law Firm LLC, Hartford, Connecticut and Dentons US LLP, New York, New York. Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP, Hartford, Connecticut. It is expected that the 2023 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about November 21, 2023.

J.P. MORGAN **LOOP CAPITAL MARKETS**

PIPER SANDLER & CO.	**RBC CAPITAL MARKETS**	**STIFEL**
American Veterans Group, PBC	**Bancroft Capital, LLC**	**Barclays**
Blaylock Van, LLC	**Cabrera Capital Markets LLC**	**Citigroup**
FHN Financial Capital Markets	**Janney Montgomery Scott**	**Multi-Bank Securities, Inc.**
PNC Capital Markets LLC	**Ramirez & Co., Inc.**	**Raymond James**
Rice Financial Products Company	**Roberts & Ryan**	**Siebert Williams Shank & Co., LLC**
TD Securities	**UBS**	**UMB Bank, N.A.**
	Wells Fargo Securities	

November 8, 2023

$358,045,000
UNIVERSITY OF CONNECTICUT

$224,540,000 General Obligation Bonds, 2023 Series A

MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	CUSIP**
8/15/2024	$11,230,000	5.000%	3.590%	9142333M1
8/15/2025	$11,230,000	5.000%	3.520%	9142333N9
8/15/2026	$11,230,000	5.000%	3.430%	9142333P4
8/15/2027	$11,230,000	5.000%	3.380%	9142333Q2
8/15/2028	$11,230,000	5.000%	3.340%	9142333R0
8/15/2029	$11,230,000	5.000%	3.390%	9142333S8
8/15/2030	$11,230,000	5.000%	3.450%	9142333T6
8/15/2031	$11,230,000	5.000%	3.530%	9142333U3
8/15/2032	$11,225,000	5.000%	3.530%	9142333V1
8/15/2033	$11,225,000	5.000%	3.510%	9142333W9
8/15/2034*	$11,225,000	5.000%	3.560%	9142333X7
8/15/2035*	$11,225,000	5.000%	3.640%	9142333Y5
8/15/2036*	$11,225,000	5.000%	3.770%	9142333Z2
8/15/2037*	$11,225,000	5.000%	3.920%	9142334A6
8/15/2038*	$11,225,000	5.000%	4.020%	9142334B4
8/15/2039*	$11,225,000	5.000%	4.140%	9142334C2
8/15/2040*	$11,225,000	5.000%	4.220%	9142334D0
8/15/2041*	$11,225,000	5.000%	4.280%	9142334E8
8/15/2042*	$11,225,000	5.000%	4.330%	9142334F5
8/15/2043*	$11,225,000	5.000%	4.380%	9142334G3

* Priced to the first optional call date of August 15, 2033 assuming redemption at par, but any such redemption shall be at the option of the University.

$133,505,000 General Obligation Bonds, 2023 Refunding Series A

MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	CUSIP**
8/15/2024	$13,370,000	5.000%	3.590%	9142334H1
8/15/2025	$13,435,000	5.000%	3.520%	9142334J7
8/15/2026	$13,405,000	5.000%	3.430%	9142334K4
8/15/2027	$13,365,000	5.000%	3.380%	9142334L2
8/15/2028	$13,325,000	5.000%	3.340%	9142334M0
8/15/2029	$13,335,000	5.000%	3.390%	9142334N8
8/15/2030	$13,340,000	5.000%	3.450%	9142334P3
8/15/2031	$13,325,000	5.000%	3.530%	9142334Q1
8/15/2032	$13,305,000	5.000%	3.530%	9142334R9
8/15/2033	$13,300,000	5.000%	3.510%	9142334S7

** 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 University and are included solely for the convenience of the holders of the 2023 Bonds. The University 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 2023 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023 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 2023 Bonds.

This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or holders of any of the 2023 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 University or 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 2023 Bonds, the Indentures and the resolutions and proceedings of the University and the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the 2023 Bonds, the Indentures and such resolutions.

This Official Statement is submitted only in connection with the sale of the 2023 Bonds and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the University and 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 2023 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 2023 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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CONTENTS OF OFFICIAL STATEMENT

This Official Statement of the University of Connecticut, including the cover page, inside cover page, Part I and Part II, and the Appendices and Schedules thereto, is provided for the purpose of presenting certain information relating to the University in connection with the sale of $358,045,000 aggregate principal amount of its 2023 Bonds.

Part I of this Official Statement, including the cover and inside cover page and the Appendices thereto, contains information relating to the 2023 Bonds. Appendix I-A of this Official Statement contains certain information concerning the University as of its date, except as otherwise provided therein, including sections on Global Health Emergency, Cybersecurity and Climate Risks. 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 and contains supplementary information as of the date hereof. The cover page, inside cover page, Part I, Part II, and the Appendices and Schedules thereto should be read collectively and in their entirety.

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OFFICIAL STATEMENT
relating to

$358,045,000
UNIVERSITY OF CONNECTICUT

$224,540,000 General Obligation Bonds, 2023 Series A
$133,505,000 General Obligation Bonds, 2023 Refunding Series A

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the inside cover page, the appendices and schedules attached hereto, is provided for the purpose of presenting certain information in connection with the offering and sale of $224,540,000 General Obligation Bonds, 2023 Series A (the "2023 Series A Bonds") and $133,505,000 General Obligation Bonds, 2023 Refunding Series A (the "2023 Refunding Series A Bonds" and, collectively with the 2023 Series A Bonds, the "2023 Bonds") of the University of Connecticut (the "University"). The 2023 Bonds are authorized pursuant to the University of Connecticut 2000 Act, Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, Revision of 1958 as amended ("the Act" or the "UConn 2000 Act") and are authorized, issued and secured under the provisions of a General Obligation Master Indenture of Trust, dated as of November 1, 1995 (the "Master Indenture"), as supplemented and amended by certain supplemental indentures, including the Twenty-fourth Supplemental Indenture dated as of May 1, 2019 (the "Twenty-fourth Supplemental Indenture") and the Thirtieth Supplemental Indenture, dated as of November 1, 2023 (the "Thirtieth Supplemental Indenture"). The Master Indenture and supplements thereto, including the Thirtieth Supplemental Indenture, are collectively referred to herein as the "Indentures." All series of bonds that have been issued under the Master Indenture are herein called the "Bonds" or "General Obligation Bonds." The Indentures were each approved by the Board of Trustees of the University (the "Board") and entered into with U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association, State Street Bank and Trust Company and Fleet National Bank of Connecticut) of Hartford, Connecticut, as Trustee thereunder.

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

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-two year capital budget program in three phases, at a total estimated cost of $4,644,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health, and was amended in 2002 (the "21st Century UConn Act") to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104 which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233 ("Next Generation Connecticut") which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment (the "State Debt Service Commitment") and extended UConn 2000 for an additional six fiscal years to 2024. In 2017, the General Assembly enacted and the Governor signed PA 17-2 which extended UConn 2000 for an additional three fiscal years to 2027 but did not change the total aggregate amount of bonds secured by the State Debt Service Commitment which may be issued for UConn 2000 projects. In 2020, the General Assembly enacted and the Governor signed PA 20-1 which revised the amounts of bonds that UConn could issue in years 2020-2027 inclusive, but did not change the aggregate amount of bonds secured by the State Debt Service Commitment that could be issued. In 2021, the General Assembly enacted and the Governor signed P.A. 21-111 (Regular Session) and P.A. 21-2 (June Special Session) that together increased both the estimated costs of certain projects and the amount of bonds secured by the State Debt Service Commitment that may be issued. In 2023, the General Assembly enacted and the Governor signed P.A. 23-1 (Regular Session) that decreased the amount of bonds secured by the State Debt Service Commitment that may be issued for fiscal year 2025 by $12,000,000.

The Act provides for a plan of financing UConn 2000 projects with $4,295,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" below. The balance of the estimated cost of UConn 2000 projects which is not authorized by the Act to be financed by the University's general obligation bonds secured by the State Debt Service Commitment may instead be paid with the proceeds of special obligation bonds ("Special Obligation Bonds") of the University, general obligation bonds of the State ("State General Obligation Bonds") or with gifts or other revenue or borrowing resources of the University. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below. As of the date of delivery of the 2023 Bonds, the University will have outstanding $1,741,610,000 of its General Obligation Bonds (including the 2023 Bonds) secured by the State Debt Service Commitment, $271,540,000 of its Special Obligation Bonds (including its Special Obligation Bonds expected to be issued on November 21, 2023) and $11,703,517 of its Governmental Lease Purchase Agreement, the proceeds of which have funded or will fund UConn 2000 projects. See Appendix I-A, "UNIVERSITY FINANCES - University Indebtedness."

The 2023 Series A Bonds represent the thirty-seventh series of General Obligation Bonds being issued pursuant to the Act and the Master Indenture (including twelve series of refunding bonds) and it is the first series of bonds to be issued pursuant to the Thirtieth Supplemental Indenture. On June 28, 2023, the University's Board of Trustees approved the Thirtieth Supplemental Indenture and submitted it to the Governor on July 26, 2023. The Thirtieth Supplemental Indenture was deemed approved by the Governor on August 25, 2023 authorizing the issuance of General Obligation Bonds in the maximum amount of $84,700,000 plus $340,200,000 of the bond authorization carried forward from the Twenty-ninth Supplemental Indenture that remained unissued. To date, $4,228,900,000 of the University's general obligation bonds have been authorized to be issued for UConn 2000 projects pursuant to the Indentures, of which (i) $4,044,000,000 (representing the aggregate principal amount of General Obligation Bonds issued to date, including the 2023 Series A Bonds, minus amounts to finance costs of issuance and plus a portion of the original issue premium of certain of such Bonds), has been deposited to the Construction Account for UConn 2000 projects; and (ii) $184,900,000 of such general obligation bonds remains authorized to be issued for UConn 2000 projects following the issuance of the 2023 Bonds. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM."

The 2023 Refunding Series A Bonds represent the thirty-eighth series of General Obligation Bonds being issued pursuant to the Act and the Master Indenture (and the thirteenth series of refunding bonds) and the third series of bonds issued pursuant to the Twenty-fourth Supplemental Indenture. See "PLAN OF REFUNDING" herein.

Separate from the 2023 Bonds, the University expects to issue its $97,140,000 Special Obligation Student Fee Revenue Bonds, 2023 Series A, on November 21, 2023.

All references herein to the Act, the Indentures and the Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms have the meaning given to them in this Official Statement, including Appendix I-C of Part I hereof.

In making an investment decision with respect to the 2023 Bonds, investors should consider carefully the information in this Official Statement, including Appendix I-A to this Official Statement.

NATURE OF OBLIGATION AND SOURCE OF REPAYMENT

In General

The Bonds (including the 2023 Bonds) are general obligations of the University for the payment of which, in accordance with their terms, the full faith and credit of the University are pledged. The 2023 Bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment.

Full Faith and Credit of the University

The 2023 Bonds are general obligations of the University for which its full faith and credit are pledged and are payable from all Assured Revenues. Assured Revenues, as more particularly defined by the Act and Master Indenture, include general revenues from fees, tuition and other like charges, grants and gifts, all to the extent not otherwise pledged, as well as annual State appropriations for operating expenses and the annual amounts of the State Debt Service Commitment. Assured Revenues do not include patient revenues or any other revenues derived from clinical operations of the University.

Under the Master Indenture, the University has reserved the right and expects to issue Additional Bonds to finance UConn 2000 projects secured by the State Debt Service Commitment upon the terms and conditions set forth therein (See Appendix I-B, "EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST"). The Act currently limits the maximum amount of bonds so secured by the State Debt Service Commitment to $4,295,900,000, exclusive of any amounts borrowed to refund such bonds, plus amounts necessary to finance Costs of Issuance on each series of bonds.

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

The covenants of the University with respect to the Bonds are set forth in the Master Indenture. The Act provides for, and the Master Indenture includes, remedies available to the Trustee for protection and enforcement of any and all rights granted under the financing provisions of the Act, including by mandamus to enforce and compel performance of any duty required to be performed by any officer of the State mentioned in said provisions (including the Treasurer) and the University. See Appendix I-B, "EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST."

As required by the Act, the form of the Master Indenture for the Bonds issued to finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects secured by the State Debt Service Commitment was approved by the State Bond Commission on December 21, 1995. After the enactment of the 21st Century UConn Act, the Master Indenture was amended to provide for the financing of UConn

2000 Phase III Projects. As required by the Act, the form of the conformed Master Indenture was approved by the State Bond Commission on December 19, 2003.

As required by the Act, the Board of Trustees' resolution approving each Supplemental Indenture for the issuance of bonds must be submitted to the Governor. The Governor may, not later than thirty (30) days after such submission, disapprove the same by notifying the Board of Trustees of such disapproval and the reasons for it. If the Governor does not act within thirty (30) days, the resolution is deemed approved. The resolution approving the issuance of general obligation bonds and the Thirtieth Supplemental Indenture was submitted to the Governor on July 26, 2023 and was deemed approved by the Governor on August 25, 2023. The resolution approving the issuance of refunding bonds and the Twenty-fourth Supplemental Indenture was submitted to the Governor on August 3, 2017 and approved by the Governor on August 25, 2017. The Thirtieth Supplemental Indenture authorized the issuance of general obligation bonds in an amount not to exceed $84,700,000 for Fiscal Year 2023-2024 and carried forward $340,200,000 of the bond authorization from the Twenty-ninth Supplemental Indenture that remained unissued, thus increasing the amount of general obligation bonds authorized by the Thirtieth Supplemental Indenture to $424,900,000 of which $184,900,000 will be authorized and unissued following the issuance of the 2023 Series A Bonds.

Pursuant to the Act, the Bonds, including the 2023 Bonds, do not constitute a debt or liability of the State or any municipality thereof and neither the faith and credit nor taxing power of the State or any municipality is pledged to the payment of principal of or interest on the 2023 Bonds. The issuance of the 2023 Bonds by the University does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation to the payment of principal of or interest on the 2023 Bonds. The University has no taxing power.

Pursuant to P.A. 17-2, any calculation under Section 3-21 in connection with the State indebtedness does not include any general obligation bonds issued to finance UConn 2000.

The University under the Master Indenture has reserved the right to pledge and place a lien upon particular Assured Revenues, other than the State Debt Service Commitment, to secure obligations, other than the Bonds secured by the State Debt Service Commitment, issued to finance UConn 2000 or other University projects. See Appendix I-B, "EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST."

State Debt Service Commitment

The State Debt Service Commitment is defined by the Act and the Indentures as the commitment by the State to pay an annual amount for the punctual payment of Special Debt Service Requirements on securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal on serial Bonds or sinking fund installments on term Bonds (the "Principal Installments") and interest accruing thereon.

As part of the contract of the State with the holders of the Bonds, including the 2023 Bonds, the Act provides that appropriation of all amounts of the State Debt Service Commitment shall be made out of the resources of the General Fund of the State and that the Treasurer of the State (the "Treasurer") shall pay such amount in each fiscal year to the paying agent on the bonds so secured or otherwise as the Treasurer shall provide. The Master Indenture provides for such amount to be deposited by the Treasurer directly to the Trustee for deposit into the Debt Service Fund on or before the Interest Payment Date with respect to interest, and the Principal Installment Date with respect to principal or sinking fund installments, on any Bonds.

In the opinions of Pullman & Comley, LLC, Lead Bond Counsel to the University ("Lead Bond Counsel") and Hawkins Delafield & Wood LLP, Co-Bond Counsel to the University ("Co-Bond Counsel"), the State has validly appropriated all amounts of the State Debt Service Commitment and the

Treasurer has the duty and is validly mandated and obligated to pay such amounts to the Trustee, and such appropriation and mandate and obligation of payment do not require further legislative approval.

The Master Indenture provides that the Bonds shall be secured by the pledge of and a lien upon the Trust Estate which includes the proceeds of the Bonds, the Debt Service Fund (including moneys on deposit in or payable thereto) and the Redemption Fund. The Indentures provide for the pledge of and a lien upon the State Debt Service Commitment.

The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the 2023 Bonds and, accordingly, is not planning to budget any of the other Assured Revenues for the payment of the Bonds, including the 2023 Bonds.

State Covenants

Pursuant to the Act, the State covenants with holders of any securities issued under the Act, in consideration of the acceptance of and payment for the securities until the securities, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the University with or for the benefit of such owners, that the State: (1) will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such securities, other than a lien or pledge created thereon pursuant to the Act; and (2) will not in any way impair the rights, exemptions or remedies of the owners. In addition, pursuant to the Act, the State covenants and the University is authorized to include and has included the following State covenant in the Master Indenture as a contract of the State that the State will not limit or alter the rights vested in the University by the Master Indenture and the Act until the Bonds, together with the interest thereon, are fully met and discharged and such contracts (the Master Indenture and the Bonds) are fully performed on the part of the University; provided nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such Bonds of the University.

DESCRIPTION OF THE 2023 SERIES A BONDS

In General

The 2023 Series A Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000 or any integral multiple thereof.

The 2023 Series A Bonds

The 2023 Series A Bonds will be dated the date of delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts as set forth on the inside cover page of this Official Statement. Interest on the 2023 Series A Bonds will be paid semiannually on February 15 and August 15 in each year, commencing on February 15, 2024. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of the month preceding an Interest Payment Date, or if such day shall not be a Business Day, the immediately preceding Business Day.

Principal of and interest on the 2023 Series A Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank Trust Company, National Association, Hartford, Connecticut, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See "BOOK-ENTRY-ONLY SYSTEM."

Optional Redemption. The 2023 Series A Bonds maturing on or after August 15, 2034 will be subject to redemption prior to their maturity, at the election of the University upon the direction of the Treasurer at any time, on or after August 15, 2033, in whole or in part on any date (each herein the "Redemption Date") from time to time, and in such maturity or maturities (but by lot within a maturity among bonds bearing the same interest rate) as the Treasurer shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

Notice of Redemption. Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the redemption date, by first-class mail, to the registered owner of such bond at such Bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose. Such notice may be conditioned upon receipt by the Trustee on or before the redemption date of money sufficient to pay the Redemption Price of the 2023 Series A Bonds to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, and upon the satisfaction of any other conditions precedent to such redemption set forth in such notice. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2023 Series A Bonds, all notices of redemption will be sent only to DTC.

DESCRIPTION OF THE 2023 REFUNDING SERIES A BONDS

In General

The 2023 Refunding Series A Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000 or any integral multiple thereof.

The 2023 Refunding Series A Bonds

The 2023 Refunding Series A Bonds will be dated the date of delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts as set forth on the inside cover page of this Official Statement. Interest on the 2023 Refunding Series A Bonds will be paid semiannually on February 15 and August 15 in each year, commencing on February 15, 2024. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of the month preceding an Interest Payment Date, or if such day shall not be a Business Day, the immediately preceding Business Day.

Optional Redemption. The 2023 Refunding Series A Bonds are not subject to redemption prior to maturity.

Principal of and interest on the 2023 Refunding Series A Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Hartford, Connecticut, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See "BOOK-ENTRY-ONLY SYSTEM."

PLAN OF REFUNDING

The 2023 Refunding Series A Bonds are being issued to currently refund all or a portion of selected maturities of the University of Connecticut General Obligation Bonds, 2013 Series A (the "2013 Refunded Bonds") and the University of Connecticut General Obligation Bonds, 2014 Series A (the "2014 Refunded Bonds" and together with the 2013 Refunded Bonds, the "Refunded Bonds"). The University and the Treasurer reserve the right to refund all, a portion or none of the Refunded Bonds. The refunding of the Refunded Bonds is contingent upon delivery of the 2023 Refunding Series A Bonds.

Refunded Bonds

Bond	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
General Obligation Bonds, 2013 Series A					
	8/15/2024	$8,635,000	5.000%	2/16/2024	100.000
	8/15/2025	$8,635,000	5.000%	2/16/2024	100.000
	8/15/2026	$8,635,000	5.000%	2/16/2024	100.000
	8/15/2027	$8,630,000	5.000%	2/16/2024	100.000
	8/15/2028	$8,630,000	5.000%	2/16/2024	100.000
	8/15/2029	$8,630,000	4.000%	2/16/2024	100.000
	8/15/2030	$8,630,000	5.000%	2/16/2024	100.000
	8/15/2031	$4,980,000	4.125%	2/16/2024	100.000
	8/15/2031	$3,650,000	5.000%	2/16/2024	100.000
	8/15/2032	$8,630,000	5.000%	2/16/2024	100.000
	8/15/2033	$8,630,000	4.250%	2/16/2024	100.000

Bond	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
General Obligation Bonds, 2014 Series A					
	2/15/2025	$5,455,000	3.000%	2/16/2024	100.000
	2/15/2026	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2027	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2028	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2029	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2030	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2031	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2032	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2033	$5,450,000	5.000%	2/16/2024	100.000
	2/15/2034	$5,450,000	5.000%	2/16/2024	100.000

Upon delivery of the 2023 Refunding Series A Bonds, a portion of the proceeds of the 2023 Refunding Series A Bonds will be deposited in the Redemption Fund pursuant to the Indenture. From the Redemption Fund a portion of such proceeds will be transferred and placed in escrow with U.S. Bank Trust Company, National Association (the "Escrow Agent"), under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be dated November 21, 2023 between the Escrow Agent and the University. The Escrow Agent will deposit in an irrevocable trust fund called the Escrow Deposit Fund (the "Escrow Deposit Fund") $142,330,161.01 of the proceeds of the 2023 Refunding Series A Bonds, which will be used to purchase (i) non-callable direct obligations of the United States of America, (ii) non-callable obligations guaranteed by the United States of America, including State and Local Government Series Securities or (iii) certificates that evidence ownership of the right to payments of principal or interest on obligations described in (i) or (ii) above (the "Government Obligations"), the principal of and interest on which, when due, along with the uninvested cash amounts, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal and premium of, and interest on the Refunded Bonds will be irrevocably deposited by the University in the Escrow Deposit Fund for payment of the Refunded Bonds.

SOURCES AND USES OF PROCEEDS OF THE 2023 BONDS

The University expects to apply the proceeds from the sale of the 2023 Bonds as follows:

Sources

Par Amount of the 2023 Series A Bonds	$224,540,000.00
Par Amount of the 2023 Refunding Series A Bonds	$133,505,000.00
Original Issuance Premium of the 2023 Series A Bonds	$16,724,159.65
Original Issuance Premium of the 2023 Refunding Series A Bonds	$9,457,859.80
Total Sources	$384,227,019.45

Uses

Construction Account	$240,000,000.00
Deposit to Redemption Fund	$142,330,161.01
Costs of Issuance Account for the 2023 Series A Bonds	$315,274.90
Costs of Issuance Account for the 2023 Refunding Series A Bonds	$187,365.20
Underwriters' Discount for the 2023 Series A Bonds	$948,884.75
Underwriters' Discount for the 2023 Refunding Series A Bonds	$445,333.59
Total Uses	$384,227,019.45

Pursuant to the Master Indenture, amounts in the Construction Account may be invested by the Trustee at the direction of the University with the consent of the Treasurer, and amounts in the Costs of Issuance Accounts may be invested by the Treasurer, in such Investment Obligations as permitted by the Master Indenture and paragraph (f) of Section 3-20 of the Connecticut General Statutes, as amended. Amounts deposited to the Redemption Fund shall be used to fund an irrevocable escrow to refund the Refunded Bonds pursuant to the terms of the Escrow Deposit Agreement.

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of interest and other payments on the 2023 Bonds to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2023 Bonds, confirmation and transfer of beneficial ownership interests in the 2023 Bonds and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2023 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the University, the State and the Trustee do not and cannot make any representation concerning these matters.

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023 Series A Bond certificate and one 2023 Refunding Series A Bond certificate will be issued for each maturity of the 2023 Series A Bonds and the 2023 Refunding Series A Bonds, respectively, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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"). 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 the 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2023 Bonds, except in the event that use of the book-entry system for a series of the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 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 2023 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 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 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. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity of the 2023 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023 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 Trustee 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 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption prices on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent, the University or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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 2023 Bonds at any time by giving reasonable notice to the University or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2023 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Bond certificates will be printed and delivered to DTC.

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

DTC PRACTICES

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

The University, the State, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2023 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2023 Bonds, giving any notice permitted or required to be given to registered owners under the Indentures, registering the transfer of the 2023 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The University, the State, the Trustee and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2023 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the University (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2023 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the University; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2023 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2023 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2023 Bonds (other than under the captions "Tax Matters" and "Continuing Disclosure Undertaking" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2023 Bonds.

The information in this section concerning DTC and DTC's practices has been obtained from sources that the University believes to be reliable, but none of the University, the State nor the Trustee take any responsibility for the accuracy thereof.

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2023 Bonds.

Principal and Interest Payments. Principal of the 2023 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2023 Bonds will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of $1,000,000 or more in aggregate principal amount of 2023 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2023 Bonds, and, upon presentation of 2023 Bonds for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2023 Bonds. Any 2023 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2023 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2023 Bond shall be surrendered for transfer, the University shall execute and the Trustee shall authenticate and deliver a new 2023 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2023 Bond during the period fifteen (15) days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or University in connection with such exchange.

UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM

Introduction

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-two year capital budget program in three phases, that is estimated to cost $4,644,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health, and was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104, which increased the estimated cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233, Next Generation Connecticut, which authorized additional projects, increased the estimated cost of certain projects, increased the authorized funding amount for bonds secured by the State Debt Service Commitment and extended UConn 2000 for an additional six fiscal years to 2024. In 2017, the General Assembly enacted and the Governor signed P.A. 17-2 which further extended UConn 2000 for an additional three fiscal years to 2027 but did not increase the total amount of bonds secured by the State Debt Service Commitment which may be issued by the Board of Trustees for the UConn 2000 projects. In 2020, the General Assembly enacted and the Governor signed P.A. 20-1 which reallocated the fiscal year amounts of bonds secured by the State Debt Service Commitment that UConn could issue in years 2020-2027 inclusive, but did not change the aggregate amount of bonds secured by the State Debt Service Commitment that could be issued. In 2021, the General Assembly enacted and the Governor signed P.A. 21-111 (Regular Session) and P.A. 21-2 (June Special Session) that together increased both the estimated costs of certain projects and increased the amount of bonds secured by the State Debt Service Commitment that may be issued. In 2023, the General Assembly enacted and the Governor signed P.A. 23-1 (Regular Session) that decreased the amount of bonds secured by the State Debt Service Commitment that may be issued for fiscal year 2025 and in the aggregate by $12,000,000.

UConn 2000 is to be funded in part by the issuance of $4,295,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. See "NATURE OF OBLIGATION AND SOURCE OF REPAYMENT." Of this amount, $4,044,000,000, representing the aggregate principal amount of the University's General Obligation Bonds issued to date under the Indentures (including the 2023 Series A Bonds), plus a portion of the original issue premium minus costs of issuance of such Bonds, has been deposited to the Construction Account for UConn 2000 projects to fund UConn 2000 projects. The balance of the estimated cost of UConn 2000 projects which is not to be financed by the University's general obligation bonds secured by the State Debt Service Commitment may be funded by the issuance of the University's Special Obligation Bonds, other University debt obligations, State General Obligation Bonds or by gifts or other revenue or borrowing resources of the University.

As of the date of delivery of the 2023 Bonds, the University has issued the following General Obligation Bonds, Special Obligation Bonds, Governmental Lease Purchase Agreements and a Promissory Note pursuant to the UConn 2000 Act (including the 2023 Bonds and the Special Obligation Bonds expected to be issued on November 21, 2023). For details of outstanding UConn 2000 debt, see Appendix I-A, "UNIVERSITY FINANCES – University Indebtedness."

UCONN 2000 DEBT OBLIGATIONS

A. UConn 2000 General Obligation Bonds – Issued Amounts

	Issue Date	Original Par Amount	(OID)/OIP[1]	Construction Account Deposit
1996 Series A Bonds	2/21/1996	$83,929,715	$(274,931)	$82,606,220
1997 Series A Bonds	4/24/1997	124,392,432	(2,319,590)	121,080,861
1998 Series A Bonds	6/24/1998	99,520,000	634,629	99,280,000
1999 Series A Bonds	4/08/1999	79,735,000	(45,210)	79,032,919
2000 Series A Bonds	3/29/2000	130,850,000	(120,981)	130,000,000
2001 Series A Bonds	4/11/2001	100,000,000	1,141,140	100,000,000
2002 Series A Bonds	4/18/2002	100,000,000	1,706,295	100,000,000
2003 Series A Bonds	3/26/2003	96,210,000	4,623,183	100,000,000
2004 Series A Bonds	1/22/2004	97,845,000	2,816,971	100,000,000
2005 Series A Bonds	3/16/2005	98,110,000	3,004,101	100,000,000
2006 Series A Bonds	3/15/2006	77,145,000	2,612,437	79,000,000
2007 Series A Bonds	4/12/2007	89,355,000	431,004	89,000,000
2009 Series A Bonds	4/16/2009	144,855,000	6,312,563	150,000,000
2010 Series A Bonds	5/25/2010	97,115,000	8,733,758	105,000,000
2011 Series A Bonds	12/8/2011	179,730,000	21,613,069	200,000,000
2013 Series A Bonds	7/31/2013	172,660,000	17,685,693	189,000,000
2014 Series A Bonds	4/22/2014	109,050,000	11,792,198	120,000,000
2015 Series A Bonds	4/16/2015	220,165,000	31,273,159	250,000,000
2016 Series A Bonds	4/21/2016	261,510,000	40,055,804	300,000,000
2017 Series A Bonds	1/19/2017	311,200,000	40,676,400	350,000,000
2018 Series A Bonds	5/3/2018	276,075,000	25,628,525	300,000,000
2019 Series A Bonds	5/8/2019	174,785,000	26,356,777	200,000,000
2020 Series A Bonds	12/17/2020	160,230,000	40,764,901	200,000,000
2022 Series A Bonds	4/13/2022	227,185,000	34,291,576	260,000,000
2023 Series A Bonds	11/21/2023	224,540,000	16,724,160	240,000,000
Total[2]		**$3,736,192,147**	**$336,117,629**	**$4,044,000,000**

	Issue Date	Original Par Amount	(OID)/OIP[1]	Deposit to Redemption Fund[3]
2004 Series A Refunding Bonds	1/29/2004	$216,950,000	$27,144,300	$247,794,279
2006 Series A Refunding Bonds	3/15/2006	61,020,000	5,103,655	65,472,900
2007 Series A Refunding Bonds	4/12/2007	46,030,000	3,897,620	49,505,477
2010 Series A Refunding Bonds	5/25/2010	36,095,000	2,903,755	38,704,429
2011 Series A Refunding Bonds	12/8/2011	31,905,000	5,183,727	36,841,566
2013 Series A Refunding Bonds	7/31/2013	51,250,000	7,374,396	58,228,911
2014 Series A Refunding Bonds	4/22/2014	92,940,000	7,044,682	99,513,683
2015 Series A Refunding Bonds	4/16/2015	34,625,000	5,860,522	40,279,496
2016 Series A Refunding Bonds	4/21/2016	80,425,000	10,437,499	90,481,693
2017 Series A Refunding Bonds	1/19/2017	33,950,000	3,165,137	36,960,192
2019 Series A Refunding Bonds	5/8/2019	64,680,000	8,496,052	72,813,086
2020 Series A Refunding Bonds	12/17/2020	119,085,000	22,936,137	141,383,770
2023 Series A Refunding Bonds	11/21/2023	133,505,000	9,457,860	142,330,161
Total[2]		**$1,002,460,000**	**$119,005,343**	**$1,120,309,643**

B. UConn 2000 Special Obligation Bonds – Issued Amounts

	Issue Date	Original Par Amount	(OID)/OIP[1]	Construction Account Deposit
1998 Series A Bonds	2/04/1998	$33,560,000	$(888,481)	$30,000,000
2000 Series A Bonds	6/01/2000	89,570,000	(1,159,469)	87,000,000
2002 Series A Bonds	2/14/2002	75,430,000	287,983	72,180,000
2018 Series A Bonds	3/29/2018	141,725,000	16,710,803	152,000,000
2023 Series A Bonds	11/21/2023	97,140,000	3,855,697	100,000,000
Total[2]		**$437,425,000**	**$18,806,533**	**$441,180,000**

	Issue Date	Original Par Amount	(OID)/OIP[1]	Deposit to Redemption Fund[3]
2002 Series A Refunding Bonds	2/27/2002	$96,130,000	$1,747,947	$96,830,821
2010 Series A Refunding Bonds	6/16/2010	47,545,000	4,618,962	51,812,926
2012 Series A Refunding Bonds	12/13/2012	87,980,000	20,655,986	107,670,292
2022 Series A Refunding Bonds	11/15/2022	52,515,000	3,073,700	54,893,565
Total[2]		**$284,170,000**	**$30,096,595**	**$311,207,604**

C. Governmental Lease Purchase Agreement

	Issue Date	Original Par Amount	Project Costs
Governmental Lease Purchase Agreement	12/18/2003	$75,000,000	$75,000,000
Governmental Lease Purchase Agreement	08/15/2005	6,900,000	6,900,000
Total[2]		**$81,900,000**	**$81,900,000**

D. Note

	Issue Date	Original Par Amount	Project Costs
Amended and Restated Promissory Note	7/1/2015	$5,376,713	$5,376,713
Total[3]		**$5,376,713**	**$5,376,713**

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[1] Net OIP and Accrued Interest, if any, may be used to fund the Construction Account or Redemption Fund and to pay for Costs of Issuance.

[2] Totals may not sum due to rounding.

[3] Reflects Bond proceeds deposited to Redemption Fund; total deposits to the Trustee to be held in an Escrow Deposit Fund may include other funds.

The Act

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

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

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

Rate Covenant. The Act contains a rate covenant for the benefit of bondholders and the State wherein the University agrees to charge and collect and increase from time to time, tuition, fees and charges for services provided by the University, which together with other Assured Revenues, such as those from the Minimum State Operating Provision (as hereinafter defined) and the State Debt Service Commitment, shall be sufficient to permit the University to operate and maintain itself as an institution dedicated to excellence in higher education, to operate and maintain the physical University plant in sound operating condition and to cover the Special Debt Service Requirements on Outstanding Bonds.

See Appendix I-B, "EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST."

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

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

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

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

Construction of Projects. The UConn 2000 Infrastructure Improvement Program currently comprises numerous projects ranging in cost from under $1,000,000 to over $800,000,000. UConn 2000 Phase I Projects and UConn 2000 Phase II Projects are located on several of the University's campuses (not including UConn Health), with the preponderance of projects located on the main campus at Storrs. UConn 2000 Phase III Projects include projects for the Storrs and regional campuses as well as several projects located at UConn Health. The University is authorized to assume the responsibility and supervision of any project including preparation of detailed plans and specifications for each project. Subject to applicable law, the University maintains construction standards for all projects, including provisions relating to materials and equipment, and health and safety. The Act provides an expedited permitting process for the issuance of any license, permit, approval and administrative action required in connection with any UConn 2000 project.

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

Comprehensive Plan. The Act provides that the University shall develop a comprehensive plan to guide Next Generation Connecticut investments. The comprehensive plan was adopted by the Board of Trustees on February 24, 2016.

UConn 2000 Reports to the General Assembly. The Act provides for semi-annual reporting on the status and progress of UConn 2000 to certain committees of the General Assembly. In accordance with the Act, the most recent semi-annual report was submitted in July, 2023.

The Act also requires that progress reports regarding the University's achievement of goals set out in the Comprehensive Plan be submitted annually to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education. The most recent report was submitted by the University in January, 2023.

The Act further provides that not later than December 31, 2019, and 5 years thereafter, the University shall conduct an assessment of the University's progress in meeting the purposes set forth and incorporated in the Act for Next Generation Connecticut. The first assessment was submitted by the University on December 20, 2019.

LITIGATION

University

There is no litigation of any nature pending or threatened against the University restraining or enjoining the issue, sale, execution or delivery of the 2023 Bonds, or in any way contesting or affecting the validity of the 2023 Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, the application of the proceeds of the 2023 Bonds or of amounts appropriated as the State Debt Service Commitment out of the resources of the State's General Fund under the UConn 2000 Act for the payment of the 2023 Bonds or the existence or powers of the University.

In May 2020 a claim was filed with the State Office of the Claims Commissioner seeking to file a class action lawsuit against the University for its decision not to refund tuition and certain fees following the move to remote instruction in Spring 2020. As a State institution of higher education, the University is entitled to sovereign immunity, unless waived by the General Assembly or expressly by statute, such as claims founded on any express contract between the University and purchasers and subsequent owners and transferees of securities issued by the University or on any financing documents entered into pursuant to the Act. When sovereign immunity has not been waived either by the General Assembly or expressly by statute, the principle of sovereign immunity acts as a bar to any claim for money damages against the State or its employees. However, the General Assembly has authorized the State's Office of the Claims Commissioner to "authorize suit against the State on any claim which, in the opinion of the Claims Commissioner, presents an issue of law or fact under which the State, were it a private person, could be liable." The Claims Commissioner may dismiss a claim, award damages up to $20,000, recommend to the General Assembly payment of damages in excess of $20,000, or authorize a claimant to sue the State in superior court. The Office of the Attorney General ("OAG") is handling this matter on behalf of UConn. Briefing before the Claims Commissioner commenced in November 2020 in which the OAG has argued the claims should be dismissed on jurisdictional grounds as well as on the merits. In June 2022, the plaintiff filed an amended complaint. Supplemental briefing took place in January 2023. The University is awaiting a decision from the Claims Commissioner. In the event the plaintiffs are allowed to proceed to sue UConn in superior court and succeed on their claims, the judgment would likely be in excess of $5 million.

In addition, the University is defending other various legal matters in State and federal courts. The University's General Counsel and the OAG are of the opinion that none of these legal matters, either individually or in the aggregate, net of applicable reserves and insurance, are likely to have a material adverse impact on the University's financial position. For further information concerning University litigation, see APPENDIX I-A "Insurance and Litigation" on page I-A-26; "Professional Liability, Litigation, and Insurance" on page I-A-35.

State

There is no litigation pending or threatened against the State contesting or affecting the obligation of the State with respect to the State Debt Service Commitment for the payment of the 2023 Bonds. However, the State, its officers and employees are defendants in pending lawsuits. The OAG has reviewed the status of such pending lawsuits. See "LITIGATION" in Part II hereto for a description of such litigation.

Upon delivery of the 2023 Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2023 Bonds, which 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.

COVENANT OF THE STATE

Under the Act, the State has pledged and agreed with the holders of any bonds and notes issued under the Act, including the 2023 Bonds, that the State will not limit or alter the rights vested in the University until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes.

LEGALITY FOR INVESTMENT

The Act provides that the 2023 Bonds shall be legal investments in which public bodies of the State and its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, board of trustees and other fiduciaries, and all other persons whatsoever who are now or may be authorized to invest in securities of the State, may properly and legally invest funds, including capital, in their control, or belonging to them. The 2023 Bonds are also securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision and all municipalities and public corporations for any purpose for which the deposit of securities of the State is now or may be authorized by law.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2023 Bonds are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Lead Bond Counsel to the University, and Hawkins Delafield & Wood LLP, Hartford, Connecticut, as Co-Bond Counsel to the University (collectively referred to herein as “Bond Counsel”). Each Bond Counsel proposes to deliver its approving opinions with respect to the 2023 Bonds substantially in the forms set forth in Appendix I-D1 and Appendix I-D2 hereto. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hardwick Law Firm, LLC, Hartford, Connecticut, and Dentons US LLP, New York, New York (“Underwriters’ Counsel”). Hardwick Law Firm, LLC currently serves as bond counsel to the State in connection with other State bond issues and various other matters. Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP, Hartford, Connecticut.

TAX MATTERS

Opinion of Bond Counsel – Federal Tax Exemption

In the opinion of Bond Counsel, under existing law or existing statutes and court decisions, as applicable, interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the “Code”); however such interest is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. In rendering such opinion, Bond Counsel will rely on certain representations, certifications of fact, and statements of reasonable expectations made by the University, the Treasurer and others in connection with the 2023 Bonds, and Bond Counsel will assume continuing compliance by the University and the Treasurer with certain ongoing covenants relating to certain requirements of the Code to assure the exclusion of interest on the 2023 Bonds from gross income under the Code.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2023 Bonds in order that interest on the 2023 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2023 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2023 Bonds to be included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the 2023 Bonds, the University and the Treasurer will covenant to comply with such applicable requirements of the Code to assure the exclusion of interest on the 2023 Bonds from gross income under the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2023 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a 2023 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2023 Bonds.

Prospective owners of the 2023 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the 2023 Bonds may be taken into account in determining the tax liability of foreign corporations subject to branch profits tax imposed by Section 884 of the Code.

Interest paid on tax-exempt obligations such as the 2023 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the 2023 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Original Issue Premium

The initial public offering prices of certain maturities of the 2023 Bonds may be more than their stated principal amounts (“Premium Bonds”). An initial purchaser who purchases a Premium Bond must amortize bond premium as provided in the applicable Treasury Regulations, and amortized premium reduces the purchaser’s basis in the Premium Bond for federal income tax purposes.

Prospective purchasers of the Premium Bonds should consult with their own tax advisors with respect to the treatment of original issue premium for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding and disposing of a Premium Bond.

State Taxes

In the opinions of Bond Counsel, under existing statutes, interest on the 2023 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 2023 Bonds is includable in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on the 2023 Bonds is also 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.

Owners of the 2023 Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such 2023 Bonds.

Owners of the 2023 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2023 Bonds and the disposition thereof.

General and Post Issuance Events

Except as expressly set forth in "Opinion of Bond Counsel – Federal Tax Exemption" and "State Taxes" above, Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the 2023 Bonds, or the ownership or disposition thereof.

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2023 Bonds, gain from the sale or other disposition of the 2023 Bonds, the market value of the 2023 Bonds, or the marketability of the 2023 Bonds, or otherwise prevent the owners of the 2023 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 2023 Bonds. Such proposals, whether or not enacted, also could adversely affect the market price for, or marketability of, the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their own tax and financial advisors regarding such matters.

The opinion of each Bond Counsel is rendered based on existing law or existing statutes and court decisions, as applicable, as of its date, and Bond Counsel assumes no obligation to update, revise or supplement its opinion to reflect any action theretofore taken or not taken, facts or circumstances that may come to its attention or any changes in law or interpretations thereof that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions. Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2023 Bonds. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the 2023 Bonds.

The discussion above does not purport to address all aspects of federal or state or local taxation that may be relevant to a particular owner of the 2023 Bonds. Prospective owners of the 2023 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2023 Bonds.

RATINGS

The 2023 Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's"), 7 World Trade Center, New York, New York; "AA-" by S&P Global Ratings ("S&P"), 55 Water Street, New York, New York and "AA-" by Fitch Ratings ("Fitch"), One State Street Plaza, New York, New York. Moody's, S&P and Fitch have all assigned a "stable" credit outlook on the University'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 ratings and credit outlooks can be obtained from Moody's, S&P and Fitch, respectively. Such ratings are not intended as a recommendation to buy or own the 2023 Bonds. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any downward revision or withdrawal of any of such ratings on the 2023 Bonds may have an adverse effect on the market price thereof.

CONTINUING DISCLOSURE UNDERTAKING

Section 3-20e of the General Statutes of Connecticut gives the University and the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 as amended (the "Rule"). The University, as issuer of the 2023 Bonds, under the Rule will enter into agreements with the Trustee substantially in the form of the Continuing Disclosure Agreement attached hereto as Appendix I-E to this Part I, one for the 2023 Series A Bonds and one for the 2023 Refunding Series A Bonds (collectively, the "Continuing Disclosure Agreement"). The Continuing Disclosure Agreement shall constitute the University's written undertaking for the beneficial owners of the 2023 Bonds. The State, as the obligated person under the Rule, will enter into an agreement with the Trustee with respect to the 2023 Bonds for the benefit of the beneficial holders of the 2023 Bonds, substantially in the form of the Continuing Disclosure Agreement attached to Appendix I-E1 to this Part I (the "State Continuing Disclosure Agreement"). Pursuant to the Continuing Disclosure Agreement and under the State Continuing Disclosure Agreement (the Continuing Disclosure Agreement and the State Continuing Disclosure Agreement, herein called collectively, the "Continuing Disclosure Undertaking"), the University and the State, respectively, 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) notice of the occurrence of certain events with respect to the 2023 Bonds and other matters within ten (10) business days of the occurrence thereof (such notice only by the University with respect to the University and the 2023 Bonds and only by the State with respect to the State), and (iii) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Undertaking. The Underwriters' obligation to purchase the 2023 Bonds shall be conditioned upon their receiving, at or prior to the delivery of the 2023 Bonds, an executed copy of the Continuing Disclosure Undertaking.

The intent of such undertaking is to provide on a continuing basis the financial information and operating data described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule and as permitted by the Continuing Disclosure Undertaking.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the University or the State to comply with its written undertaking. The Continuing Disclosure Undertaking shall provide that any failure by the University or the State to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the 2023 Bonds under the Master Indenture.

To its knowledge, in the last five years the University has not failed to comply in any material respect with its undertakings entered into in connection with any bonds issued by the University except that the University failed to file audited financial statements for the University and the Health Center when required on or before December 27, 2020 but instead filed the University financial statements on January 4, 2021 and the Health Center's audited financial statements on January 8, 2021, each modified on January 20, 2021. The University has determined that it did not file an event notice for the incurrence of a financial obligation by UConn Health which was required to be filed by September 29, 2020 but instead the University filed such event notice on October 9, 2020. In addition, the University had been informed on February 24, 2022 that even though on April 1, 2021 it had instructed the Dissemination Agent to file an event notice regarding a rating upgrade by Moody's on all its Bonds which had been released on March 31, 2021, such event notice was not filed with respect to the 2020 Series A Bonds and the 2020 Refunding Series A Bonds. The Dissemination Agent later filed such rating report with respect to the 2020 Series A Bonds and the 2020 Series A Refunding Bonds on February 25, 2022. In making these disclosures the University has not concluded and does not admit that the filing of its audited financial statements for the University eight days late for the University and twelve days late for the Health Center or of the filing of an event notice nine days late or the failure of the Dissemination to file the event notice of a Moody's upgrade on the 2020 Series A Bonds or the 2020 Refunding Series A Bonds on a timely basis were material failures to comply with its continuing disclosure obligations. The University has modified its disclosure practices to prevent such failures in the future.

Certain prior annual reports of the University and other required reports are available from the Electronic Municipal Market Access ("EMMA") website 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-digits) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The University has entered into continuing disclosure agreements requiring filings to be made by the Trustee with respect to hundreds of CUSIP numbers. Most filings by the Trustee through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the Trustee 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 University's obligations. The University does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

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 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 notice after discovering the omission. In making this disclosure, the State has not concluded and does not admit that this omission is 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 EMMA website of 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.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2023 Series A Bonds from the University at an aggregate purchase price of $240,315,274.90 (representing the aggregate principal amount of the 2023 Series A Bonds, plus original issue premium of $16,724,159.65 and less Underwriters' discount of $948,884.75). The 2023 Series A Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2023 Series A Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2023 Refunding Series A Bonds from the University at an aggregate purchase price of $142,517,526.21 (representing the aggregate principal amount of the 2023 Refunding Series A Bonds, plus original issue premium of $9,457,859.80 and less Underwriters' discount of $445,333,59). The 2023 Refunding Series A Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2023 Refunding Series A Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

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.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is serving as the financial advisor in connection with the issuance of the 2023 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

AMTEC, of Avon, Connecticut (the "Verification Agent") will deliver to the University, on or before the settlement date of the 2023 Refunding Series A Bonds, its attestation report indicating that it has examined the information and assertions provided by the University and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the maturing principal of and interest and redemption premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusion of Bond Counsel that the 2023 Refunding Series A Bonds are not "arbitrage bonds" under the Code.

FINANCIAL STATEMENTS OF THE UNIVERSITY AND THE STATE

Included in Appendix I-A of Part I is various financial information relating to the University. The audited financial statements of the University (excluding the University of Connecticut Foundation) and UConn Health contained in Schedule 1 and Schedule 2 have been included herein in reliance upon the Certificates of Audit of the Auditors of Public Accounts, respectively, of the State.

Included in Appendices II-C and II-D of Part II is various financial information relating to the State. The audited financial statements contained in Appendices II-C and II-D have been included herein in reliance upon the Independent Auditors' Report and Certificate of Audit, respectively, of the Auditors of Public Accounts of the State.

ADDITIONAL INFORMATION

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

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

Additional information concerning the University may be obtained upon request of the President, Radenka Maric, Attention: Jeffrey Geoghegan, Executive Vice President for Finance and Chief Financial Officer, 352 Mansfield Road, Storrs, Connecticut, 06269, (860) 486-3455.

Additional information concerning the State may be obtained upon request of the Office of the State Treasurer, Honorable Erick Russell, Treasurer, Attention: Bettina M. Bronisz, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Suite 2003, Hartford, Connecticut, 06106, (860) 702-3288.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the University and the State and the purchasers or holders of any of the 2023 Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2023 Bonds by the University and may not be reproduced or used in whole or in part for any other purpose.

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Pursuant to the UConn 2000 Act, the 2023 Bonds described above have been sold by the Treasurer of the State of Connecticut in conjunction with the University and the inclusion of Part II has been authorized by the Treasurer of the State of Connecticut.

TREASURER OF THE STATE OF CONNECTICUT	**UNIVERSITY OF CONNECTICUT**
By: /s/ Erick Russell Erick Russell State Treasurer	By: /s/ Jeffrey P. Geoghegan Jeffrey P. Geoghegan Executive Vice President for Finance and Chief Financial Officer

Dated: November 8, 2023

APPENDIX I-A

UNIVERSITY OF CONNECTICUT
INFORMATION CONCERNING THE UNIVERSITY

FORWARD LOOKING INFORMATION AND BONDHOLDER CONSIDERATIONS

This Appendix I-A contains "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 Appendix I-A are based on information available to the University 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 University 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. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The publication of this Appendix I-A does not constitute or imply any representation (i) that the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the University or its debt obligations or (iii) that no other circumstances or events have occurred or that no other information exists concerning the University or its debt obligations which may have a bearing on the financial condition of the University, the security for its debt obligations, or an investor's decision to buy, sell or hold any debt obligations. This information is subject to change without notice. This Appendix I-A only speaks as of its date and does not imply that there has been no change in any other information relating to the obligations with respect to which this Appendix I-A is filed as described above. Nothing contained in this Appendix I-A is, or should be construed as, a representation by the University that the information included in this Appendix I-A or any previous filings constitutes all of the information that may be material to a current decision to invest in, hold or dispose of any of the obligations, or any other securities issued for the benefit of the University. Moreover, there is no duty created by this filing for the Board, or the University to update the information included in this Appendix I-A.

TABLE OF CONTENTS TO APPENDIX I-A

Page

APPENDIX I-A
UNIVERSITY OF CONNECTICUT

November 8, 2023

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

Board of Trustees

UNIVERSITY OF CONNECTICUT

INTRODUCTION

The University of Connecticut (the "University") was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. Since it was established, the University has consistently expanded its academic program and physical plant to meet the higher educational needs of State residents. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. The Storrs Agricultural School opened on September 28, 1881, with 12 students in the first class. Before the turn of the century, there were two name changes, to Storrs Agricultural College in 1893 and to Connecticut Agricultural College in 1899. In 1933, it became Connecticut State College, reflecting its steady advances and broadened mission. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research, and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State, which in Article VIII, Section 2 provides that the State shall maintain a system of higher education, including the University, dedicated to excellence in higher education.

In addition to the main campus in Storrs ("Storrs"), there are four undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "UConn Health" or "UCH"). UConn Health consists of the School of Medicine, the School of Dental Medicine, medical and dental educational clinics, UConn Medical Group and the UConn John Dempsey Hospital. The Storrs and regional campuses and UConn Health comprise 4,284 acres of land and are strategically located throughout the State. The University competes with public and private institutions for students.

As of September 2023, the University had nearly 287,000 alumni worldwide and nearly 32,500 students (including UConn Health) studying in 14 colleges and schools offering eight undergraduate and 23 graduate and professional degree programs.

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

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Trustees

Composition. The Board of Trustees of the University (the "Board of Trustees") consists of 21 persons. The Governor, the Commissioner of Education, the Commissioner of Agriculture, the Commissioner of Economic & Community Development, and the Chair of UConn Health Board of Directors are ex-officio members of the Board of Trustees. The Governor is the ex-officio President of the Board of Trustees and is authorized to appoint twelve members of the Board of Trustees who reflect the State's geographic, racial, and ethnic diversity. Two members of the Board of Trustees are elected by the University alumni, and two are elected by the students enrolled at the institutions under jurisdiction of the Board of Trustees. Currently, one position on the Board of Trustees is vacant.

Although the University is governed by a single Board of Trustees with one chief executive officer and one chief financial officer, UConn Health maintains a separate budget and is by statute a separate entity for purposes of maintaining operating funds and State appropriations. It is managed by a board of directors (the "Board of Directors") to which the Board of Trustees has delegated certain duties and authority. Information concerning UConn Health is included under the heading "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix I-A.

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

Name	**Term Ends**	**Position**	**Affiliation/Profession**
The Honorable Ned Lamont		President ex-officio	Governor
Charlene M. Russell-Tucker		Member ex-officio	Commissioner of Education
Bryan Hurlburt		Member ex-officio	Commissioner, Department of Agriculture
Alexandra Daum		Member ex-officio	Commissioner, Department of Economic & Community Development
Sanford Cloud, Jr.	2014*	Member ex-officio, Chair UCH BOD	Chairman and CEO, The Cloud Company, LLC
Andy F. Bessette	2025	Member	Executive Vice President & Chief Administrative Officer, The Travelers Companies, Inc.
Mark L. Boxer	2027	Member	Executive Vice President and Chief Operating Officer, University of Hartford
Charles F. Bunnell	2025	Member	Chief of Staff, The Mohegan Tribe
Shari G. Cantor	2025	Member	Mayor, West Hartford, CT
Joshua Crow	2024	Student Elected Member	Graduate Student
Andrea Dennis-LaVigne	2025	Vice-Chair	Veterinarian, Bloomfield Animal Hospital
Marilda L. Gandara	2023	Member	Retired President, Aetna Foundation Inc.
Jeanine A. Gouin	2025	Alumni-Elected Member	U.S. Regional Manager, SLR International Corporation
Rebecca Lobo	2021*	Member	Sports Broadcaster
Aanya Mehta	2025	Student Elected Member	Undergraduate Student
Kevin J. O'Connor	2023	Member	Senior Vice President & Chief Legal Officer, Carrier
Bryan K. Pollard	2023	Alumni-Elected Member and Secretary	Associate General Counsel, United Technologies Corporation
Thomas D. Ritter	2027	Member	Attorney, Brown Rudnick
Philip E. Rubin	2027	Member	Chief Executive Officer Emeritus, Haskins Laboratories
Daniel D. Toscano	2025	Chair	Global Head of Leveraged & Acquisition Finance, Morgan Stanley & Co, Inc.

* Board members continue to serve until re-appointed or replacements are appointed.

Duties of the Board of Trustees. Subject to statewide policy and guidelines established by the Board of Regents for Higher Education, the Board of Trustees is authorized to establish rules and general policies for the governance of the University, including its mission, regional campuses, degrees, and academic programs. The Board of Trustees appoints the President, manages the investments, and directs the expenditures of the University. The Board of Trustees is required by law to review and approve the annual University budget and facility, planning and capital expenditure budget priorities. The Board of Trustees may employ the faculty and other personnel needed to operate and maintain the University. The Board of Trustees is authorized to fix the compensation of university personnel, establish terms and conditions of their employment, and prescribe their duties and qualifications. The

Board of Trustees is authorized to constitute its professional staff and establish compensation and classification schedules for such personnel.

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

Daniel D. Toscano was appointed Chairman of the Board of Trustees in 2019. Chairman Toscano is a University of Connecticut 1987 graduate with a Bachelor of Sciences degree in finance and earned his MBA from the University of Pennsylvania in 1999. He is currently Global Head of Leveraged & Acquisition Finance at Morgan Stanley & Co., Inc. He served eleven years on the UConn Foundation Board of Directors, including serving as chair of the board for three years and as chair of the Investment Committee for several years prior.

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

In addition to the Financial Affairs Committee, other Board of Trustees committees include Academic Affairs; Buildings, Grounds and Environment; Compensation; Construction Management Oversight; Diversity, Equity and Inclusion; Executive; Honors & Awards; Institutional Advancement; Joint Audit and Compliance; Research, Entrepreneurship, and Innovation; Student Life; Trustee-Administration-Faculty-Student (TAFS) and UConn Health.

University Governance and Administration

Governance and Administration. The administration of the University is determined in part by legislative enactment, in part by the By-Laws of the Board of Trustees, and in part by regulations made by the President, the University Senate, and the several faculties. The Board of Trustees is authorized by law to appoint a President of the University. The President is the chief executive officer of the University. The President is responsible for carrying out the policies and enforcing the rules adopted by the Board of Trustees.

On September 28, 2022, the Board of Trustees appointed Dr. Radenka Maric as the University's new President, effective immediately. Dr. Maric had served as interim President since January 2022 and was previously the Vice President for Research, Innovation and Entrepreneurship, where she oversaw the University's research enterprise, which totaled $377 million in FY21, at the main campus in Storrs, the UConn Health campus in Farmington, the School of Law in Hartford, and four regional campuses around the State. Previously, Dr. Maric served as the inaugural executive director of the University's $162 million Innovation Partnership Building, which houses state-of-art specialized equipment and research centers of excellence and serves as a nexus for industry-academic partnerships. Dr. Maric is the Connecticut Clean Energy Fund Professor of Sustainable Energy in the University Department of Chemical & Biomolecular Engineering and Department of Materials Science and Engineering. She brings her technical background in materials and energy to create, manage and lead innovative programs designed to commercialize new products and develop emerging markets that utilize advanced materials. She has expertise in integrating emerging market needs with technology capabilities to define vision and strategies of scientific organizations, building and leading diverse teams, prioritizing programs for market development and commercialization, and managing diverse scientific and engineering project portfolios. Dr. Maric has a BS in Materials Science from the University of Belgrade, Faculty of Technology & Metallurgy, Serbia; and she holds an MS and Ph.D. in Materials Science from Energy Kyoto University, School of Engineering, Japan.

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

Name	Position	Background
Anne D'Alleva	Provost and Executive Vice President for Academic Affairs	PhD and MA, in Art History from Columbia University with a graduate certificate in feminist theory, BA in Art History from Harvard University; over 20 years at UConn, with a joint appointment in Art History and Women's, Gender, and Sexuality Studies; seven years as Dean of the School of Fine Arts, as well as prior appointments as an Associate Dean and Department Head.
Jeffrey Geoghegan	Executive Vice President for Finance and Chief Financial Officer	CPA; BA in Accounting from Southern Connecticut State University; over 20 years at UConn Health. Currently serves as Executive Vice President for Finance and Chief Financial Officer for UConn and UConn Health.
Bruce Liang	Interim CEO and Executive Vice President for Health Affairs	MD, Harvard Medical School, BA Biochemistry and Molecular Biology, Harvard College; held faculty appointments at Harvard and University of Pennsylvania School of Medicine; over 20 years at UConn Health, most recently as the Dean of UConn School of Medicine.

Legal Services. The University receives legal services from the University's Office of the General Counsel, the State's Office of the Attorney General and private counsel on occasion, retained through the Office of the Attorney General or directly as authorized by the Act in connection with the construction, operation, or maintenance of any UCONN 2000 project. In addition, UConn Health has the statutory authority to engage outside counsel, relative to UConn Health's clinical enterprise, through the University of Connecticut Health Center Finance Corporation.

Strategic and Academic Plan

Adopted on February 10, 1995, the Strategic Plan has served as the Board of Trustees' blueprint for the University's future. Just as UCONN 2000 is the General Assembly's blueprint for transforming the physical infrastructure of the University, the Strategic Plan is the blueprint for reshaping UConn's scholastic and social environment.

In 2013, the University developed a revised Academic Plan to set the future direction and priorities for the University and to identify new goals and strategic initiatives to realize its aspiration to be counted among the nation's top flagship public universities. The Academic Plan is characterized by bold and innovative ideas about how the University can:

- Increase research productivity.
- Adapt to change and implement innovations in teaching pedagogy.
- Develop interdisciplinary ideas for research and scholarship with global implications; and
- Establish models of academic organizational structures.

The University is currently developing a new Strategic Plan to build upon UConn's prestige as a great public research flagship university. The new plan will do this by tackling three key priorities for transformation: (i) providing life-transformative education to every UConn student, (ii) supplying cutting edge research, and (iii) enhancing economic development across the State of Connecticut. The University expects to share a draft plan with the Board of Trustees in December 2023. The new Strategic Plan will establish a common set of priorities at UConn to unite the University community toward the shared goals of excellence in research, providing a transformative student experience, and driving economic and social well-being in Connecticut.

UCONN 2000: Next Generation Connecticut

The UCONN 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a thirty-two-year capital budget program in three phases at a total estimated cost of $4.6 billion. The Act provides for a plan of financing UCONN 2000 projects with $4.3 billion of general obligation bonds of the University secured by the State Debt Service Commitment. The balance of the estimated cost of UCONN 2000 projects may be financed by proceeds of special obligation bonds of the University, general obligation bonds of the State or with gifts or other revenue or borrowing resources of the University. The University is currently in the third phase of the program.

In July 2013, Public Act 13-233 established Next Generation Connecticut as part of the third phase of the Act. Next Generation Connecticut, which was amended in 2017, is a major initiative supported by the State that greatly expands educational opportunities, research, and innovation in the STEM disciplines at the University. The shared goal of Next Generation Connecticut is to leverage the strength and resources of the University to build Connecticut's future workforce, create jobs and bring new life to the State's economy. The cornerstone of this effort continues to be increasing STEM enrollment, the expansion of faculty, and new and updated facilities to accommodate enhanced STEM research and teaching, as well as the growing student population.

Since the beginning of this initiative, the University has experienced significant growth in applications, enrollment and degrees awarded.

- Storrs Engineering Undergraduate Enrollment increased from 1,978 in FY13 to 3356 in FY24 or by 70%.
- Storrs STEM Undergraduate Enrollment increased from 7,995 in FY13 to 11,292 in FY24 or by 41%.
- Storrs Undergraduate Enrollment increased from 17,528 in FY13 to 19,388 in FY24 or by 11%.
- Undergraduate STEM Degrees Awarded increased from 2,387 in FY13 to 3,051 in FY23 or by 28%.

The Next Generation Connecticut initiative provides for capital bonding through Fiscal Year 2027. In addition, the initiative provided a limited amount of State operating budget support. These funds partially supported the 174 new faculty hires in FY14 through FY17 with 98 of those hires in the STEM fields. These faculty hires have helped the University to make significant progress towards growing research. Since the Next Generation Connecticut initiative began, research awards have increased by 137%.

Status of UCONN 2000 Projects

Numerous UCONN 2000 projects have been completed from 1997 until the present. The following table lists the UCONN 2000 projects, which have been authorized by the Board of Trustees, the funding source, and the construction status of the project:

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Projects Authorized	Construction Status[1]
A. General Obligation Bonds	
Total – Storrs and Regional Campus Project List	
Academic and Research Facilities;	Ongoing
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities- Phase III;	Ongoing
Equipment, Library Collections & Telecommunications - Phase III;	Ongoing
Residential Life Facilities (Including South Campus Residence Hall); [7]	Ongoing
Agricultural Biotechnology Facility; Agricultural Biotechnology Facility Completion; Alumni Quadrant Renovations[2]; Arjona and Monteith (new classroom buildings); Avery Point Campus Undergraduate and Library Building; Avery Point Marine Science Research Center - Phase I; Avery Point Marine Science Research Center - Phase II; Avery Point Renovation; Beach Hall Renovations; Benton State Art Museum Addition (Phases I & II); Benton State Art Museum Addition (Phase III); Biobehavioral Complex Replacement; Bishop Renovation; Business School Renovation – Phase II; Central Warehouse - New; Chemistry Building; Deferred Maintenance & Renovation Lump Sum Balance; Deferred Maintenance & Renovation Lump Sum Balance; East Campus North Renovations[2]; Engineering Building (with Environmental Research Institute); Equipment, Library Collections & Telecommunications - Phase I; Equipment, Library Collections & Telecommunications Completion - Phase II; Family Studies (DRM) Renovation; Farm Buildings Repairs/Replacement; Fine Arts Phase II; Floriculture Greenhouse; Gant Building Renovations; Gant Plaza Deck; Gentry Completion; Gentry Renovation; Grad Dorm Renovations; Hartford Relocation Acquisition/Renovation; Hilltop Dormitory Renovations; Heating Plant Upgrade[3]; Ice Rink Enclosure; International House Conversion (a.k.a. Museum of Natural History); Intramural, Recreational and Intercollegiate Facilities; Jorgensen Renovation; Koons Hall Renovation/Addition; Lakeside Renovation; Law School Renovations/Improvements; Litchfield Agricultural Center – Phase I;	Completed (A-L)
Manchester Hall Renovation; Mansfield Apartments Renovation; Mansfield Training School Improvements – Phase II; Mansfield Training School Improvements – Phase III; Monteith Renovation; Music Drama Addition; Natural History Museum Completion; North Campus Renovation[2]; North Hillside Road Completion; North Superblock Site & Utilities; Northwest Quadrant Renovation - Phase I; Northwest Quadrant Renovation - Phase II; Old Central Warehouse; Parking Garage-North; Parking Garage #3; Pedestrian Spine path; Pedestrian Walkways; Psychology Building Renovation/Addition; School of Business; School of Pharmacy; School of Pharmacy / Biology Completion; Shippee/Buckley Renovations[2]; South Campus Complex[4]; Stamford Campus Improvements/Housing; Stamford Downtown Relocation – Phase I; Storrs Hall Addition; Student Union Addition; Support Facility; Technology Quadrant-Phase IA; Technology Quadrant-Phase II; Torrey Life Science Renovation; Torrey Renovation Completion and Biology Expansion; Torrington Campus Improvements; Towers Renovation[2]; Underground Steam & Water Upgrade; Underground Steam & Water Upgrade Completion; Waring Building Conversion; Waterbury Downtown Campus; Waterbury Property Purchase; West Campus Renovations; West Hartford Campus Renovations/Improvements; White Building Renovation ; Wilbur Cross Building Renovation; Young Building Renovation/Addition.	Completed (M-Z)
UConn Health	
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities-Health Center;	Ongoing
Equipment, Library Collections and Telecommunications-Health Center;	Ongoing
CLAC Renovation Biosafety Level 3 Lab; Dental School Renovation; Library/Student Computer Center Renovation;	Completed (A-L)
Main Building Renovation; Medical School Academic Building Renovation; Planning and Design Costs; Research Tower; Support Building Addition/Renovation; The University of Connecticut Health Center New Construction and Renovation.	Completed (M-Z)
B. Special Obligation Student Fee Revenue Bonds	
Residential Life Facilities (Including South Campus Residence Hall); [7]	Ongoing
Alumni Quadrant Renovations[2]; East Campus North Renovations[2]; Hilltop Dormitory New[5]; Hilltop Student Rental Apartments[5]; Intramural, Recreational & Intercollegiate Facilities;[6]	Completed (A-L)
North Campus Renovation (including North Campus Student Suites and Apartments) [2]; Parking Garage-South[5]; Shippee/Buckley Renovations[2]; South Campus Complex[4]; Towers Renovations (including Greek Housing).[2]	Completed (M-Z)

[1] Some projects listed as ongoing might be substantially complete for use purposes. Also, note that some projects might reflect a completed status for recently completed work, but future funding may still be available for which work has not yet begun.

[2] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the proceeds of the University's Student Fee Revenue Bonds, 2002 Series A.

[3] In addition, the University has entered a tax-exempt lease financing for a Cogeneration Facility for the Heating Plant in the amount of $81.9 million under the UCONN 2000 authority.

[4] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 1998 Series A.

[5] The Hilltop Dormitory New and the Hilltop Student Rental Apartments comprise the Hilltop Housing Complex which was funded along with the Parking Garage South with the proceeds of the University's Student Fee Revenue Bonds, 2000 Series A.

[6] The Intramural, Recreational & Intercollegiate Facilities is partially funded with University's Student Fee Revenue Bonds, 2018 Series A.

[7] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 2023 Series A.

Campuses and Physical Plant

General Information. Of the seven campuses, Storrs is the largest campus with 3,444 acres. There are four undergraduate regional campuses strategically located throughout the State in Avery Point, Stamford, Waterbury, and Hartford, as well as the School of Law in Hartford and UConn Health Center in Farmington. As of Fall 2023, there are 99 residential facilities on the Storrs campus, serviced by eight large dining halls, and three residential facilities on the Stamford campus. Together they have the capacity to provide room and board for approximately 12,800 graduate and undergraduate students. In addition to the regional campuses, the University includes the University of Connecticut School of Law, located in Hartford, and UConn Health, located in Farmington. Collectively these campuses are serving a student body of nearly 32,500 in the 2023-24 academic year.

Academic Programs and Degrees Conferred

The University offers a broad spectrum of liberal arts and sciences, professional and graduate education degree programs through its 14 colleges and schools, including the School of Dental Medicine, School of Medicine and School of Law. The University confers eight kinds of undergraduate degrees in 129 majors, 17 graduate degrees in 100 research and professional practice fields of study, and 6 graduate professional programs. The University also offers individualized majors and interdisciplinary fields of study. The University has several special facilities and programs. Research and academic program support is carried out both in the departments of 14 schools and colleges and at more than 90 research, academic support, and cultural centers and institutes across all University campuses.

Climate Change

The University is working hard to neutralize the impacts and costs of the climate crisis and other environmental risks. In March 2008, the University signed the American College and University Presidents Climate Commitment, now known as the Second Nature Carbon Commitment. Through this commitment, the University recognizes the unique responsibility to engage and empower students to overcome the challenges of our time while also serving as a role model in our operations, finance, and community engagement activities. The Second Nature Carbon Commitment reflects the University's pledge to eliminate greenhouse gas emissions over time. The University has already reduced emissions by over 20% since 2007 and has advanced its commitment to carbon neutrality by 2030 which is more ambitious than the previous goal of 2050. The University has a Climate Action Plan (CAP) that identifies ways to achieve steep climate pollution reductions, sets timelines for step-wise progress, quantifies the costs and benefits of proposed projects, and prioritizes actions to reach carbon neutrality. In addition, the University continues to evaluate the feasibility of accelerating its carbon neutrality targets and has mobilized members of its faculty, staff and student body to support these efforts. The full CAP and progress to date may be found at https://sustainability.uconn.edu/climate-action-plan.

The University also participates in the State's GreenerGov CT Lead by Example initiative in meeting the goals outlined in Governor Lamont's Executive Order 1 (EO-1). EO-1 directs Executive Branch agencies to advance environmental leadership and cost savings for taxpayers by reducing greenhouse gas emissions in buildings and vehicles, water consumption, and improving waste diversion from disposal. Details about the EO-1 and the University's annual Sustainability Performance Plan may be found at https://portal.ct.gov/GreenerGov.

Cybersecurity

The University, like many other public and private entities, relies on technology to conduct its operations. The University faces frequent cybersecurity threats including but not limited to hacking, viruses, malware, and phishing attacks against individuals, computers and other sensitive digital networks and systems. To reduce the risk of business operations being negatively impacted from cybersecurity attacks, the University maintains an active cybersecurity program which includes a diverse array of cybersecurity and operational controls designed to identify, protect, detect, respond, and recover to the everchanging security threat landscape.

The University upholds an active security program that is steered by current and anticipated threats, relying on a combination of human expertise, streamlined processes, and advanced technologies to safeguard the institution. This program encompasses a spectrum of measures focused on enhancing security awareness and knowledge across various segments of stakeholders. Additionally, special attention is devoted to bolstering cybersecurity awareness during the National Cybersecurity Awareness Month held annually in October.

To ensure the prudent handling of data and resources, the University maintains a comprehensive policy framework dedicated to the security of its data and networks. This framework provides essential guidance on effective data and asset management. The University pursues a dynamic approach by consistently assessing and refining its cybersecurity toolkit, with a strategic emphasis on enhancing operational efficiency through viable automation solutions.

The University is supported by a dedicated Information Security team. This team operates alongside a 24/7/365 security operations center, monitoring critical data components and log data for potential threats.

No assurances can be given however, that such security and operational control measures will be completely successful in guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the University's digital networks and systems and the costs of remedying any such damage could be substantial.

The COVID-19 Outbreak and Pandemics, in General

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency because of the COVID-19 outbreak. On March 10, 2020, the State Governor declared a state of emergency throughout the State and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

The University faced numerous challenges due to the COVID-19 pandemic. The pandemic materially impacted the University's finances, primarily during Fiscal Years 2020, 2021 and 2022. As of the date of this Official Statement, the University's enrollment and occupancy levels have returned to pre-pandemic levels and the University projects a balanced budget for Fiscal Year 2024. There can be no assurances that COVID-19, or a similar pandemic, will not materially adversely impact the financial condition of the University, including the University's credit ratings, in the future.

COMPETITION AND COMPETITIVENESS

Accreditation and Ranking

The New England Commission of Higher Education and several other accreditation bodies for specific schools and programs accredit the University.

The National Science Foundation ranks the University 60 out of 412 public universities in the country in research and development spending. The Carnegie Foundation currently classifies the institution with only 107 other public institutions nationwide in the highest category of doctoral universities (Very High Research Activity). To qualify for this classification, universities must annually award at least 20 doctorates and demonstrate high levels of research based on several aggregate and per-capita (full-time faculty) measures, including research and development expenditures, postdoctoral appointees, non-faculty research staff, and doctoral conferrals in humanities, social sciences, STEM fields, and other fields (e.g., business, education, public policy, social work).

The quality of the University's diverse graduate programs is enhanced by the presence of exceptional graduate students. 7,841 degree seeking students are enrolled in graduate degree programs in academic year 2023-24; of this figure 2,295 are supported on merit based graduate assistantships. This support is available in 100 fields of study in the arts and sciences and professional disciplines.

Student Admissions and Enrollment

Admissions. The University continues to be in high demand with first year applications for all campuses at nearly 49,000 for the Fall 2023 entering class. The University of Connecticut ranks among the Top 30 public universities in the nation according to U.S. News & World Report Best Colleges. Also, the Scholastic Aptitude Test (SAT) scores for students entering the University consistently exceed the statewide and national SAT score averages.

Schedule of First Year Enrollment - Storrs Campus
Fall 2019 – 2023

Fall	First Year Applications	Change in Applications	Accepted	Enrolled	Change in Enrolled as a Percentage	Enrolled as a Percentage of Accepted
2019	35,096	0.6%	17,346	3,603	(3.9)%	20.8
2020	34,437	(1.9)	19,316	3,825	6.2	19.8
2021	36,753	6.7	20,433	3,663	(4.2)	17.9
2022	40,894	11.3	22,293	4,069	11.1	18.3
2023	46,645	14.0	25,164	4,189	2.9	16.6

Average Total SAT Scores*
Fall 2019 - 2023

Fall	Storrs Campus	Regional Campuses	Connecticut Average	National Average
2019	1296	1113	1046	1059
2020	1281	1080	1039	1051
2021	1318**	1128**	1072	1060
2022	1315	1112	1025	1050
2023	1296	1089	1007	1028

*Excluding the writing component
**Standardized test average represents students who elected to submit test scores as part of their application materials. UConn is piloting a test-optional undergraduate admissions process through the Fall 2026 admission cycle.

Enrollment. Total enrollment at all campuses has been stable from Fall 2019 through Fall 2023 as set forth below.

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Total Enrollment Data (Head Count)[1]
Fall 2019 – 2023

Undergraduates	**2019**	**2020**	**2021**	**2022**	**2023**
Storrs	18,847	18,917	18,567	18,983	19,388
Regional Campuses	5,053	5,454	5,270	5,093	4,968
Total	**23,900**	**24,371**	**23,837**	**24,076**	**24,356**
Graduates/Professionals[2]	**7,787**	**7,652**	**7,656**	**7,365**	**7,323**
UConn Health					
Medicine	444	449	452	451	449
Dental Medicine	202	197	201	202	204
Total	**646**	**646**	**653**	**653**	**653**
Grand Total	**32,333**	**32,669**	**32,146**	**32,094**	**32,332**

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

Percentage of Enrollment by Residence Status
Fall 2019 - 2023

	Undergraduate				**Graduate/Professional**	
	Storrs Campus		**All Campuses**		**All Campuses***	
Fall	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**
2019	72.5%	27.5%	77.2%	22.8%	62.5%	37.5%
2020	72.4	27.6	77.3	22.7	65.2	34.8
2021	71.4	28.6	76.4	23.6	64.7	35.3
2022	69.3	30.7	74.5	25.5	61.6	38.4
2023	67.0	33.0	72.3	27.7	61.3	38.7

*Excludes Schools of Medicine and Dental Medicine.

Tuition and Other Fees (Storrs and Regional Campuses)

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

Tuition. For the academic year 2024, students classified as full-time undergraduate residents of Connecticut will pay tuition of $16,332 per year. Full-time out-of-state undergraduates will pay $39,000 per year. In the 2024 academic year, total tuition revenues are budgeted to be $514.3 million. For the academic year 2025, full-time undergraduate residents will pay tuition of $17,012, and full-time out-of-state undergraduates will pay tuition of $39,680 per year.

Mandatory Fees. For academic year 2024, undergraduate students must pay a General University Fee of $1,570 per year. Students also pay $2,464 per year in other fees, of which $776 is for Student Health and Wellness, $500 is for the Student Recreation Center, $192 is for various student-controlled organizations, $618 is for infrastructure maintenance, $194 is a transit fee, and $184 is a Technology Fee. Commencing in 1998, certain fees have been pledged for the payment of debt service on the University's Special Obligation Bonds. See "UNIVERSITY FINANCES – University Indebtedness" in this Appendix I-A.

Other Fees. There are numerous optional fees at the University. The primary optional fees for the academic year 2024 are the room ($7,640) and board ($6,356) fee. Rates reflect a standard double room and the Value Meal Plan, higher and lower cost options are available.

In-State Undergraduate Tuition & Other Fees
Academic Years 2020 – 2024

	2020	2021	2022	2023	2024
Tuition	$13,798	$14,406	$15,030	$15,672	$16,332
Room & Board[1]	13,258	13,258	13,258	13,622	13,996
General University Fee	1,380	1,380	1,380	1,474	1,570
Other Fees[2]	2,048	2,048	2,114	2,288	2,464
Total	**$30,484**	**$31,092**	**$31,782**	**$33,056**	**$34,362**

[1]The Room and Board Fee reflects a standard double and the Value Meal Plan. Lower and higher cost options are available.
[2] Other Fees includes fees collected by the University on behalf of various student-controlled organizations.

FY 2024 Undergraduate Tuition and Fees
Competitor University Comparison*

	In-State	Out-of-State
Boston College	$66,745	$66,745
Boston University	65,168	65,168
Syracuse University	62,621	62,621
Northeastern University	62,392	62,392
Quinnipiac University	53,090	53,090
University of Connecticut	**20,366**	**43,034**
Pennsylvania State University	19,286	38,651
University of Vermont	18,890	43,890
University of Massachusetts	17,357	39,293
Rutgers University	17,079	35,841
University of Delaware	16,080	39,720
University of Maryland	11,505	40,306

*Competitors include those institutions which share the most cross-admits with the University of Connecticut. Source of tuition and fee rates is institution websites.

Student Financial Aid

The University provides financial aid and financial counseling. The University has a policy of admitting students without regard to financial ability to pay and a policy of providing assistance to those admitted who demonstrate need. Approximately 80% of all undergraduates are receiving some form of financial aid.

Scholarships, Grants and Work-Study. In addition to university financial aid, there are a number of state, federal and private student financial aid programs available, including the Federal Pell Grant of up to $8,670 (for Fiscal Year 2024) and the Federal Supplemental Education Opportunities Grant (SEOG) of up to $4,000. Both are awarded annually based on need. In addition, the University offers a number of merit scholarships. The University also offers Federal Work-Study employment, which is need-based, and Student Labor employment, which is available to all students.

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

Tuition Waivers and Graduate Assistantships. The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for dependents of certain employees. The foregone revenue resulting from all such waivers in the 2024 academic year is budgeted at $84.3 million.

Financial Aid to University Students* (excluding Tuition Waivers)
for Fiscal Years 2020-2024 (in millions)

	FY20	FY21	FY22	FY23	FY24 Budget
University Supported	$142.8	$153.0	$161.3	$166.8	$170.2
State	9.7	10.7	9.9	13.9	10.5
Federal	46.2	51.4	69.5	42.0	56.6
Other**	18.0	19.5	28.5	36.5	45.8
Total Aid in Budget***	**$216.8**	**$234.6**	**$269.1**	**$259.2**	**$283.1**

*In addition to the financial aid listed above, students receive over $200 million annually in aid from sources outside the University.

** Other funding comes from private sources such as the Foundation and Endowments.

***Note: totals may not add due to rounding.

UNIVERSITY FINANCES

Financial Management

The University's Board of Trustees has the authority for fiscal oversight of the University. In addition to the State appropriation, the University receives tuition, fees, auxiliary (including room, board, and athletics), grants and contract, and other revenues. Some of these revenues may be restricted or dedicated as to use by the terms of the appropriation, gift, grant, or contract.

The authority granted to the University in the Act builds upon the successful implementation of the operational autonomy and responsibility provided in several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. The University became responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The enactment of UCONN 2000 extended the authority vested in the University by the Flexibility Acts.

The financial statements contained in this Official Statement reflect budget execution results that are based upon spending plans and operating and capital budgets approved by the Board of Trustees. In addition, the Joint Audit and Compliance Committee of the Board provides oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by State auditors (the "Auditors of Public Accounts"). The Auditors of Public Accounts annually issue an Independent Auditors' Report on the financial statements of the University.

In accordance with statutory requirements, a Construction Management Oversight Committee was established in 2006 (the "CMOC"). The CMOC is made up of seven (7) members, four (4) appointed by the Governor and General Assembly and three (3) appointed by the University of Connecticut's Board of Trustees, all for four-year terms. Following expiration of their appointment terms and absent new appointments, the four non-UConn members resigned. The non-UConn appointing authorities have not made new appointments. Notwithstanding that, the meetings of the CMOC continued to be noticed but the committee was unable to act in the absence of a quorum. As a result, in 2015, the University transferred the duties of the CMOC to the Buildings, Grounds and Environment Committee of the Board. Until such time as the legislature makes the required appointments or eliminates the statutory requirement for the committee, the Board deemed it prudent to assume responsibility to review and approve the University's construction management policies and procedures and accept the reports of the Construction Assurance Officer.

The University has also implemented and staffed an organizational structure for capital program contracting and procurement and has engaged an outside independent auditor to perform annual audits of the UCONN 2000 program.

Financial Statements of the University

The audited financial statements of the University of Connecticut and the University of Connecticut Health Center (excluding the University of Connecticut Foundation, Inc.) for the Fiscal Year ended June 30, 2022, are included as Schedule 1 and Schedule 2, respectively, herein. Audited financial statements for the Fiscal Year ended on June 30, 2023 are expected to be issued on or about December 21, 2023.

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2018, 2019, 2020, 2021 and 2022. See "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix I-A for the same information for UConn Health.

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Statements of Revenues, Expenses, and Changes in Net Position

($ in thousands)

	2018	2019	2020	2021	2022
OPERATING REVENUES					
Student tuition and fees [1]	$ 386,921	$ 396,780	$ 422,519	$ 397,237	$ 427,959
Federal grants and contracts	106,561	121,593	125,936	147,547	148,970
State and local grants and contracts	19,441	17,959	19,944	16,364	17,871
Nongovernmental grants and contracts	18,386	23,577	21,042	20,012	23,871
Sales and services of educational departments	23,708	22,710	15,688	25,355	22,687
Sales and services of auxiliary enterprises [2]	210,990	211,036	169,016	73,577	171,753
Other sources	14,009	29,750	31,960	26,943	30,745
Total Operating Revenues	780,016	823,405	806,105	707,035	843,856
OPERATING EXPENSES					
Salaries and wages	569,359	569,872	602,873	617,225	674,458
Fringe benefits	338,545	417,689	597,737	685,126	515,739
Supplies and other expenses	264,456	279,602	257,977	226,404	248,545
Utilities	19,655	21,063	20,167	17,295	22,475
Depreciation and amortization	108,185	119,346	117,870	122,695	135,566
Scholarships and fellowships	8,870	11,409	23,367	28,866	50,948
Total Operating Expenses	1,309,070	1,418,981	1,619,991	1,697,611	1,647,731
Operating Loss	(529,054)	(595,576)	(813,886)	(990,576)	(803,875)
NONOPERATING REVENUES (EXPENSES)					
State appropriation	342,987	356,898	376,866	397,910	459,788
State debt service commitment for interest	70,740	77,333	78,963	74,170	75,947
Federal and state financial aid	37,986	42,222	64,549	115,892	134,741
Gifts	19,732	28,185	21,790	24,715	33,502
Investment income	6,059	11,957	7,881	794	1,742
Interest expense	(64,672)	(70,460)	(71,102)	(66,114)	(68,338)
Disposal of capital assets, net	(1,524)	(2,345)	(1,912)	(3)	(2,346)
Other nonoperating revenue (expenses), net	(2,475)	745	207	2,594	(5,230)
Net Nonoperating Revenues	408,833	444,535	477,242	549,958	629,806
Loss Before Other Changes in Net Position	(120,221)	(151,041)	(336,644)	(440,618)	(174,069)
OTHER CHANGES IN NET POSITION					
State debt service commitment for principal	187,269	154,405	-	140,295	214,185
Capital grants and gifts	5,099	3,907	2,276	11,640	1,976
Additions to permanent endowments	338	171	171	164	1,996
Athletic conference fees	-	-	(16,436)	(3,500)	-
Transfer to affiliate	-	-	-	(2,000)	(228)
Net Other Changes in Net Position	192,706	158,483	(13,989)	146,599	217,929
Increase (Decrease) in Net Position	72,485	7,442	(350,633)	(294,019)	43,860
NET POSITION					
Net Position – Beginning of Year, Adjusted	7,743 [3]	91,418 [4]	98,860	(251,773)	(544,078) [5]
Net Position – End of Year	$ 80,228	$ 98,860	$ (251,773)	$ (545,792)	$ (500,218)

[1] Net of scholarship allowances of $156,962, $172,581, $182,914, $197,042, and $199,252, respectively.

[2] Net of scholarship allowances of $6,495, $7,827, $8,563, $7,395, and $16,556, respectively.

[3] During fiscal year 2018, the University of Connecticut adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, beginning net position for the fiscal year ended June 30, 2018, was restated by $1,235,502 for the cumulative effect of applying this standard.

[4] The University of Connecticut overstated compensated absences liability reported as of June 30, 2018. This amount included fringe benefit costs for defined benefit plans that were also included in net pension and net OPEB liabilities upon implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, beginning net position for the fiscal year ended June 30, 2019, was restated by $11,190.

[5] During fiscal year 2022, the University of Connecticut adopted GASB Statement No. 87, *Leases*. As a result, beginning net position for the fiscal year ended June 30, 2022, was restated by $1,714 for the cumulative effect of applying this standard.

Budget and Budgeting Procedure of the University

The University submits a biennial operating budget request to the Governor and General Assembly through the Secretary of the Office of Policy and Management (the Governor's fiscal office). The operating budget request sets forth a proposed expenditure plan for the amount necessary to meet cost increases while providing a constant level of services. It may also include an amount for new or expanded programs. The operating budget includes various revenue sources including the State appropriation, tuition, fees, auxiliaries, and other revenue sources. The Governor may reduce State agency allotments by not more than 5% unless approved by the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such a reduction. The Board of Trustees annually approves separate Spending Plans for the University and UConn Health. The Fiscal Year 2024 Spending Plan was approved by the Board of Trustees on June 28, 2023. See "UNIVERSITY FINANCES-State Support of the University-Appropriations" in this Appendix I-A.

UConn Health submits a separate operating budget request and receives a separate appropriation and allotment. For a discussion of UConn Health, see "UNIVERSITY OF CONNECTICUT HEALTH CENTER" in this Appendix I-A.

During each fiscal year, the Board of Trustees must quarterly submit to the General Assembly and the Office of Policy and Management, a report of the actual expenditures of the University's Operating and Research Funds.

The University's Capital Budget request process has been replaced by the Act. The Act provides for a thirty-two-year Capital Budget program of the University and authorizes $4,295.9 million to be financed by general obligation bonds of the University secured by the State's Debt Service Commitment of the University. Per the Act, the estimated cost of UCONN 2000 projects which is not to be financed by the University's bonds secured by the State Debt Service Commitment may be funded by the issuance of the University's Special Obligation Bonds, other University debt obligations, State General Obligation Bonds or by gifts or other revenue or borrowing resources of the University. Bonds secured by the State Debt Service Commitment, phase I for Fiscal Years 1996-99 totaled $382 million, phase II for Fiscal Years 2000-05 totaled $580 million and phase III for Fiscal Years 2005-27 totaled $3,333.9 million. The University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

University Spending Plan (Storrs and Regional Campuses)

Fiscal Year 2024 Spending Plan. The Fiscal Year 2024 budget includes $1,586.8 million in expenditures and $1,570.7 million of revenue plus the use of $16.1 million of unrestricted fund balances to balance the budget.

Fiscal Year 2024 Revenue. For Fiscal Year 2024, State support is budgeted at a level of $298.4 million (allotment $216.2 million and Additional State Support of $82.2 million), a decrease of $175.4 million or 37.0% less than the Fiscal Year 2023 amount. The decrease to State support is due to a change in the State's methodology of issuing support to the University that is intended to be budget-neutral and is offset by a decrease to Fringe Benefit expenditures. Additional details on this methodology change is located in the State Support of the University Appropriations section below. State support is the second largest source of revenue for the University. Tuition is the largest source of revenue (excluding waivers) and is budgeted at $514.3 million, an increase of $22.2 million or 4.5% over the Fiscal Year 2023 amount. Tuition revenue collections reflect a $660 annual rate increase. Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off-campus MBA, EMBA, etc.). Also included in this category is the General University Fee, which supports multiple student support programs. There are various other fees included in this category such as the Student Recreation Center Fee, Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The fee collections for Fiscal Year 2024 are budgeted to be $161.4 million, an increase of $1.6 million or 1.0% more than the Fiscal Year 2023 amount. Auxiliary Enterprise Revenue is budgeted to be $230.3 million, which is an increase of $8.7 million or 3.9% more than the Fiscal Year 2023 amount. Residence halls and rental properties, dining services and athletics generate most of the Auxiliary Enterprise Revenue.

Fiscal Year 2024 Expenditures. Total Fiscal Year 2024 expenditures of $1,586.8 million are budgeted to decrease by $140.5 million or 8.1% less than the Fiscal Year 2023 amount. Personal services expenditures are budgeted to reach $691.8 million or $20.2 million more than Fiscal Year 2023. Fringe benefit expenditures are budgeted to be $158.5 million or $220.7 million less than Fiscal Year 2023. Financial Aid -Tuition expenditures are budgeted to be $181.2 million, which is an increase of $18.7 million more than the Fiscal Year 2023 amount. Financial Aid -Other expenditures are budgeted to be $101.9 million, which is an increase of $5.3 million more than the Fiscal Year 2023 amount.

In addition to results of operations for Fiscal Years 2020-2023, the following schedule reflects the Fiscal Year 2024 spending plan.

Statement of Current Funds Operations[1] (in millions)

Current Funds Revenues:	**FY20 Actual**	**FY21 Actual**	**FY22 Actual**	**FY23 Actual (unaudited)**	**FY24 Spending Plan**
State Block Grant	$ 200.0	$ 208.8	$ 220.8	$ 229.9	$ 216.2
Additional State Support	-	-	47.8	62.9	82.2
Fringe Benefits/Adjustments[2]	176.9	189.2	211.2	181.0	-
State Support	$ 376.9	$ 398.0	$ 479.8	$ 473.8	$ 298.4
Tuition	445.3	449.6	468.3	492.1	514.3
Mandatory/Course Fees	154.5	138.6	153.0	159.8	161.4
Grants & Contracts	215.0	239.2	247.3	276.5	285.5
G&C - COVID fed relief	21.5	67.9	64.0	-	-
Auxiliary Enterprise	177.6	81.0	187.9	221.6	230.3
Other Revenue (incl Foundation reimb.)	71.6	70.6	83.1	99.1	80.9
Total Revenues	**$ 1,462.4**	**$ 1,444.7**	**$ 1,683.3**	**$ 1,722.9**	**$ 1,570.7**
Expenditures:					
Salaries & Wages	$ 589.1	$ 605.8	$ 658.1	$ 671.6	$ 691.8
Fringe Benefits	326.9	346.1	369.2	379.2	158.5
Energy	20.2	17.3	22.5	27.6	30.2
Equipment	27.8	21.8	26.3	36.0	29.7
Other Expenses	261.1	231.0	247.0	275.1	304.9
Financial Aid - Tuition	216.8	140.0	153.9	162.5	181.2
Financial Aid - Other	-	94.6	115.2	96.6	101.9
Debt/Capital	22.9	3.4	75.6	78.5	88.6
Total Expenditures	**$ 1,464.8**	**$ 1,460.0**	**$ 1,667.7**	**$ 1,727.3**	**$ 1,586.8**
Use of (+) or contribution to (-) Reserves	-	15.3	(15.3)	-	16.1
Net Gain/(Loss)	**$ (2.4)**	**$ 0.0**	**$ 0.3**	**$ (4.4)**	**$ 0.0**

[1]The University prepares and presents its Operating Budget in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation or amortization, does not include pension and OPEB expenses as it relates to GASB 68 and does not include the State debt service commitment for principal and interest. All expenses related to legal matters in the current funds format are reflected in the fiscal year that they are paid.

[2]See "STATE SUPPORT OF THE UNIVERSITY-APPROPRIATIONS" section of this Appendix A for details on the change in fringe benefit reimbursement from the state.

State Support of the University – Appropriations

The State develops a biennial budget, which includes the University appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The annual State appropriation the University receives is in the form of a block grant and is allotted quarterly. The University has independent authority to purchase goods and services; hire, fire and promote administrators, faculty, and staff; and plan, design, and construct capital projects. Public Act 23-204 appropriated $216.2 million in block grant, as well as $82.2 in Additional State Support to the University for Fiscal Year 2024. Additional State Support in Fiscal Years 2022-2024 includes, in part, funding from the State's Federal American Rescue Plan Act of 2021 COVID-19 relief package distributed through the state to be used for general temporary support.

Beginning in Fiscal Year 2024 the methodology in which the State reimburses fringe benefits will change. This change in methodology will result in the State funding all retirement costs, and the University funding all non-retirement costs, for all University employees. As such, the state support revenue and fringe benefits expense associated with employee retirement costs have been removed from both the revenue and expense side of the current funds budget presentation.

No assurance can be made that the State will not change the Fiscal Year 2024 funding prior to the end of such Fiscal Year. Any State funding cuts are expected to be managed by the University through reduced hiring, reduced operating costs, fewer projects, and other deficit mitigation efforts.

Schedule of State Operating Support and Fringe Benefits to the University for Fiscal Years 2020 – 2024 (in millions)

Fiscal Year	Operating Appropriations[1] and Allotments	Fringe Benefits/ Adjustments	Operating Total
2020	$200.0	$176.9	$376.9
2021	208.8	189.2	398.0
2022	268.6	211.2	479.8
2023	292.8	181.0	473.8
2024	298.4	0.0	298.4

[1] Excludes State Debt Service Commitment for UCONN 2000 general obligation bonds issued to fund University capital projects.

State Support of the University - Bond Issuance

In addition to appropriating funds for the general operating support of the University, the State has authorized its general obligation bonds to fund capital projects of the University.

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State Legislative Bond Authorizations for the University for Fiscal Years 1996 - 2027

Fiscal Year	State General Obligation Bonds		UConn 2000 Bonds[1]	Total
1996	$ 18,000,000	(2)	$ 112,542,000	$ 130,542,000
1997	9,400,000	(2)	112,001,000	121,401,000
1998	-		93,146,000	93,146,000
1999	-		64,311,000	64,311,000
2000	2,000,000	(3)	130,000,000	132,000,000
2001	20,000,000	(3)	100,000,000	120,000,000
2002	-		100,000,000	100,000,000
2003	-		100,000,000	100,000,000
2004	-		100,000,000	100,000,000
2005 (4)	-		100,000,000	100,000,000
2006	-		79,000,000	79,000,000
2007	-		89,000,000	89,000,000
2008	8,000,000	(5)	115,000,000	123,000,000
2009	-		140,000,000	140,000,000
2010	-		-	-
2011	-		138,800,000	138,800,000
2012	23,000,000	(6)(7)	157,200,000	180,200,000
2013	20,000,000	(6)	143,000,000	163,000,000
2014	-		204,400,000	204,400,000
2015	131,500,000	(6)	315,500,000	447,000,000
2016	25,000,000	(8)	312,100,000	337,100,000
2017	16,000,000	(8)	240,400,000	256,400,000
2018	-		200,000,000	200,000,000
2019	-		200,000,000	200,000,000
2020	-		197,200,000	197,200,000
2021	-		260,000,000	260,000,000
2022	6,460,000	(9)	215,500,000	221,960,000
2023	51,729,200	(9)(10)	125,100,000	176,829,200
2024	102,489,200	(9)(11)	84,700,000	187,189,200
2025	72,220,000	(9)(11)	44,000,000	116,220,000
2026	4,201,600	(9)	14,000,000	18,201,600
2027	-		9,000,000	9,000,000
Total	**$ 510,000,000**		**$ 4,295,900,000**	**$ 4,805,900,000**

[Footnotes on the following page]

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[1] Secured by State Debt Service Commitment. After issuance of the 2023 Bonds, the University will have $184,900,000 of its General Obligation Bonds secured by the State Debt Service Commitment authorized and unissued.

[2] For Babbidge Library on the Storrs campus.

[3] For the development of a new downtown campus for the University of Connecticut in Waterbury.

[4] For Fiscal Year 2005, $50,000,000 was authorized under UCONN 2000 Phase II and an additional $50,000,000 was authorized under UCONN 2000 Phase III. Fiscal Years 2005-2027 represent authorizations under UCONN 2000 Phase III including UConn Health projects. No UConn Health projects were authorized in Phase I or Phase II.

[5] Special Act 04-2 authorized the issuance of $8,000,000 of State General Obligation Bonds for renovation, alterations and improvements to the University's Law Library in Hartford which was approved by the State Bond Commission on March 28, 2008.

[6] Public Act 11-57, as amended by Public Act 14-98, authorized the issuance of $169,500,000 of State General Obligation Bonds to create a Technology Park on the Storrs Campus. $18,000,000 was approved by the State Bond Commission on August 26, 2011. $20,000,000 was approved by the State Bond Commission on April 26, 2013. $131,500,000 was approved by the State Bond Commission on May 11, 2015.

[7] Public Act 11-75 authorized $5,000,000 in State General Obligation Bonds for a comprehensive cancer center and the University sponsored health disparities institute which was approved by the Bond Commission on October 28, 2011.

[8] Public Act 15-1 (sections 2 & 21) authorized the issuance of $41,000,000 of State General Obligation Bonds for the UConn Health Integrated Electronic Medical Record (EMR). The Integrated EMR will provide the health information technology required for compliance with federal and state regulations, enable interoperability and improve efficiencies for all UConn Health entities with access to clinical data updated in real-time in a single patient database. $25,000,000 was approved by the State Bond Commission on January 29, 2016, and $16,000,000 was approved on February 1, 2017.

[9] Public Act 21-111 (sections 99 & 100) authorized the issuance of $46,100,000 of State General Obligation Bonds for the University to commence a research faculty recruitment and hiring program. This program is expected to support economic development in the State through faculty research and promote core sectors of the State economy by accelerating the pace of applied research and development. To date, these authorizations have not been approved by the State Bond Commission.

[10] Public Act 22-118 (section 307) authorized $40,000,000 in State General Obligation Bonds for the University of Connecticut Health Center: Deferred maintenance, code compliance and infrastructure improvements. This authorization was approved by the State Bond Commission on December 8, 2022.

[11] Public Act 23-205 (sections 1, 2, 20 & 21) authorized $151,000,000 in State General Obligation Bonds for the University and the University of Connecticut Health Center, for various purposes. The State Bond Commission approved $53,000,000 of this authorization on October 6, 2023. To date, the remaining authorization has not been approved by the State Bond Commission.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $190.7 million in Fiscal Year 2022, representing 22.6% of total operating revenues reported by the University in the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year ended June 30, 2022, included in this Appendix I-A. If nongovernmental grants are excluded, the revenue from federal, state, and local governmental grants and contracts totaled $166.8 million for this time period, which represented 19.8% of total operating revenues.

Grants and Contracts
for Fiscal Years 2018 - 2022
(In Millions of Dollars)

Fiscal Year	Governmental Grants & Contracts	Nongovernmental Grants & Contracts	Total*
2018	$126.0	$18.4	$144.4
2019	139.6	23.6	163.1
2020	145.9	21.0	166.9
2021	163.9	20.0	183.9
2022	166.8	23.9	190.7

*Amounts were updated to reflect financial statement reclassifications of revenues (Federal Financial Aid) from operating to nonoperating revenues.

The University of Connecticut Foundation, Inc.

The University of Connecticut Foundation, Inc., (the "Foundation") is a separate entity that supports the mission of the University. For financial reporting purposes, the Foundation is an independent, privately governed institution, which is separately audited. The Foundation operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the University and UConn Health. The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and UConn Health.

Gift revenue to the University, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. The Foundation disburses funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These disbursements paid to the University and to third parties on behalf of the University from the Foundation totaled approximately $46.9 million in Fiscal Year 2023 compared to $35.9 million in Fiscal Year 2022. In addition, the University receives gifts directly. Total non-operating gifts and capital gifts and grants revenue to the University from all sources amounted to $8.8 million and $2.6 million in Fiscal Years 2023 and 2022, respectively.

Giving University-wide continued at record levels, with contributions of $157.9 million to support the University students, faculty, and programs during Fiscal Year 2023. Of the $157.9 million in new gifts and commitments, $55.6 million was directed for scholarships and fellowships, $47.8 million for program support, $9.9 million for research, $12.4 million for faculty support, and $32.2 million for capital improvements. Donors contributed $42.6 million to the University's endowment. The endowment portfolio was valued at $577.3 million at the end of Fiscal Year 2023, including $240.6 million for scholarships and fellowships, $151.2 million for endowed chairs, professorships and other faculty support, and $185.5 million for programmatic priorities. Endowed funds are managed by the Foundation Board of Directors' investment committee, Foundation management, and staff. The endowment is managed as a single portfolio, but funds are invested in various asset classes to diversify risk.

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University of Connecticut Foundation, Inc.
Summary of Total Assets, Revenue and Expenditures
For Fiscal Years 2019 - 2023 (in thousands)

Assets	**2019**	**2020**	**2021**	**2022**	**2023**
Endowment assets	$ 458,743	$ 458,742	$ 610,362	$ 575,617	$ 571,412
All other assets	138,866	158,750	159,420	168,976	219,993
Total Assets	**$ 597,609**	**$ 617,492**	**$ 769,782**	**$ 744,593**	**$ 791,405**
Support and Revenue					
Contributions and educational support	$ 40,184	$ 38,334	$ 55,740	$ 55,771	$ 97,843
Payment from the University	11,167	12,150	12,150	12,150	10,000
Investment income, net	21,987	24,051	139,346	(31,859)	12,119
Other revenues	1,669	1,050	3,332	822	947
Total Support and Revenue	**$ 75,007**	**$ 75,585**	**$ 210,568**	**$ 36,884**	**$ 120,909**
Expenditures					
Disbursements to and on behalf of the University	$ 35,344	$ 26,049	$ 33,649	$ 35,880	$ 46,909
Foundation expenses (development, asset mgt, admin)	24,049	23,081	22,668	23,979	29,821
Total Expenditures	**$ 59,393**	**$ 49,130**	**$ 56,317**	**$ 59,859**	**$ 76,730**
Support and Revenues Over/Under Expenditures	**$ 15,614**	**$ 26,455**	**$ 154,251**	**$ (22,975)**	**$ 44,179**

University Indebtedness

The UCONN 2000 Act, as amended, empowers the University to borrow money and issue securities to finance the acquisition, construction, reconstruction, improvement or equipping of any UCONN 2000 project and to provide for the security and payment of those securities and to refund such securities. Toward this purpose, to date, the University has issued General Obligation Bonds and Special Obligation Bonds, entered a privately placed Governmental Lease Purchase Agreement, and assumed a promissory note associated with the purchase of the Nathan Hale Inn on the Storrs Campus. As of the date of delivery of the 2023 Bonds, certain General Obligation Bonds, Special Obligation Bonds, and the Governmental Lease Purchase Agreement remain outstanding. The promissory note associated with the purchase of the Nathan Hale Inn was retired on December 1, 2016.

The University of Connecticut General Obligation Bonds are issued pursuant to the Master Indenture of Trust, as amended (the "Master Indenture"), are secured by the full faith and credit of the University and are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is defined by the Act and the Master Indenture as the commitment by the State to pay an annual amount for the punctual payment of Special Debt Service Requirements on certain securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal and sinking fund installments for and interest accruing on such General Obligation Bonds. As of the date of delivery of the 2023 Bonds, principal outstanding of the University's General Obligation Bonds will be $1,741,610,000 including the 2023 Bonds, net of the Refunded Bonds.

The University of Connecticut Special Obligation Bonds are issued pursuant to the Special Obligation Indenture of Trust, as amended (the "Special Obligation Master Indenture"). The Board of Trustees approved the Special Obligation Master Indenture on November 8, 1996. Unlike the UCONN 2000 General Obligation Bonds that are paid from the State's General Fund, debt service on the Special Obligation Bonds is paid from certain pledged revenues, including student fees of the University as defined in the Special Obligation Master Indenture. To date, eleven projects have been authorized to receive $441,180,000 of the UCONN 2000 Special Obligation Bond proceeds, and these projects may also be supported by the University's General Obligation Bonds, State General Obligation Bonds or other funding. See "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – Status of UCONN 2000 Projects" in this Appendix I-A. As of the date of delivery of the 2023 Bonds, principal outstanding of Special Obligation Bonds is expected to be $271,540,000, including the Special Obligation Bonds anticipated to be issued in November, 2023.

A privately placed Governmental Lease Purchase Agreement (the "Lease"), with Caterpillar Financial Services Corporation, a Delaware Corporation, is a general obligation of the University entered into to finance the cogeneration facility portion of the UCONN 2000 Heating Plant Upgrade project. The cogeneration facility is part of the UCONN 2000 Heating Plant Upgrade project, as defined under the UCONN 2000 Act, which generates substantially all the needs for electrical power, heating, and cooling on the main campus at Storrs. The $81,900,000 original principal amount of the Lease, comprised of $75,000,000 executed in 2003, and, pursuant to an amendment, an additional $6,900,000 executed in 2005, is a UCONN 2000 debt obligation entered into under certain separately negotiated documents and agreements and is not secured by the Master Indenture or the Special Obligation Master Indenture nor is it secured by the State Debt Service Commitment. Subsequent to 2005, the University amended the Lease twice to lower interest rates and reduce its monthly Lease payments. As of January 2017, the Lease interest rate is 2.22% resulting in a monthly Lease payment of $461,645. As of the date of delivery of the 2023 Bonds, the principal amount of the Lease outstanding will be $11,703,517 with a final maturity date of December 29, 2025. The UCONN 2000 Heating Plant Upgrade project also has been partially funded with General Obligation Bonds of the University secured by the State Debt Service Commitment.

In addition to UCONN 2000 indebtedness, the University has certain other limited indebtedness; see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2022".

The following schedule sets forth the debt service payments to be made in each fiscal year on the General Obligation Bonds issued and outstanding by the University as of the date of delivery of the 2023 Bonds.

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Debt Service on General Obligation Bonds(1)
as of November 21, 2023

FYE June 30th	Outstanding General Obligation Bonds Principal	Interest	Subtotal	This Issue 2023 Bonds Principal	Interest	Subtotal	Total General Obligation Bonds Principal	Interest	Total
2024	$ 106,465,000	$ 33,388,047	$ 139,853,047	$ -	$ 4,177,192	$ 4,177,192	$ 106,465,000	$ 37,565,239	$ 144,030,239
2025	111,165,000	61,165,963	172,330,963	24,600,000	17,287,250	41,887,250	135,765,000	78,453,213	214,218,213
2026	107,310,000	55,653,238	162,963,238	24,665,000	16,055,625	40,720,625	131,975,000	71,708,863	203,683,863
2027	103,590,000	50,313,238	153,903,238	24,635,000	14,823,125	39,458,125	128,225,000	65,136,363	193,361,363
2028	99,715,000	45,206,363	144,921,363	24,595,000	13,592,375	38,187,375	124,310,000	58,798,738	183,108,738
2029	99,825,000	40,215,238	140,040,238	24,555,000	12,363,625	36,918,625	124,380,000	52,578,863	176,958,863
2030	93,160,000	35,388,363	128,548,363	24,565,000	11,135,625	35,700,625	117,725,000	46,523,988	164,248,988
2031	88,015,000	31,161,325	119,176,325	24,570,000	9,907,250	34,477,250	112,585,000	41,068,575	153,653,575
2032	81,555,000	26,760,575	108,315,575	24,555,000	8,679,125	33,234,125	106,110,000	35,439,700	141,549,700
2033	81,555,000	22,748,425	104,303,425	24,530,000	7,452,000	31,982,000	106,085,000	30,200,425	136,285,425
2034	81,555,000	19,104,738	100,659,738	24,525,000	6,225,625	30,750,625	106,080,000	25,330,363	131,410,363
2035	81,550,000	15,288,488	96,838,488	11,225,000	5,331,875	16,556,875	92,775,000	20,620,363	113,395,363
2036	70,545,000	11,560,088	82,105,088	11,225,000	4,770,625	15,995,625	81,770,000	16,330,713	98,100,713
2037	57,465,000	8,163,713	65,628,713	11,225,000	4,209,375	15,434,375	68,690,000	12,373,088	81,063,088
2038	41,905,000	5,472,138	47,377,138	11,225,000	3,648,125	14,873,125	53,130,000	9,120,263	62,250,263
2039	28,105,000	3,602,238	31,707,238	11,225,000	3,086,875	14,311,875	39,330,000	6,689,113	46,019,113
2040	19,365,000	2,459,038	21,824,038	11,225,000	2,525,625	13,750,625	30,590,000	4,984,663	35,574,663
2041	19,365,000	1,490,788	20,855,788	11,225,000	1,964,375	13,189,375	30,590,000	3,455,163	34,045,163
2042	11,355,000	539,138	11,894,138	11,225,000	1,403,125	12,628,125	22,580,000	1,942,263	24,522,263
2043	-	-	-	11,225,000	841,875	12,066,875	11,225,000	841,875	12,066,875
2044	-	-	-	11,225,000	280,625	11,505,625	11,225,000	280,625	11,505,625
Totals (2)	**$ 1,383,565,000**	**$ 469,681,134**	**$ 1,853,246,134**	**$ 358,045,000**	**$ 149,761,317**	**$ 507,806,317**	**$ 1,741,610,000**	**$ 619,442,451**	**$ 2,361,052,451**

[1] Secured by State Debt Service Commitment, net of bonds previously refunded.
[2] Totals may not sum due to rounding.

The following table sets forth all bonds and capital leases issued by the University under the UCONN 2000 program and outstanding as of the date of delivery of the 2023 Bonds, including the 2023 Bonds and the Special Obligation Bonds anticipated to be issued in November, 2023.

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Total UCONN 2000 Debt Obligations Outstanding

		Original Par Amount[1]		Amount Outstanding Currently[1]	Dated Date
General Obligation Debt Service Commitment Bonds					
GO DSC 2013 Series A Refunding[2]		51,250,000		8,890,000	July 31, 2013
GO DSC 2014 Series A		109,050,000		5,455,000	April 22, 2014
GO DSC 2014 Series A Refunding[3]		92,940,000		3,980,000	April 22, 2014
GO DSC 2015 Series A		220,165,000		132,095,000	April 16, 2015
GO DSC 2015 Series A Refunding[4]		34,625,000		10,275,000	April 16, 2015
GO DSC 2016 Series A		261,510,000		169,975,000	April 21, 2016
GO DSC 2016 Series A Refunding[5]		80,425,000		14,900,000	April 21, 2016
GO DSC 2017 Series A		311,200,000		217,840,000	January 19, 2017
GO DSC 2018 Series A		276,075,000		207,055,000	May 3, 2018
GO DSC 2019 Series A		174,785,000		131,085,000	May 8, 2019
GO DSC 2019 Series A Refunding[6]		64,680,000		32,335,000	May 8, 2019
GO DSC 2020 Series A		160,230,000		144,200,000	December 17, 2020
GO DSC 2020 Series A Refunding[7]		119,085,000		89,655,000	December 17, 2020
GO DSC 2022 Series A		227,185,000		215,825,000	April 13, 2022
GO DSC 2023 Series A		224,540,000		224,540,000	November 21, 2023
GO DSC 2023 Series A Refunding[8]		133,505,000		133,505,000	November 21, 2023
Total[9][13]			**$**	**1,741,610,000**	
Special Obligation Student Fee Revenue Bonds					
UCONN 2000 SPEC OB 2018-A	$	141,725,000	$	128,305,000	March 29, 2018
UCONN 2000 SPEC OB 2022-A Refunding[10]		52,515,000		46,095,000	November 15, 2022
UCONN 2000 SPEC OB 2023-A		97,140,000		97,140,000	November 21, 2023
Total[11][13]			**$**	**271,540,000**	
Capital Leases					
Governmental Lease Purchase Agreement	$	75,000,000	$	10,700,261	December 18, 2003
Governmental Lease Purchase Agreement		6,900,000		1,003,255	August 15, 2005
Total[12][13]			**$**	**11,703,517**	

[Footnotes on the following page]

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[1] "Original Par Amount" includes bonds previously refunded. "Amount Currently Outstanding" is net of bonds previously refunded.
[2] The General Obligation DSC 2013-A Refunding Bonds refunded $54,375,000 of the outstanding General Obligation DSC Series 2004A and 2005A Bonds.
[3] The General Obligation DSC 2014-A Refunding Bonds refunded $97,930,000 of the outstanding General Obligation DSC Series 2004A Refunding and 2005A Bonds.
[4] The General Obligation DSC 2015-A Refunding Bonds refunded $38,550,000 of the outstanding General Obligation DSC Series 2006A Bonds.
[5] The General Obligation DSC 2016-A Refunding Bonds refunded $88,535,000 of the outstanding General Obligation DSC Series 2006A Refunding Bonds and 2007A Bonds.
[6] The General Obligation DSC 2019-A Refunding Bonds refunded $72,060,000 of the outstanding General Obligation DSC Series 2009A Refunding Bonds.
[7] The General Obligation DSC 2020-A Refunding Bonds refunded $138,340,000 of the outstanding General Obligation DSC Series 2010A and 2011 Series A Refunding Bonds.
[8] The General Obligation DSC 2023-A Refunding Bonds refunded $140,820,000 of the outstanding General Obligation DSC Series 2013A and 2014A Bonds.
[9] The Debt Service on the General Obligation Bonds is payable from the Debt Service Commitment of the State.
[10] The Special Obligation 2022-A Refunding Bonds refunded all of the outstanding $54,795,000 Special Obligation Series 2012A Refunding Bonds.
[11] Debt Service on the Special Obligation Bonds are payable from certain Pledged Revenues of the University as further defined in the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended.
[12] Does not include capital lease obligations subject to annual appropriation.
[13] Totals may not sum due to rounding.

Employee Data

Faculty and Staff. As of Fall 2022, the University had 4,856 full-time equivalent ("FTE") employees. Full and part-time faculty accounted for 1,914 FTE employees. The University hires adjunct lecturers on a semester-by-semester basis, as needed, who are not included in the above employee count. In Fall 2022, 52.4% of full-time teaching faculty were tenured, 19.2% were tenure track and the remaining were non-tenure track faculty. The median age range of full-time faculty was 45-49. Additionally, the University has 976 FTE graduate student assistants who receive stipends; and other non-permanent employees (i.e., special payroll, students) not captured in any of the prior categories.

Six bargaining units represented approximately 4,472 FTE union members as of Fall 2022. Approximately 8% of university faculty and staff were non-union employees. The University bargains with four units covering 3,866 FTE employees: the University of Connecticut Chapter of the American Association of University Professors (UConn-AAUP), the University of Connecticut Professional Employees Association (UCPEA), the Graduate Employee Union (GEU-UAW), and the Postdoctoral Research Associates Union (UAW-Postdocs). The remaining four unions covering 606 FTE employees bargain directly with the State Office of Labor Relations. Law school faculty, University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

The University has statutory authority to negotiate and enter into collective bargaining agreements with the four labor unions noted above. The collective bargaining agreements with the AAUP and UCPEA are for the term of July 1, 2021, through June 30, 2025 and each unit has a wage re-opener for fiscal year beginning July 1, 2024. The collective bargaining agreement with the GEU-UAW is for the term that began July 1, 2022, through June 30,2026. The UAW-Postdocs contract is in effect until June 30, 2024.

Retirement Plans and Post-Employment Benefits. Most State employees are eligible to receive retirement benefits under a State retirement plan. Various retirement plans are available for University employees, none of which are administered by the University. Additional information on retirement benefits may be found in the Notes to the University's financial statements included as Schedule 1 herein.

Insurance and Litigation

Insurance. The University, as an agency of the State of Connecticut, relies upon sovereign immunity for protection from liability. However, as an agency of the State, the University participates in the State's program of liability coverage. The State has a self-insured retention of $4,000,000. The State purchases excess liability policies beyond its self-insured retention. The State also purchases other coverages to mitigate risk, including property and casualty insurance for all State agencies. The State pays the premiums for such insurance policies. The University may request disbursement of insurance proceeds which the State receives from a claim arising out of the loss of university property. The Act authorizes the University to purchase insurance for its assets, actions, and activities. With regard to design and construction projects, the University requires errors and omissions insurance from the lead project design professional (project architect of record) and selected sub-consultants on all construction projects. The University requires that contractors engaged on all construction projects provide and maintain general liability, automobile, and statutory workers' compensation coverage. With regard to builder's risk policies and protection of construction work in progress for existing buildings, the State, through its property policy provides builders risk coverage subject to a deductible. The University requires the contractors to provide builders risk insurance for the construction of new buildings. The University directly purchased workers' compensation insurance as part of an owner-controlled insurance program (OCIP) for select UCONN 2000 Health projects, and coverage for products and completed operations remains in place.

Litigation. The University (not including UConn Health) is currently defending various legal matters in state and federal courts. None of those suits, either individually or in the aggregate, are likely to have a material adverse impact on the University's financial position, net of reserves.

UNIVERSITY OF CONNECTICUT HEALTH CENTER

An organizational unit of the University of Connecticut, UConn Health is a comprehensive State-owned academic Health Center, which has the traditional tripartite missions of education, patient care and research. In conjunction with this mission, UConn Health is focused on community service and public health. Its main campus is located in a complex of buildings in suburban Farmington, Connecticut. UConn Health was established in 1961 and is currently comprised of the School of Medicine, the School of Dental Medicine (and their associated Educational Clinics), the UConn John Dempsey Hospital, the University Medical Group, University of Connecticut Finance Corporation (and subsidiaries), research laboratories, health sciences/medical library and administrative and other support facilities. It operates more than 400 clinical and educational programs throughout Connecticut and is a referral center for persons with certain illnesses requiring complex patient care. As of Fall 2023, UConn Health had approximately 650 professional students in the Schools of Medicine and Dental Medicine, 360 graduate students in Master's and Doctoral programs, and 780 residents, interns, and postdoctoral fellows. It also provides an extensive array of continuing education activities to health professionals throughout the State. UConn Health submits separate operating and capital budgets to the Governor and the General Assembly and receives its appropriation and allotment separate from the University. See "UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University" in this Appendix I-A.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Directors

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

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

Name	Term Ends	Position	Affiliation/Profession
Kenneth Alleyne	2026	Member	Orthopedic Surgeon, Eastern Orthopedics
Francis X. Archambault Jr.	2021*	Member	Retired Emeritus Professor, University of Connecticut
Patricia Baker	2031	Appointed by the Governor	Retired President and CEO of the CT Health Foundation
Richard M. Barry	2016*	Secretary	Deputy Chief Risk Officer, Key Bank
Andy F. Bessette	2016*	Appointed by Chairperson, Board of Trustees	EVP & CAO, The Travelers Companies, Inc.
Mark Boxer	2024	Appointed by Chairperson, Board of Trustees	Executive Vice President and Chief Operating Officer, University of Hartford
Richard T. Carbray Jr.	2028	Appointed by Chairperson, Board of Trustees	Owner, RTC Pharmaceutical Consulting
Charlene Casamento		Ex-Officio	Undersecretary, Office of Policy & Management, State of Connecticut
Cheryl A. Chase	2022	Vice-Chair	Co-President, Principal and General Counsel, Chase Enterprises
Sanford Cloud, Jr.	2020*	Chair; Appointed by Chairperson, Board of Trustees	Chairman and CEO, The Cloud Company, LLC
Britt-Marie K. Cole-Johnson	2025	Member	Partner, Robinson & Cole
Joel Freedman	2021*	Appointed by the Governor	Owner, Freedman Consulting, LLC
Timothy A. Holt	2025	Member	Retired Director, Virtus Investment Partners and MGIC Investment
Manisha Juthani, MD		Ex-officio	Commissioner, Connecticut Department of Public Health
Radenka Maric		Ex-officio	President, University of Connecticut
Wayne Rawlins	2021*	Member	Vice President & Senior Medical Director of Healthcare Services, ConnectiCare, Inc.
Teresa M. Ressel	2018*	Appointed by the Governor	Private Company Management

* Board members continue to serve until re-appointed or replacements are appointed.

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

Officers of the Board of Directors. The officers of the Board of Directors are the Chair of the Board, the Vice-Chair, the Secretary, and the Treasurer (vacant). The Chair is privileged to make or discuss motions and to vote on all questions.

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

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

Residency. The School of Medicine and the School of Dental Medicine each offer residency programs, which provide advanced training in preparation for licensure practice and certification within a field of specialization. Approximately 780 medical and dental residents and fellows populate UConn John Dempsey and other regional hospitals.

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

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

Research. The faculty of the Schools of Medicine and Dental Medicine are generally expected to develop an active research program, both to advance knowledge within their field of expertise and to enhance the quality of the educational program. Approximately $115.9 million was received in Fiscal Year 2023 for research activities of the various faculties, which supplements appropriations from the State.

Student Enrollment

Enrollment. UConn Health's enrollment in Fall 2023 was approximately 450 in the School of Medicine, 200 in the School of Dental Medicine, and 360 Graduate students. Admission to each school is highly competitive, but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. Both schools have a long history of outstanding performance on the National Boards highlighted by the School of Dental Medicine's one hundred percent passing rate in recent years.

Average Total MCAT and DAT Scores
Fall 2019 - 2023

Fall	MCAT	DAT
2019	512.1	22.0
2020	512.0	21.6
2021	511.0	21.8
2022	512.0	21.0
2023	513.0	21.9

Passing Rates on National Exams
2018 - 2022

Year	School of Medicine	School of Dental Medicine
2018	97	100
2019	97	100
2020	99	100
2021	98	100
2022	Not Available	100

Tuition and Other Fees

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

Tuition. For the 2024 academic year, tuition for Connecticut residents has been set at $44,666 for School of Medicine students and $41,291 for School of Dental Medicine students; and tuition for out-of-state students is set at $74,367 for the School of Medicine and $83,352 for the School of Dental Medicine.

Mandatory Fees. For the 2024 academic year, students will pay a fee of $2,785 for the School of Medicine and $3,111 for the School of Dental Medicine. This fee includes payments for commencement, student affairs, and a student activity fee. An optional student health plan is available for an additional fee.

Annual Cost of an In-State Student Enrolled
at UConn Health by School
Academic Years 2021 - 2024

School of Medicine

	2021	2022	2023	2024
Tuition	$40,287	$41,697	$43,156	$44,666
Fees	2,785	2,785	2,785	2,785
Total	**$43,072**	**$44,482**	**$45,941**	**$47,451**

School of Dental Medicine

	2021	2022	2023	2024
Tuition	$37,063	$38,360	$39,703	$41,291
Fees	2,719	2,939	3,038	3,111
Total	**$39,782**	**$41,299**	**$42,741**	**$44,402**

Percentage of Enrollment by Residence Status
Fall 2019 - 2023

	School of Medicine		School of Dental Medicine	
Fall	In-State	Out-of-State	In-State	Out-of-State
2019	96.2%	3.8%	86.0%	14.0%
2020	90.7	9.3	90.0	10.0
2021	92.3	7.7	90.0	10.0
2022	91.5	8.5	88.0	12.0
2023	92.9	7.1	90.0	10.0

University of Connecticut Health Center Clinical Operations

Clinical Operations, which includes hospital, physician, pharmacy, and dental practice operations, is the vehicle through which UConn Health provides patient care and contracts with managed care and other health care payors. Clinical Operations also does business through the University of Connecticut Health Center Finance Corporation (the "Finance Corporation"), a statutory corporation authorized to enter joint ventures, other affiliations, and contracts in furtherance of the operations of the clinical programs. Through this affiliation, the Finance Corporation engages in joint ventures and other arrangements and operates a separate pharmacy, UConn Health Pharmacy Services Inc. (UHPSI).

UConn John Dempsey Hospital. John Dempsey Hospital (the "Hospital") has 234 licensed beds (208 staffed), and is located in Farmington, a suburb of Hartford. It serves as the primary teaching hospital for the Schools of Medicine and Dental Medicine and participates in the clinical education of students from other health profession education programs. As the primary teaching hospital, it contains a full range of services, including surgery, medicine, cardiac care, psychiatry, and obstetrics and gynecology. The Hospital is also the focus of specialized programs, including programs dealing with arthritis, lupus, alcoholism, cancer, hemophilia, high-risk pregnancies, dental diseases in the handicapped, and taste and smell deficiencies. The Hospital also provides emergency dental care through an agreement with the Educational Clinics.

UConn Medical Group. The medical faculty practice of UConn Health ("UMG") is a key component of UConn Health's integrated health care delivery system. UMG includes an extensive array of ambulatory clinics representing a range of specialty and primary care fields. UMG's operation is an essential element for the education and training of medical students that enables the University of Connecticut School of Medicine to accomplish its mission. Medical students, for example, learn diagnosis and treatment by training side-by-side with faculty clinicians as these doctors see patients.

University Dentists. University Dentists ("UD") is the dental faculty practice at UConn Health. Together with the Educational Clinics, these entities comprise what is called the Dental Clinics. UD provides services in 8 different specialties such as endodontics, periodontics, prosthodontics, oral pathology, and oral surgery. The practice is open to the public.

Educational Clinics. The Educational Clinics offer comprehensive dental care provided by dental students (pre-doctoral students) in multidisciplinary clinics or by dental residents (postdoctoral students) receiving advanced or specialty training under the supervision of licensed clinical faculty. The Predoctoral Teaching Program is designed to train dental students to be future general dentists or specialists. Dental care provided in the predoctoral program is provided by students under the supervision of experienced dentists. The Postdoctoral Teaching Program is a practice comprised of licensed dentists who spend 2 to 6 years under intensive training to be specialists in endodontics, periodontics, oral surgery, orthodontics, pediatric dentistry, oral radiology, prosthodontics, or advanced education general dentistry.

Finance Corporation. The Finance Corporation, working through its subsidiary entities University of Connecticut Health Center Circle Road Corporation and UHPSI, provides operational support to the other clinical entities. The Finance Corporation provides contracting and operational flexibility which allows clinical operations to operate more as a traditional business instead of a state entity. The Finance Corporation and its Circle Road subsidiary help Clinical Operations meet their space needs through maintaining the Outpatient Pavilion and other clinical space arrangements. The Finance Corporation also operates the UHPSI, which provides pharmaceuticals to outpatients primarily from the various clinics related to UConn Health.

Patient Service Revenue

Pursuant to the Master Indenture, patient revenues or any other revenues derived from clinical operations of the University are not pledged towards the repayment of Bonds.

Strategic Plan Initiative

Our Mission. UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness/health to maximum attainable levels.

In this quest, UConn Health will continuously enable students, professionals, and agencies to promote the health of Connecticut's citizens. UConn Health will consistently pursue excellence and innovation in the education of health professionals; the discovery, dissemination, and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

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

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

Bioscience Connecticut. UConn Health has benefitted from the major economic revitalization plan called Bioscience Connecticut (Public Act 10-104, as amended by Public Act 11-75). Bioscience Connecticut's aim is to make the State a leader in bioscience research and in turn, jumpstart the State's economy by creating jobs and generating long-term economic growth. The Bioscience Connecticut plan was funded with $592 million of bond funds. Construction work related to the initiative is now complete.

In October 2011, the Connecticut General Assembly adopted legislation, which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized $290.7 million of State general obligation bonds to be issued between Fiscal Years 2012 and 2021 and to be deposited in the Connecticut Bioscience Collaboration Fund. This fund is held and administered by Connecticut Innovations Incorporated, a separate public instrumentality of the State of Connecticut, to support the establishment of a bioscience cluster anchored by a research laboratory housed at UConn Health.

In Fiscal Year 2022, $25 million was added to the amount of bonds which may be issued by the University under the UCONN 2000 program for deferred maintenance projects on the UConn Health campus. In Fiscal Year 2023, $40 million in State General Obligation Bonds was authorized for deferred maintenance, and infrastructure improvements and in fiscal 2024, another $43 million has been legislatively approved for deferred maintenance, infrastructure improvements, and equipment.

Employment

UConn Health employed approximately 5,000 full-time equivalent (FTE) employees as of September 2023. UConn Health employees are State employees. The terms and conditions of employment of almost 4,400 FTE employees as of Fall 2023 are governed by collective bargaining agreements with nine bargaining units. The State bargains with all bargaining units representing UConn Health employees except the University Health Professions (the "UHP") and the American Association of University Professors (the "AAUP"). UConn Health has statutory authority to negotiate and enter into collective bargaining agreements with the labor unions that represent its faculty (AAUP) and non-teaching professionals (UHP). UConn Health has reached agreement on successor contracts with these unions. The remaining seven unions bargain directly with the State. University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

UCONN HEALTH FINANCES

Financial Statements of UConn Health

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2018, 2019, 2020, 2021 and 2022.

Statement of Revenues, Expenses and Changes in Net Position

($ in thousands)	2018	2019	2020	2021	2022
OPERATING REVENUES					
Student tuition and fees[1]	$ 18,613	$ 20,655	$ 21,636	$ 23,475	$ 23,871
Patient services[2]	580,697	534,494	513,608	628,899	743,493
Federal grants and contracts	50,748	58,196	58,055	68,185	96,326
Nongovernmental grants and contracts	29,337	30,016	27,872	24,977	26,357
Contract and other operating revenues	127,188	159,745	162,725	155,419	158,365
Total operating revenues	806,583	803,106	783,896	900,955	1,048,412
OPERATING EXPENSES					
Educational and General					
Instruction	179,948	157,396	170,526	178,910	175,456
Research	56,102	52,832	55,173	57,554	77,186
Patient services	747,637	663,701	846,526	966,535	974,933
Academic support	19,322	15,173	20,087	24,986	22,124
Institutional support	112,126	126,922	89,592	159,055	143,483
Operations and maintenance of plant	38,223	37,659	25,112	26,886	27,616
Depreciation	52,637	72,575	72,893	70,375	71,283
Student aid	364	71	25	39	98
Total operating expenses	1,206,359	1,126,329	1,279,934	1,484,340	1,492,179
Operating (loss) income	(399,776)	(323,223)	(496,038)	(583,385)	(443,767)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,513	250,846	296,520	330,872	344,029
Transfer (to)/from State and outside Programs	-	(1,991)	-	-	20,000
Gifts	5,706	6,146	6,950	3,496	4,417
COVID-19 Relief Funds	-	-	22,518	15,598	87,427
Lease Revenue	-	-	-	-	2,712
Interest/Investment income	654	1,385	600	31	487
Interest on capital asset – related debt	(9,909)	(9,619)	(9,354)	(9,028)	(9,935)
Net non-operating revenues	275,964	246,767	317,234	340,969	449,137
Income before other revenues, expenses, gains or losses	(123,812)	(76,456)	(178,804)	(242,416)	5,370
Loss on disposal	(3,092)	(1,898)	(332)	(196)	(779)
Transfer from Affiliate	-	-	-	2,000	228
Capital appropriations	88,806	13,000	-	680	13,000
Total other revenues	85,714	11,102	(332)	2,484	12,449
Increase (decrease) in net position	(38,098)	(65,354)	(179,136)	(239,932)	17,819
NET POSITION					
Net position-beginning of year	126,332	(1,014,953)	(1,120,178)	(1,299,314)	(1,539,858)
Cumulative effect of accounting changes and error corrections	(1,103,187)	(39,871)	-	-	(612)
Net position-beginning of year as restated	(976,855)	(1,054,824)	(1,120,178)	(1,299,314)	(1,539,858)
Net position-end of year	$ (1,014,953)	$ (1,120,178)	$ (1,299,314)	$ (1,539,246)	$ (1,522,039)

[1] Net of scholarship allowances of $5,964, $6,786, $7,359, $6,874 and $7,219 respectively.

[2] Net of charity care of $422, $396, $1,345, $3,658 and $4,295 respectively.

Note: Although governed by a single Board of Trustees with one chief executive officer and one chief financial officer, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. See “UCONN HEALTH FINANCES – Budget and Budgeting Procedure of UConn Health”.

Budget and Budgeting Procedure of UConn Health

UConn Health submits a separate biennial operating budget to the Governor and General Assembly through the Secretary of the Office of Policy and Management. The operating budget request sets forth a proposed expenditures plan for the amount necessary to meet cost increases while providing a constant level of service. The budget may also include funds for expansion of UConn Health programs. The operating budget includes various revenue sources including patient services, federal and private grant funding, and State appropriations. The General Assembly appropriates and allocates funds directly to UConn Health. The Governor may reduce State agency allotments by not more than five percent unless such reduction is approved by the Appropriations Committee of the General Assembly which shall, within ten days, approve or reject such reduction. UConn Health's Board of Directors approves annually the Unrestricted Operating Budgets for UConn Health, which then must be approved by the University's Board of Trustees.

During each fiscal year, the Board of Trustees must quarterly submit to the General Assembly and the Office of Policy and Management, a report of the actual expenditures of UConn Health.

UConn Health's capital budget request process is combined with the University as part of UCONN 2000 Phase III for Fiscal Years 2005-2027. Rather than annual requests, the University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

Fiscal Year 2024 Spending Plan. UConn Health is estimated to end Fiscal Year 2024 with a deficit of $22.1 million. These results are expected to be funded by prior year surpluses. These results also reflect the continued commitment by the State of Connecticut to allocate American Rescue Plan Act ("ARPA") funds to UConn Health.

In addition to actual results of operations for Fiscal Years 2020-2023, the following schedule reflects the Fiscal Year 2024 Spending Plan.

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Statement of Current Funds Operations [1] (in millions)

Current Funds Revenues:	**FY20 Actual**	**FY21 Actual**	**FY22 Actual**	**FY23 Actual (unaudited)**	**FY24 Spending Plan**
State Support[2]	$ 296.5	$ 330.8	$ 364.0	$ 438.7	$ 202.6
Tuition & Fees	29.4	30.3	31.1	32.7	33.4
Research Grants and Contracts	85.9	93.2	122.7	115.9	122.5
Interns and Residents	69.2	72.0	72.6	79.2	82.8
Net Patient Care	513.6	628.9	743.5	843.1	894.9
Other Income	119.5	101.9	172.0	209.5	183.0
Total Revenues	**$ 1,114.1**	**$ 1,257.1**	**$ 1,505.9**	**$ 1,719.1**	**$ 1,519.2**
Expenditures:					
Personal Services	$ 443.1	$ 465.8	$ 504.6	$ 550.2	$ 590.5
Fringe Benefits	235.0	256.5	330.1	357.8	171.9
Medical/Dental House Staff	58.0	59.9	58.7	63.3	69.0
Drugs/Medical Supplies	124.1	163.5	228.0	275.6	287.2
Outside & Other Purchased Services	98.4	100.8	105.0	126.2	141.8
Other Expenses	170.0	168.3	206.7	321.7	280.9
Total Expenditures	**$ 1,128.6**	**$ 1,214.8**	**$ 1,433.1**	**$ 1,694.8**	**$ 1,541.3**
Net Gain (Loss)	**$ (14.5)**	**$ 42.3**	**$ 72.8**	**$ 24.3**	**$ (22.1)**

[1] Statement of Current Funds Operations results exclude certain non-operating expenses as well as year-end adjustments such as the GASB 68 and GASB 71 adjustments. These items are not presented in the UConn Health spending plan. These amounts totaled $161 million, $252.7 million, $82.2 million, and $217.4 million for Fiscal Years 2020, 2021, 2022, and 2023 respectively.

[2]See "STATE SUPPORT OF UCONN HEALTH-APPROPRIATIONS" section of this Appendix A for details on the change in fringe benefit reimbursement from the state.

Note: Totals may not add due to rounding.

State Support of UConn Health – Appropriations

The State develops a biennial budget, which includes UConn Health's appropriation requests. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. In June 2023, the State's budget for Fiscal Year 2024 was approved by Public Act 23-204. The approved appropriation for UConn Health was $111.4 million for Fiscal Year 2024. In addition to the appropriation, the State allocated $35.0 million for temporary operating support in FY24. It also distributed ARPA funds for COVID-19 revenue losses in the amount of $51.5 million for FY24.

Beginning in Fiscal Year 2024 the methodology in which the State reimburses fringe benefits will change. This change in methodology will result in the State funding all retirement costs, and UConn Health funding all non-retirement costs, for all UConn Health employees. As such, the state support revenue and fringe benefits expense associated with employee retirement costs have been removed from both the revenue and expense side of the current funds budget presentation.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $122.7 million in Fiscal Year 2022, representing 11.7% of total operating revenues. If nongovernmental grants are excluded, the revenue from federal, state, and local governmental grants and contracts, totaled $104.5 million for this time period, which represented 10.0% of total operating revenues.

Grants and Contracts
for Fiscal Years 2018 - 2022
(In Millions of Dollars)

Fiscal Year	Governmental Grants & Contracts	Nongovernmental Grants & Contracts	Total
2018	$62.1	$18.0	$80.1
2019	69.3	18.9	88.2
2020	69.1	16.8	85.9
2021	78.2	15.0	93.2
2022	104.5	18.2	122.7

Professional Liability, Litigation, and Insurance

Professional Liability. Connecticut statutes provide that the State Claims Commissioner may authorize suit against the State, including its agencies (such as UConn Health), if the Claims Commissioner deems it just and equitable and where a claimant has presented an issue of law or fact under which the State, were it a private person, could be liable. State officers and employees cannot be personally liable for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment.

Litigation. UConn Health is currently defending various legal matters in state and federal courts. None of those suits, net of reserves, are likely to have a material adverse impact on UConn Health's financial position.

Insurance. UConn Health operates a statutorily created insurance fund designated the "Medical Malpractice Fund" (the "Fund"). The Fund is a separate trust fund of the Finance Corporation. The Fund is required by State law to be established and operated by the Finance Corporation and to be held by the State Treasurer. The Fund is charged with all payments required to satisfy claims against UConn Health arising from the delivery of health care services. Since the Fund was established in 1987, UConn Health has not maintained private professional liability insurance. The Fund has paid all claims against UConn Health and the State for professional liability since 1987. The Hospital Group has implemented quality assurance, risk assessment and peer review processes to mitigate, identify and evaluate risks. The Fund is a cash-based fund that maintains the investment balance to cover expected current payments for the fiscal year. To the extent that claims for cases exceed current year premium charged by UConn Health, UConn Health may petition the State to make up the difference. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program. On June 30, 2022, the Fund had actuarial reserves of approximately $42.5 million and assets of approximately $41.2 million. It was estimated that $2.4 million would be used in Fiscal Year 2024 in settling cases. Current reserves include provision for the initial ruling in *Monroe Lynch, et al v. State of Connecticut*, which awarded the plaintiffs therein $34.6 million. UConn Health has accrued a liability based on the initial adjusted judgment. UConn Health appealed the ruling in September 2021 and the case remains before the Connecticut Supreme Court.

UConn Health Long-Term Liabilities

Summarized information on UConn Health long-term liabilities is presented in the breakout of long-term debt presented below.

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

The following schedules present UConn Health's composition and current year activity related to long-term debt and a breakout of debt service payments to be made in each of UConn Health's upcoming fiscal years related to debt outstanding as of June 30, 2022.

Long-term liability composition and activity for the Fiscal Years ended June 30, 2022, was as follows:

Long-Term Liability for Years Ended June 30, 2021 and June 30, 2022 (in thousands)

	June 30, 2021 Balance	Additions	Reductions	June 30, 2022 Balance	Amounts Due Within One Year
Long-Term Debt					
Lease Liabilities[1]	$ 42,383	$ 1,586	$ (6,061)	$ 37,907	$ 5,991
Mortgage Agreements Primary Institution	178,560	16,944	(7,495)	188,009	10,018
Malpractice Reserve	41,670	2,424	(1,636)	42,458	2,642
Compensated Absences	49,891	29,775	(31,769)	47,987	19,612
Pension Liability	**1,194,580**	**260,099**	**(261,624)**	**1,193,055**	**-**
OPEB Liability	**1,786,265**	**105,302**	**(389,249)**	**1,502,318**	**-**
Total Long-Term Liabilities	**$ 3,293,349**	**$ 416,130**	**$ (697,834)**	**$ 3,011,734**	**$ 38,263**

[1] UConn Health adopted the requirements of GASB No. 87 effective July 1, 2021 and adjustments to the June 30, 2021 balance were calculated using facts and circumstances that existed at that date. Additional information on this adoption is included in UConn Health's Fiscal Year 2022 Audited Financial Statements, attached as Schedule 2.

Estimated outstanding total long-term debt as well as the cash basis interest and principal requirements are as follows (in thousands):

Fiscal Year Ending June 30th	Total Long Term Debt	Debt Service
2023	$ 18,690	$ 7,238
2024	18,694	6,022
2025	17,493	5,270
2026	16,648	4,431
2027	16,641	3,457
Thereafter	183,796	18,363
Totals	**$ 271,962**	**$ 44,781**

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Schedule 1

<u>Audited Financial Statements of the University of Connecticut for Fiscal Year Ended June 30, 2022</u>

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Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2022

Included as an Enterprise Fund of the State of Connecticut

UCONN | UNIVERSITY OF CONNECTICUT

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Associate Vice President of Financial Operations and Controller

TABLE OF CONTENTS

INTRODUCTORY SECTION

UCONN
UNIVERSITY OF CONNECTICUT

LETTER OF TRANSMITTAL

December 9, 2022

To President Maric,
Members of the Board of Trustees, and
University of Connecticut Community:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the University of Connecticut for the fiscal year ended June 30, 2022. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

This ACFR includes the Management's Discussion and Analysis (MD&A), the basic financial statements, notes, and other supplementary and statistical information. It provides financial information about the University's results of activities during the year and describes its financial position at the end of the year based on currently known facts, decisions, and conditions.

Management assumes full responsibility for the contents of this report including the accuracy, completeness, and fairness of the data presented. We believe the University's system of internal controls is sufficient to identify material misstatements. Although we have strong internal controls, the cost of internal controls should not exceed the benefits. Therefore, the objective of the University's internal control system is to provide reasonable—rather than absolute—assurance that the financial statements are free of material misstatements, and that assets are safeguarded against loss from unauthorized use or disposition.

The University's Joint Audit and Compliance Committee (JACC) of the Board of Trustees exercises oversight over the integrity of its financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2022, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unmodified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformity with standards established by the Governmental Accounting Standards Board (GASB), as well as using guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada. The MD&A is presented to supplement the financial statements and should be read in conjunction with this letter of transmittal. The MD&A may be found immediately following the auditors' report.

University Profile

Background
The University was founded in 1881 when Charles and Augustus Storrs donated land and money to the State of Connecticut (State), establishing the Storrs Agricultural School, which later became Connecticut's land-grant college. Today, the University serves as the State's flagship institution for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service, and outreach.

The University is governed by the Board of Trustees, which is composed of 21 members, including the Governor, the UConn Health Board of Directors Chair, and the Commissioners of Agriculture, Economic and Community Development, and Education. The University is reported as an enterprise fund in the State's annual financial report and operates as a state-assisted institution of higher education.

The University supports a robust research program, with a "Research 1" classification that places it among those universities with the highest level of research activity. A number of university programs rank among the top research programs in their respective disciplines.

In addition to academics, the University also participates in Division I athletics. UConn has won 23 National Championships in four different sports, with 11 coming from the dominant women's basketball team. The University recently rejoined the Big East Conference for the 2020-2021 season for most sports.

Student and Faculty Data
For the 2021-2022 academic year, the number of applications for undergraduate first-year admissions was nearly 39,000 for just under 5,500 seats. Total enrollment in the fall of 2021 was 31,493 students, including nearly

7,700 graduate students. The University's diverse student population hails from 44 states and 113 countries. Of the 23,837 undergraduates, 52 percent were female, and 42 percent of undergraduates identify as minorities. The University employs 1,616 full-time faculty members and an additional 814 part-time faculty and adjuncts. In 2021-2022, the University awarded 8,332 degrees. Approximately 62 percent of graduates who attended high school in Connecticut and who are employed continue to work in the State of Connecticut.

Related Organization
The University of Connecticut Foundation, Inc. (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research, and recreational objectives for both the University and UConn Health, and therefore is not included as a component unit in the accompanying financial statements. See Notes 1 and 15 for additional information.

Economic Condition

As the State looked back on the height of the pandemic, fiscal year 2022 was marked as a year of recovery. Connecticut's unemployment rate saw a steady decline, down to 4.0 percent in June 2022. However, it still remains slightly higher than the pre-pandemic low of 3.4 percent. A significant portion of the overall economic recovery plan was funded by over $7 billion of federal support through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). These funds exclude additional federal relief funds that came in the form of direct allocations to higher education, individual stimulus payments, and additional unemployment benefits.

In addition to the ongoing pandemic, Connecticut continues to deal with large unfunded pension liabilities. As those costs are passed on to the University through fringe benefit rates, they negatively affect the University's research competitiveness. The University expects to pay about $44.8 million in fiscal year 2023 towards both unfunded pension and retiree health liabilities from non-state funds such as tuition, student fees, and other outside revenues.

The University presented a balanced fiscal year 2022 budget to the Board of Trustees in June 2021. This was in large part due to the significant federal COVID-19 relief funding received by the University. ARPA authorized the Higher Education Emergency Relief Fund (HEERF III), which provided the University with $57.3 million in direct federal funding. During fiscal year 2022, the University disbursed $28.6 million of HEERF III funds directly to students as emergency grants to cover expenses due to COVID-19. The remaining $28.7 million was allocated to the University to offset revenue losses incurred by the pandemic. In addition to the direct federal funding received, the State allotted $25.0 million to the University in fiscal year 2022. The allotment includes $5.0 million from the Coronavirus Relief Fund (CRF) to offset certain eligible COVID-19 expenses, and $20.0 million through the State's ARPA allocation to primarily offset housing and dining revenue losses incurred because of COVID-19. The housing capacity was running at about 88 percent of available beds during fiscal year 2022, up from only about 40 percent the previous fiscal year. The expectation is that capacity will increase again in fiscal year 2023.

Due to the institutional portion of the COVID-19 relief funds recognized as revenue in both fiscal years 2021 and 2022, the University was able to offset the accumulated losses associated with the pandemic.

In March 2022, the State entered into a retroactive collective bargaining agreement with the State Employees' Bargaining Agent Coalition (SEBAC). University faculty and staff received increases based on those same terms. The agreement included retroactive salary increases totaling 4.5 percent plus $2,500 lump sum payments for fiscal year 2022. The State provided one-time funds to the University to cover the salary and fringe costs related to the increases.

Long-Term Financial Planning

Beginning in fiscal year 2024 and beyond, the University will work towards eliminating an existing structural deficit, brought on by State-controlled fringe rate increases, contractual salary increases, and limited revenue increases. The State's significant one-time funding in fiscal years 2022 and 2023 will create additional challenges in fiscal year 2024 and beyond if the funding is not continued. The University's long-term plan includes becoming more self-reliant in generating diverse operating revenues amid a potential for decreases in State support. The University will look to maintain a balanced budget for its growing operations through potential increases in student tuition, increases in entrepreneurial programs and other revenues, and reductions in non-core spending.

Increases in Student Tuition
Starting in fiscal year 2017, and growing since that time, tuition revenue has become the largest source of revenue for the University. In December 2019, the Board approved a five-year tuition plan, covering fiscal years 2021-2025. The multi-year plan provides more certainty for students as they plan with their families for their college careers. Although tuition will increase, more financial aid will also be available to help address issues of affordability and accessibility for the University's students.

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Increases in Entrepreneurial Programs
The University's entrepreneurial programs provide educational opportunities in new emerging fields and contribute to the University's teaching, research, service, and outreach mission. These programs are mostly fee-based, delivered in-person or online, and use strategic marketing to recruit students not otherwise served by existing programs. The University provides incentives to units and will be actively working to develop new programs that can both meet the needs of identifiable, targeted new audiences and generate new sources of revenue.

Reductions in Spending
Over the last several years, the University has been and will continue to implement spending cuts across departments. Units are regularly asked to identify the required attrition, vacancy, and other savings necessary to achieve targeted cost savings. The University will continue to create fiscal flexibility for departments to focus on maintaining academic excellence and a high standard of service to our students.

Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added $2.0 billion in bond funds for new and renovated facilities, extending the UConn Infrastructure Improvement Program (UCONN 2000) that began in 1995 to 2027. An operating component was also included but has been limited due to the State's financial constraints. The general obligation bonds issued through UCONN 2000 for NextGenCT are secured by the State's debt service commitment; therefore, there are no University revenues budgeted for repayment of these bonds. Since fiscal year 2015, the University has been authorized $2.0 billion in funding for this initiative, with an additional $125.1 million and $84.7 million coming in fiscal years 2023 and 2024, respectively. These funds have allowed the University to open a new residential hall, renovate the associated dining hall, build a new downtown Hartford campus, complete the Engineering and Science Building, build a new Fine Arts production facility, complete phases 1 and 2 of the Gant Building renovations, continue construction of the Northwest Science Quad complex, update and renovate various other buildings, and address needed infrastructure and deferred maintenance improvements.

The NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired, particularly in the fields of science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships and STEM fellowships, as well as for staff positions. Since fiscal year 2013, total undergraduate enrollment has grown by 1,536 at all campuses with a 35 percent increase in STEM undergraduate enrollment. This ongoing success has attracted higher quality students and the University maintains solid rankings in virtually all relevant areas.

Academic and Financial Highlights

Highlights from the 2021-2022 academic year include the following:

- For fall 2021, the University ranks 12th among the national public research universities for first-year retention and has a 92 percent retention rate into sophomore year.

- Among the graduates from the 2020-2021 academic year, 89 percent are employed, continuing their education, serving in the U.S. Armed Forces, or living or volunteering in the State as of six months post-graduation.

- The University reduced the time to graduation to 4.1 years, which ranks 1st among public research university peers. This was accomplished by increasing the number of class offerings and reducing the student-to-faculty ratio. Decreasing the time to graduation helps UConn students pay less in tuition and join the workforce more quickly.

- In fiscal year 2022, the University provided $153.9 million in tuition funded financial aid, which represents a 10 percent increase over last fiscal year. Additionally, the University received $28.6 million in federal COVID-19 relief funding specifically earmarked for student aid which was distributed directly to students in need.

- From fiscal year 1996 to fiscal year 2022, the University has expended $3.6 billion out of the $4.0 billion of bonds authorized to date under the UCONN 2000 program, which includes funding allocated for UConn Health projects.

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Looking ahead, the University will continue to build on these accomplishments and further strengthen its programs and services for faculty, staff, students, and the University community.

Awards and Acknowledgements

The University marked its 20th consecutive year among the nation's top 30 public universities, according to the 2023 U.S. News & World Report rankings. The No. 26 ranking reflects the University's strong graduation and retention rates, academic excellence, faculty resources, and other factors that are weighed into the annual evaluations.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2021. This was the 6th consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit its ACFR for the fiscal year ended June 30, 2022, to the GFOA to determine its eligibility for another certificate.

Preparation of this ACFR in a timely manner would not have been possible without the coordinated efforts from staff within the Office of the Associate Vice President of Financial Operations and Controller and other University financial staff. Each member has my sincere appreciation for their individual contribution in the preparation of the report.

Respectfully submitted,

Lloyd Blanchard
Interim Vice President for Finance
and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of Connecticut

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

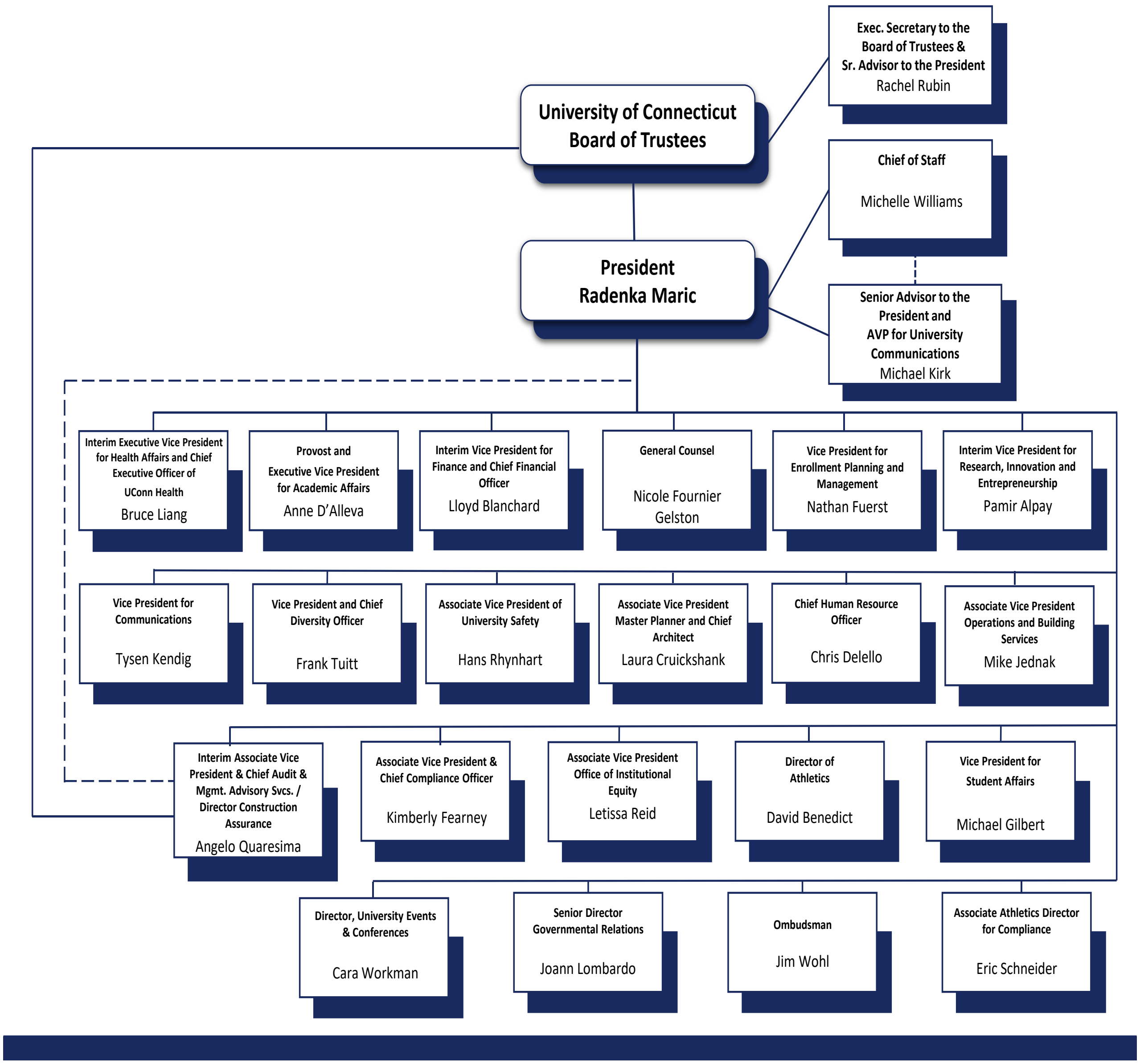
June 30, 2021

Christopher P. Morrill

Executive Director/CEO

UNIVERSITY OF CONNECTICUT
BOARD OF TRUSTEES
As of June 30, 2022

UNIVERSITY OF CONNECTICUT
Organization Chart



FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL
JOHN C. GERAGOSIAN 210 CAPITOL AVE. CLARK J. CHAPIN
HARTFORD, CONNECTICUT 06106-1559

INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center, and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position and fiduciary net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, of cash flows, and of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 UConn, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2021, UConn implemented new accounting guidance for leases in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinions are not modified with respect to this matter.

In addition, as discussed in Note 18 to the financial statements, UConn reclassified certain net position categories, as of July 1, 2021. 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 UConn'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 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, 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 UConn'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 UConn'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 accompanying management's discussion and analysis and pension plan and postemployment benefit schedules 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.

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 auditor's 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.

Sincerely,

Clark J. Chapin

John C. Geragosian
State Auditor

Clark J. Chapin
State Auditor

December 9, 2022
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial position and results of activities for the fiscal year ended June 30, 2022, with selected comparative information from fiscal year 2021. It includes highly summarized information and should be read in conjunction with the accompanying financial statements and notes.

Reporting Entity

The University of Connecticut (University) is herein defined as all programs except for the University of Connecticut Health Center (UConn Health, see Note 1). This includes programs offered at the Storrs main campus, regional campuses, the School of Law, and the School of Social Work.

The University is also the fiduciary of the University of Connecticut Department of Dining Services Money Purchase Pension Plan. The activity of this plan is reported within a fiduciary fund and is presented separately from the University's operations because its resources cannot be used to finance the University's own programs.

Financial Statements

The University's financial report includes five financial statements and related notes:

1. Statement of Net Position
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Statement of Fiduciary Net Position
5. Statement of Changes in Fiduciary Net Position

These statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

Key Reporting Changes

In fiscal year 2022, the University adopted GASB Statement No. 87 (GASB 87), *Leases.* As a result, the University records lease assets and liabilities as lessee, and lease receivables and deferred inflows of resources as lessor. The GASB 87 adoption was reflected as beginning balance adjustments as of July 1, 2021, and the cumulative effect of applying this standard resulted in a $1.7 million increase to beginning net position (see Note 1). Additionally, the University restated beginning balances as of July 1, 2021, to reclassify the receivable for the State debt service commitment for principal and certain debt balances between the net position categories on the Statement of Net Position. This had no net effect on the overall net position (see Note 18). Furthermore, the prior fiscal year 2021 data presented in this MD&A was restated for these reclassifications, but not for the adoption of GASB 87.

Financial Summary

In fiscal year 2022, the total combined assets and deferred outflows of resources increased by $237.9 million, and total combined liabilities and deferred inflows of resources increased by $192.3 million, resulting in an overall increase in net position of $45.6 million.

The increase in total net position was attributed to a combination of factors including higher operating revenues resulting from the restoration of University services impacted by COVID-19. Also, the University received additional federal COVID-19 relief funding, which helped offset the cumulative financial effects incurred from the pandemic. Other contributing factors consisted of board-approved tuition rate increases, lower pension and other post-employment benefit (OPEB) expenses, and increased appropriations from the State of Connecticut (State). The increase in State appropriations helped offset a large increase in salaries and wages in fiscal year 2022 that was due in part to mandatory wage increases and lump sum bonuses required under collective bargaining agreements. Lastly, the State provided additional capital support to the University by pledging to pay the annual debt service on general obligation bonds issued in April 2022 under the UConn 2000 Infrastructure Improvement Program (UCONN 2000). These factors and other changes are further detailed in the following sections of the MD&A.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents either an increase or decrease in net position based on the revenues earned, the expenses incurred, and any other gains and losses recognized by the University. Revenues and expenses are classified as operating, nonoperating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operations of the University and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include a provision for estimated depreciation and amortization of capital assets. The difference between operating revenues and operating expenses is the operating income or loss.

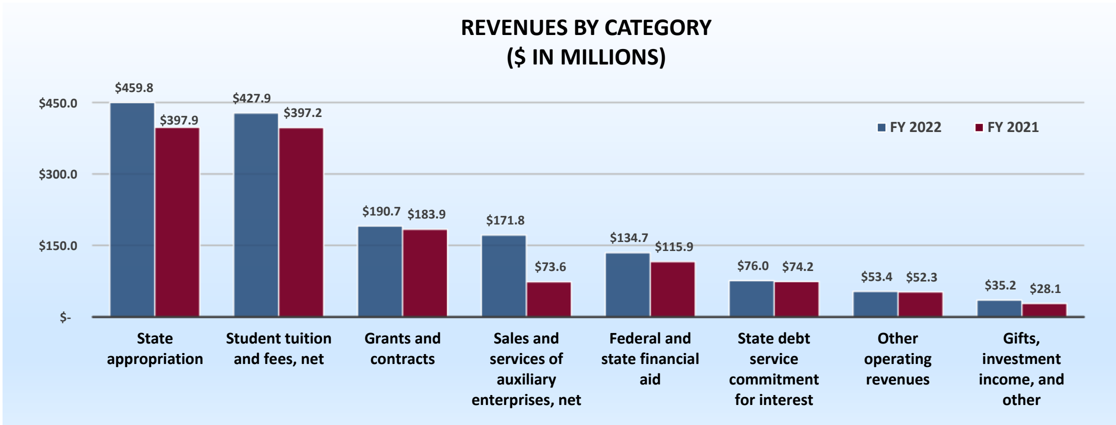
By its very nature, a state-funded institution does not receive tuition, fees, room, and board revenues sufficient to support the operations of the University. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State for general operations, federal and state financial aid, noncapital gifts, and short-term investment income.

The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30 ($ in millions):

	2022	2021	$ Change	% Change
Operating Revenues				
Student tuition and fees, net	$ 427.9	$ 397.2	$ 30.7	7.7%
Grants and contracts	190.7	183.9	6.8	3.7%
Sales and services of auxiliary enterprises, net	171.8	73.6	98.2	133.4%
Other	53.4	52.3	1.1	2.1%
Total Operating Revenues	843.8	707.0	136.8	19.3%
Operating Expenses				
Salaries and wages	674.5	617.2	57.3	9.3%
Fringe benefits	515.7	685.1	(169.4)	(24.7)%
Supplies and other expenses	248.5	226.4	22.1	9.8%
Utilities	22.5	17.3	5.2	30.1%
Depreciation and amortization	135.6	122.7	12.9	10.5%
Scholarships and fellowships	50.9	28.9	22.0	76.1%
Total Operating Expenses	1,647.7	1,697.6	(49.9)	(2.9)%
Operating Loss	(803.9)	(990.6)	186.7	(18.8)%
Nonoperating Revenues (Expenses)				
State appropriation	459.8	397.9	61.9	15.6%
State debt service commitment for interest	76.0	74.2	1.8	2.4%
Federal and state financial aid	134.7	115.9	18.8	16.2%
Gifts, investment income, and other	35.2	28.1	7.1	25.3%
Interest and other expenses	(75.9)	(66.1)	(9.8)	14.8%
Net Nonoperating Revenues	629.8	550.0	79.8	14.5%
Loss Before Other Changes in Net Position	(174.1)	(440.6)	266.5	(60.5)%
Other Changes in Net Position				
State debt service commitment for principal	214.2	140.3	73.9	52.7%
Capital grants and gifts	2.0	11.6	(9.6)	(82.8)%
Additions to permanent endowments	2.0	0.2	1.8	900.0%
Athletic conference fees	-	(3.5)	3.5	(100.0)%
Transfer to affiliate	(0.2)	(2.0)	1.8	(90.0)%
Net Other Changes in Net Position	218.0	146.6	71.4	48.7%
Increase (Decrease) in Net Position	43.9	(294.0)	337.9	(114.9)%
Net Position – Beginning of Year	(545.8)	(251.8)	(294.0)	116.8%
Cumulative effect of applying GASB 87 (Note 1)	1.7	-	1.7	100.0%
Net Position – Beginning of Year, As Restated	(544.1)	(251.8)	(292.3)	116.1%
Net Position – End of Year	$ (500.2)	$ (545.8)	$ 45.6	(8.4)%

Revenues

The following graph shows the University's total operating and nonoperating revenues by category, excluding other changes in net position:

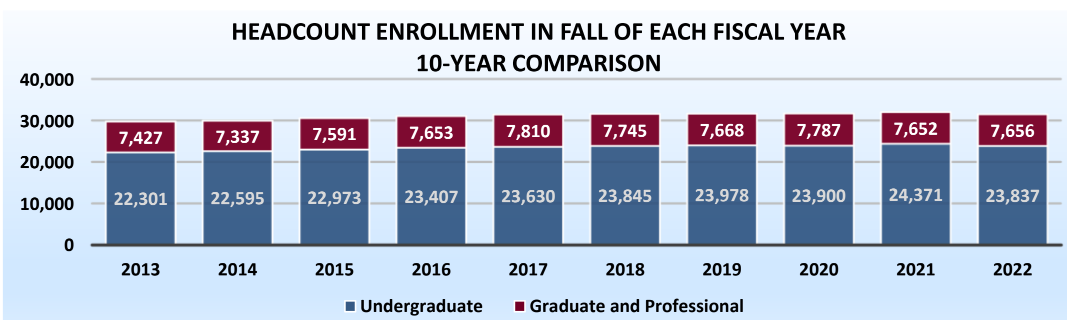


Operating Revenues

Operating revenues increased by $136.8 million in fiscal year 2022 due to the following:

- **Student tuition and fees, net** of scholarship allowances, increased by $30.7 million in fiscal year 2022. This change was primarily attributed to board-approved tuition rate increases and increased fee revenue, as the University reduced certain mandatory fees in fiscal year 2021 for undergraduate students taking all online classes due to the pandemic. An increase in out-of-state enrollment for international students returning to campus after COVID-19 restrictions were lifted also contributed to the increase. These changes were offset in part by a slight decrease in undergraduate headcount enrollment of about 2.2 percent.

The graph below presents undergraduate and graduate enrollment over the last 10 years:



- **Sales and services of auxiliary enterprises, net** of scholarship allowances increased by $98.2 million, which was attributed to the restoration of various auxiliary services after COVID-19 closures in fiscal year 2021. Room and board (dining) revenues recognized in the current year were significantly higher due to safety measures taken during the pandemic in fiscal year 2021. The student housing capacity increased from approximately 40 percent to approximately 88 percent in fiscal year 2022 as COVID-19 restrictions were lifted. Revenues related to athletics and parking services also had measurable increases due to resuming normal operations in fiscal year 2022.

- Operating **grants and contracts** increased by $6.8 million in fiscal year 2022. Increases were primarily attributed to federal grants including funding from the U.S. Department of Defense and the U.S. Department of Agriculture, as well as funding from private sponsors. Revenues under grants and contracts can fluctuate year over year depending on various factors including the availability of funding from sponsors, the timing of large grants, and when goods are received, or when services are rendered.

- **Other** operating revenues increased by $1.1 million, primarily due to a combination of educational and miscellaneous services returning to normal after the pandemic, the receipt of a one-time contract termination fee, and higher renewable energy credits. These increases were largely offset by a decrease attributed to the phase-out of contracts with universities abroad, which were entered into in fiscal year 2021 due to COVID-19. As operations returned to normal and travel restrictions were lifted, international students were able to return to campus.

Nonoperating Revenues

Nonoperating revenues increased by $89.6 million due to the following:

- **State appropriation** increased by $61.9 million in fiscal year 2022, partially due to a higher salary base and associated fringe benefits of employees covered under the State's annual block grant. The increase in salaries was primarily attributed to raises and lump sum bonuses required under collective bargaining agreements. Fringe benefit reimbursements also increased due to higher rates charged by the State. Furthermore, the current fiscal year's appropriation also included deficiency funding of $25.1 million to help subsidize rising salary and fringe benefit costs.

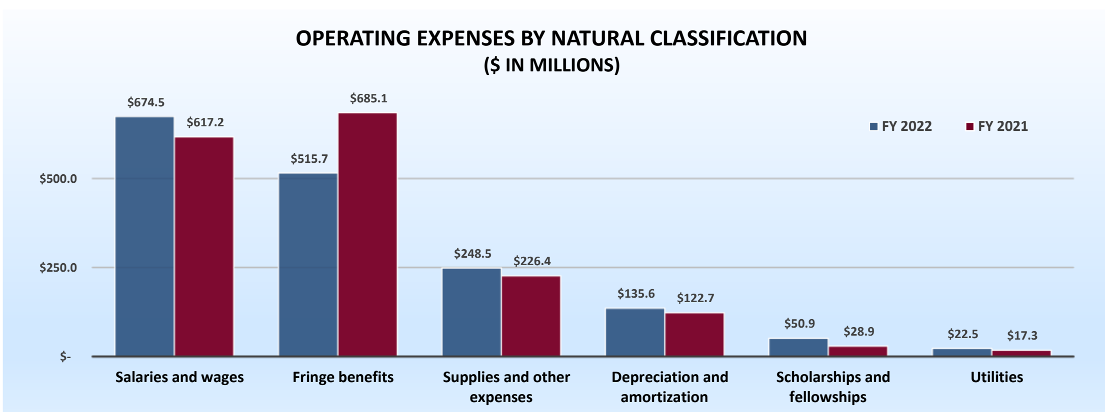
- **Federal and state financial aid** increased by $18.8 million, primarily due to additional federal COVID-19 relief aid received in fiscal year 2022 compared with aid received in the prior fiscal year, with the majority of the increase relating to the American Rescue Plan Act (ARPA) (see Note 1).

- **Gifts, investment income, and other** increased by $7.1 million in fiscal year 2022. The majority of the increase was attributed to scholarship aid and reimbursements from spendable gift accounts held by the University of Connecticut Foundation (UConn Foundation). These increases were offset in part by net appreciation gains related to the University's underlying endowment investments that occurred in fiscal year 2021, but not in fiscal year 2022.

- **State debt service commitment for interest** represents the State's pledge to pay interest incurred on general obligation bonds issued by the University for capital purposes and for UConn Health projects. Effectively, this revenue offsets a significant portion of interest expense each year. The noted increase in revenue of $1.8 million relates to higher interest expense covered by the State's commitment. Interest expense on general obligation bonds increased primarily due to recent bond issuances, offset by principal repayments. The related expense is included as a component of **interest and other expenses**.

Operating Expenses

The following graph shows the University's operating expenses by natural classification:



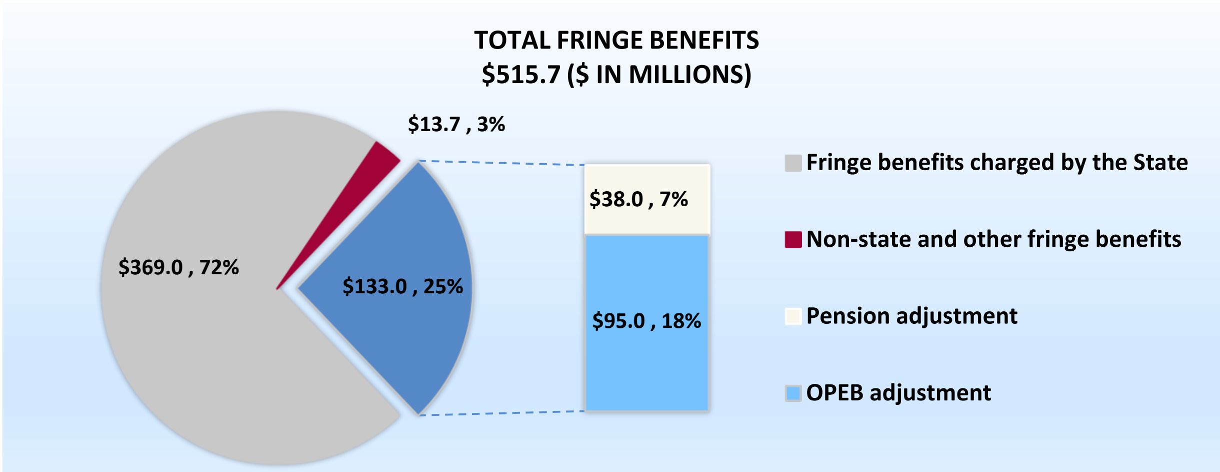
Total operating expenses decreased by $49.9 million in fiscal year 2022 due to the following:

- **Salaries and wages** increased by $57.3 million, in part due to lump sum bonuses and average mandatory wage increases of approximately 4.5 percent required under collective bargaining agreements for State employees. Contractual salaries were higher primarily due to a large severance settlement reached in fiscal year 2022. Payroll for student labor, graduate assistants, dining services, and overtime also increased due to operations returning to normal after COVID-19 disruptions.

- **Fringe benefits** decreased by $169.4 million in fiscal year 2022 due to adjustments related to GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Per GASB 68 and GASB 75, the University is required to recognize its proportionate share of the unfunded pension and OPEB liabilities and related expenses derived from the State's defined benefit pension and OPEB plans (see Notes 9 and 10). The adjustments for GASB 68 and GASB 75 in fiscal year 2022 decreased by $108.4 million and $83.9

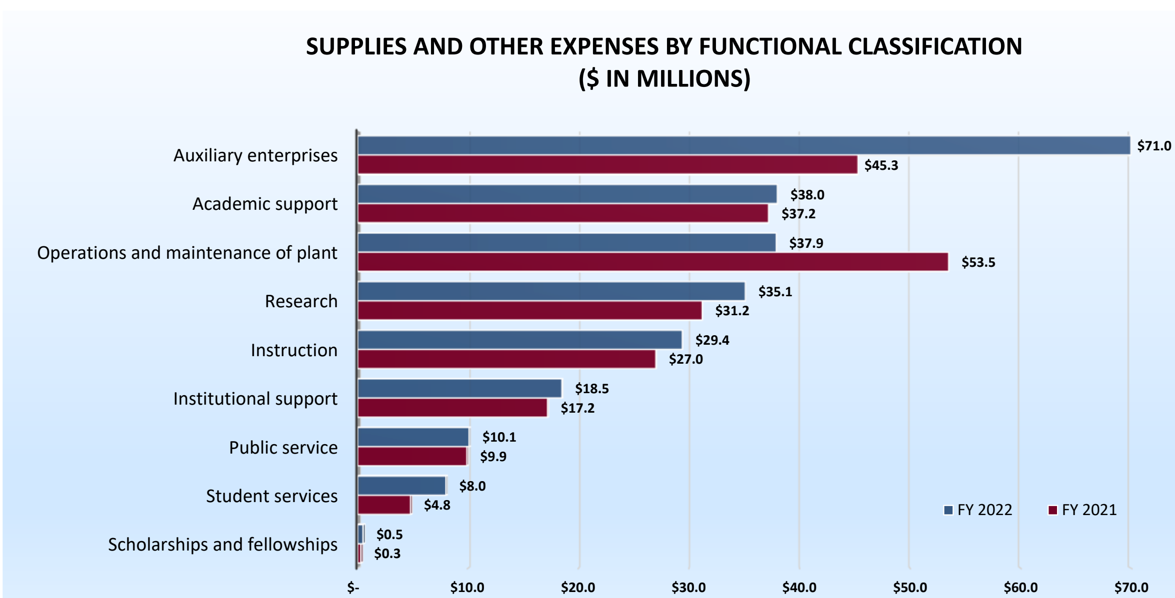
million, respectively. In total, these adjustments represent about 25 percent of fringe benefits in fiscal year 2022 compared with 47 percent in fiscal year 2021. These decreases were offset in part by fringe benefit expenses associated with the lump sum bonuses and mandatory wage increases required under collective bargaining agreements combined with higher fringe benefit rates charged by the State.

The following graph shows a breakdown of fringe benefits for the year ended June 30, 2022:



- **Supplies and other expenses** increased by $22.1 million, primarily due to the restoration of services from COVID-19 closures. Most of the increase occurred within the auxiliary enterprises functional expense category, which includes athletics, dining services, and student housing. These increases were partially offset by decreases in medical supplies for COVID-19 testing and temporary student housing provided in fiscal year 2021. Research supplies and other expenses were higher due to increased travel and grant subaward activities. Instruction and student services also increased as operations resumed to pre-pandemic levels. These increases were offset by a decrease in operations and maintenance of plant due to COVID-19 expenses that occurred in fiscal year 2021 for emergency services to move students, custodial services, and other cleaning efforts necessary to maintain student and staff safety during the pandemic. Furthermore, additional overhead costs were allocated from facilities operations to student housing (auxiliary enterprises) and expenses associated with the Stamford Code Remediation project were also lower in fiscal year 2022.

The University's supplies and other expenses by functional classification are presented below:



- **Utilities** expenses were also higher by $5.2 million in fiscal year 2022, primarily due to increased campus activity following the COVID-19 pandemic and rising national energy costs.

- **Depreciation and amortization** increased by $12.9 million, primarily due to the amortization of right-to-use assets recognized under GASB 87 in fiscal year 2022, and an increase in building depreciation, which includes the first full year of depreciation on major projects capitalized in the prior year.

- **Scholarships and fellowships** increased by $22.0 million, primarily due to additional federal funding received through the Higher Education Emergency Relief Fund III authorized under ARPA, which was disbursed to students in fiscal year 2022 (see Note 1).

Nonoperating Expenses

Interest and other expenses increased by $9.8 million due to a $2.2 million increase in interest expense, a $2.3 million increase in disposals of capital assets, and a $5.3 million increase related to other nonoperating expenses. Other nonoperating expenses include fair value net losses that occurred in fiscal year 2022 related to the University's endowment investments.

Other Changes in Net Position

Other changes in net position consist of the State's debt service commitment for principal (capital appropriation), capital grants and gifts, additions to permanent endowments, athletic conference fees (special items), and transfer to affiliate. Total other changes in net position increased by $71.4 million in fiscal year 2022.

- **State debt service commitment for principal** increased by $73.9 million, primarily due to a larger par amount of general obligation bonds issued in fiscal year 2022 compared with the prior fiscal year. As general obligation bonds are issued, the State commits to the repayment of the future principal amounts. In addition, decreases in general obligation debt due to refundings are reflected as a reduction in revenue, and no general obligation bonds were refunded in fiscal year 2022. These changes were offset by a larger proportion of bond proceeds allocated to UConn Health projects in fiscal year 2022.

- **Capital grants and gifts** decreased by $9.6 million, primarily attributed to gifts received from the UConn Foundation in the prior fiscal year for the University Athletics District Development project.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement and is used as a measure of the financial condition of the University. This statement presents a snapshot concerning assets classified as current (those available for use within one year) and noncurrent (those available beyond one year), liabilities categorized as current (those maturing and due within one year) and noncurrent (those maturing and due beyond one year), and net position. Assets represent what is owned by or what is owed to the University, including payments made to others before a service was received. Assets are recorded at their current value except for capital assets, which is recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the University. A deferred outflow of resources represents the consumption of net assets by the University that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the University that is applicable to a future reporting period. The University's net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted.

The following table shows a Condensed Schedule of Net Position at June 30 ($ in millions):

	2022	(Restated)* 2021	$ Change	% Change
Assets				
Current assets	$ 833.8	$ 723.7	$ 110.1	15.2%
Capital assets, net	2,586.2	2,358.5	227.7	9.7%
Other noncurrent assets	1,570.8	1,480.8	90.0	6.1%
Total Assets	4,990.8	4,563.0	427.8	9.4%
Deferred Outflows of Resources	888.7	1,078.6	(189.9)	(17.6)%
Liabilities				
Current liabilities	518.3	444.9	73.4	16.5%
Noncurrent liabilities	5,277.4	5,595.3	(317.9)	(5.7)%
Total Liabilities	5,795.7	6,040.2	(244.5)	(4.0)%
Deferred Inflows of Resources	584.0	147.2	436.8	296.7%
Net Position				
Net investment in capital assets*	877.5	842.0	35.5	4.2%
Restricted nonexpendable	16.2	14.2	2.0	14.1%
Restricted expendable*	1,209.1	1,085.0	124.1	11.4%
Unrestricted	(2,603.0)	(2,487.0)	(116.0)	4.7%
Total Net Position	$ (500.2)	$ (545.8)	$ 45.6	(8.4)%

**Net investment in capital assets and restricted expendable net position were restated for the reclassification of the State debt service commitment for principal receivable and certain debt balances. See Note 18.*

Assets

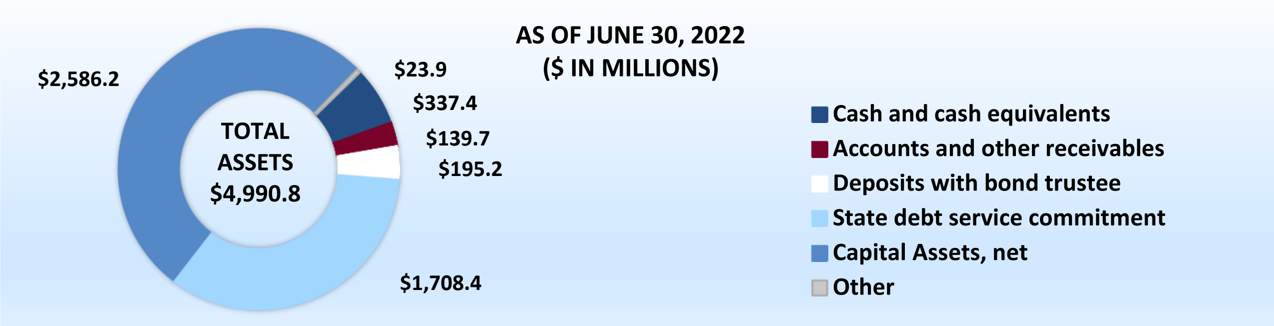
Total assets increased by $427.8 million in fiscal year 2022 due to the following:

- **Current assets** increased by $110.1 million, primarily due to increases in deposits with bond trustee, cash and cash equivalents, the current portion of the State debt service commitment receivable, and accounts receivable. Deposits with bond trustee, which primarily consist of unexpended bond proceeds, increased by $62.5 million due to an increase in the total general obligation bonds issued over the prior fiscal year. Cash balances were higher by $31.3 million, primarily due to increases in operating receipts attributed to resuming operations following the pandemic, additional federal COVID-19 relief aid, and support from the State to cover the payment for retroactive salary increases. These increases were offset in part by capital project-related spending from unrestricted sources. The current portion of the State debt service commitment receivable increased by $7.8 million, largely due to the recent issuances of general obligation bonds, offset in part by the paydown of older general obligation debt. The accounts receivable balance was also higher by $4.4 million, primarily due to an increase in gifts owed from the UConn Foundation.

- **Capital assets** increased by $227.7 million, which includes a net increase to beginning balance of $102.9 million related to the adoption of GASB 87 (see Note 1). Capital asset activity for the current fiscal year consists of additions of $262.9 million, offset in part by depreciation and amortization of $135.6 million, and retirements of $2.5 million.

- **Other noncurrent assets** increased by $90.0 million, mostly due to the increase in the noncurrent portion of the State debt service commitment receivable of $92.2 million, which is a result of the general obligation bonds issued in fiscal year 2022.

The following graph shows total assets by major category:



Liabilities

Total liabilities decreased by $244.5 million in fiscal year 2022 due to the following:

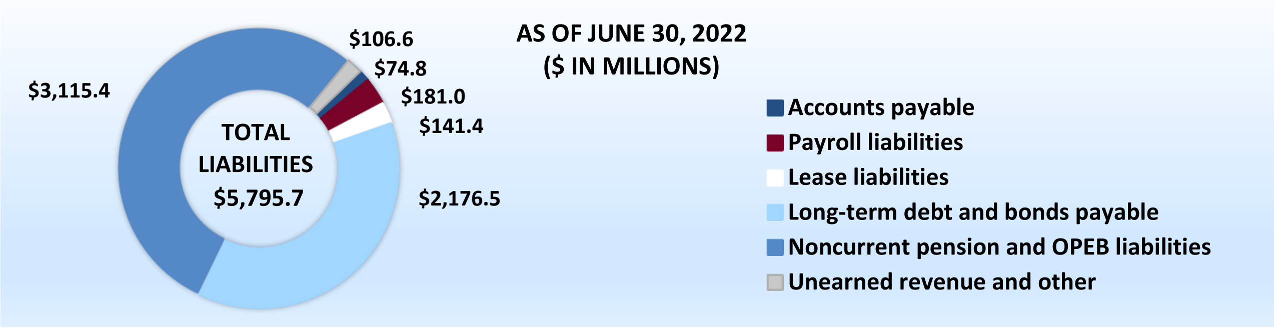
- **Current liabilities** increased by $73.4 million, primarily due to a combination of changes related to payroll liabilities, construction projects, advanced student payments, and the current portion of long-term debt. Payroll liabilities increased by $29.1 million, primarily due to mandatory retroactive salary increases and associated fringe benefits. Accounts payable increased by $14.2 million, primarily driven by payables related to new construction projects, including the new hockey arena, and retainage on active projects, including the STEM Research Center Science 1 Building, Supplemental Utility Plant, and Northwest Science Quad Infrastructure. Amounts due to affiliate increased by $12.1 million as proceeds from general obligation bonds issued were allocated to UConn Health projects in fiscal year 2022. The current portion of long-term debt increased by $11.0 million, primarily due to new general obligation bonds and timing of repayments. Unearned revenues also increased by $8.9 million, which was primarily related to an influx of student payments received in advance as the University resumed its normal billing schedules following the COVID-19 pandemic. These increases were partially offset by a decrease in other current liabilities of $6.2 million, primarily due to the payment of expenditures accrued in the prior fiscal year for the Stamford Code Remediation project.

- **Noncurrent liabilities** decreased by $317.9 million, primarily due to the net pension and net OPEB liabilities (see Notes 9 and 10). The decrease of $116.4 million in the University's proportionate share of the collective net pension liabilities was primarily driven by investment experience gains combined with transfers from both the State's budget reserve fund and general fund surplus. These decreases were offset in part by an actuarial experience loss and an increase in the University's proportion for the State Employees Retirement System (6.58 percent in fiscal year 2022 versus 6.39 percent in fiscal year 2021). The University's proportionate share of the collective net OPEB liability decreased by $378.0 million, primarily due to actuarial assumption changes combined with an investment experience gain and a decrease in the University's proportion (8.75 percent in fiscal year 2022 versus 8.87 percent in fiscal year 2021). These changes were offset in part by increases due to normal plan operations and an actuarial experience loss.

  The long-term portion of compensated absences also decreased by $5.2 million, primarily due to employees using more accrued time off following the pandemic and payouts to new retirees in fiscal year 2022.

  These decreases in long-term liabilities were offset in part by increases in lease liabilities of $137.5 million, primarily due to the GASB 87 adoption (see Note 1), and increases in long-term debt and bonds payable of $45.7 million (see Debt Activities and Note 6).

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources decreased by $189.9 million, which was primarily driven by the amortization of prior year deferred balances related to net pension and net OPEB liabilities. These amounts were offset in part by additions for pension and OPEB actuarial experience losses combined with increases related to net pension liabilities for changes in proportion and higher contributions made after the measurement date.

Deferred inflows of resources increased by $436.8 million, primarily due to additions related to the net OPEB liability for actuarial assumption changes and changes in proportion combined with pension and OPEB investment experience gains. These increases were offset in part by the amortization of prior year deferred balances.

NET POSITION

Net position is divided into three major categories. The first category, net investment in capital assets, represents the University's equity in capital assets. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments in the University's Statement of Net Position. Expendable restricted net position is available for expenditure by the institution; however, it must be spent for purposes determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to the University for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic and research programs, capital programs, the retirement of debt, and auxiliary enterprise activities.

The University's net position as of June 30, 2022, is a negative $500.2 million as total liabilities and deferred inflows were greater than total assets and deferred outflows. This is primarily a result of long-term liabilities recognized under GASB 68 and GASB 75 and does not reflect the University's resources that are available to meet current obligations. The University continues to rely on inflows from various revenue sources to maintain a liquid financial position.

The following table demonstrates the effects of GASB 68 and GASB 75 on the University's net position at June 30 ($ in millions):

	2022	(Restated)* 2021	$ Change	% Change
Net Position				
Net investment in capital assets*	$ 877.5	$ 842.0	$ 35.5	4.2%
Restricted nonexpendable	16.2	14.2	2.0	14.1%
Restricted expendable*	1,209.1	1,085.0	124.1	11.4%
Unrestricted	(2,603.0)	(2,487.0)	(116.0)	4.7%
Total Net Position	(500.2)	(545.8)	45.6	(8.4)%
Pension (GASB 68) impact	1,099.9	1,061.9	38.0	3.6%
OPEB (GASB 75) impact	1,692.8	1,597.8	95.0	5.9%
Net Position, Excluding Pension and OPEB	$ 2,292.5	$ 2,113.9	$ 178.6	8.4%

**Net investment in capital assets and restricted expendable net position were restated for the reclassification of the State debt service commitment for principal receivable and certain debt balances. See Note 18.*

The increase of $45.6 million in net position in fiscal year 2022 included the following changes:

- **Net investment in capital assets** increased by $35.5 million, which includes an increase of $1.8 million to the beginning balance for the adoption of GASB 87 (see Note 1). The current fiscal year's activity after these adjustments consists of a net increase in capital assets of $124.8 million, partially offset by a net change in capital-related liabilities and deferred inflows and deferred outflows of resources of $91.1 million.

- **Restricted expendable** increased by $124.1 million in fiscal year 2022. Restricted expendable for debt service increased by $127.6 million due to an increase in the State debt service commitment, partially offset by a net decrease in noncapital debt and deferred inflows of resources allocated to UConn Health projects.

  These changes were offset by a decrease of $3.5 million in restricted expendable for research, instruction, scholarships, loans, and other restricted balances. This decrease was primarily attributed to the net depreciation of the University's endowments.

- **Unrestricted** net position decreased by $116.0 million, largely due to pension and OPEB adjustments of $133.0 million. After excluding these adjustments, the unrestricted net position increased by $17.0 million. This increase was primarily attributed to the University resuming operations following the pandemic and additional federal COVID-19 relief aid received, which helped offset prior fiscal year net losses incurred from the pandemic. These increases were offset in part by reductions in University funds that were used to support capital projects during fiscal year 2022.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The first section of this statement, cash flows from operating activities, is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section reflects cash flows from noncapital financing activities including State appropriation, debt transactions related to affiliate (UConn Health), financial aid, and gifts. The third section shows cash flows from capital and related financing activities, capital grants and gifts, and State debt service commitments for principal and interest. The fourth section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to net cash used in operating activities.

CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation and amortization, consisted of the following at June 30 ($ in millions):

	2022	2021	$ Change	% Change
Land	$ 32.4	$ 31.1	$ 1.3	4.2%
Construction in progress	291.5	145.2	146.3	100.8%
Art and historical collections	57.2	56.8	0.4	0.7%
Non-structural improvements	339.0	346.9	(7.9)	(2.3)%
Buildings and improvements	1,616.7	1,661.5	(44.8)	(2.7)%
Intangible assets	21.2	24.2	(3.0)	(12.4)%
Right-to-use assets	138.9	-	138.9	100.0%
Library materials	3.8	4.1	(0.3)	(7.3)%
Equipment	85.5	88.7	(3.2)	(3.6)%
Total Capital Assets, Net	$ 2,586.2	$ 2,358.5	$ 227.7	9.7%

- **Land** increased by $1.3 million. Additions of $6.4 million were offset by a reclassification from land to right-to-use assets of $5.1 million.

- **Construction in progress** increased $146.3 million as projects including STEM Research Center Science 1, UConn Hockey Arena, Northwest Quad – Science 1 – Site Improvements and Tunnel Phase 2, Boiler Plant Equipment Replacement and Utility Tunnel Connection, and other projects continued construction. Additions to construction in progress were partially offset by Supplemental Utility Plant and other projects that were completed and transferred from construction in progress to buildings and improvements and non-structural improvements.

- **Art and historical collections** increased by $0.4 million, representing additions.

- **Non-structural improvements** decreased by $7.9 million. Additions totaling $7.4 million included Y & Z Parking Lots, Repaving and Electrical Restoration Phase 1 & 2, North and East Residence Halls – Security Camera System, and other projects. These additions were offset by depreciation expense of $15.3 million.

- **Buildings and improvements** decreased by $44.8 million. Additions of $79.0 million included the Supplemental Utility Plant, increases to Gant Building STEM Renovations, and other renovation projects. These additions were offset by depreciation expense of $87.8 million and a net reclassification from buildings and improvements to right-to-use assets of $36.0 million.

- **Intangible assets** decreased by $3.0 million. Additions of $4.7 million included long-term software licensing commitments and other software purchases offset by amortization expense of $7.7 million.

- **Right-to-use assets** increased by $138.9 million. Additions of $146.0 million were offset by amortization expense of $7.1 million.

- **Library materials** decreased by $0.3 million. Additions of approximately $0.5 million were offset by $0.8 million in depreciation expense.

- **Equipment** decreased by $3.2 million. Additions of $16.2 million were offset by depreciation expense of $17.0 million and net losses on disposals of $2.4 million.

See Note 4 in the financial statements for details related to capital activities.

DEBT ACTIVITIES

The University issues general obligation bonds in its own name under the UCONN 2000 program, which is designed to modernize and expand the physical plant of the University. As amended, the program provides for a capital budget in three phases for the University and UConn Health, with an estimated total cost of $4.6 billion.

The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable in the Statement of Net Position.

In fiscal year 2022, the University issued UCONN 2000 general obligation bonds with a face value of $227.2 million, of which $13.0 million was committed to UConn Health for its UCONN 2000 projects. In addition to general obligation bonds, the University may issue special obligation bonds, also called Student Fee Revenue Bonds, which are secured by certain pledged revenues. There were no special obligation bonds issued or refunded in fiscal year 2022.

Subsequent to June 30, 2022, the University issued $52.5 million of Student Fee Revenue Bonds, with a closing date of November 15, 2022. Bond proceeds consisting of the par amount together with the issued premium refunded $54.8 million of previously issued Student Fee Revenue Bonds.

Obligations under financed purchase agreements include a lease purchase agreement to finance the UCONN 2000 Cogeneration Facility. In fiscal year 2022, the University entered into a new financed purchase agreement for equipment totaling $0.3 million.

Long-term software commitments represent obligations to make payments to vendors in accordance with contract terms in exchange for the right to use certain software applications. In fiscal year 2022, the University incurred new commitments totaling $2.6 million.

See Note 6 in the financial statements for details related to debt activities.

The following graph illustrates total debt by category, exclusive of premiums and discounts:

ECONOMIC OUTLOOK

In June 2022, the Board of Trustees approved an annual operating budget of $1.7 billion. The fiscal year 2023 budget plan factors in student tuition rate increases of about $642 per student established as part of the five-year tuition plan adopted in 2019. The five-year tuition plan is part of mitigation measures taken to lessen the impact of State fringe benefit costs, changes in State support, and inflation in the higher education sector nationwide. Additionally, the fiscal year 2023 budget includes increases in Storrs-based mandatory fees and housing and dining rates approved in May 2022 to cover the rising costs of providing services. Storrs-based mandatory fees help support a range of services including student activities, student health and wellness, infrastructure maintenance, technology, and transit. Total gross student tuition and fee revenues budgeted for fiscal year 2023 were $665.3 million, which represents approximately 39 percent of the total operating budget.

The total State support budgeted for fiscal year 2023 was $445.9 million, which consists of a block grant, payment for fringe benefits, and one-time allocations. One-time allocations include coverage for an extra pay period and temporary operating support to help fund rising fringe benefit costs and other program initiatives. Collective bargaining increases covered by the one-time allocations are permanent; therefore, the University will return to the General Assembly to request additional funding to cover these increases in fiscal year 2024. However, it is not known at this time if the State will fully cover these costs.

To further alleviate rising operating costs, the University will be receiving $39.2 million in fiscal year 2023 from the State's ARPA allocation. Of this amount, $38.2 million will be put towards operations, while $500,000 each will fund a social media impact study in grades K-12 and a Puerto Rican studies initiative.

The Board of Trustees also approved a capital budget plan of $230.0 million for fiscal year 2023, which is comprised of $53.2 million of University funds (including gifts), $51.7 million of State General Obligation Bond funds, and $125.1 million of UCONN 2000 General Obligation Bond funds. The amount budgeted under State General Obligation Bond funds includes $40.0 million to be allocated to UConn Health deferred maintenance projects.

There are numerous active construction projects that require funding in fiscal year 2023 through fiscal year 2027. Projects include continued work on the hockey arena and major renovations at the Gant Science Complex to accommodate current and future University needs. The improvements at the Gant Science Complex will include classrooms, lecture halls, teaching and research laboratories, faculty offices, and support spaces. In fiscal year 2023, funds will be utilized to maintain the critical information technology infrastructure across the University as well as support new academic and research equipment. Finally, a significant portion of the capital budget will fund the construction of the new South Campus Residence Hall and the required improvements to Mirror Lake and nearby infrastructure.

UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2022

($ in thousands)

	2022
ASSETS	
Current Assets	
Cash and cash equivalents	$ 337,407
Accounts receivable, net	73,785
Student and other loans receivable, net	1,712
Due from State of Connecticut	55,182
Due from affiliate	4,762
State debt service commitment	160,055
Deposits with bond trustee	195,228
Prepaid expenses and other assets	5,663
Total Current Assets	833,794
Noncurrent Assets	
Investments	18,232
Student and other loans receivable, net	2,661
Lease receivables	1,579
State debt service commitment	1,548,375
Capital assets, net	2,586,241
Total Noncurrent Assets	4,157,088
Total Assets	4,990,882
DEFERRED OUTFLOWS OF RESOURCES	888,664
LIABILITIES	
Current Liabilities	
Accounts payable	74,773
Lease liabilities	3,873
Unearned revenue	46,289
Deposits held for others	2,426
Federal refundable loans	1,053
Wages payable	92,968
Compensated absences	20,822
Due to State of Connecticut	49,649
Due to affiliate	15,116
Current portion of long-term debt and bonds payable	175,581
Other current liabilities	35,770
Total Current Liabilities	518,320
Noncurrent Liabilities	
Compensated absences	17,613
Lease liabilities	137,515
Long-term debt and bonds payable	2,000,893
Federal refundable loans	4,006
Net pension liabilities	1,406,296
Net other post-employment benefits liability	1,709,176
Other liabilities	1,960
Total Noncurrent Liabilities	5,277,459
Total Liabilities	5,795,779
DEFERRED INFLOWS OF RESOURCES	583,985

See accompanying notes to basic financial statements.

(Continued)

UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2022

($ in thousands)

	2022
NET POSITION	
Net investment in capital assets	877,499
Restricted nonexpendable	16,187
Restricted expendable	
Research, instruction, scholarships, and other	22,316
Loans	1,822
Capital projects	5,622
Debt service	1,179,340
Unrestricted	(2,603,004)
Total Net Position	$ (500,218)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

($ in thousands)

	2022
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $199,252	$ 427,959
Federal grants and contracts	148,970
State and local grants and contracts	17,871
Nongovernmental grants and contracts	23,871
Sales and services of educational departments	22,687
Sales and services of auxiliary enterprises, net of scholarship allowances of $16,556	171,753
Other sources	30,745
Total Operating Revenues	843,856
OPERATING EXPENSES	
Salaries and wages	674,458
Fringe benefits	515,739
Supplies and other expenses	248,545
Utilities	22,475
Depreciation and amortization	135,566
Scholarships and fellowships	50,948
Total Operating Expenses	1,647,731
Operating Loss	(803,875)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	459,788
State debt service commitment for interest	75,947
Federal and state financial aid	134,741
Gifts	33,502
Investment income	1,742
Interest expense	(68,338)
Disposal of capital assets, net	(2,346)
Other nonoperating expenses, net	(5,230)
Net Nonoperating Revenues	629,806
Loss Before Other Changes in Net Position	(174,069)
OTHER CHANGES IN NET POSITION	
State debt service commitment for principal	214,185
Capital grants and gifts	1,976
Additions to permanent endowments	1,996
Transfer to Affiliate	(228)
Net Other Changes in Net Position	217,929
Increase in Net Position	43,860
NET POSITION	
Net Position – Beginning of Year, As Restated (Notes 1 and 18)	(544,078)
Net Position – End of Year	$ (500,218)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

($ in thousands)

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 430,893
Grants and contracts	193,674
Sales and services of educational departments	22,188
Sales and services of auxiliary enterprises	171,685
Payments to employees	(656,877)
Payments for benefits	(369,299)
Payments to suppliers and others	(332,031)
Collections of loans to students	1,869
Loans issued to students	(331)
Collections of loan to affiliate	1,800
Fiduciary activities – third-party student receipts and other	73,423
Fiduciary activities – third-party student payments and other	(74,059)
Fiduciary activity – direct lending receipts	178,030
Fiduciary activity – direct lending payments	(179,670)
Other cash receipts	30,171
Net Cash Used in Operating Activities	(508,534)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	451,517
Federal and state financial aid	134,741
Gifts	32,242
Proceeds from bonds related to affiliate	13,000
State debt service commitment related to affiliate	57,520
Principal paid on debt related to affiliate	(35,564)
Interest paid on debt related to affiliate	(21,957)
Principal paid on other noncapital debt	(1,135)
Interest paid on other noncapital debt	(158)
Net Cash Provided from Noncapital Financing Activities	630,206
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State debt service commitment	145,608
Proceeds from bonds	247,000
Proceeds from the lease of assets	229
Principal paid on debt and other obligations	(110,079)
Interest paid on debt and other obligations	(67,666)
Proceeds from sale of capital assets	142
Purchases of capital assets	(248,537)
Capital allocation	4,497
Capital grants and gifts	1,712
Net Cash Used in Capital and Related Financing Activities	(27,094)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,023)
Interest on investments	1,182
Deposit with bond trustee	(62,460)
Net Cash Used in Investing Activities	(63,301)
INCREASE IN CASH AND CASH EQUIVALENTS	31,277
BEGINNING CASH AND CASH EQUIVALENTS	306,130
ENDING CASH AND CASH EQUIVALENTS	$ 337,407

See accompanying notes to basic financial statements. *(Continued)*

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

($ in thousands)

		2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(803,875)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization expense		135,566
In-kind workers' compensation		1,003
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, net		(552)
Student and other loans receivable, net		1,064
Due from affiliate		(626)
Prepaid expenses and other assets		(350)
Deferred outflows of resources		189,544
Accounts payable, wages payable, and compensated absences		20,002
Unearned revenue		8,929
Deposits held for others		725
Federal refundable loans		(1,237)
Due to State of Connecticut		7,449
Due to affiliate		(1,507)
Net pension and net other post-employment benefits liabilities		(494,354)
Other liabilities		(7,386)
Deferred inflows of resources		437,071
Net Cash Used in Operating Activities	$	(508,534)

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS		
Amortization of premiums, discounts, and gains and losses on debt refundings	$	21,969
Acquisition of software licenses under long-term purchase contracts		2,643
Acquisition of right-to-use assets under lease contracts		1,921
Acquisition of equipment under installment purchase agreement		267
Capital assets acquired through gifts		487
Change in fair value of investments		(3,984)
Net loss on disposal of capital assets with an original cost of $16,972, accumulated depreciation of $14,484, and cash proceeds of $142		(2,346)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
As of June 30, 2022

($ in thousands)

	2022
ASSETS	
Cash and cash equivalents	$ 112
Receivable from employer	367
Investments at fair value:	
Bond funds	5,176
Equity funds	5,524
Total investments	10,700
Total Assets	11,179
LIABILITIES	
Accounts payable and other liabilities	193
Total Liabilities	193
NET POSITION	
Restricted for pensions	10,986
Total Net Position	$ 10,986

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
For the Year Ended June 30, 2022

($ in thousands)

	2022
ADDITIONS	
Employer contributions	$ 736
Investment Earnings (Losses):	
Net decrease in fair value of investments	(2,022)
Dividends and interest	512
Total net investment losses	(1,510)
Less: investment fees and charges	73
Net investment losses	(1,583)
Total Additions, Net of Investment Losses	(847)
DEDUCTIONS	
Benefits paid to participants or beneficiaries	1,715
Net Decrease in Fiduciary Net Position	(2,562)
Net Position – Beginning of Year	13,548
Net Position – End of Year	$ 10,986

See accompanying notes to basic financial statements.

Notes to Financial Statements
For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the four regional campuses: Avery Point, Hartford, Stamford, and Waterbury. It also includes the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health). UConn Health is a fiscally independent branch, defined in State statute as a healthcare institution, that oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of budgeting, maintaining operating funds, and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this annual comprehensive financial report for the year ended June 30, 2022, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

In accordance with standards issued by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Legally separate and tax-exempt entities shall be presented as component units of the reporting entity if they meet all of the following criteria: the economic resources of the organization are entirely or almost entirely for the direct benefit of the reporting unit; the reporting unit is entitled to access all or a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the reporting unit.

The financial operations of the University along with those of UConn Health are reported in the State's annual comprehensive report using the fund structure prescribed by GASB. The State includes the transactions and balances of the University within an enterprise fund under business-type activities on the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

The University of Connecticut Foundation, Inc. (Foundation) is a related, but independent, corporate entity that supports the mission of the University and is also included in the State's annual report. The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health. Although the Foundation materially supports the mission of both the University and UConn Health, displaying the Foundation's financial statements as a component unit of either entity individually would distort its actual contribution or economic benefit to that entity. Therefore, the Foundation is not included as a component unit in the accompanying financial statements but is included as a component unit of the State.

Fiduciary Statements

The University is also the fiduciary of the University of Connecticut Department of Dining Services Money Purchase Pension Plan. The University reports this fund as a fiduciary activity in the accompanying Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position (Fiduciary Statements). See Note 9 for further disclosures related to the University of Connecticut Department of Dining Services Money Purchase Pension Plan.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP), as prescribed by GASB. The University is considered a special-purpose government engaged primarily in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The University reports business-type activities in the accompanying Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated. The Fiduciary Statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB requirements.

Adoption of New Accounting Standards

In fiscal year 2022, the University adopted GASB Statement No. 87 (GASB 87), *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Upon the adoption of GASB 87, the University recorded lease assets and liabilities of $144.0 million for lessee arrangements, and lease receivables and deferred inflows of resources of $1.9 million for lessor arrangements. These amounts were reflected as of July 1, 2021, and were calculated in accordance with GASB 87 using facts and circumstances that existed at that date.

As part of adopting GASB 87, the University also recorded an adjustment for the Stamford residential facility previously reported as a capital lease, which impacted the beginning net position as of July 1, 2021. The adjustment reduced land and buildings by $47.0 million and accumulated depreciation by $5.9 million. The corresponding lease liability recorded in long-term debt and bonds payable was also reduced by $42.9 million.

The cumulative effect of applying GASB 87 on the University's beginning net position is summarized in the following table (amounts in thousands):

Net Position, June 30, 2021 (As Reported)	$	(545,792)
Lease receivables		1,882
Prepaid expenses and other assets		(93)
Capital assets, net		102,900
Lease liabilities		(144,041)
Long-term debt and bonds payable		42,948
Deferred inflows of resources		(1,882)
Cumulative effect of applying GASB 87		1,714
Net Position, July 1, 2021 (As Restated)	$	(544,078)

GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period,* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result of adopting GASB 89, the University will no longer capitalize interest costs as part of the historical cost basis of the asset.

GASB Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The adoption of GASB 93 had no effect on the University's financial statements.

GASB Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* consists of objectives that (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; 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. The adoption of GASB 97 did not have a significant effect on the University's financial statements.

Cash Equivalents

The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF) are also considered cash equivalents, except for those classified as restricted balances included in deposits with bond trustee.

Accounts and Loans Receivable

Accounts receivable consists of tuition, fees, auxiliary enterprises service fees, amounts due from state and federal governments for grants and contracts, and the current portion of lease receivables. Accounts and loans receivable are recorded net of an estimated allowance for doubtful accounts.

Student and other loans receivable consist primarily of amounts due from students under the Federal Perkins Loan Program, which are subject to significant restrictions. Student and other loans receivable are classified as current and noncurrent based on the amount estimated to be collected within one year and beyond one year, respectively.

Due from State and Due to State

Due from State includes an appropriation receivable from the State's General Fund for reimbursement of payroll expenses. Additionally, the State administers employee benefit and retirement plans for University State employees and charges an annual fringe benefit rate that is applied to salaries and wages. Fringe benefits accrued at year-end in relation to State employees are reported as a liability due to the State.

Due from Affiliate and Due to Affiliate

Due from affiliate includes amounts owed by UConn Health resulting from various memorandums of understanding (MOUs) and other operating activities.

Due to affiliate includes the unspent portion of general obligation bond proceeds that are managed by the

University and allocated to UConn Health capital projects. The proceeds are reported net of accruals for capital expenditures and retainage.

State Debt Service Commitment

The State has made a commitment to pay the annual debt service amounts on securities issued as general obligations of the University. As general obligation debt and related interest are incurred, the commitment from the State is recorded as revenue for principal and interest in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. A corresponding receivable is recorded in the accompanying Statement of Net Position and is classified as current and noncurrent based on debt service payments owed in one year and beyond one year, respectively.

Deposits with Bond Trustee

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

The University has directed the Trustee Bank to invest UCONN 2000 indenture-related construction fund proceeds in STIF. Similarly, the University has directed the Trustee Bank to invest other related funds in dedicated STIF accounts for debt service funds for the Special Obligation Student Fee Revenue Bonds (Student Fee Revenue Bonds). Additionally, the University transfers unrestricted funds periodically to a dedicated STIF account in accordance with the Renewal and Replacement Fund Requirement (see Note 2). The Renewal and Replacement Fund Requirement is defined by the Special Obligation Indenture as an amount deemed necessary to maintain assets financed with bond proceeds in sound operating condition.

Investment earnings from UCONN 2000 General Obligation Bond proceeds are retained by the State Treasurer's Office and do not flow to the University or the Trustee Bank. Investment earnings related to Student Fee Revenue Bonds are part of pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. Earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds and the Special Obligation Student Fee Revenue Refunding Redemption Fund escrows form part of the irrevocable escrows that are used by the Trustee Bank to meet debt service payments on defeased bonds until called.

Investments

The University accounts for its investments at fair value, categorized for disclosure purposes within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. The three-level hierarchy of inputs is summarized as follows:

- Level 1 – Quoted prices for identical investments in an active market.
- Level 2 – Inputs other than Level 1 that are observable, such as quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; or inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, and credit spreads, among others.
- Level 3 – Inputs that are unobservable but supported by the University's or the Foundation's assumptions, taking into consideration the assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available under the circumstances.

The net asset value (NAV), or its equivalent, is used to determine the fair value of all investments that do not have a readily determinable fair value. Because they are not readily determinable, the fair values of these investments may differ from the values that would have been used had a ready market existed for these investments.

Changes in the unrealized gain or loss on the carrying value of the University's investments are recorded as nonoperating revenues or expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Capital Assets

Capital assets are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Capital projects greater than $100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a value of $5,000 or more and a useful life of more than one year is capitalized. Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets:

Non-structural improvements	10 – 50 years
Buildings and building components	6 – 60 years
Intangible assets	3 – 10 years
Library materials	15 years
Equipment	3 – 30 years

Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Art and historical collections are recognized at their acquisition values and are not depreciated. The Dodd Center for Human Rights at the University maintains historical collections of original source materials used for research and serves as the University's official archive. New items are added to the collection if their acquisition value can be substantiated by an external appraisal.

Leases

As lessee, the University records a lease liability and a right-to-use asset at the commencement of the lease term. The lease liability is measured at the present value of expected payments during the lease term, less any lease incentives. The right-to-use lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the lease commencement date and certain initial direct costs.

As lessor, the University records a lease receivable at the commencement of the lease term based on the present value of expected receipts during the lease term, and a corresponding deferred inflow of resources, which equals the receivable plus any cash received in advance that pertains to a future period.

The lease term includes the noncancelable period of the lease, plus periods covered by the University's options to extend the lease if reasonably certain to be exercised and to terminate the lease if reasonably certain of not being exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.

The discount rate used for the present value calculations of expected payments and expected receipts is based on the rate implicit in the lease or, if the interest rate cannot be determined, on the University's incremental borrowing rate using a period comparable with the lease term.

Unearned Revenue

Unearned revenue includes amounts received for services to be rendered in a future accounting period. This amount is composed primarily of student charges (tuition, fees, room, and board) received in advance of the applicable academic period and amounts received from sponsors related to certain restricted research grants that will not be included in revenue until the funds are expended. It also includes advance ticket sales for sporting events and commitments received in advance of the athletic season.

Compensated Absences

Employee vacation, holiday, compensatory, and sick leave are accrued at year-end for financial statement purposes. The liability is included as compensated absences in the accompanying Statement of Net Position and is classified as current and noncurrent based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively. The related expense is included as an operating expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences and principal payments due on bonds (net of unamortized premiums and discounts), other debt, and lease liabilities beyond one year. Federal refundable loans included as noncurrent consist of governmental advances for revolving student loan programs required to be returned beyond one year to the federal government upon cessation of the program. Net pension and net OPEB liabilities are also classified as noncurrent. Other liabilities reported on the Statement of Net Position consist of an asset retirement obligation (ARO) and the portion of the bookstore service concession arrangement liability that is expected to be paid beyond one year.

Net Pension and Net OPEB Liabilities

For purposes of measuring net pension and net OPEB liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the fiduciary net position as well as additions to and deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, plan member contributions are recognized in the period the contributions are due. Employer contributions are recognized in the period the contributions are appropriated. Benefits and refunds to pension plan members are both recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources

The University reports changes in the net pension and net OPEB liabilities not included in pension or OPEB expense, respectively, as deferred outflows of resources or deferred inflows of resources. The University's contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources.

Gains and losses on refunded debt are reported as deferred inflows of resources and deferred outflows of resources, respectively, and represent the difference between the reacquisition price and the net carrying amount of the refunded bonds. Such amounts are amortized as a component of interest expense on a straight-line basis over the life of either the old debt or the new debt, whichever is shorter.

For lessor arrangements, the deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease income on a straight-line basis over the lease term. For service concession arrangements, the difference between payments received and contractual liabilities is reported as a deferred inflow of resources and is recognized as revenue over the contract term. Certain AROs are reported as deferred outflows of resources and are recognized over the remaining useful life of the related asset.

Net Position

GASB requires that resources be classified for accounting and reporting purposes into the following categories of net position:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds, notes, and liabilities that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component.

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

- **Restricted expendable:** Assets reduced by liabilities and deferred inflows of resources related to those assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

The University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

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

Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective of whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 16 for operating expenses presented by functional classification.

- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, federal and state financial aid, noncapital gifts, and investment income. Interest expense and disposal of capital assets, net, are also reported as nonoperating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by the University and the amount that is ultimately paid by students or on their behalf. Any aid applied directly to student accounts in payment of tuition and fees, housing charges, or dining services is reflected as a scholarship allowance deducted from the University's operating revenues. Scholarships and fellowships expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position includes financial aid payments made directly to students.

UConn Health MOUs

The University manages certain operations for UConn Health in exchange for payment. These payments cover operating expenses related to public safety, marketing, library services, technology commercialization, and other miscellaneous services. The terms of these arrangements are outlined in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The revenues from UConn Health MOUs are recorded as part of other sources under operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see Note 15).

Other Significant Transactions

The American Rescue Plan Act (ARPA), was passed by U.S. Congress and signed into law on March 11, 2021, to address the economic impact associated with the coronavirus pandemic (COVID-19). ARPA authorized the Higher Education Emergency Relief Fund III (HEERF III), in which $57.3 million of direct federal funding was allocated to the University. HEERF III requires institutions to use no less than 50 percent of the full allocation to provide emergency financial aid to students and no more than 50 percent can be spent on institutional use. During fiscal year 2022, the University disbursed $28.6 million of HEERF III funds to students as emergency grants to cover expenses due to COVID-19. For the institutional portion, $28.4 million was designated to the University to offset revenue losses incurred by the pandemic. The remaining $0.3 million was allocated to the University for its two regional campuses considered eligible as minority-serving institutions. The HEERF III funds were reported as federal and state financial aid under nonoperating revenues, and the emergency grants disbursed to students were reported as scholarships and fellowships under operating expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2022.

In addition to the direct federal funding received, the State allotted $25.0 million to the University in fiscal year 2022. The allotment included $5.0 million from the Coronavirus Relief Fund (CRF) to offset certain eligible COVID-19 expenses, and $20.0 million through the State's ARPA allocation to offset housing and dining revenue losses incurred because of COVID-19. The total $25.0 million was recorded as federal and state financial aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2022.

NOTE 2. CASH AND CASH EQUIVALENTS, DEPOSITS, AND INVESTMENTS

The University's total cash and cash equivalents, deposits, and investments included the following as of June 30, 2022 (amounts in thousands):

	2022
Cash and Cash Equivalents	
Cash maintained by State Treasurer	$ 309,176
Invested in STIF	24,972
Other deposits	3,259
Total Cash and Cash Equivalents	337,407
Deposits with Bond Trustee	
Invested in STIF	195,228
Total Deposits with Bond Trustee	195,228
Investments	
Foundation-managed endowments	17,517
UConn Innovations Fund, LLC	715
Total Investments	18,232
Total Cash and Cash Equivalents, Deposits, and Investments	$ 550,867

Cash and Cash Equivalents

Collateralized deposits are protected by State General Statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized. As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency such as the University are protected cannot be readily determined.

The University's cash management investment policy permits the University to invest in STIF, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, bankers' acceptances, certificates of deposit (including Euro Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts.

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF had a Standard and Poor's rating of AAAm and a weighted average maturity of 29 days as of June 30, 2022.

Deposits with Bond Trustee

Deposits of the University include UCONN 2000 bond indenture related funds held by the Trustee Bank at the direction of the University. As of June 30, 2022, deposits with bond trustee included $195.2 million invested in STIF. Of this amount, $14.0 million is related to the Renewal and Replacement Fund, an indenture defined account funded with non-bond proceeds.

Foundation-Managed Endowments

The University designated the Foundation as the manager of the University's endowment funds. The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State General Statutes, and in accordance with the Foundation's endowment spending policy described in the following section.

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees. As of June 30, 2022, net appreciation gains of $1.3 million were reported as restricted expendable in the accompanying Statement of Net Position.

The Foundation's endowment spending allocation policy adheres to the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA considers prudence in maintaining an endowment fund in perpetuity. Therefore, spending can occur from an endowment fund whose fair value is below its historic value as long as the governing body has determined that its policies will continue the perpetual nature of the endowment over time.

The amount of funds allocated for expenditure for the purposes for which an endowment was established equals 4 percent annually (1 percent per quarter) of the rolling 12-quarter average fair value on a unitized basis. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from principal.

An advancement fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. The endowment spending allocation and advancement fee taken together cannot exceed 6.5 percent or fall below 3 percent of the quarterly fair value of endowment funds. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

Over the long term, the Foundation expects the current spending allocation and advancement fee policies to allow endowments to grow on average at least at the annualized rate of inflation. This is consistent with the organization's objective of providing resources for the underlying purposes of its endowment assets over the life of the endowments, whether in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment returns.

University endowment investments are managed by the Foundation in a pooled portfolio that is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for the pooled investment portfolio, providing that the maximum exposure with any one manager would be 10 percent of the portfolio at the time of investment. The Foundation's Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio. The Foundation expects that portfolios will be invested in only the strategies described in the following table, and not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

Investment Objectives and Strategies	Allocation Range as Percentage of Fair Value
Growth	
Global equity	30% – 90%
Risk Minimizing	
Global fixed income	10% – 70%
Cash	0% – 10%
Inflation Hedging	
Real assets	0% – 10%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. Publicly traded fixed income investments totaled $1.9 million as of June 30, 2022. These represent an investment in a single fixed income fund for which a credit rating is not available. The University endowment's foreign publicly traded equities totaled $4.4 million as of June 30, 2022. Private capital investments totaled approximately $427,000 as of June 30, 2022.

Other Investments

Certain investments are also held directly by the University. The University held an ownership interest in UConn Innovation Fund, LLC as of June 30, 2022 (see Note 15).

Fiduciary Investments

The investments of the University of Connecticut Department of Dining Services Money Purchase Pension Plan are reported in the accompanying Statement of Fiduciary Net Position. The University is responsible for ensuring these assets are used only for their intended purposes and cannot use them to finance its operations. Under the direction of the University of Connecticut Department of Dining Services, the investments are invested by a third-party administrator and are subject to risk due to the uncollateralized nature of the investments.

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was $16.1 million as of June 30, 2022. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the year ended June 30, 2022, was $831,000.

Fair Value Measurement

Certain investments managed by the Foundation are measured at fair value pricing using NAV, or its equivalent. NAVs provided by third-parties have been utilized in determining fair value where there are significant unobservable inputs related to Level 3 assets, as all investments have been made through commingled fund structures with no direct ownership. The Foundation's investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values.

The Foundation performs ongoing due diligence with its investment managers that includes evaluation of managers' operations and valuation procedures, site visits, investor calls, and review of manager filings and audited financial statements. The Investment Committee of the Foundation's Board of Directors monitors the performance of investment managers and meets formally with managers on a periodic basis in addition to the ongoing due diligence performed by the Foundation investment staff.

The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the investment balance presented in the Statement of Net Position and the Statement of Fiduciary Net Position as of June 30, 2022 (amounts in thousands):

	2022				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Foundation-Managed Investments					
Cash and cash equivalents	$ 1,494	$ -	$ -	$ -	$ 1,494
Fixed income securities					
Corporate investment grade	1,855	-	-	-	1,855
Equity securities					
Domestic	7,889	-	-	-	7,889
Offshore	4,401	-	-	-	4,401
Private capital					
Buyout and venture capital	-	-	-	236	236
Debt	-	-	-	188	188
Royalties	-	-	-	2	2
Long and short equities	-	-	-	1	1
Private real estate	-	-	-	8	8
Private natural resources	-	-	-	288	288
Relative value	-	-	-	1,155	1,155
Total Foundation-Managed Investments	15,639	-	-	1,878	17,517
University-Held Investments					
Other	-	-	-	715	715
Total University-Held Investments	-	-	-	715	715
Total Investments – University	$ 15,639	$ -	$ -	$ 2,593	$ 18,232
Fiduciary Investments					
Cash and cash equivalents	$ 112	$ -	$ -	$ -	$ 112
Debt securities	5,176	-	-	-	5,176
Equity securities	5,524	-	-	-	5,524
Total Investments – Fiduciary	$ 10,812	$ -	$ -	$ -	$ 10,812

The Foundation has agreements with external investment managers that include certain redemption terms and restrictions as noted in the following table as of the fiscal year ended June 30, 2022 (amounts in thousands):

	2022				
Investment Strategy	**Fair Value**	**Unfunded Commitments**	**Remaining Life**	**Redemption Terms**	**Redemption Restrictions**
Private capital partnerships including venture, buyout, and debt in the U.S. and international, and other	$ 427	$ 112	Less than 1 to 8 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	8	35	1 to 3 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	288	36	1 to 5 years	Not applicable	Not redeemable
Total	$ 723	$ 183			

NOTE 3. ACCOUNTS AND LOANS RECEIVABLE

Accounts receivable and loans receivable as of June 30, 2022, consisted of the following (amounts in thousands):

	2022
Grants and contracts	$ 49,401
Student and general	35,290
Investment and interest income	616
Lease receivables	207
Allowance for doubtful accounts	(11,729)
Total Accounts Receivable, Net	$ 73,785

The University participates in the U.S. Department of Education Federal Direct Lending Program. Under this program, the University distributed loans of $179.7 million in fiscal year 2022 to students, including those enrolled in UConn Health programs. These distributions and related funding are not reflected as expenses and revenues in the accompanying financial statements. However, related cash inflows and outflows are shown in the accompanying Statement of Cash Flows. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2022, was $2.7 million; this amount was included as a receivable under grants and contracts.

The University reported student and other loans receivable of $4.4 million for the fiscal year ended June 30, 2022. This balance is primarily composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and are reported separately from accounts receivable in the accompanying Statement of Net Position. The 2022 amount is reported net of an allowance for doubtful accounts of $0.3 million at June 30, 2022. See Note 8 for information regarding the closeout of the Federal Perkins Loan Program.

NOTE 4. CAPITAL ASSETS

The following table reflects the changes in capital assets for the year ended June 30, 2022 (amounts in thousands):

	(Restated) Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	$ 25,985	$ 6,449	$ -	$ -	$ 32,434
Construction in progress	145,157	169,364	-	(23,055)	291,466
Art and historical collections	56,768	433	(42)	-	57,159
Total Capital Assets Not Being Depreciated	227,910	176,246	(42)	(23,055)	381,059
Depreciable Capital Assets					
Non-structural improvements	539,081	6,713	-	685	546,479
Buildings and improvements	2,907,727	56,653	(75)	22,370	2,986,675
Intangible assets	64,739	4,683	(1,717)	-	67,705
Right-to-use assets	144,041	1,921	-	-	145,962
Library materials	55,587	468	-	-	56,055
Equipment	299,519	16,194	(15,139)	-	300,574
Total Depreciable Capital Assets	4,010,694	86,632	(16,931)	23,055	4,103,450
Less Accumulated Depreciation					
Non-structural improvements	192,189	15,293	-	-	207,482
Buildings and improvements	1,282,251	87,725	(46)	-	1,369,930
Intangible assets	40,476	7,639	(1,665)	-	46,450
Right-to-use assets	-	7,088	-	-	7,088
Library materials	51,447	823	-	-	52,270
Equipment	210,823	16,998	(12,773)	-	215,048
Total Accumulated Depreciation	1,777,186	135,566	(14,484)	-	1,898,268
Depreciable Capital Assets, Net	2,233,508	(48,934)	(2,447)	23,055	2,205,182
Capital Assets, Net	$ 2,461,418	$ 127,312	$ (2,489)	$ -	$ 2,586,241

NOTE 5. UNEARNED REVENUE

As of June 30, 2022, unearned revenue included the following (amounts in thousands):

	2022
Tuition, fees, and other student charges	$ 21,569
Amounts received from grant sponsors	18,534
Athletic tickets, commitments, and other	6,186
Total Unearned Revenue	$ 46,289

NOTE 6. LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended June 30, 2022, was as follows (amounts in thousands):

	(Restated) Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
General obligation bonds	$ 1,583,660	$ 227,185	$ (127,495)	$ 1,683,350	$ 134,975
Student Fee Revenue Bonds	200,915	-	(6,010)	194,905	9,020
Financed purchase agreements					
Cogeneration Facility	23,686	-	(5,059)	18,627	5,174
Installment loans	-	267	(47)	220	51
Long-term software commitments	9,809	2,643	(4,710)	7,742	3,942
American Athletic Conference exit fee	7,194	-	(1,135)	6,059	1,160
Total Long-Term Debt	1,825,264	230,095	(144,456)	1,910,903	154,322
Premiums and discounts	251,536	34,292	(20,257)	265,571	21,259
Total Long-Term Debt, Net	$ 2,076,800	$ 264,387	$ (164,713)	$ 2,176,474	$ 175,581

The UConn 2000 Infrastructure Improvement Program (UCONN 2000) established by The University of Connecticut 2000 Act (Act) is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a 32-year capital budget program in three phases, estimated to cost $4,644.3 million. The Act was originally adopted in 1995 to authorize and finance the UCONN 2000 Phase I Projects and the UCONN 2000 Phase II Projects at University campuses not including UConn Health. The Act was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UCONN 2000 Phase III Projects that included projects at UConn Health.

In 2010, the General Assembly enacted and the Governor signed Public Act (PA) 10-104 that increased the cost of certain UConn Health projects, authorized additional projects for UConn Health, and extended UCONN 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed PA 11-75 that increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed PA 13-233, Next Generation Connecticut, that authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment, and extended UCONN 2000 for an additional six fiscal years to 2024.

In 2017, the General Assembly enacted and the Governor signed PA 17-2 that extended UCONN 2000 for an additional three fiscal years to 2027, but did not increase the total amount that may be authorized by the Board of Trustees for the UCONN 2000 projects.

In June 2021, the Governor signed PA 21-2 increasing the State debt service commitment amount for fiscal year 2022 by $25.0 million to $215.5 million, which increased the fiscal year 1996 to 2027 total State debt service commitment amounts to $4,307.9 million. The estimated costs in the Act were also changed including increasing the project known as “Deferred Maintenance/Code/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities – Health Center”.

UCONN 2000 is to be funded in part by the issuance of $4,307.9 million of general obligation bonds of the University secured by the State debt service commitment. The balance of the estimated cost of UCONN 2000 projects that is not to be financed by the University’s bonds secured by the State debt service commitment may be funded by the issuance of the University’s Student Fee Revenue Bonds, other University debt obligations, State general obligation bonds, from gifts, and other revenue or borrowing resources of the University.

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

In April 2022, the University issued 2022 Series A General Obligation Bonds at a face value of $227.2 million. The total bonds were issued at a premium of $34.3 million. Total net proceeds realized from the 2022 Series A Bonds were $260.0 million after the payment of issuance costs and underwriter fees. Of this amount, $13.0 million was allocated to finance projects at UConn Health.

As general obligation bonds are issued, nonoperating revenue for State debt service commitment for principal is recognized at face value less any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2022, the total State debt service commitment for principal recognized was $214.2 million. The portion of proceeds allocated to UConn Health is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2022, the unspent portion of this balance was $15.1 million. In addition, nonoperating revenue for State debt service commitment for interest on general obligation bonds of $75.9 million was recognized for the year ended June 30, 2022, of which approximately $21.5 million was associated with UConn Health projects. As of June 30, 2022, approximately $442.9 million of the total outstanding principal on general obligation bonds pertained to proceeds used to finance UConn Health projects.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are backed by certain pledged revenues of the University. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2022.

Student Fee Revenue Bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2022, this consisted of gross and net revenues of approximately $119.1 million. Gross pledged revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and other revenues. Other revenues consist of the FIT (Facilities Investment Together) surcharge on athletic ticket sales plus investment income on certain bond accounts held by the Trustee Bank. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, board (dining) fee, and parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed and before depreciation expense is deducted. For fiscal year 2022, the University allocated $28.4 million of HEERF III funding to the cost of maintaining, repairing, insuring, and operating the facilities as defined above to help offset significant COVID-19 losses included in the net pledged revenues calculation. In addition to securing Student Fee Revenue Bonds, the gross and net pledged revenues available are pledged toward certain other debt. The University has covenanted to collect, in each fiscal year, fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in each respective fiscal year for its Student Fee Revenue Bonds.

The total principal and interest remaining to be paid on all Student Fee Revenue Bonds as of June 30, 2022, was $311.9 million. The total amount of $6.0 million for the principal and $9.7 million for the interest was paid on this debt from pledged revenues in fiscal year 2022.

Unamortized premiums and discounts are recorded as additions or reductions to the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums, and increasing it for discounts.

Bonds outstanding as of June 30, 2022, consisted of the following (amounts in thousands):

Type of Bond and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2022 Balance
GO 2013 Series A	$ 172,660	2034	2.0-5.0%	$ 103,585
GO 2013 Refunding Series A	51,250	2024	2.0-5.0%	17,610
GO 2014 Series A	109,050	2034	2.0-5.0%	65,415
GO 2014 Refunding Series A	92,940	2025	2.0-5.0%	3,980
GO 2015 Series A	220,165	2035	1.0-5.0%	143,105
GO 2015 Refunding Series A	34,625	2026	4.0-5.0%	13,735
GO 2016 Series A	261,510	2036	3.0-5.0%	183,050
GO 2016 Refunding Series A	80,425	2027	4.0-5.0%	18,585
GO 2017 Series A	311,200	2037	2.5-5.0%	233,400
GO 2018 Series A	276,075	2038	3.0-5.0%	220,860
GO 2019 Series A	174,785	2038	3.0-5.0%	148,565
GO 2019 Refunding Series A	64,680	2028	5.0%	45,325
GO 2020 Series A	160,230	2041	3.0-5.0%	152,215
GO 2020 Refunding Series A	119,085	2031	1.5-5.0%	106,735
GO 2022 Series A	227,185	2042	3.0-5.0%	227,185
Total General Obligation Bonds	2,355,865			1,683,350
SFR 2012 Refunding Series A	87,980	2030	1.5-5.0%	61,170
SFR 2018 Series A	141,725	2048	3.0-5.25%	133,735
Total Student Fee Revenue Bonds	229,705			194,905
Total Bonds	$ 2,585,570			$ 1,878,255

Bond obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	General Obligation Bonds			Student Fee Revenue Bonds		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2023	$ 134,975	$ 81,241	$ 216,216	$ 9,020	$ 9,387	$ 18,407
2024	130,455	74,113	204,568	9,485	8,925	18,410
2025	125,255	67,687	192,942	9,960	8,453	18,413
2026	121,395	61,579	182,974	10,450	7,957	18,407
2027	117,675	55,535	173,210	11,000	7,421	18,421
2028-2032	532,670	194,518	727,188	44,480	29,044	73,524
2033-2037	400,830	78,449	479,279	23,610	22,132	45,742
2038-2042	120,095	13,563	133,658	29,790	15,947	45,737
2043-2047	-	-	-	38,200	7,524	45,724
2048-2052	-	-	-	8,910	234	9,144
Total	$ 1,683,350	$ 626,685	$ 2,310,035	$ 194,905	$ 117,024	$ 311,929

Other debt obligations of the University include financed purchase agreements, long-term software commitments, and the American Athletic Conference (AAC) exit fee liability. Financed purchase agreements consist of the Cogeneration Facility and equipment installment loans. The University's Cogeneration Facility is financed by a 20-year purchase agreement that was entered into in December 2003. The Cogeneration Facility provides on-site generation of electricity, steam, and chilled water for heating and cooling at the University's Storrs campus. The project to establish the facility initially assumed a total cost of $75.0 million and included the construction of a building and the engineering, design, and installation of certain equipment. The purchase agreement was later amended in August 2005 when the anticipated cost increased to $81.9 million. The required monthly debt service payments also decreased due to subsequent amendments to $462,000 and are payable through December 2025.

Long-term software commitments represent the University's obligation to make payments to various vendors in accordance with contract terms in exchange for the right to use certain software applications.

The AAC exit fee liability represents the remaining balance owed to the conference after the University's withdrawal in fiscal year 2020. On June 30, 2020, the AAC exit fee balance was $7.8 million and is payable annually in six equal installments of $1.3 million, commencing on July 1, 2021. The University records the AAC exit fee liability at a discounted value using an imputed interest rate of 2.2 percent. The amount reported as of June 30, 2022, was shown net of imputed interest of $406,000. The University has the discretion to pay the remainder of the exit fee in full at any time.

Other debt obligations outstanding as of June 30, 2022, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	**Original Amount**	**Maturity Dates Through Fiscal Year**	**Interest Rate**	**2022 Balance**
Financed purchase agreements				
Cogeneration Facility	$ 81,900	2026	2.22%	$ 18,627
Installment loans	267	2027	3.23%	220
Long-term software commitments	15,648	various	0.66 - 4.94%	7,742
American Athletic Conference exit fee	7,194	2027	2.20%	6,059
Total Other Debt	$ 105,009			$ 32,648

Other debt obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	Long-Term Debt - Other		
Year(s)	**Principal**	**Interest**	**Total**
2023	$ 10,308	$ 793	$ 11,101
2024	9,250	487	9,737
2025	7,538	245	7,783
2026	4,282	77	4,359
2027	1,270	28	1,298
Total	$ 32,648	$ 1,630	$ 34,278

NOTE 7. LEASES

University as Lessee

The University leases building space and equipment from external parties. Building space includes student housing, classroom, retail, laboratory, library, and office space. A summary of lease asset activity by major classes of underlying assets as of June 30, 2022, was as follows (amounts in thousands):

	(Restated) Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Right-to-Use Assets				
Buildings	$ 139,460	$ 1,776	$ -	$ 141,236
Equipment	4,581	145	-	4,726
Total Right-to-Use Assets	144,041	1,921	-	145,962
Less Accumulated Amortization				
Buildings	-	6,732	-	6,732
Equipment	-	356	-	356
Total Accumulated Amortization	-	7,088	-	7,088
Total Right-to-Use Assets, Net	$ 144,041	$ (5,167)	$ -	$ 138,874

A summary of changes in the related lease liabilities during the year ended June 30, 2022, was as follows (amounts in thousands):

	(Restated) Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Lease liabilities	$ 144,041	$ 1,921	$ (4,574)	$ 141,388	$ 3,873

The related lease liabilities are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	Lease Liabilities		
Year(s)	Principal	Interest	Total
2023	$ 3,873	$ 4,004	$ 7,877
2024	4,269	3,592	7,861
2025	4,400	3,512	7,912
2026	4,522	3,427	7,949
2027	4,571	3,340	7,911
2028-2032	14,610	15,582	30,192
2033-2037	11,785	13,967	25,752
2038-2042	10,866	12,431	23,297
2043-2047	14,280	10,680	24,960
2048-2052	17,386	8,445	25,831
2053-2057	22,658	5,622	28,280
2058-2062	27,652	2,073	29,725
2063-2067	516	-	516
Total	$ 141,388	$ 86,675	$ 228,063

University as Lessor

The University leases building space and cell towers to external parties. For the fiscal year ended June 30, 2022, the University recognized lease and interest income of $230,000.

NOTE 8. OTHER LONG-TERM LIABILITIES

Long-term liability activity other than debt and bonds payable and lease liabilities for the year ended June 30, 2022, was as follows (amounts in thousands):

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Current Portion
Compensated absences	$ 43,144	$ 2,518	$ (7,227)	$ 38,435	$ 20,822
Federal refundable loans	6,293	307	(1,541)	5,059	1,053
Net pension liabilities	1,522,663	128,984	(245,351)	1,406,296	-
Net OPEB liability	2,087,164	64,746	(442,734)	1,709,176	-
Other liabilities					
Service concession arrangement	3,170	-	(691)	2,479	663
Asset retirement obligation	144	-	-	144	-
Total Other Long-Term Liabilities	$ 3,662,578	$ 196,555	$ (697,544)	$ 3,161,589	$ 22,538

The federal refundable loans include the liability for the Federal Perkins Loan Program that expired September 30, 2017. No new disbursements were permitted under the program after June 30, 2018. As part of the closeout of the Federal Perkins Loan Program, the University opted to continue to service outstanding loans, assign defaulted loans, and return the federal portion of the program's total cash on hand as required by the U.S. Department of Education.

An ARO in the amount of $144,000 is recorded in other long-term liabilities relating to the University's 90-day storage facility for hazardous waste. The closure of these facilities is subject to State regulations as defined by the Connecticut Department of Energy and Environmental Protection. In fiscal year 2015, the University paid $144,000 to close its former 90-day storage facility. The University considers this a reasonable estimate to close the new facility, which has a 40-year useful life beginning January 1, 2017.

The University has an ARO relating to the closure of its Wastewater Treatment Facility that is not yet recognized because it cannot be reasonably estimated.

NOTE 9. RETIREMENT PLANS

State Retirement Systems

The University sponsors two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

Plan descriptions. SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. Approximately 59 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

TRS is a cost-sharing multiple-employer defined benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with the University and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State legislature and is administered by the Teachers' Retirement Board.

Benefits provided. SERS provides retirement, disability, and death benefits along with cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated following a basic formula that takes into consideration average salary, credited service, and age at retirement. The details on plan benefits for the Tier IV Plan, revised COLAs for plan members retiring on or after July 1, 2022, and revised disability retirement requirements are described in the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192x of the State General Statutes.

TRS also provides retirement, disability, and death benefits along with annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest 3 years of paid salaries. Members are 100 percent vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions are described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions. SERS contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates* for the fiscal year ended June 30, 2022, were as follows:

- Tier I Hazardous – 6 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level
- Tier I Plan B – 4 percent of earnings up to Social Security Taxable Base plus 7 percent of earnings above that level
- Tier I Plan C – 7 percent of earnings
- Tier II Hazardous – 6 percent of earnings
- Tier II (all others) – 2 percent of earnings
- Tier IIA and III Hazardous – 7 percent of earnings
- Tier IIA and III (all others) – 4 percent of earnings
- Tier IV Hazardous – 8 percent of earnings
- Tier IV (all others) – 5 percent of earnings

*Contributions may vary for anyone electing to maintain retirement eligibility.

In accordance with the SEBAC 2017 agreement, 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 percent). Finally, all Tier IV employees must contribute 1 percent to the defined contribution component of the Hybrid Plan and may elect additional contributions of up to 3 percent of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1 percent of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011, who were otherwise eligible for the State Alternate Retirement Plan, were eligible to become members of the Hybrid Plan in addition to their existing choices. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II, IIA, or III Plan.

TRS contribution requirements are also established and may be amended by the State legislature. Plan members are required to contribute 7 percent of their annual salary. Employer contributions are funded by the State on behalf of the participating municipal employers, which is considered to be a special funding situation. However, this special funding situation does not apply to the University, an agency of the State, because there is not a separate non-employer contributing entity.

The University contributes to both plans on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. The rates of actual University contributions as a percentage of covered payroll during fiscal year 2022 were 46.5 percent and 44.4 percent for SERS and TRS, respectively. These amounts are expected to finance the costs of benefits earned by employees during the year and any unfunded accrued liability. The University's contributions for fiscal year 2022 were $132.9 million and $617,000 for SERS and TRS, respectively.

Proportionate share of the collective net pension liability (NPL) and pension expense. The total pension liability (TPL) used to calculate the NPL was determined based on the annual actuarial funding valuation reports as of June 30, 2021 and 2020, for SERS and TRS, respectively. The TRS TPL was rolled forward to the measurement date of June 30, 2021.

Since the prior measurement date for SERS, wage inflation assumed rate, assumed salary scale, rates of withdrawal, disability retirement, service retirement and mortality were adjusted to reflect actual and anticipated experience more closely. Analysis and basis for these changes are included in the latest Experience Investigation for the five-year period ending June 30, 2020.

The University's proportion of the collective NPL was based on the University's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, the University's proportion was 6.58 percent and 0.04 percent for SERS and TRS, respectively, at the measurement date of June 30, 2021. SERS increased by 0.20 of a percentage point from its proportion measured as of June 30, 2020, and TRS increased by less than 0.01 of a percentage point from the same measurement date.

The University's proportionate share of the collective NPL at June 30, 2022, and related pension expense for fiscal year 2022 consisted of the following (amounts in thousands):

	SERS	**TRS**	**Total**
Proportionate share of the collective NPL	$1,400,123	$ 6,173	$1,406,296
Pension expense	$ 171,189	$ 372	$ 171,561

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in assumptions	$ -	$ 1,253	$ 1,253
Changes in proportion and differences between University contributions and proportionate share of contributions	179,156	415	179,571
University contributions subsequent to the measurement date	132,911	617	133,528
Difference between expected and actual experience	96,872	-	96,872
Total Deferred Outflows	$408,939	$ 2,285	$411,224
Deferred Inflows of Resources			
Changes in assumptions	$ 2,581	$ -	$ 2,581
Changes in proportion and differences between University contributions and proportionate share of contributions	2,413	168	2,581
Net differences between projected and actual earnings on pension plan investments	98,726	801	99,527
Difference between expected and actual experience	-	165	165
Total Deferred Inflows	$103,720	$ 1,134	$104,854

The $133.5 million in deferred outflows relating to University contributions made subsequent to the measurement date will be recognized as a reduction of the NPL in the reporting year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
2023	$ 68,770	$ 188	$ 68,958
2024	66,981	171	67,152
2025	36,945	168	37,113
2026	(5,995)	(39)	(6,034)
2027	5,607	48	5,655
Thereafter	-	(3)	(3)
Total	$ 172,308	$ 533	$ 172,841

At June 30, 2022, the University recorded a payable due to State of $17.2 million in the accompanying Statement of Net Position for the outstanding amount of SERS pension contributions required for the fiscal year ended June 30, 2022.

Actuarial assumptions. The TPL was determined based on the actuarial experience studies for the period July 1, 2015 – June 30, 2020, for SERS and the period July 1, 2014 – June 30, 2019, for TRS, using the following key actuarial assumptions:

	SERS	TRS
Inflation	2.50%	2.50%
Salary increases, including inflation	3.00% – 11.50%	3.00% – 6.50%
Investment rate of return, net of pension plan investment expense, including inflation	6.90%	6.90%

For SERS, the Pub-2010 Mortality Tables projected generationally with scale MP-200:

Non-Hazardous
- Service Retirees: General, above-median, healthy retiree
- Disabled Retirees: General, disabled retiree
- Beneficiaries: General, above-median contingent annuitant
- Active Employees: General, above-median, employee

Hazardous
- 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

TRS mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent for females ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-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 PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2021 measurement date are summarized in the following table for SERS and TRS:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity fund	20.0%	5.4%
Developed market intl. stock fund	11.0%	6.4%
Emerging market intl. stock fund	9.0%	8.6%
Core fixed income fund	13.0%	0.8%
Emerging market debt	5.0%	3.8%
High yield bond fund	3.0%	3.4%
Real estate fund	19.0%	5.2%
Private equity	10.0%	9.4%
Private credit	5.0%	6.5%
Alternative investments	3.0%	3.1%
Liquidity fund	2.0%	-0.4%
Total	100.0%	

Discount rate. The discount rate used to measure the TPL was 6.9 percent for SERS and TRS. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Based on those assumptions, the SERS and TRS pension plans' fiduciary net position were 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 TPL.

Sensitivity analysis. The following table presents the University's proportionate share of the collective NPL calculated using the discount rate of 6.9 percent for SERS and TRS. The table also shows what the University's proportionate share of the collective NPL 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	Current Discount	1% Increase
SERS	$1,701,533	$1,400,123	$1,148,787
TRS	$ 8,168	$ 6,173	$ 4,516

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS and TRS pension plans is available in the State's ACFR for the fiscal year ended June 30, 2021.

Alternate Retirement Plan

The University also sponsors the State Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP. Effective in fiscal year 2022, the University's eligible postdoctoral research associates may also participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5 percent of their eligible compensation, and their employer must contribute 7 percent of eligible compensation. Participants hired on or after September 1, 2017, have the option to contribute 6.5 percent or 5 percent of their eligible compensation and their employer must contribute 6.5 percent of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

The University contributes to the plan on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages of each ARP participant. The University's ARP pension expense for fiscal year 2022 was $16.8 million. At June 30, 2022, the University recorded a payable due to State of $2.8 million in the accompanying Statement of Net Position for the outstanding amount of ARP contributions required for the fiscal year ended June 30, 2022.

Department of Dining Services

The University's Department of Dining Services (DDS) employs 424 full-time staff, of which 60 participate in either SERS or ARP. The remaining 364 are eligible to participate in two other defined contribution plans: the University of Connecticut Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

Under the provisions of MPPP, all employees of DDS with at least 700 hours of service and 12 months of service are eligible to participate. DDS is required to contribute 10 percent or 7 percent of covered compensation for eligible employees, dependent upon hire date, and its employees do not make any contributions to MPPP. Employees are vested after three years of credited service. Any amounts forfeited are used to reduce DDS's contribution. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the MPPP document.

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed on September 1, 1994, or terminated and rehired prior to September 1, 1995, and who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participants hired after August 31, 1994, do not receive a DDS match. Participant and State matches are both 100 percent vested. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the 403(b) Retirement Plan document.

For the fiscal year ended June 30, 2022, pension expense was $734,000, net of forfeitures of $5,000, for MPPP, and $62,000 for the 403(b) Retirement Plan. At June 30, 2022, the University recorded payables for outstanding contributions of $367,000 and $31,000, for MPPP and the 403(b) Retirement Plan, respectively, as part of other current liabilities in the accompanying Statement of Net Position. Furthermore, the assets and activities of the MPPP are included in the accompanying Fiduciary Statements.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The State provides OPEB benefits to University employees through the State Employee OPEB Plan (SEOPEBP). SEOPEBP does not issue stand-alone financial reports but is reported as a fiduciary fund within the State's ACFR. Financial reports are available on the website of the Office of the State Comptroller.

Plan description. SEOPEBP is a single-employer defined benefit OPEB plan that covers employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

Benefits provided. SEOPEBP provides healthcare benefits to eligible retirees and their spouses as well as life insurance benefits to employees when they retire. The State may pay up to 100 percent of the healthcare insurance premium cost for eligible retirees. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Employees hired prior to July 1, 2011, are vested for retiree health benefits upon completion of 10 years of actual state service. Employees hired on or after July 1, 2011, are vested for retiree health benefits upon completion of 15 years of actual state service. If employees should resign from service prior to reaching the age for early or normal retirement eligibility, the employee would be able to receive the retiree health benefits according to the Rule of 75 (age + service = 75). Plan benefits, and other plan provisions are described in sections 5-257 and 5-259 of the State General Statutes. Further information regarding plan changes affecting employees retiring on or after October 2, 2017, are described in the SEBAC 2017 agreement.

Contributions. SEOPEBP is primarily funded on a pay-as-you-go basis. 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 employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary into the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3 percent of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3 percent of their salary for 15 years. Contributions are refundable to employees that leave State employment prior to completing the required years of service.

Similar to pension, the University contributes to SEOPEBP on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages for participants in each retirement plan. This amount is expected to finance retiree healthcare service costs and fund the matching employer portion that is equal to the amount contributed by employees to the RHCF each year beginning on July 1, 2017. The University's rate of actual contributions as a percentage of covered payroll was 14.3 percent and the total amount contributed to the plan was $75.7 million for the fiscal year ended June 30, 2022.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. The total OPEB liability (TOL) used to calculate the NOL was determined based on an actuarial valuation report as of June 30, 2021. The TOL measured since the prior measurement date of June 30, 2020, reflects changes in actuarial assumptions, including a decrease in the discount rate. The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

The University's proportion of the collective NOL was based on the University's share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, the University's proportion was 8.75 percent as of the measurement date of June 30, 2021, which was a decrease of 0.12 of a percentage point from its proportion measured as of June 30, 2020.

The University's proportionate share of the collective NOL at June 30, 2022, and related OPEB expense for fiscal year 2022 are shown below (amounts in thousands):

	SEOPEBP
Proportionate share of the collective NOL	$ 1,709,176
OPEB expense	$ 170,763

At June 30, 2022, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	SEOPEBP
Deferred Outflows of Resources	
University contributions subsequent to the measurement date	$ 75,681
Changes in assumptions	247,390
Changes in proportion	124,702
Difference between expected and actual experience	27,469
Total Deferred Outflows	$ 475,242
Deferred Inflows of Resources	
Changes in assumptions	$ 368,384
Changes in proportion	40,873
Net differences between projected and actual earnings on OPEB plan investments	15,920
Difference between expected and actual experience	33,725
Total Deferred Inflows	$ 458,902

The $75.7 million in deferred outflows for contributions made subsequent to the measurement date will be included as a reduction of the NOL in the reporting year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows (amounts in thousands):

Fiscal Year	SEOPEBP
2023	$ 30,353
2024	39,311
2025	(35,580)
2026	(80,360)
2027	(13,064)
Total	$ (59,340)

At June 30, 2022, the University recorded a payable due to State of $11.2 million in the accompanying Statement of Net Position for the outstanding amount of SEOPEBP contributions required for the year ended June 30, 2022.

Actuarial assumptions. The TOL was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	SEOPEBP
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% – 11.50%
Discount rate	2.31% as of June 30, 2021
Healthcare cost trend rates	
Medical and prescription drug	6.00% graded to 4.50% over 6 years
Dental	3.00%
Part B	4.50%
Administrative expense	3.00%

Demographic assumptions used to determine TOL are the same as those used in the most recent actuarial pension valuations and experience studies included in Note 9 disclosures for defined benefit pension plans.

The same long-term expected rate of return of 6.9 percent used in the SERS pension valuation was also used in the SEOPEBP valuation. See Note 9, under SERS, for the target allocation and projected arithmetic real return for each major asset class used in the derivation of the long-term expected investment rate of return.

Discount rate. The discount rate changed from 2.38 percent as of June 30, 2020, to 2.31 percent as of June 30, 2021. The projection of cash flows used in calculating the discount rate included employer contributions actuarially determined in accordance with GASB 75 and employee contributions made in accordance with the current SEBAC agreements. The discount rate used is a blend of the long-term expected rate of return on OPEB trust assets and the municipal bond rate. The municipal bond rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (2.16 percent as of June 30, 2021). The blending is based on sufficiency of projected assets to make projected benefits.

Sensitivity analysis. The following presents the University's proportionate share of the collective NOL and what it would be using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (amounts in thousands):

	Sensitivity of Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
SEOPEBP	$ 2,028,740	$ 1,709,176	$ 1,455,404

Also shown is the University's proportionate share of the collective NOL and what it would be using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates (amounts in thousands):

	Sensitivity of Healthcare Cost Trends		
	1% Decrease	Current Trend Rates	1% Increase
SEOPEBP	$ 1,436,704	$ 1,709,176	$ 2,061,860

OPEB plan fiduciary net position. Detailed information about SEOPEBP's fiduciary net position is available in the State's annual financial report for the fiscal year ended June 30, 2021.

NOTE 11. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2022 (amounts in thousands):

	2022
Deferred Outflows of Resources	
Accumulated losses on debt refundings	$ 2,074
Amounts related to net pension liabilities	411,224
Amounts related to net OPEB liability	475,242
Amounts related to ARO	124
Total Deferred Outflows of Resources	$ 888,664
Deferred Inflows of Resources	
Amounts related to service concession arrangement	$ 3,423
Amounts related to lease receivables	1,790
Accumulated gains on debt refundings	15,016
Amounts related to net pension liabilities	104,854
Amounts related to net OPEB liability	458,902
Total Deferred Inflows of Resources	$ 583,985

NOTE 12. SERVICE CONCESSION ARRANGEMENT

In June 2016, the University contracted with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. The University recorded an execution payment of $1.5 million that is amortized over the 10-year period. In March 2017, the contract was amended to include an additional location at the new downtown Hartford campus. The University is obligated to provide bookstore facilities and utilities, including amounts related to the leased locations in Storrs Center and Hartford. Barnes & Noble invested $4.0 million to improve and furnish the bookstore facilities.

At June 30, 2022, the University reported bookstore facilities as capital assets with a carrying amount of $5.4 million and a receivable of $646,000, representing May and June 2022 income. The University also reported a liability of $2.5 million, representing the present value of the lease obligations and utilities, and a deferred inflow of resources of $3.4 million that will be amortized as revenue over the remaining contract term.

NOTE 13. COMMITMENTS

The University had outstanding commitments, in excess of $500,000 each, of $138.2 million as of June 30, 2022. This amount included $124.7 million related to capital projects for the University and $13.5 million in outstanding commitments related to operating expenses. See Note 7 for amounts related to leases.

NOTE 14. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by $5.9 million for the fiscal year ended June 30, 2022. The total amount of waivers not reflected in the accompanying financial statements was $67.2 million in fiscal year 2022. Approximately 96 percent of this amount was provided to graduate assistants.

NOTE 15. RELATED PARTY TRANSACTIONS

Transactions with related parties occur in the normal course of the University's operations. The following related party transactions were deemed significant and material in nature:

UConn Health

The University directly engages in transactions with UConn Health. For the fiscal year ended June 30, 2022, the University recorded $14.7 million in revenues from UConn Health related to services specified in the annual UConn Health MOUs (see Note 1). The University also received amounts from UConn Health related to grants and contracts, sales and services of educational departments and auxiliary enterprises, and other miscellaneous goods and services. For the year ended June 30, 2022, the University reported a receivable from UConn Health of $4.8 million.

Other sources of operating revenues related to the UConn Health MOUs as of June 30, 2022, contained the following (amounts in thousands):

	2022
Public safety	$ 8,355
Library services	1,566
Communications (marketing)	1,165
Technology commercialization services	847
Information technology	551
Document production	517
Audit, compliance, privacy	504
Energy initiatives	408
Ombudsman and institutional equity	284
Government relations and other	259
Human resources	258
Revenue from Affiliate	$ 14,714

In fiscal year 2021, the University also executed an MOU with UConn Health to provide up to $2.6 million in funding to support the Dermatology Clinic Renovation project. UConn Health repaid the balance owed under this MOU in fiscal year 2022.

The University is also responsible for the management of UCONN 2000 bond funds for UConn Health's construction projects. The unspent portion of these funds was recorded under due to affiliate in the accompanying Statement of Net Position (see Note 6).

The Foundation

The Foundation is a tax-exempt organization supporting the University and UConn Health (see Note 1). The University entered into a written agreement with the Foundation whereby the University agreed to provide financial support to the Foundation through a guaranteed contractual amount and the Foundation agreed to reimburse the University for certain operating expenses incurred on the Foundation's behalf. The terms of the agreement also stipulate that goals, objectives, and financial arrangements are reviewed and agreed upon by both parties on an annual basis.

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2022 (amounts in thousands):

	2022
Total expenses incurred for guaranteed contractual services provided by the Foundation	$ 11,205
Reimbursements from the Foundation for operating expenses	$ 273
Capital and noncapital gift and grant revenue from the Foundation	$ 29,214
Amount receivable from the Foundation*	$ 9,883

**Included in accounts receivable, net, in the accompanying Statement of Net Position.*

The Foundation also has the primary responsibility for alumni engagement activities for the University. The University has granted the Foundation rights to use the Alumni Center building, which is owned by the University, at an annual rental amount of $1.

In accordance with the terms of a ground lease between the University and the Foundation, approximately 1.58 acres on which the Foundation building was constructed is leased to the Foundation at an annual rental amount of $1. The initial term of the ground lease is 99 years and the Foundation has the right to extend the term of the ground lease for another 99 years. The ground lease provides that, at its expiration or earlier termination, the Foundation shall surrender the premises and title to the building will be transferred to the University.

The State

The University receives funding from the State for debt service on capital projects via UCONN 2000 (see Note 6). In addition, the State supports the University's mission through State appropriation and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the General Fund. Payments for fringe benefits are made by the State for reimbursements related to salaries expensed from the General Fund.

State appropriation and the provision of payments for fringe benefits for the year ended June 30, 2022, consisted of the following (amounts in thousands):

	2022
General Fund appropriation received from the State	$ 248,623
Payments for fringe benefits received from the State	204,155
Increase of General Fund payroll receivable	7,010
Total Appropriation and Payments for Fringe Benefits from the State	$ 459,788

The State may also issue general obligation bonds to fund capital projects at the University. Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA 11-57, as amended by PA 14-98, authorized $169.5 million of State General Obligation Bonds to create a technology park on the Storrs campus. The State Bond Commission allocated the total $169.5 million to finance the initial design, development costs, equipment purchases, and construction related to the technology park. These bonds are an obligation of the State and therefore are not recorded as a liability by the University. The remaining allocated funds were fully expended in fiscal year 2022.

UConn Innovation Fund, LLC

On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early-stage technology companies affiliated with the University. The original agreement required each member to contribute $500,000 to the fund during the commitment period that extended to April 2018. In fiscal year 2019, all parties contributed an additional $250,000, per an amendment to the agreement. As of June 30, 2022, the University's contribution totaled $750,000.

Mansfield Downtown Partnership, Inc.

The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Downtown Storrs, King Hill Road, and Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2022, the University paid $150,000 in annual membership dues to MDP.

NOTE 16. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2022 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	$ 295,337	$ 208,045	$ 29,366	$ 1	$ -	$ 227	$ 532,976
Research	60,670	25,429	35,112	-	-	838	122,049
Public service	27,797	20,574	10,146	-	-	146	58,663
Academic support	77,444	69,977	38,043	-	-	59	185,523
Student services	27,240	24,882	7,965	4	-	-	60,091
Institutional support	42,440	39,271	18,532	-	-	-	100,243
Operations and maintenance	36,644	55,443	37,881	17,460	-	-	147,428
Depreciation and amortization	-	-	-	-	135,566	-	135,566
Scholarships and fellowships	409	118	548	-	-	49,473	50,548
Auxiliary enterprises	106,477	72,000	70,952	5,010	-	205	254,644
Total	$ 674,458	$ 515,739	$ 248,545	$ 22,475	$ 135,566	$ 50,948	$ 1,647,731

NOTE 17. CONTINGENCIES

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

Hazardous environmental conditions in excess of the U.S. Environmental Protection Agency thresholds were identified in certain properties abutting the former Stamford parking garage. As of June 30, 2022, a liability in the amount of $6.1 million was recorded under current liabilities in the accompanying Statement of Net Position to complete remediation efforts.

The University also participates in federal, state, and local government programs that are subject to final audit by the granting agencies. Management believes any adjustment of costs resulting from such audits would not have a material effect on the University's financial statements.

NOTE 18. ACCOUNTING CORRECTIONS

As of June 30, 2021, and in previously issued financial reports, the receivable for the State debt service commitment for principal was incorrectly included in net investment in capital assets on the Statement of Net Position. This receivable is a financial asset that is restricted for debt service and was reclassified within net position to the restricted expendable category in fiscal year 2022. Additionally, the University corrected the net position classifications of certain debt balances related to UConn Health projects and unspent bond proceeds. These reclassifications had no effect on the change in net position. A summary showing the impact of these adjustments on the beginning net position balances as of July 1, 2021, is presented below (amounts in thousands):

	Increase (Decrease)
Net investment in capital assets	$ (978,201)
Restricted expendable – capital projects	(73,562)
Restricted expendable – debt service	1,051,763
Overall Impact on Net Position, July 1, 2021	$ -

NOTE 19. SUBSEQUENT EVENTS

ARPA

Subsequent to year-end, the University will be receiving an additional $39.2 million in one-time funding through the State's ARPA allocation. This amount includes $500,000 each for a social media impact study in grades K-12 and a Puerto Rican studies initiative. The remaining $38.2 million will be used as temporary operating support.

Revenue Bond Refunding

In November 2022, the University issued Special Obligation Student Fee Revenue 2022 Refunding Series A Bonds of $52.5 million. The par amount together with the original issue premium currently refunded $54.8 million of the Special Obligation Student Fee Revenue 2012 Refunding Series A Bonds providing debt service savings. The bond sale closed on November 15, 2022.

Required Supplementary Information
State Employees Retirement System (SERS)

Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	6.58%	6.39%	5.98%	5.05%	4.78%	4.91%	4.88%	4.51%
Proportionate share of the collective NPL	$ 1,400,123	$ 1,514,874	$ 1,364,546	$ 1,095,530	$ 1,007,992	$ 1,126,394	$ 805,629	$ 722,009
University's covered payroll	$ 271,584	$ 265,921	$ 227,836	$ 198,089	$ 195,810	$ 200,845	$ 189,903	$ 165,841
Proportionate share of the collective NPL as a percentage of covered payroll	515.54%	569.67%	598.92%	553.05%	514.78%	560.83%	424.23%	435.36%
Plan fiduciary net position as a percentage of the total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

Schedule of University Pension Contributions
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 132,911	$ 117,659	$ 103,218	$ 94,410	$ 72,898	$ 73,781	$ 73,668	$ 66,875
Actual University contributions	132,911	117,659	103,218	94,410	72,898	73,781	73,668	66,875
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 286,088	$ 271,584	$ 265,921	$ 227,836	$ 198,089	$ 195,810	$ 200,845	$ 189,903
Actual University contributions as a percentage of covered payroll	46.46%	43.32%	38.82%	41.44%	36.80%	37.68%	36.68%	35.22%

Notes to Required Schedules:

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes of Benefit Terms

2018 – The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Hybrid Plan.

Changes in Assumptions

2022 – Wage inflation assumed rate changed from 3.50 percent to 3.00 percent; assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected generationally with MP-2020 improvement scale; assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

Required Supplementary Information
Teachers' Retirement System (TRS)

<u>Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)</u>
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0.04%	0.04%
Proportionate share of the collective NPL	$ 6,173	$ 7,789	$ 6,159	$ 4,748	$ 4,717	$ 4,976	$ 4,430	$ 4,090
University's covered payroll	$ 1,326	$ 1,334	$ 1,148	$ 1,196	$ 1,364	$ 1,372	$ 1,214	$ 1,191
Proportionate share of the collective NPL as a percentage of covered payroll	465.54%	583.88%	536.50%	397.07%	345.82%	362.68%	364.91%	343.41%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

<u>Schedule of University Pension Contributions</u>
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 617	$ 455	$ 419	$ 452	$ 304	$ 135	$ 426	$ 425
Actual University contributions	617	455	419	452	304	135	426	425
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 1,389	$ 1,326	$ 1,334	$ 1,148	$ 1,196	$ 1,364	$ 1,372	$ 1,214
Actual University contributions as a percentage of covered payroll	44.42%	34.31%	31.41%	39.37%	25.42%	9.90%	31.05%	35.01%

<u>Notes to Required Schedules:</u>

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

<u>Changes of Benefit Terms</u>

2020 – Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4 percent; for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50 percent of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

2019 – Beginning January 1, 2018, TRS member contributions increased from 6 percent to 7 percent of salary.

<u>Changes in Assumptions</u>

2021 – Decrease in the annual rate of real wage increase assumption from 0.75 percent to 0.50 percent; decrease in the payroll growth assumption from 3.25 percent to 3.00 percent.

2021, 2017 – Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

2020 – Reduction in the inflation assumption from 2.75 percent to 2.50 percent; decrease in the investment rate of return assumption from 8.0 percent to 6.9 percent; increase in the annual rate of wage increase assumption from 0.50 percent to 0.75 percent; phase in to a level dollar amortization method for the June 30, 2024 valuation.

Required Supplementary Information
State Employee Other Post-Employment Benefits (OPEB) Plan

Schedule of University's Proportionate Share of the Collective Net OPEB Liability (NOL)
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Proportion of the collective NOL	8.75%	8.87%	9.05%	7.49%	7.39%
Proportionate share of the collective NOL	$ 1,709,176	$ 2,087,164	$ 1,871,032	$ 1,293,696	$ 1,283,941
University's covered payroll	$ 492,277	$ 473,100	$ 446,237	$ 448,931	$ 435,196
Proportionate share of the collective NOL as a percentage of covered payroll	347.20%	441.17%	419.29%	288.17%	295.03%
Plan fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.47%	4.69%	3.03%

Schedule of University OPEB Contributions
($ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Contractually required employer contribution	$ 75,681	$ 75,979	$ 76,889	$ 68,115	$ 60,089
Actual University contributions	75,681	75,979	76,889	68,115	60,089
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 529,689	$ 492,277	$ 473,100	$ 446,237	$ 448,931
Actual University contributions as a percentage of covered payroll	14.29%	15.43%	16.25%	15.26%	13.38%

Notes to Required Schedules:

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 2.31 percent, 2.38 percent, 3.58 percent, 3.95 percent, and 3.68 percent for the fiscal reporting years 2022, 2021, 2020, 2019, and 2018, respectively.

2022 – The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

2021 – The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

2020, 2018 – The salary scale and mortality rates for certain retirement plans and eligible groups were updated to be consistent with the corresponding retirement system assumptions. In addition, demographic assumptions, per capita health costs, administrative costs, and contributions were updated to better reflect actual experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

STATISTICAL SECTION

Statistical Section
Table of Contents

SCHEDULE OF REVENUES BY SOURCE

Last Ten Fiscal Years

($ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Student tuition and fees, net of scholarship allowances	$ 427,959	$ 397,237	$ 422,519	$ 396,780	$ 386,921	$ 367,351	$ 341,809	$ 308,174	$ 279,577	$ 261,641
Federal grants and contracts	148,970	147,547	125,936	121,593	106,561	100,397	104,725	93,807	95,187	96,528
State and local grants and contracts	17,871	16,364	19,944	17,959	19,441	16,931	21,200	20,823	20,170	16,629
Nongovernmental grants and contracts	23,871	20,012	21,042	23,577	18,386	28,005	19,490	20,535	14,619	15,212
Sales and services of educational departments	22,687	25,355	15,688	22,710	23,708	20,325	20,543	21,028	19,280	15,814
Sales and services of auxiliary enterprises, net of scholarship allowances	171,753	73,577	169,016	211,036	210,990	209,851	210,455	201,066	195,525	185,240
Other sources	30,745	26,943	31,960	29,750	14,009	11,909	10,758	12,263	10,168	8,114
Total Operating Revenues	843,856	707,035	806,105	823,405	780,016	754,769	728,980	677,696	634,526	599,178
State appropriation	459,788	397,910	376,866	356,898	342,987	374,113	384,747	350,699	308,069	288,456
State debt service commitment for interest	75,947	74,170	78,963	77,333	70,740	64,757	53,092	46,635	42,091	40,571
Federal and state financial aid	134,741	115,892	64,549	42,222	37,986	34,800	38,968	35,684	32,647	31,456
Gifts	33,502	24,715	21,790	28,185	19,732	23,628	25,380	23,828	21,703	19,996
Investment income	1,742	794	7,881	11,957	6,059	2,996	1,448	889	799	859
Other nonoperating revenues, net	-	2,594	207	745	-	-	-	-	-	352
Total Nonoperating Revenues	705,720	616,075	550,256	517,340	477,504	500,294	503,635	457,735	405,309	381,690
	$ 1,549,576	**$ 1,323,110**	**$ 1,356,361**	**$ 1,340,745**	**$ 1,257,520**	**$ 1,255,063**	**$ 1,232,615**	**$ 1,135,431**	**$ 1,039,835**	**$ 980,868**

(% of total revenues)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Student tuition and fees, net of scholarship allowances	27.6%	30.0%	31.1%	29.6%	30.8%	29.3%	27.7%	27.1%	26.9%	26.8%
Federal grants and contracts	9.6%	11.2%	9.3%	9.1%	8.5%	8.0%	8.5%	8.3%	9.2%	9.8%
State and local grants and contracts	1.2%	1.2%	1.5%	1.3%	1.5%	1.3%	1.6%	1.8%	1.9%	1.7%
Nongovernmental grants and contracts	1.5%	1.5%	1.6%	1.8%	1.4%	2.2%	1.6%	1.8%	1.4%	1.6%
Sales and services of educational departments	1.5%	1.9%	1.2%	1.7%	1.9%	1.6%	1.7%	1.9%	1.9%	1.6%
Sales and services of auxiliary enterprises, net of scholarship allowances	11.1%	5.6%	12.4%	15.7%	16.8%	16.7%	17.1%	17.7%	18.8%	18.9%
Other sources	2.0%	2.0%	2.4%	2.2%	1.1%	0.9%	0.9%	1.1%	1.0%	0.8%
Total Operating Revenues	54.5%	53.4%	59.5%	61.4%	62.0%	60.0%	59.1%	59.7%	61.1%	61.2%
State appropriation	29.7%	30.1%	27.8%	26.6%	27.3%	29.9%	31.2%	30.9%	29.6%	29.4%
State debt service commitment for interest	4.9%	5.6%	5.8%	5.8%	5.6%	5.2%	4.3%	4.1%	4.0%	4.1%
Federal and state financial aid	8.6%	8.7%	4.7%	3.1%	3.0%	2.8%	3.2%	3.1%	3.1%	3.2%
Gifts	2.2%	1.9%	1.6%	2.1%	1.6%	1.9%	2.1%	2.1%	2.1%	2.0%
Investment income	0.1%	0.1%	0.6%	0.9%	0.5%	0.2%	0.1%	0.1%	0.1%	0.1%
Other nonoperating revenues, net	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Nonoperating Revenues	45.5%	46.6%	40.5%	38.6%	38.0%	40.0%	40.9%	40.3%	38.9%	38.8%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Federal and state financial aid prior to fiscal year 2018 were reclassified from operating to nonoperating categories in order to provide comparison among years.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Last Ten Fiscal Years

($ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Salaries and wages	$ 674,458	$ 617,225	$ 602,873	$ 569,872	$ 569,359	$ 556,411	$ 557,497	$ 542,082	$ 521,076	$ 482,685
Fringe benefits	515,739	685,126	597,737	417,689	338,545	349,328	287,553	271,164	237,715	190,549
Supplies and other expenses	248,545	226,404	257,977	279,602	264,456	245,357	245,871	217,413	211,654	205,774
Utilities	22,475	17,295	20,167	21,063	19,655	19,039	19,737	23,212	20,963	19,725
Depreciation and amortization	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990	95,377	91,713
Scholarships and fellowships	50,948	28,866	23,367	11,409	8,870	11,791	12,437	10,713	10,953	8,070
Total Operating Expenses	1,647,731	1,697,611	1,619,991	1,418,981	1,309,070	1,286,733	1,221,862	1,160,574	1,097,738	998,516
Interest expense	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420	45,955	46,961
Disposal of capital assets, net	2,346	3	1,912	2,345	1,524	1,418	8,486	473	1,043	(103)
Other nonoperating expenses, net	5,230	-	-	-	2,475	1,776	3,893	1,540	1,873	-
Total Nonoperating Expenses	75,914	66,117	73,014	72,805	68,671	62,323	63,712	48,433	48,871	46,858
	$ 1,723,645	**$ 1,763,728**	**$ 1,693,005**	**$ 1,491,786**	**$ 1,377,741**	**$ 1,349,056**	**$ 1,285,574**	**$ 1,209,007**	**$ 1,146,609**	**$ 1,045,374**

(% of total expenses)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Salaries and wages	39.1%	35.0%	35.6%	38.2%	41.3%	41.2%	43.3%	44.8%	45.4%	46.1%
Fringe benefits	29.9%	38.8%	35.3%	28.0%	24.6%	25.9%	22.4%	22.5%	20.7%	18.2%
Supplies and other expenses	14.4%	12.9%	15.2%	18.7%	19.2%	18.2%	19.1%	18.1%	18.5%	19.7%
Utilities	1.3%	1.0%	1.2%	1.4%	1.4%	1.4%	1.5%	1.9%	1.8%	1.9%
Depreciation and amortization	7.9%	7.0%	7.0%	8.0%	7.9%	7.8%	7.7%	7.9%	8.3%	8.8%
Scholarships and fellowships	3.0%	1.6%	1.4%	0.8%	0.6%	0.9%	1.0%	0.9%	1.0%	0.8%
Total Operating Expenses	95.6%	96.3%	95.7%	95.1%	95.0%	95.4%	95.0%	96.1%	95.7%	95.5%
Interest expense	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%	4.0%	4.5%
Disposal of capital assets, net	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%	0.1%	0.0%
Other nonoperating expenses, net	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%	0.2%	0.0%
Total Nonoperating Expenses	4.4%	3.7%	4.3%	4.9%	5.0%	4.6%	5.0%	3.9%	4.3%	4.5%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

SCHEDULE OF EXPENSES BY FUNCTION

Last Ten Fiscal Years

($ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	$ 532,976	$ 568,509	$ 518,689	$ 438,702	$ 419,691	$ 419,251	$ 390,364	$ 382,256	$ 353,251	$ 302,202
Research	122,049	116,706	102,859	97,258	88,469	80,953	80,070	73,596	79,484	74,948
Public service	58,663	65,942	66,985	56,081	49,417	53,116	53,903	48,884	41,919	39,068
Academic support	185,523	213,169	204,759	170,050	147,264	138,912	139,643	131,914	125,557	117,679
Student services	60,091	63,114	62,243	49,730	44,856	40,087	38,916	36,955	36,787	33,315
Institutional support	100,243	108,742	106,092	90,086	75,357	74,226	66,580	57,330	54,484	51,358
Operations and maintenance of plant	147,428	186,963	178,009	151,589	138,184	137,259	122,034	114,889	105,148	94,961
Depreciation and amortization	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990	95,377	91,713
Scholarships and fellowships	50,548	28,454	23,449	10,979	8,232	10,306	9,748	9,127	8,796	7,154
Auxiliary enterprises	254,644	223,317	239,036	235,160	229,415	227,816	221,837	209,633	196,935	186,118
Interest expense	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420	45,955	46,961
Disposal of capital assets, net	2,346	3	1,912	2,345	1,524	1,418	8,486	473	1,043	(103)
Other nonoperating expenses, net	5,230	-	-	-	2,475	1,776	3,893	1,540	1,873	-
	$ 1,723,645	**$ 1,763,728**	**$ 1,693,005**	**$ 1,491,786**	**$ 1,377,741**	**$ 1,349,056**	**$ 1,285,574**	**$ 1,209,007**	**$ 1,146,609**	**$ 1,045,374**

(% of total expenses)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	30.9%	32.2%	30.5%	29.4%	30.5%	31.1%	30.3%	31.7%	30.7%	28.8%
Research	7.1%	6.6%	6.1%	6.5%	6.4%	6.0%	6.2%	6.1%	6.9%	7.2%
Public service	3.4%	3.7%	4.0%	3.8%	3.6%	3.9%	4.2%	4.0%	3.7%	3.7%
Academic support	10.8%	12.1%	12.1%	11.4%	10.7%	10.2%	10.8%	10.9%	10.9%	11.3%
Student services	3.5%	3.6%	3.7%	3.3%	3.3%	3.0%	3.0%	3.1%	3.2%	3.2%
Institutional support	5.8%	6.2%	6.3%	6.0%	5.5%	5.5%	5.2%	4.7%	4.8%	4.9%
Operations and maintenance of plant	8.5%	10.6%	10.5%	10.2%	10.0%	10.2%	9.5%	9.5%	9.2%	9.1%
Depreciation and amortization	7.9%	7.0%	7.0%	8.0%	7.8%	7.8%	7.7%	7.9%	8.3%	8.8%
Scholarships and fellowships	2.9%	1.6%	1.4%	0.7%	0.6%	0.8%	0.8%	0.8%	0.8%	0.7%
Auxiliary enterprises	14.8%	12.7%	14.1%	15.8%	16.6%	16.9%	17.3%	17.4%	17.2%	17.8%
Interest expense	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%	4.0%	4.5%
Disposal of capital assets, net	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%	0.1%	0.0%
Other nonoperating expenses, net	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%	0.2%	0.0%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

Last Ten Fiscal Years

($ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total revenues	$ 1,549,576	$ 1,323,110	$ 1,356,361	$ 1,340,745	$ 1,257,520	$ 1,255,063	$ 1,232,615	$ 1,135,431	$ 1,039,835	$ 980,868
Total expenses	1,723,645	1,763,728	1,693,005	1,491,786	1,377,741	1,349,056	1,285,574	1,209,007	1,146,609	1,045,374
Loss Before Other Changes in Net Position	(174,069)	(440,618)	(336,644)	(151,041)	(120,221)	(93,993)	(52,959)	(73,576)	(106,774)	(64,506)
State debt service commitment for principal	214,185	140,295	-	154,405	187,269	281,576	103,400	56,430	80,346	-
Capital allocation	-	-	-	-	-	-	-	131,500	(20)	20,000
Capital grants and gifts	1,976	11,640	2,276	3,907	5,099	1,388	5,071	25,412	21,643	6,675
Additions to permanent endowments	1,996	164	171	171	338	1,149	14	66	743	13
Athletic conference fee	-	(3,500)	(16,436)	-	-	-	-	-	-	-
Transfer to affiliate	(228)	(2,000)	-	-	-	-	-	-	-	-
Total Changes in Net Position	43,860	(294,019)	(350,633)	7,442	72,485	190,120	55,526	139,832	(4,062)	(37,818)
Net position, beginning	(545,792)	(251,773)	98,860	80,228	1,243,245	1,053,125	997,599	1,435,360	1,439,422	1,477,240
Prior period adjustment	1,714 (1)	-	-	11,190 (2)	(1,235,502) (3)	-	-	(577,593) (4)	-	-
Net Position, Ending	**$ (500,218)**	**$ (545,792)**	**$ (251,773)**	**$ 98,860**	**$ 80,228**	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**
Net investment in capital assets	$ 877,499	$ 842,048 (5)	$ 804,723 (5)	$ 752,961 (5)	$ 773,104 (5)	$ 682,891 (5)	$ 612,618 (5)	$ 591,992 (5)	$ 574,166 (5)	$ 544,875 (5)
Restricted nonexpendable	16,187	14,164	15,132	15,005	15,044	14,483	12,593	13,091	13,546	11,902
Restricted expendable										
Research, instruction, scholarships and other	22,316	25,824	16,582	21,716	32,273	34,058	24,455	19,334	15,465	20,602
Loans	1,822	1,981	2,180	2,608	2,566	2,543	2,520	2,533	2,482	2,469
Capital projects	5,622	5,399 (5)	10,434 (5)	17,506 (5)	22,852 (5)	58,816 (5)	111,062 (5)	150,742 (5)	28,914 (5)	35,422 (5)
Debt service	1,179,340	1,051,763 (5)	997,489 (5)	1,087,975 (5)	1,020,814 (5)	915,179 (5)	705,947 (5)	672,772 (5)	688,142 (5)	676,009 (5)
Unrestricted	(2,603,004)	(2,486,971)	(2,098,313) (5)	(1,798,911)	(1,786,425)	(464,725) (5)	(416,070) (5)	(452,865) (5)	112,645 (5)	148,143 (5)
Total Net Position	**$ (500,218)**	**$ (545,792)**	**$ (251,773)**	**$ 98,860**	**$ 80,228**	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**

(1) Implementation of GASB 87, Leases

(2) Correction of an error related to compensated absences

(3) Implementation of GASB 75, Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions

(4) Implementation of GASB 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27

(5) Balances have been restated due to the net position reclassifications of the State debt service commitment for principal receivable and debt related to UConn Health projects and unspent bond proceeds.

SCHEDULE OF LONG-TERM DEBT

Last Ten Fiscal Years

($ in thousands, except for outstanding debt per student)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General obligation bonds	$ 1,683,350	$ 1,583,660	$ 1,568,905	$ 1,700,180	$ 1,661,785	$ 1,504,995	$ 1,303,870	$ 1,147,985	$ 1,023,985	$ 828,795
Revenue bonds	194,905	200,915	206,655	233,445	240,980	105,955	112,410	118,625	124,615	130,415
Self-liquidating bonds	-	-	-	-	-	-	275	349	551	1,050
Lease liabilities (1)	141,388	66,634	72,749	78,515	84,199	42,818	47,229	51,398	55,437	59,320
Financed purchase agreements (2)	18,847	-	-	-	-	-	-	-	-	-
Long-term software commitments	7,742	9,809	7,355	7,132	-	-	-	-	-	-
Installment loans and other	-	-	-	25	62	117	5,487	671	1,027	1,319
American Athletic Conference exit fee	6,059	7,194	7,194	-	-	-	-	-	-	-
	2,052,291	1,868,212	1,862,858	2,019,297	1,987,026	1,653,885	1,469,271	1,319,028	1,205,615	1,020,899
Premiums and discounts	265,571	251,536	223,648	244,077	229,155	201,858	172,757	134,213	107,074	82,980
Total Long-Term Debt, Net	$ 2,317,862	$ 2,119,748	$ 2,086,506	$ 2,263,374	$ 2,216,181	$ 1,855,743	$ 1,642,028	$ 1,453,241	$ 1,312,689	$ 1,103,879
Full-time equivalent students (3)	29,215	29,750	29,530	28,646	29,424	29,220	28,832	28,134	27,461	27,036
Outstanding debt per student (4)	$ 79,338	$ 71,252	$ 70,657	$ 79,012	$ 75,319	$ 63,509	$ 56,952	$ 51,654	$ 47,802	$ 40,830

(1) Beginning in fiscal year 2022, lease liabilities includes leases reported under GASB 87.

(2) Upon the adoption of GASB 87 in fiscal year 2022, the Cogeneration Facility was reclassified to financed purchase agreements. This amount also includes installment loans starting in fiscal year 2022.

(3) Source: IPEDS (Integrated Postsecondary Education Data System) 12-month Instructional Activity surveys for fiscal years 2012 to 2021, including Storrs and Regional Campuses.

(4) Ratio excludes the State debt service commitment for the payment of the outstanding general obligation bonds on the University's behalf.

SCHEDULE OF DEBT COVERAGE - REVENUE BONDS

Last Ten Fiscal Years

($ in thousands)

	Gross Revenues (1)	Pledged Revenues (2)	Expenses (3)	Net Revenues Available	Total Gross and Net Revenues Available for Debt Service	Debt Service	Coverage Ratio
2022	$ 62,620	$ 152,930	$ (96,422)	$ 56,508	$ 119,128	$ (15,760)	7.56
2021	48,831	65,041	(80,871)	(15,830)	33,001	(15,772)	2.09
2020	63,018	143,974	(113,267)	30,707	93,725	(37,542)	2.50
2019	53,672	178,576	(131,889)	46,687	100,359	(19,017)	5.28
2018	52,429	173,951	(131,743)	42,208	94,637	(12,432)	7.61
2017	51,486	172,444	(132,742)	39,702	91,188	(11,554)	7.89
2016	50,650	174,991	(134,492)	40,499	91,149	(11,557)	7.89
2015	50,506	168,047	(132,863)	35,184	85,690	(11,552)	7.42
2014	48,515	162,160	(125,014)	37,146	85,661	(11,548)	7.42
2013	45,355	151,766	(120,021)	31,745	77,100	(12,011)	6.42

(1) Gross revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and investment income. Beginning in fiscal year 2019, gross revenues also includes the FIT (Facilities Investment Together) surcharge.

(2) Pledged revenues include the residential life room fee, student apartment rentals, the Greek housing fee, the board (dining) fee, and the parking and transportation fees.

(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation. Fiscal years 2020, 2021, and 2022 expenses have been reduced by federal Higher Education Emergency Relief Funds of $10.7 million, $21.3 million, and $28.4 million, respectively. These funds have been identified by the University to offset housing and dining revenue losses incurred by the pandemic.

ADMISSIONS AND ENROLLMENT
Last Ten Fiscal Years

FRESHMAN ADMISSIONS (STORRS)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Applications	36,753	34,437	35,096	34,886	34,198	35,980	34,978	31,280	27,479	29,966
Offers of admission	20,433	19,316	17,346	17,015	16,360	17,560	18,598	15,629	14,745	13,397
Percent admitted	56%	56%	49%	49%	48%	49%	53%	50%	54%	45%
Enrolled	3,663	3,825	3,603	3,749	3,683	3,822	3,774	3,588	3,755	3,114
Yield (enrolled/offers)	18%	20%	21%	22%	23%	22%	20%	23%	25%	23%
Total average SAT	1,318	1,281	1,296	1,306	1,294	1,233	1,233	1,234	1,233	1,226

ENROLLMENT	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Non-Resident Alien										
Male	1,956	2,048	2,232	2,110	2,001	1,890	1,773	1,532	1,301	1,163
Female	1,525	1,711	1,990	1,917	1,847	1,665	1,462	1,277	1,077	1,012
Black or African American										
Male	1,002	1,023	984	944	885	874	813	756	722	723
Female	1,386	1,366	1,261	1,211	1,153	1,098	1,053	1,010	981	1,017
American Indian or Alaska Native										
Male	9	13	14	22	16	19	18	18	25	25
Female	14	18	16	25	27	25	28	27	29	31
Asian										
Male	1,627	1,581	1,512	1,500	1,497	1,475	1,372	1,315	1,213	1,194
Female	1,823	1,770	1,688	1,606	1,556	1,467	1,419	1,333	1,189	1,106
Hispanic/Latino										
Male	1,952	1,842	1,643	1,568	1,477	1,386	1,293	1,233	1,132	1,059
Female	2,705	2,588	2,202	2,014	1,800	1,616	1,468	1,393	1,315	1,206
Native Hawaiian or Other Pacific Islander										
Male	3	5	5	8	10	8	8	10	8	12
Female	7	8	11	11	13	12	13	13	16	17
Two or More Races										
Male	520	487	454	430	394	364	330	301	258	238
Female	595	596	508	476	464	442	412	408	381	300
White										
Male	7,826	8,224	8,520	8,821	9,089	9,518	9,809	9,916	10,183	10,416
Female	8,543	8,743	8,647	8,983	9,361	9,581	9,789	10,022	10,102	10,209
Total Head Count	31,493	32,023	31,687	31,646	31,590	31,440	31,060	30,564	29,932	29,728
Percent female	52.7%	52.5%	51.5%	51.3%	51.3%	50.6%	50.4%	50.7%	50.4%	50.1%
Percent minority	37.0%	35.3%	32.5%	31.0%	29.4%	27.9%	26.5%	25.6%	24.3%	23.3%
Percent non-resident alien	11.1%	11.7%	13.3%	12.7%	12.2%	11.3%	10.4%	9.2%	7.9%	7.3%

White includes other/unknown.

Includes all undergraduate, graduate, and professional school enrollments at all campuses; excludes Schools of Dentistry and Medicine; includes full-time and part-time students, and degree and non-degree students.
Source: University of Connecticut Office of Budget, Planning and Institutional Research

ACADEMIC YEAR TUITION AND MANDATORY FEES
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Undergraduate resident	$ 18,524	$ 17,834	$ 17,226	$ 15,730	$ 14,880	$ 14,066	$ 13,366	$ 12,700	$ 12,022	$ 11,242
Undergraduate non-resident	$ 41,192	$ 40,502	$ 39,894	$ 38,098	$ 36,948	$ 35,858	$ 34,908	$ 32,880	$ 30,970	$ 29,074
Graduate resident	$ 20,325	$ 19,664	$ 19,056	$ 17,660	$ 16,810	$ 15,996	$ 15,296	$ 14,472	$ 13,662	$ 12,786
Graduate non-resident	$ 42,237	$ 41,576	$ 40,968	$ 39,272	$ 38,122	$ 37,032	$ 36,082	$ 33,944	$ 31,946	$ 29,994

DEGREES CONFERRED
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Associate	24	33	26	16	21	30	24	20	21	26
Bachelor's	5,390	5,623	5,731	5,656	5,618	5,530	5,197	5,320	5,200	5,122
Post-baccalaureate	548	537	395	369	299	251	229	167	172	140
Master's	1,703	1,926	1,774	1,895	2,048	1,904	1,750	1,713	1,636	1,527
Sixth-year education	49	61	50	54	51	62	66	69	45	56
Ph.D.	352	368	382	418	384	411	379	372	342	340
J.D.	151	138	141	108	89	155	151	156	190	178
LL.M.	33	42	50	53	42	43	44	31	35	30
Pharm D.	82	77	74	92	98	101	99	95	97	94
Total	8,332	8,805	8,623	8,661	8,650	8,487	7,939	7,943	7,738	7,513

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.
Source: University of Connecticut Office of Budget, Planning and Institutional Research

FACULTY AND STAFF

Fall Employment
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FACULTY										
Full-time	1,616	1,597	1,537	1,540	1,545	1,518	1,489	1,517	1,485	1,377
Part-time	57	45	54	51	53	32	30	33	34	39
Total Faculty	1,673	1,642	1,591	1,591	1,598	1,550	1,519	1,550	1,519	1,416
Tenured	895	908	887	858	854	841	848	877	874	848
Percentage tenured	53%	55%	56%	54%	53%	54%	56%	57%	58%	60%
STAFF										
Full-time	3,323	3,310	3,297	3,228	3,109	3,198	3,115	3,080	3,063	3,028
Part-time	131	147	144	150	150	82	158	186	175	180
Total Staff	3,454	3,457	3,441	3,378	3,259	3,280	3,273	3,266	3,238	3,208
Total Faculty and Staff	5,127	5,099	5,032	4,969	4,857	4,830	4,792	4,816	4,757	4,624
Student to faculty ratio*	15 to 1	16 to 1	16 to 1	16 to 1	16 to 1	16 to 1	17 to 1	16 to 1	16 to 1	17 to 1
Full-time and part-time faculty										
Female	45%	44%	43%	42%	41%	41%	41%	39%	39%	40%
Minority	24%	19%	20%	20%	21%	23%	23%	22%	22%	22%
Full-time and part-time staff										
Female	57%	58%	57%	57%	57%	57%	57%	58%	57%	58%
Minority	17%	13%	13%	14%	15%	17%	17%	17%	17%	17%
Staff covered by collective bargaining agreements	92%	92%	90%	90%	90%	90%	90%	91%	91%	90%
Adjunct lecturers	757	705	749	732	709	690	679	708	696	686

**Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.*
Source: University of Connecticut Office of Budget, Planning and Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic Buildings										
Net assignable square feet (in thousands)	2,892	2,888	2,890	2,876	2,847	2,654	2,753	2,753	2,736	2,684
Number of buildings	145	157	158	160	170	168	171	171	171	171
Auxiliary and Independent Operations Buildings										
Net assignable square feet (in thousands)	4,060	4,069	3,937	3,638	3,859	3,753	3,277	3,336	3,279	3,279
Number of buildings	183	177	178	185	190	189	193	209	213	213
Administrative and Support Buildings										
Net assignable square feet (in thousands)	905	888	883	887	832	852	964	949	949	949
Number of buildings	80	80	81	83	83	88	97	96	96	96
Total Net Assignable Square Feet (in thousands)	7,857	7,845	7,710	7,401	7,538	7,259	6,994	7,038	6,964	6,912
Total Number of Buildings	408	414	417	428	443	445	461	476	480	480

Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Residential halls*	100	100	102	101	100	101	115	115	116	117
Residential hall occupancy	11,184	4,911	12,580	12,712	12,597	12,699	12,723	12,711	12,668	12,469
Percentage of main campus undergraduates in campus housing	57%	25%	65%	65%	66%	67%	70%	71%	72%	72%

**Residential halls include houses owned by the University and used for student housing. Beginning in 2018, residential halls and occupancy includes Stamford campus.*
Source: Office of Residential Life

DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2022	307,116,000,000	3,614,683	84,963	5.1%
2021	290,146,700,000	3,544,930	81,848	8.5%
2020	290,641,600,000	3,561,513	81,606	5.1%
2019	284,136,600,000	3,570,160	79,587	3.8%
2018	265,636,709,000	3,588,236	74,030	4.5%
2017	251,389,254,000	3,568,714	70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%
2014	232,600,172,000	3,596,922	64,666	7.1%
2013	222,984,316,000	3,598,628	61,964	8.1%

(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

NAME	2022 Employees in CT	2022 Percentage of Total CT Employment	2022 Rank
Hartford HealthCare	33,000	1.8%	1
Yale New Haven Health Sys	29,486	1.6%	2
United Technologies Corp. UTC	19,000	1.0%	3
Yale University	15,652	0.9%	4
General Dynamics/Electric Boat	12,500	0.7%	5
Sikorsky Air/Lockheed Martin Co.	8,588	0.5%	6
Wal-Mart Stores Inc.	8,454	0.5%	7
Mohegan Sun Casino	8,000	0.4%	8
The Travelers Cos Inc.	7,000	0.4%	9
The Hartford	5,500	0.3%	10
Total	147,180	8.1%	

NAME	2013 Employees in CT	2013 Percentage of Total CT Employment	2013 Rank	
United Technologies Corp. UTC	27,000	1.6%	1	
Yale University	14,750	0.9%	2	
Stop & Shop Cos., Inc.	13,574	0.8%	3	(1)
Yale New Haven Health Sys	12,309	0.7%	4	
General Dynamics/Electric Boat	8,817	0.5%	5	
Wal-Mart Stores Inc.	8,761	0.5%	6	
Mohegan Sun Casino	8,200	0.5%	7	
The Hartford	7,700	0.5%	8	
Foxwoods Resort Casino	7,667	0.5%	9	
The Travelers Cos Inc.	7,400	0.4%	10	
Total	116,178	6.9%		

Sources: Businesses websites

(1) Omitted from the 2013 HBJ Survey. The number equals the employees reported by HBJ in 2008

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UCONN

UNIVERSITY OF CONNECTICUT

Schedule 2

<u>Audited Financial Statements of the University of Connecticut Health Center for Fiscal Year Ended June 30, 2022</u>

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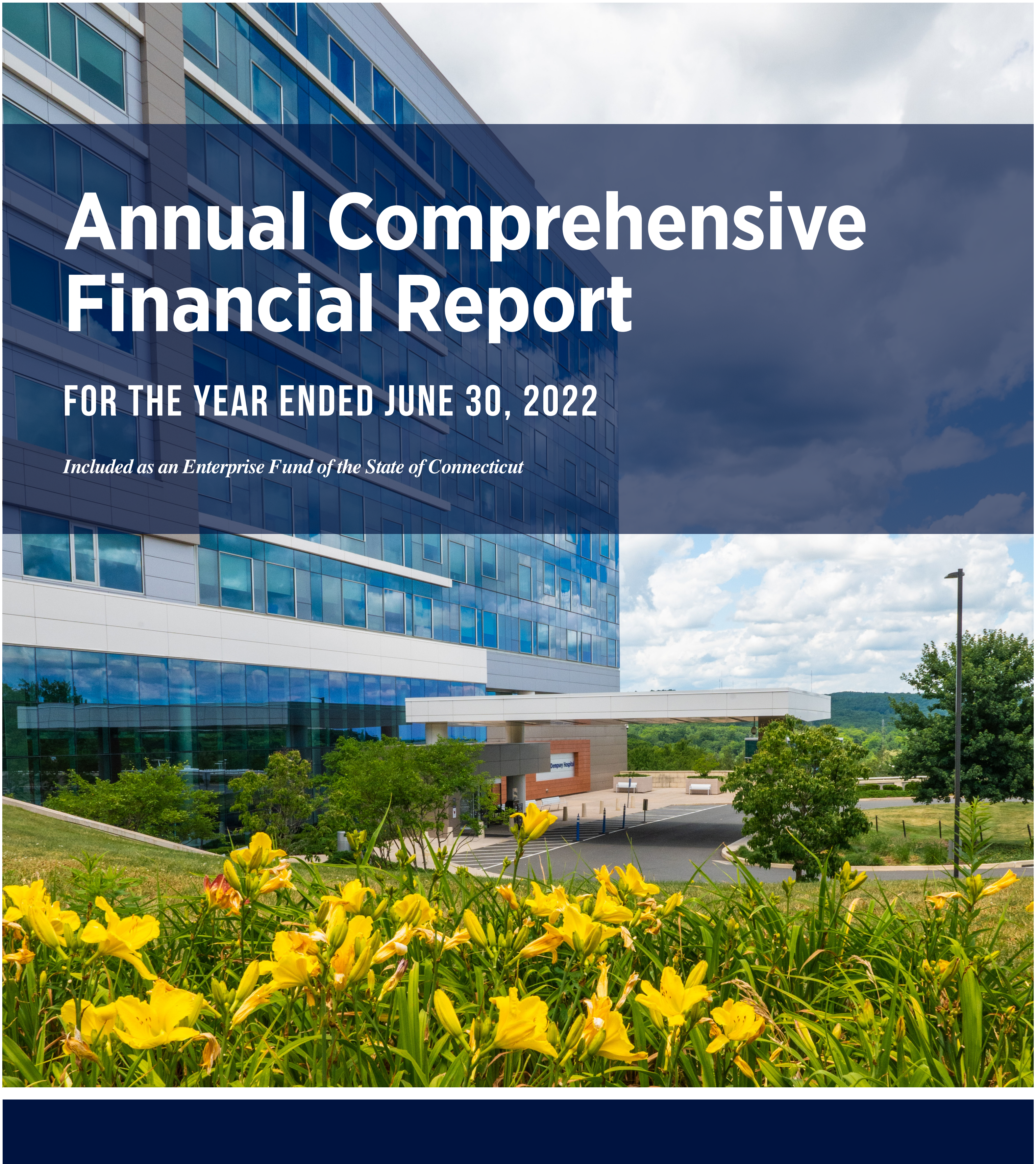
Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2022

Included as an Enterprise Fund of the State of Connecticut



UCONN HEALTH

UCONN HEALTH

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal

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

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

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

Established in 1961, with a mission of teaching, research, and patient care. UConn Health is Connecticut's only public academic medical center comprised of UConn School of Medicine, School of Dental Medicine and their associated Education Clinics, a Research Enterprise, John Dempsey Hospital (the Hospital), UConn Medical Group (UMG), and the University of Connecticut Finance Corporation (Finance Corporation) and its subsidiaries including UConn Health Pharmacy Services, Inc. (UHPSI) on the campus in Farmington. There are additional clinical care community locations throughout the State. UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness and health to the maximum attainable levels. UConn Health will consistently pursue excellence and innovation in the education of health professionals; the discovery, dissemination, and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

With approximately 4,600 full time employees (FTE's), UConn Health is one of Connecticut's largest employers and an important contributor to the local and regional economy. UConn Health's campus in Farmington is situated on 211 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University's main campus is in Storrs, about 30 miles east of Hartford.) UConn Health's campus includes 26 buildings totaling close to 2.8 million total square feet.

Educational Programs

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

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

UConn Health is Connecticut's No. 1 producer of medical and dental professionals. It is the largest single source of new physicians and surgeons for the State and a significant source of trained scientists and public health experts. For more than 50 years we've been producing the State's health care workforce, with UConn-educated doctors and trainees continuing to make their mark on the communities they serve; many right here in Connecticut.

Each year at UConn Health, approximately 450 students work toward the medical doctor's degree and 200 toward the doctor of medical dentistry degree. Admission to each school is highly competitive but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 600 newly graduated D.M.D. and M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as the surgical specialties, internal medicine, and primary care. Some of the residency training occurs on UConn Health's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending UConn Health's positive impact on the region.

Research Programs

High-quality research programs are one of the cornerstones of UConn Health's mission. The strength of UConn Health's research programs allows it to attract distinguished researchers with expertise in neuroscience, molecular biology and biochemistry, molecular pharmacology, cell physiology, toxicology, and immunology, among other fields. The Alcohol Research Center is one of only twenty-two such federally supported centers in the nation and is the longest-funded center at the National Institute on Alcohol Abuse and Alcoholism (NIAAA). UConn Health's research program remains strong and diverse. Areas of growth and opportunity include Psychiatry, Neuroscience, the Center on Aging, Genetics and Genome Sciences, Child and Family Studies, and the Calhoun Cardiology Center. These areas account for more than half of the awards made to UConn Health and have doubled research funding over the last 5 years. Awards to UConn Health exceeded $100.0 million in 3 of the last 4 years, with awards in FY22 totaling more than $124.0 million.

Health Care Services

Through John Dempsey Hospital (224 certified general acute care beds and 10 bassinets, 186 staffed), UConn Health provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular, cancer, and musculoskeletal services, as well as high risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. UConn Medical Group, one of the largest medical practices in Greater Hartford, offers primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to grow volumes, the challenges of the health care marketplace (recruitment, increased competition, supply chain disruption, malpractice costs, and low reimbursement) are continuing challenges. John Dempsey Hospital's financial health is also directly affected by its size, bed distribution, low reimbursement rate for services provided as part of its public mission, and cost factors resulting from its status as a state entity.

Connecticut Health

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. Since then, COVID-19 and its variants have continued to spread throughout the United States and the world. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses across the country. UConn Health elected to pause elective procedures on March 13, 2020 and they did not resume until May 20, 2020. In fiscal years 2021 and 2022, UConn Health diligently began to navigate a path back to providing full services in a changed world.

UConn Health continues to monitor the outbreak of COVID-19 and subsequent variants and their impact on operations, financial position, cash flows, inventory, supply chains, patient trends, payments, and the industry in general.

Due to the continued rapid development and fluidity of this situation, it is difficult to assess the impact that the pandemic will continue to have on UConn Health's financial condition. See note 17 for additional details.

UConn Health has received aid from several governmental agencies along with other sources throughout the pandemic. Notably, UConn Health received federal funding via the American Rescue Relief Act (ARPA), and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funds received under these programs carry reporting and other requirements outlined by the federal government, which began September 30, 2021. UConn Health believes it has met these requirements. A summary of the significant amounts received in fiscal year 2022 is shown below:

Funding Source	2022
State ARPA allocation	$ 73,000,000
CARES Act	8,286,625
Other funds	6,140,952
Total Covid-19 relief revenue	$ 87,427,577

Economic Condition

Connecticut's revenues exceeded expenses at the State level, resulting in a fiscal year 2022 surplus. Connecticut's economy continues to recover from the COVID-19 pandemic. In June 2021, the State's biennial budget for fiscal years 2022 and 2023 were approved by the Special Session Budget Implementer (SB 1202) and signed into law by the Governor. The approved appropriations for UConn Health were $133.7 million for both fiscal years 2022 and 2023. In fiscal year 2022, additional appropriations were allotted for salary adjustments related to new union agreements, $8.5 million for fiscal year 2022 and $14.3 million for fiscal year 2023. In addition to the appropriations, the State allocated $30.9 million to cover increases for non-block grant union agreements as well as pension and OPEB legacy costs in fiscal year 2022 and $37.7 million for fiscal year 2023. For fiscal year 2023, an additional $5.1 million was allocated for the 27th pay period which occurs once every 10 years. Additional information on this can be found in note 15.

UConn Health's fiscal 2023 budget is projected to be break even. This is reliant upon current State aid in active budget legislation. Changes at the State level may impact State support and UConn Health's overall results. UConn Health remains in constant contact with the State to monitor trends and needs.

No assurance can be made that the State will not change the fiscal year 2023 funding prior to the end of such fiscal year. Any State funding cuts are expected to be managed by UConn Health through reduced hiring, reduced operating costs, fewer projects, or other deficit mitigation efforts.

UConn Health remains focused on protecting academic excellence, delivering strong student support, providing excellent patient care, and supporting the research mission. We are also aware of the impact Covid-19 has had on medical providers and support staff. We have made concerted efforts to provide our staff with mental health and other resources to help them through difficult times.

Awards and Acknowledgements

UConn Health is making a difference in the lives of our patients, the advancement of science, the next generation of health care workers we train, and those in the local communities we serve. We are proud of the incredible community impact UConn Health is having on the people of our state.

When it comes to the pandemic, UConn Health, its hospital, and workforce are continuing the fight. It has distributed more than 112,000 vaccinations. UConn Health's COVID-19 Vaccine Program headed into schools to help fight the virus in communities with vaccines for eligible school-aged children ages 5 and above. Plus, UConn Health doctors, staff, and students, with the City of Hartford and CT Area Health Education Center based at UConn Health, have been going door-to-door to offer COVID-19 vaccinations, knocking on doors where COVID-19 vaccine rates are low and answering any questions residents might have.

The White House's Office of Science and Technology Policy recognized UConn's Indoor Air Quality Initiative fighting COVID-19 in Connecticut's local public elementary schools and beyond. This UConn Health nurse-led cross-campus public health and research project has built and donated hundreds and hundreds of inexpensive do-it-yourself (DIY) "Corsi-Rosenthal Box" air purifiers to improve health inside our communities. Research shows the DIY devices can stop the spread of COVID-19 indoors by 90%.

UConn School of Medical and School of Dental Medicine celebrated their 51st anniversary of producing doctors of medicine and dental medicine. Over the last five decades the School of Medicine has graduated approximately 4,000 physicians and the School of Dental Medicine 2,000 dentists. Many of these practitioners stay in Connecticut to practice. This year the UConn School of Dental Medicine was honored with its highest ranking in the school's history. It now ranks 8th among all 67 dental schools in the United States for overall research funding from the National Institutes of Health (NIH).

The highest honors received by UConn Health included Newsweek naming the Hospital, for the first time, a "2022 World's Best Hospital". The Hospital continued to be recognized for its outstanding care and dedication to quality, earning its fourth consecutive "A" grade in the Leapfrog Groups annual safety ratings. The Hospital was ranked as a high performing hospital for stroke and kidney failure care by U.S. News & World Report Best Hospitals. For the sixth consecutive year, The American Heart Association has recognized the Hospital for its excellence in heart attack and stroke care with gold-level honors. Additionally, the Stroke Center earned gold distinction as an advanced thrombectomy-capable stroke center from The Joint Commission for its high stroke care standards. Also, Newsweek named the Hospital, for the second year in a row, a Best Maternity Care Hospital.

Patient care at UConn Health continues to bustle with several news programs seeing great success. After more than two years, our new Specialty Pharmacy is exceeding expectations and having tremendous growth. Monthly its services reach more than 900 patients in need, filling over 1,100 prescriptions. The program delivers higher-cost, specialized medications right to a patient's home anywhere in the state with average delivery time two-thirds faster than the national average.

This year, we launched the Transcatheter Aortic Valve Replacement (TAVR) to enhance our comprehensive care of aortic stenosis patients. UConn Health is also, offering minimally invasive TAVR procedures that adds to our growing recruitment of expertise in cardiothoracic surgery and vascular medicine. Next year, the new Brain & Spine Institute will be opening. It will be in a new building with free standing radiology equipment. This is currently in high demand by consumers.

Public service is the foundational mission of UConn Health. A few of our major initiatives this past year having a significant community impact include:

- A free two-day dental clinic at UConn School of Dental Medicine's state-of-the-art facilities served over 1,000 patients in need. It was all part of The Connecticut Foundation for Dental Outreach's Connecticut Mission of Mercy. The event occurring for the first time on UConn Health's campus. One hundred and sixty School of Dental Medicine students, faculty, staff, and residents and 30 School of Medicine Urban Service Track students were part of a team of over 800 volunteers powering this major public service event.

- UConn Health has teamed with the National Association for the Advancement of Colored People (NAACP) to improve the lives of the formerly incarcerated. Together we are building a greater pipeline and pathway for the formerly incarcerated, and those with a prior criminal record to access job training to prepare them for employment opportunities at UConn Health. This will help strengthen equity and the economic status of formerly incarcerated individuals. UConn Health has committed to work toward the goal of hiring individuals who have contact with the criminal justice system to fill 5% of entry-level job openings over the next three years.

Our researchers continue their impressive cutting-edge clinical trials, high-impact study publications, and innovative breakthroughs. Listed below are a few highlights from this year.

The first patient in the world traveled from Texas to the world-renowned UConn Health Glycogen Storage Disease Program to receive the Moderna messenger RNA (mRNA) infusion for GSD1a. We are testing this single intravenous vaccine in clinical trial to restore the liver's ability to effectively break down glycogen into glucose for this rare disease which causes life-threatening low blood sugar unless cornstarch is consumed every 3-4 hours.

UConn Health researchers have created an innovative 3-D printed breast prosthetic for breast cancer patients in need that is already benefitting cancer survivors. The prosthetics are lightweight, soft, breathable and give a more natural-looking, custom fit to each patient's body. The UConn Center on Aging is the lead institution for a transformative $13.5 million NIH-funded consortium establishing an NIH Common Fund U54 Tissue Mapping Center. This KAPP-Sen Tissue Mapping Center is mapping senescent cells found in human tissues to discover why these abnormal cells stop dividing and begin causing aging and chronic disease development. UConn and The Jackson Laboratory are receiving a robust pipeline of tissue samples from nationwide surgery and transplant centers, analyzing, and cataloging them, and posting the results to the NIH databases.

Lastly, our global health research presented findings that show some viruses can make people smell tastier to mosquitoes. In fact, mosquito spread Zika and dengue fever viruses manipulate the skin's microbiota to attract more mosquitoes. UConn Health researchers are now working on promising interventions to curb this major global health issue in the hopes of saving more lives and protecting pregnant women and their unborn babies.

These are challenging, exciting times at UConn Health and we continue to be optimistic about our ability to bring world class care to the residents of Connecticut and beyond.

Respectfully Submitted,

Lloyd Blanchard
Interim Vice President for Finance and
Chief Financial Officer
University of Connecticut

Jeffrey P. Geoghegan
Chief Financial Officer

UConn Health

DIRECTORS AND FINANCIAL OFFICERS
As of June 30, 2022

BOARD OF DIRECTORS

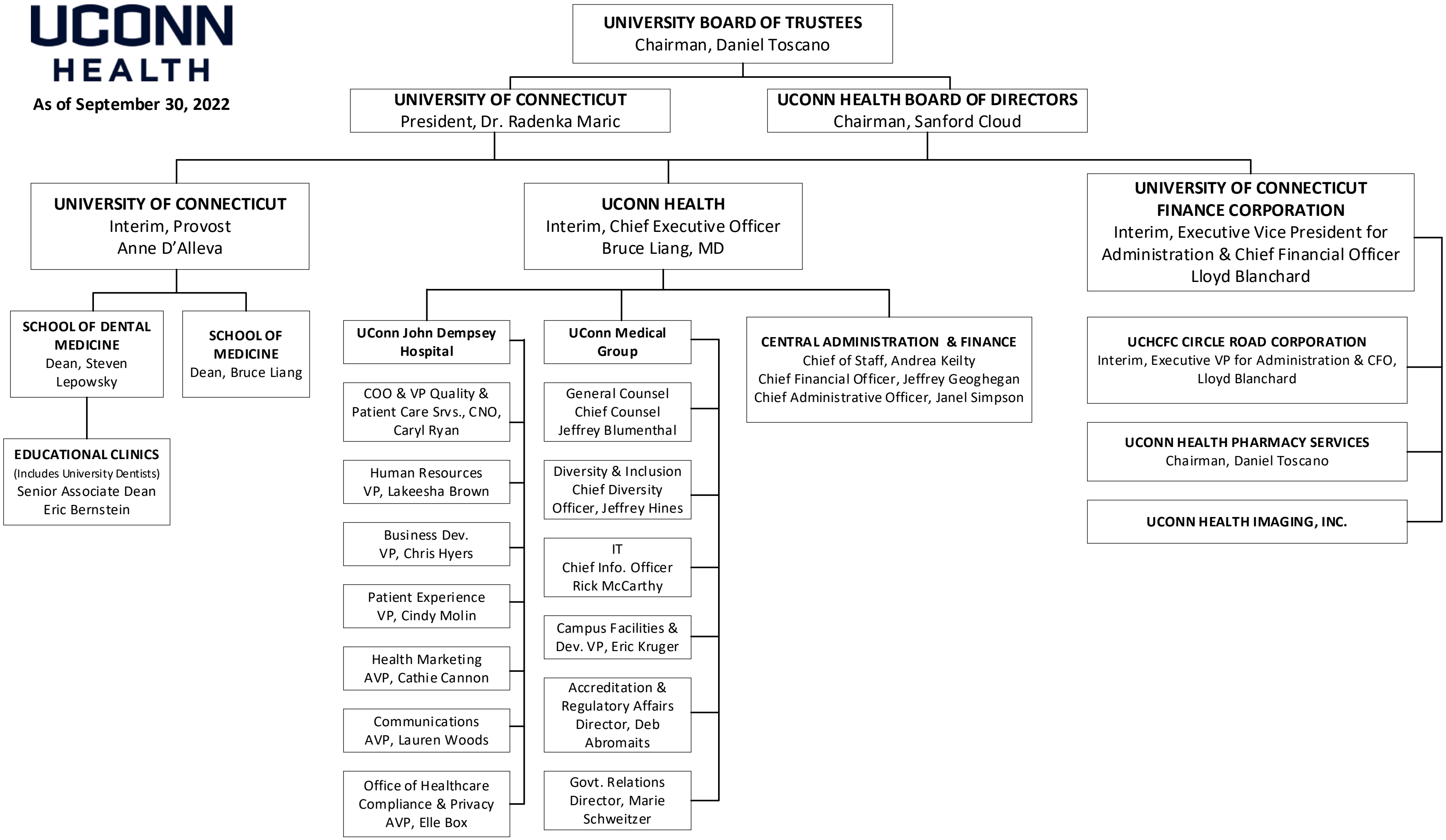
FINANCIAL OFFICERS

Lloyd Blanchard, UConn, Interim, Vice President for Finance and Chief Financial Officer
Jeffrey P. Geoghegan, UConn Health Chief Financial Officer
Chad A. Bianchi, UConn Health Controller

TRUSTEES
As of June 30, 2022

BOARD OF TRUSTEES

As of September 30, 2022



FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL
JOHN C. GERAGOSIAN 210 CAPITOL AVENUE CLARK J. CHAPIN
HARTFORD, CONNECTICUT 06106-1559

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

Opinions

We have audited the accompanying financial statements of the business-type activities of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise UConn Health'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 financial position of the business-type activities of UConn Health, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit:

- The financial statements of John Dempsey Hospital, which represents 40.7% of the assets and 41.7% of the revenues of UConn Health;
- The financial statements of UConn Medical Group, which represents 9.4% of the assets and 9.7% of the revenues of UConn Health; and
- The financial statements of the Finance Corporation, which represents 16.5% of the assets and 5.9% of the revenues of UConn Health.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the John Dempsey Hospital, UConn Medical Group, and the Finance Corporation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 UConn Health, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2021, UConn Health adopted new accounting guidance for leases in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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 UConn Health'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 auditor's 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 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, 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 UConn Health'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 UConn Health'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, the Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability and related ratios, the Schedule of UConn Health's Pension Contributions, the Schedule of UConn Health's Proportionate Share of the Net OPEB Liability and related ratios, and the Schedule of UConn Health's OPEB Contributions, 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 an opinion on the financial statements that collectively comprise UConn Health's basic financial statements. The consolidating financial statements 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, the consolidating financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken 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.

Sincerely,

Clark J. Chapin

John C. Geragosian
State Auditor

Clark J. Chapin
State Auditor

December 15, 2022

State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center ("UConn Health") for the fiscal year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center ("UConn Health').

The financial statements presented here represent the transactions and balances of UConn Health only. UConn Health offers medical and dentistry degrees as well as operating a physician/dentist practice and a teaching and research hospital. UConn Health's component parts are the School of Medicine, the School of Dental Medicine (and its associated Educational Clinics), UConn Medical Group (UMG), the Finance Corporation (and its subsidiaries University of Connecticut Health Finance Corporation Circle Road Corporation (Circle Road Corporation) and UConn Health Pharmacy Services, Inc. (UHPSI), and John Dempsey Hospital ("the Hospital"). UConn Health's enrollment in fiscal year 2022 was 452 students in the School of Medicine, 201 in the School of Dental Medicine, and 307 Graduate students, taught by over 600 faculty members. UConn Health finished fiscal year 2022 with 4,599 full time employees. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. The Hospital has 224 certified general acute care beds and 10 bassinets (186 staffed). In fiscal year 2022, adjusted patient days (a measure of total hospital volume) were 149,290, a 16.4% increase from the prior year. During 2022, UMG had 824,560 unique patient visits, a 7.9% increase.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of UConn Health for the fiscal year ended June 30, 2022, based on currently known facts, decisions, and conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis and the financial statements. The basic financial statements (statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements) present the financial position of UConn Health as of June 30, 2022, and the results of operations and financial activities for the fiscal year then ended. These statements report information about UConn Health using accounting methods similar to those used by private-sector companies. The statement of net position includes all of UConn Health's assets, deferred outflows, liabilities, and deferred inflows. The statement of revenues, expenses and changes in net position reflects the fiscal year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. This statement reports UConn Health's net assets and how they have changed. Net position (the difference between assets and liabilities) is one way to measure financial health or position. The statement of cash flows provides relevant information about each fiscal year's cash receipts and cash payments and classifies them as to operating, investing, noncapital financing, and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

UConn Health's financial position at June 30, 2022, consisted of assets of $1.4 billion and liabilities of $3.2

billion. Net assets, which represent the residual interest in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted, decreased $17.8 million in fiscal year 2022 after non-operating and other changes in net position. The changes were primarily driven by the recording of UConn Health's proportionate share of State pension and OPEB liabilities and were not representative of normal operations. The change in net assets exclusive of these entries was $100.0 million.

The financial statements contained herein show an operating loss of $443.8 million for the year ending June 30, 2022 (fiscal year 2022). The measure more indicative of normal and recurring activities is net income (loss) before other changes in net position, which includes revenue from State appropriations. Additions to capital assets are, in a large part, funded by capital appropriations from the State and issuance of UCONN 2000 bond funds (included in the other changes in net position above), which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income (loss), so a loss under this measurement is expected. UConn Health reported income before other changes in net position of $4.6 million in fiscal year 2022.

Some sources of recurring operating and non-operating revenues increased in 2022, including federal grants and contracts. Net patient revenues increased from the prior year. Increases were attributed to resuming elective procedures, market shifts and unmet demands from the pandemic. Our focus remains on cautiously returning to full patient care, while assuring patients that it is safe to do so. State support, including state funded capital appropriations, increased 7.7% in fiscal year 2022. The increase is primarily attributed capital appropriation and the additional appropriations to pay SEBAC increases and a portion of the State's unfunded accrued liabilities assigned to UConn Health. UConn Health received initial appropriation of $133.7 million for fiscal year 2023.

STATEMENTS OF NET POSITION

The summary statements of net position below present the financial position of UConn Health at the end of the fiscal years 2022 and 2021. The statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of UConn Health. Net position represents assets plus deferred outflows, less liabilities, and deferred inflows. Assets represent what is owned by or what is owed to UConn Health. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period. UConn Health's net position is the residual value in UConn Health's assets and deferred outflows, after liabilities and deferred inflows are deducted. The change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

The total assets, including the deferred outflows of resources, of UConn Health increased by $40.7 million, or 1.8%, over the prior year. The increase was primarily attributable to ARPA funding and capital appropriations increasing cash and cash equivalents.

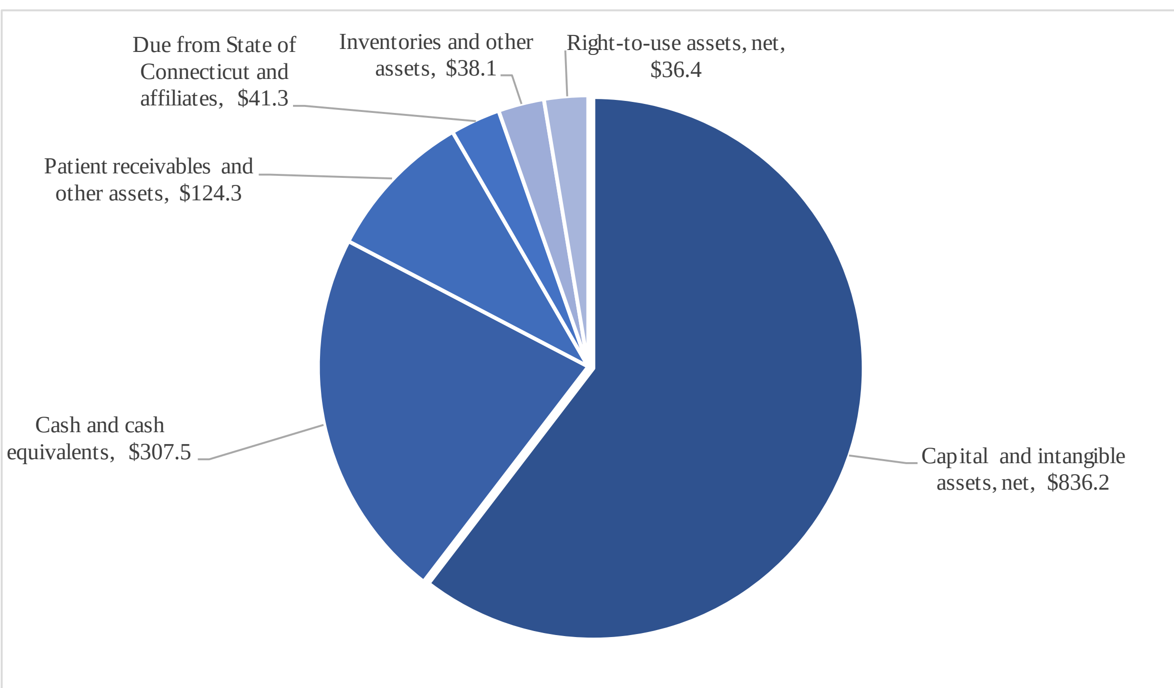
Total liabilities, including the deferred inflow of resources, increased by $22.9 million or .6% from 2021. The driver of the increase was the $285.5 million increases related to pension and OPEB liabilities. Increases in pension and OPEB expenses reflect both UConn Health's changing percentage of overall plan contributions and changes at the state plan level to underlying assumptions such as discount rates.

Deferred outflows of resources decreased $88.6 million and deferred inflows of resources increased $276.2 million. Most of the increase in deferred inflows was from pension and OPEB based on changes to the respective plans as evaluated in the most recent actuary reports.

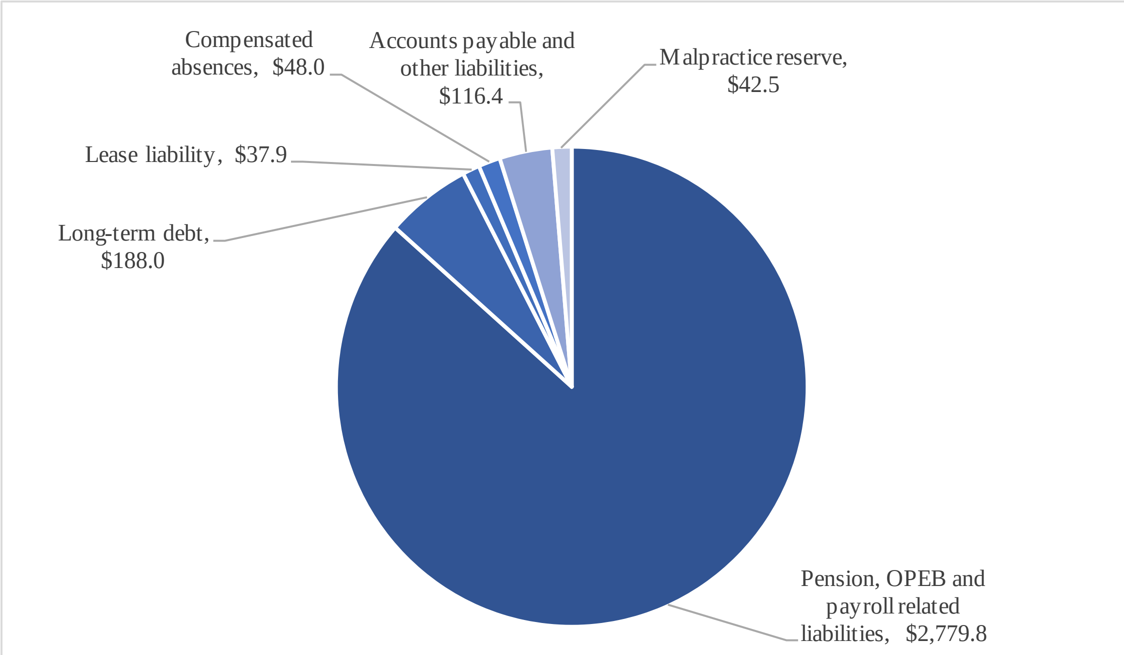
The following table shows a condensed schedule of net position as of June 30, 2022:

	2022	2021 (Restated)	$ Change	% Change
		($ in millions)		
Assets:				
Current assets	$ 485.7	$ 322.1	$ 163.6	50.8%
Right-to-use assets, net	36.4	41.9	(5.5)	-13.1%
Capital and intangible assets, net	836.2	869.0	(32.8)	-3.8%
Other noncurrent assets	25.5	21.5	4.0	18.6%
Total assets	$ 1,383.8	$ 1,254.5	$ 129.3	10.3%
Deferred outflows of resources	$ 921.4	$ 1,010.0	$ (88.6)	-8.8%
Liabilities:				
Current liabilities	$ 239.1	$ 207.7	$ 31.4	15.1%
Noncurrent liabilities	2,973.5	3,258.2	(284.7)	-8.7%
Total liabilities	$ 3,212.6	$ 3,465.9	$ (253.3)	-7.3%
Deferred inflows of resources	$ 614.6	$ 338.4	$ 276.2	81.6%
Net position:				
Net investment in capital assets	$ 646.6	$ 690.0	$ (43.4)	-6.3%
Restricted nonexpendable	0.1	0.1	-	0.0%
Restricted expendable	27.6	4.8	22.8	475.0%
Unrestricted	(2,196.3)	(2,234.7)	38.4	-1.7%
Total net position	$ (1,522.0)	$ (1,539.8)	$ 17.8	-1.2%

The following graph shows total assets of $1.4 billion by major category as of June 30, 2022 ($ in millions):



The following graph shows total liabilities of $3.2 billion by major category as of June 30, 2022 ($ in millions):



Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, represents UConn Health's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on UConn Health's statement of net position. Expendable restricted net position is available for expense by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to UConn Health for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic, clinical and research programs, capital programs, and auxiliary enterprise activities. The statement of net position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UConn Health as of the end of the fiscal year. The statement of net position is a point in time financial statement and is used as a measure of the financial condition of UConn Health. This statement presents a snapshot concerning assets, classified as current (expected to be available for use within one year) and noncurrent (expected to be available after one year), outflows, liabilities, categorized as current (expected to mature and due within one year), and noncurrent (expected to mature and became due after one year), inflows and net position.

Assets represent what is owned by or what is owed to UConn Health, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost net of accumulated depreciation and amortization and inventory which is valued using a mix of valuation measures. Liabilities represent what is owed to others or what has been received from others prior to services being provided by UConn Health. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted. Changes in net position over time are a relative indicator of UConn Health's financial health.

The following table demonstrates the effects of GASB 68 and GASB 75 on UConn Health's net position for the fiscal years ended June 30:

	2022	2021 (Restated)	$ Change	% Change
		($ in millions)		
Net Position				
Net investment in capital assets	$ 646.6	$ 690.0	$ (43.4)	-6.3%
Restricted nonexpendable	0.1	0.1	-	0.0%
Restricted expendable	27.6	4.8	22.8	475.0%
Unrestricted	(2,196.3)	(2,234.7)	38.4	-1.7%
Total net position	(1,522.0)	(1,539.8)	17.8	-1.2%
Pension (GASB 68) impact	928.3	929.4	(1.1)	-0.1%
OPEB (GASB 75) impact	1,451.9	1,368.6	83.3	6.1%
Net position, excluding pension and OPEB	$ 858.2	$ 758.2	$ 100.0	13.2%

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents either an increase or decrease in net position based on revenues received, the expenses paid, and any other gains and losses recognized by UConn Health. Revenues and expenses are classified as operating, non-operating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of UConn Health. Operating expenses are incurred in the normal operation of UConn Health and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for allocated depreciation and amortization of property and equipment. The difference between operating revenues and expenses is the operating income or loss.

By its very nature, a state funded institution does not receive tuition and fees revenue, research awards or clinical program revenue sufficient to support its operations. Non-operating revenues are revenues received for which goods and services are not exchanged. These revenues are essential to the continued provision of programs and services by UConn Health. Significant recurring sources of non-operating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State), gifts, donations, and investment income.

Other changes in net position are composed of capital appropriations and transfers from affiliates.

The statements of revenues, expenses, and changes in net position present UConn Health's results of operating and non-operating activities. A summary of UConn Health's revenues, expenses, and changes in net assets for the years ended June 30, 2022 and 2021 is presented below:

	2022	2021 (Restated)	$ Change	% Change
Operating revenues:		($ in millions)		
Student tuition and fees (net of scholarship allowances)	$ 23.9	$ 23.5	$ 0.4	1.7%
Patient services and pharmaceutical revenues (net of charity care)	743.5	628.9	114.6	18.2%
Federal grants and contracts	96.3	68.2	28.1	41.2%
Nonfederal grants and contracts	26.3	25.0	1.3	5.2%
Contract and other operating revenues	158.4	152.9	5.5	3.6%
Total operating revenues	1,048.4	898.5	149.9	16.7%
Operating expenses:				
Instruction	175.5	178.9	(3.4)	-1.9%
Research	77.2	57.6	19.6	34.0%
Patient services	974.9	964.2	10.7	1.1%
Academic support	22.1	25.0	(2.9)	-11.6%
Institutional support	143.5	159.1	(15.6)	-9.8%
Operations and maintenance of plant	27.6	26.9	0.7	2.6%
Depreciation and amortization	71.3	72.5	(1.2)	-1.7%
Student aid	0.1	0.0	0.1	100.0%
Total operating expenses	1,492.2	1,484.2	8.0	0.5%
Operating Loss	(443.8)	(585.7)	141.9	-24.2%
Nonoperating revenues (expenses):				
State appropriations	344.0	330.9	13.1	4.0%
Transfer from State and outside programs	20.0	-	20.0	100.0%
Gifts	4.4	3.5	0.9	25.7%
COVID-19 relief revenue	87.5	15.6	71.9	460.9%
Loss on disposal	(0.8)	(0.2)	(0.6)	300.0%
Interest income	0.4	0.3	0.1	33.3%
Lease revenue	2.7	2.3	0.4	17.4%
Investment income (net of investment expense)	0.1	0.0	0.1	100.0%
Interest on capital asset - related debt	(9.9)	(9.4)	(0.5)	5.3%
Net nonoperating revenues	448.4	343.0	105.4	30.7%
Income (loss) before other changes in net position	4.6	(242.7)	247.3	-101.9%
Other changes in net position:				
Transfer from affiliate	0.2	2.0	(1.8)	-90.0%
Capital appropriations	13.0	0.7	12.3	1757.1%
Net other changes in net position	13.2	2.7	10.5	388.9%
Increase (decrease) in net position	17.8	(240.0)	257.8	-107.4%
Net position-beginning of year (as previously stated)	(1,539.8)	(1,299.2)	(240.6)	18.5%
Cumulative effect of implementing GASB 87	-	(0.6)	0.6	-100.0%
Net position-beginning of year (restated)	(1,539.8)	(1,299.8)	(240.0)	18.5%
Net position-end of year	$ (1,522.0)	$ (1,539.8)	$ 17.8	-1.2%

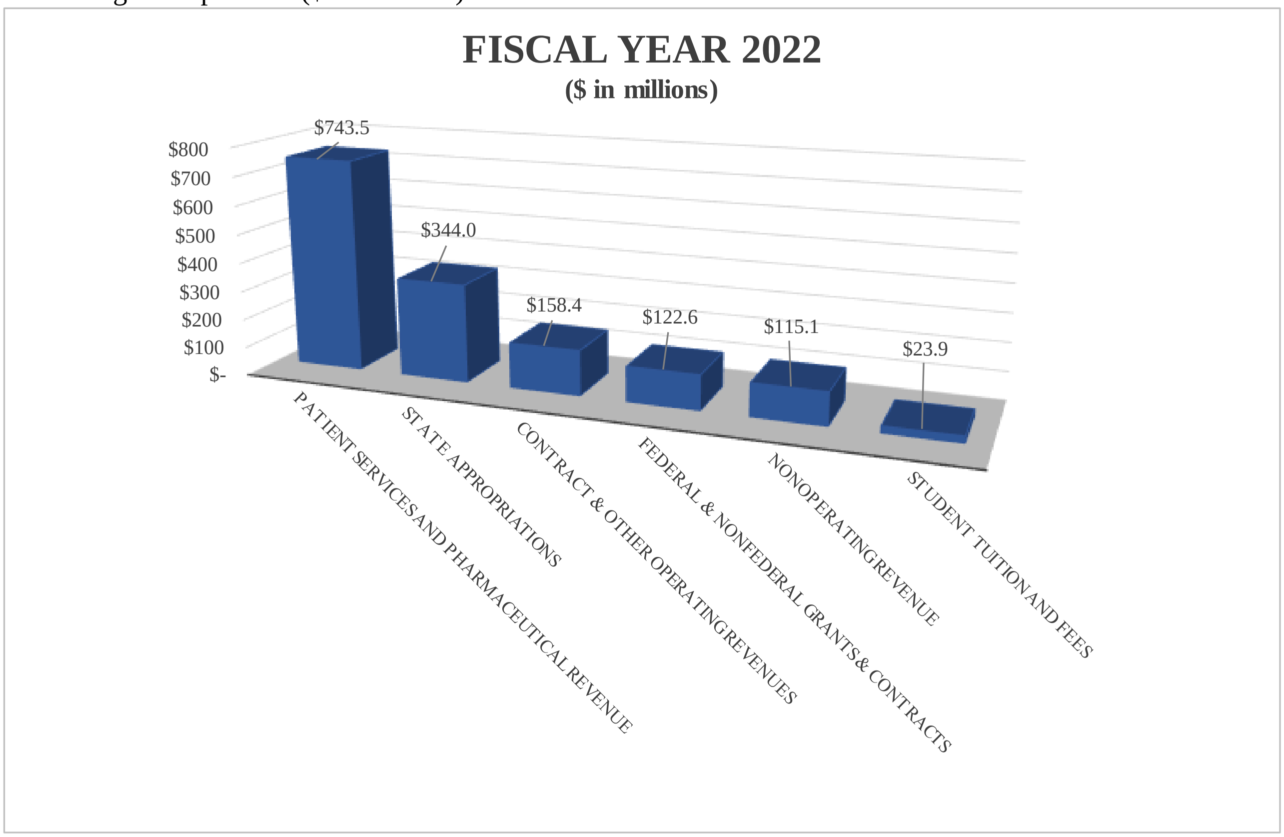
Revenue

Highlights for the year ending June 30, 2022, including operating and non-operating revenues, presented on the statements of revenues, expenses, and changes in net position are as follows:

The largest source of revenue was patient service revenue. UConn Health's overall net patient service and pharmaceutical revenue increased $114.6 million or 18.2% from the prior fiscal year. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. In fiscal year 2022, UHPSI provided pharmaceuticals to patients primarily from various clinics related to UConn Health for the second year. That service has accounted for approximately $38.0 million of increased net patient service and pharmaceutical revenue.

The State appropriation (including in kind fringe benefits), which is included in non-operating revenues, totaled $344.0 million. This represents an 4.0% increase from the prior year. The increase was attributed to the funding from the State Comptroller to pay a portion of the SEBAC wage increases as well as the State's unfunded accrued liabilities charged to UConn Health and increased in-kind fringe benefits recognized as the result of higher overall fringe benefit costs.

The following graph shows UConn Health's total operating and nonoperating revenues by category, excluding other changes net position ($ in millions):

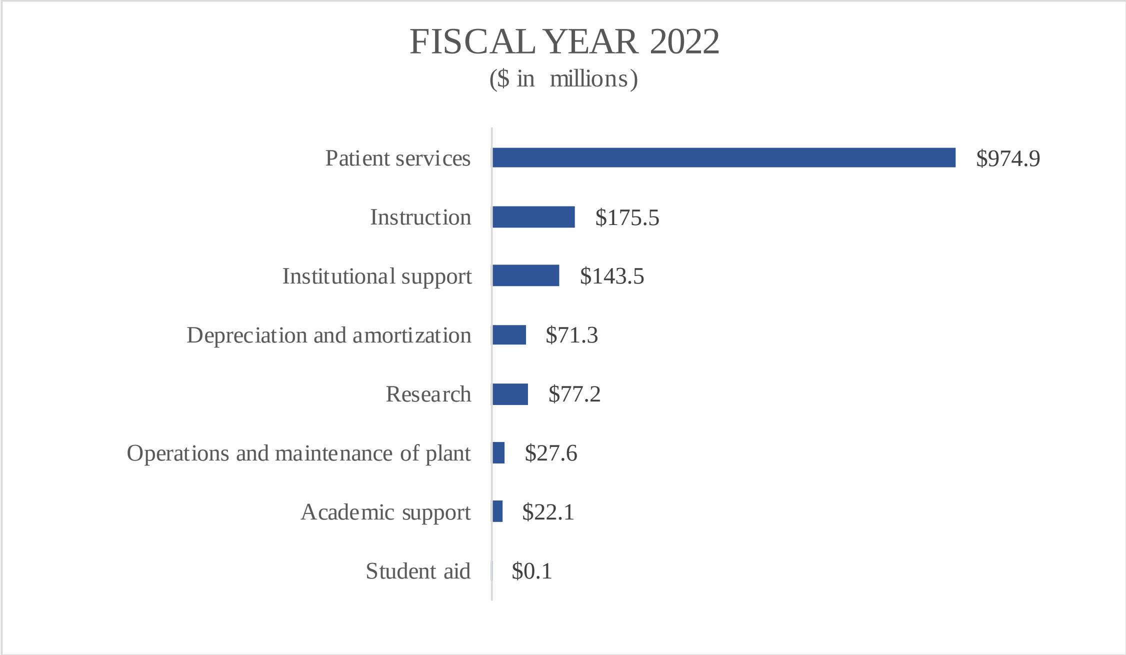


Expenses

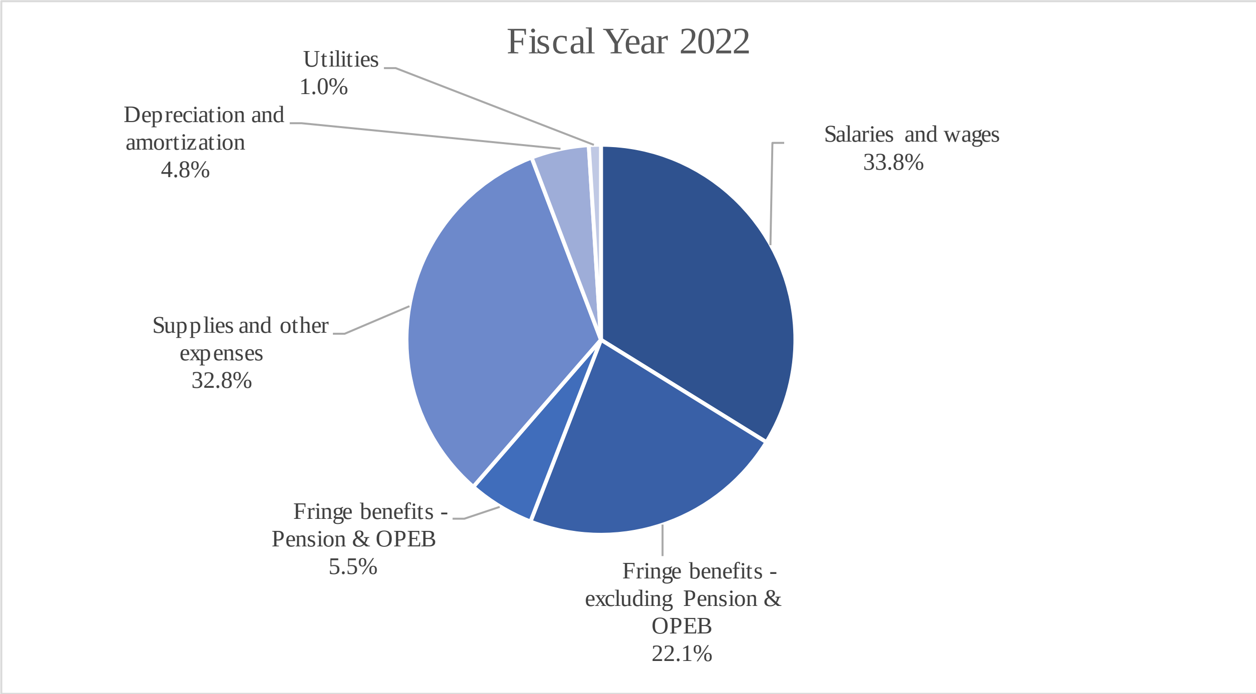
Highlights of expenses including operating and non-operating expenses presented on the statements of revenues, expenses and changes in net position are as follows:

Patient service expense is the largest expense category for UConn Health; accounting for 65.3% of total operating expenses. It increased by $10.7 million or 1.1% from the prior fiscal year. The increase is attributed to increased pharmaceutical volume for specialty drugs costs in UHPSI and medical supplies for the Hospital from surgical volumes in fiscal year 2022.

The following graph shows the functional expenses of UConn Health:



UConn Health's operating expenses by natural classification are presented below:



STATEMENT OF CASH FLOWS

The statement of cash flows presents detailed information about the cash activity of UConn Health during the fiscal year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the statement of revenues, expenses, and changes in net position. The difference results from non-cash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the statement of revenues, expenses, and changes in net position. The statement of cash flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The third section reflects cash flows from non-capital financing activities including state appropriation, debt transactions, gifts, and other non-operating revenues and expenses. The fourth section shows cash flows from capital and related financing activities. The final section is a reconciliation of the operating loss shown on the statement of revenues, expenses, and changes in net position to net cash used in operating activities.

The statement of cash flows provides additional information about UConn Health's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2022 and 2021, is as follows:

	2022	2021	$ Change	% Change
		($ in millions)		
Cash received from operations	$ 1,023.2	$ 931.2	$ 92.0	9.9%
Cash expended for operations	(1,123.6)	(1,055.6)	(68.0)	6.4%
Net cash used in operating activities	(100.4)	(124.4)	24.0	-19.3%
Net cash provided by investing activities	0.1	0.1	-	0.0%
Net cash provided by noncapital financing activities	241.1	220.7	20.4	9.2%
Net cash used in capital and related financing activities	(25.9)	(32.9)	7.0	-21.3%
Net increase in cash and cash equivalents	114.9	63.5	51.4	80.9%
Cash and cash equivalents, beginning of the year	192.6	129.1	63.5	49.2%
Cash and cash equivalents, end of the year	$ 307.5	$ 192.6	$ 114.9	59.7%

CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets along with right-to-use assets, net of accumulated depreciation and amortization, consisted of the following:

	2022	2021 (Restated)	$ Change	% Change
		($ in millions)		
Land	$ 13.5	$ 13.5	$ -	0.0%
Construction in progress	18.2	6.8	11.4	167.6%
Fine art	1.3	1.2	0.1	8.3%
Buildings and building improvements	1,261.2	1,261.0	0.2	0.0%
Equipment	261.6	262.0	(0.4)	-0.2%
Computer software	75.7	77.6	(1.9)	-2.4%
Equipment - financed	0.1	-	0.1	100.0%
Less accumulated depreciation	(795.4)	(753.1)	(42.3)	5.6%
Capital assets, net	$ 836.2	$ 869.0	$ (32.8)	-3.8%

	2022	2021 (Restated)	$ Change	% Change
		($ in millions)		
Right-to-use building	$ 36.1	$ 36.0	$ 0.1	0.3%
Right-to-use equipment	22.8	25.8	(3.0)	-11.6%
Less accumulated amortization	(22.5)	(19.9)	(2.6)	13.1%
Right-to-use assets, net	$ 36.4	$ 41.9	$ (5.5)	-13.0%

Construction in progress increased approximately $11.4 million driven by continued progress on UCONN 2000 construction initiatives and the IT project discussed in further detail in notes 10 and 11 of the financial statements.

As mentioned above, the UCONN 2000 program has had a dramatic impact on our campus. This is the third phase of the program also known as 21st Century UCONN, which provides for improvements to facilities at the University and UConn Health. UConn Health has allotted $850.9 million over the life of this program. UConn Health received approximately $13.0 million in capital appropriations during fiscal year 2022 from the UCONN 2000 program.

UConn Health's fiscal year 2023 capital funding requests will be presented to the Capital Prioritization Committee for consideration and are then presented to the CFO and CEO of UConn Health for final approval on an individual basis.

DEBT ACTIVITIES

UConn Health continued to make scheduled debt payments on existing debt in fiscal year 2022. A new purchase agreement was entered into by UConn Health with NWN Corporation and De Lage Landen Financial Services, Inc. in 2022 to finance the implementation of new campus network architecture. More detailed information about UConn Health's capital assets and debt activities are presented in notes 10 and 11 of the financial statements.

BIOSCIENCE CONNECTICUT

All construction work related to the Bioscience Connecticut and the Clinical Building Renovations has been substantially completed as of June 30, 2021.

FISCAL YEAR 2023 OUTLOOK

As we look forward to fiscal year 2023, UConn Health continues to adapt its business models to changing landscapes: operational, pandemic, and regulatory. UConn Health continues to work and plan for new operational realities, including labor and supply shortages, through continual reprioritization, forward thinking, teamwork, and creativity. The COVID-19 pandemic continues to evolve creating new community needs and challenges. UConn Health continues to respond to these new needs, such as for vaccine boosters and community resources, and to serve the people of Connecticut. Healthcare, already a high oversight industry, has received additional regulatory mandates as a result of the pandemic and pandemic related relief funds received. Tracking and reporting these funds will continue to be a focus for UConn Health moving forward.

Research, education, and patient care remain the cornerstones of UConn Health's mission. These pillars remain as fundamental and relevant as ever. UConn Health is focused on maximizing our efforts in these areas, while navigating uncertainty surrounding both State and Federal funding. Federal and State aid remain vital in shepherding public institutions through the challenges of COVID-19 but also in allowing institutions such as UConn Health to protect and serve socially or economically disadvantaged groups. UConn Health has received aid from CARES Act, Coronavirus Relief Funding, ARPA, FEMA, and private philanthropy support during the pandemic. Some level of additional benefits is expected to be realized in the upcoming year though exact future funding levels remain uncertain.

A combination of institution-wide financial initiatives and additional State funding allowed UConn Health to balance its 2022 spending plan. UConn Health approaches fiscal year 2023 cautiously optimistic. While vaccines have helped stem some of the impact of COVID-19, the Omicron variant provided a cautionary reminder that providers need to remain vigilant.

While clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic volumes, a new spike in cases could impact UConn Heath's ability to perform elective surgeries, which are essential for the continued fiscal health of the institution. This is especially true due to the supply chain and labor shortages prevalent in the healthcare sector.

The Hospital will complete the refunding of advances under the Medicare Advance program in fiscal year 2023. Completion of repayment efforts will increase operating liquidity during the second half of fiscal 2023.

Clinically, the focus remains on safely returning to patient care. Significant concerns nationally about patients putting off care due to COVID-19 have lent greater urgency to handling future COVID-19 and other viruses effectively and safely. UConn Health has worked continually throughout the pandemic to strengthen its supply lines and broaden its access to supplies including PPE. We constantly monitor treatment protocols and have proactively taken steps to ensure patient and staff safety across all our clinical units.

UConn Health continues to work at leveraging its electronic medical record system (EPIC system). In the current year, our EPIC system allowed us to facilitate vaccine roll outs for staff and the public. We also expanded our MyChart functionality and access to streamline the patient experience.

The State, lifted in part by federal aid, reported a surplus for fiscal year 2022, and is anticipating a stable 2023. The State's Rainy-Day fund is fully funded, and the State has made additional payments on existing unfunded pension and OPEB liabilities increasing its fiscal health. The State's financial outlook has a direct role in that of UConn Health. Any potential negative changes to the State's economic outlook result in additional unpredictability of State support across UConn Health. While we are grateful for State support, UConn Health leadership remains diligent in seeking out continued, appropriate external funding, cost reductions, and programmatic enhancements while protecting quality of care.

Management will continue to monitor these and other factors over the upcoming year as it seeks to strengthen UConn Health for the future.

CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

UCONN HEALTH
STATEMENT OF NET POSITION
As of June 30, 2022

		2022
		($ in thousands)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$	306,660
Patient receivables, net		64,725
Contract and other receivables		29,052
Funds held in escrow		10,757
Lease receivable - current portion (Note 5)		2,539
Due from Affiliates (Note 13)		15,116
Due from State of Connecticut		26,156
Inventories		19,726
Prepaid expenses		11,000
Total current assets		485,731
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		816
Deposits with vendors		17,635
Other assets		464
Assets limited as to use		250
Due from State of Connecticut		62
Lease receivable - net of current portion (Note 5)		6,376
Right-to-use assets, net (Note 10)		36,391
Capital and intangible assets, net (Note 10)		836,156
Total noncurrent assets		898,150
Total assets	$	1,383,881
Deferred outflows of resources pension (Note 12)	$	450,684
Deferred outflows of resources OPEB (Note 12)	$	470,645

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

UCONN HEALTH
STATEMENT OF NET POSITION (Continued)
As of June 30, 2022

		2022
		($ in thousands)
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	69,942
Due to State of Connecticut		33,045
Accrued salaries		51,426
Compensated absences - current portion (Note 11)		19,612
Due to third party payors		41,015
Due to Affiliates (Note 15)		4,762
Unearned revenue		685
Malpractice reserve (Note 11)		2,642
Lease liability - current portion (Note 11)		5,991
Long-term debt - current portion (Note 11)		10,018
Total current liabilities		239,138
Noncurrent Liabilities		
Malpractice reserve (Note 11)		39,816
Compensated absences - net of current portion (Note 11)		28,374
Pension liability (Note 12)		1,193,055
OPEB liability (Note 12)		1,502,318
Lease liability - net of current portion (Note 11)		31,916
Long-term debt - net of current portion (Note 11)		177,992
Total noncurrent liabilities		2,973,471
Total liabilities	$	3,212,609
Deferred inflows of resources right-to-use assets	$	8,560
Deferred inflows of resources pension (Note 12)	$	185,883
Deferred inflows of resources OPEB (Note 12)	$	420,196
NET POSITION		
Net investment in capital assets	$	646,631
Restricted for		
Nonexpendable scholarships		61
Expendable		
Research		1,093
Loans		283
Capital projects		26,185
Unrestricted		(2,196,292)
Total net position	$	(1,522,039)

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

UCONN HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

	2022
	($ in thousands)
OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of $7,219)	$ 23,871
Patient services and pharmaceutical revenues (net of charity care of $4,295) (Notes 4 & 6)	743,493
Federal grants and contracts	96,326
Nonfederal grants and contracts	26,357
Contract and other operating revenues	158,365
Total operating revenues	1,048,412
OPERATING EXPENSES	
Educational and General	
Instruction	175,456
Research	77,186
Patient services	974,933
Academic support	22,124
Institutional support	143,483
Operations and maintenance of plant	27,616
Depreciation and amortization (Note 10)	71,283
Student aid	98
Total operating expenses	1,492,179
Operating loss	(443,767)
NONOPERATING REVENUES (EXPENSES)	
State appropriations (Note 15)	344,029
Transfer from State and outside programs	20,000
Gifts	4,417
COVID-19 relief revenue (Note 17)	87,427
Loss on disposal	(779)
Interest income	358
Lease revenue	2,712
Investment income	129
Interest on capital asset - related debt	(9,935)
Net nonoperating revenues	448,358
Income before other changes in net position	4,591
OTHER CHANGES IN NET POSITION	
Transfer from Affiliate (Note 15)	228
Capital appropriations (Note 13)	13,000
Net other changes in net position	13,228
Increase in net position	17,819
NET POSITION	
Net position-beginning of year (restated)	(1,539,858)
Net position-end of year	$ (1,522,039)

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

UCONN HEALTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

		2022
		($ in thousands)
Cash flows from operating activities:		
Cash received from patients and third-party payors	$	724,670
Cash received from tuition and fees		23,871
Cash received from grants, contracts and other revenue		274,663
Cash paid to employees for personal services and fringe benefits		(610,460)
Cash paid for other than personal services		(513,190)
Net cash used in operating activities		(100,446)
Cash flows from investing activities:		
Interest received		129
Net cash provided by investing activities		129
Cash flows from noncapital financing activities:		
State appropriations		149,273
COVID-19 relief revenue (Note 17)		87,427
Gifts		4,418
Net cash provided by noncapital financing activities		241,118
Cash flows from capital and related financing activities:		
Additions to property and equipment		(27,425)
Capital appropriations		1,266
Interest paid		(10,011)
Loan issued (repaid) to/from Affiliate		(1,572)
Transfers from State		20,000
Transfer from Affiliate		228
Lease revenue		2,712
Payments on capital leases, net		(9,601)
Net borrowing from long-term debt		(1,558)
Net cash used in capital and related financing activities		(25,961)
Net increase in cash and cash equivalents		114,840
Cash and cash equivalents at beginning of year		192,636
Cash and cash equivalents at end of year	$	307,476

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

UCONN HEALTH
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2022

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

		2022
		($ in thousands)
Operating loss	$	(443,767)
Adjustments to reconcile operating loss to net cash		
Used in operating activities:		
Depreciation and amortization		71,283
Personal services and fringe benefits in kind from State		194,756
Non-cash portion of pension expense		(1,141)
Non-cash portion of OPEB		83,313
Changes in assets and liabilities:		
Patients receivables, net		(3,468)
Contract and other receivables		(6,340)
Due from DOC		21
Inventories		(840)
Third party payors		(15,377)
Prepaid expenses		(3,844)
Due from State of Connecticut		(11,167)
Deposits with vendors		(6,469)
Other assets		19
Accounts payable and accrued liabilities		16,719
Due to State of Connecticut		9,836
Due to Affiliates		398
Accrued salaries		16,784
Compensated absences		(1,904)
Unearned revenue		(46)
Malpractice reserve		788
Net cash used in operating activities	$	(100,446)

Schedule of Non-Cash Financing Transactions		
Loss on disposal of capital and intangible assets	$	(779)
Funds held in escrow	$	11,007

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut Health Center ("UConn Health") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, UConn Health and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of UConn Health for the fiscal year ended June 30, 2022, which includes the School of Medicine, School of Dental Medicine, UConn Medical Group (UMG), Finance Corporation and its subsidiaries including UConn Health Pharmacy Services, Inc. (UHPSI), Educational Clinics (the "Primary Institution") and John Dempsey Hospital (the "Hospital"). UConn Health offers medical and dentistry degrees as well as Ph.D.'s in the biomedical sciences and operates physician/dentist practices in a teaching and research hospital. There is also an affiliated entity that supports the mission of UConn Health: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education, research, and clinical care at the University, including UConn Health.

The financial operations of UConn Health are reported in the State of Connecticut annual comprehensive financial report using the fund structure prescribed by Governmental Accounting Standards Board (GASB). The State includes the transactions and balances of UConn Health within an enterprise fund under the major business-type activities of the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

Basis of Presentation

UConn Health's financial statements are prepared using the economic resources measurement focus and in accordance with all relevant GASB pronouncements.

Proprietary Fund Accounting

UConn Health utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra agency transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consist primarily of net patient services and pharmaceutical revenue, malpractice reserves, right-to-use assets, lease liabilities, third-party reimbursement reserves, compensated absences, and pension and OPEB liabilities.

Recently Adopted Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of the Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Among other effective dates, the Statement extended the effective date of GASB Statement 92: paragraphs 6, 7. These areas specifically cover intra entity transfers regarding pensions and OPEB plans, as well as reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet certain criteria. Paragraphs 8, 9 and 12 cover the applicability of GASB No. 84 to post employment benefit arrangements and nonrecurring fair value measurements to reporting periods beginning after June 15, 2021. Paragraph 10 relates to government acquisitions occurring in reporting periods beginning after June 15, 2021. UConn Health has evaluated these paragraphs and believes they do not materially impact its consolidated financial statements.

In June 2017, GASB issued Statement No. 87, *Leases.* This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and inflows of resources or outflows of resources recognized based on the payment provisions of the contracts. It establishes a single model for lease accounting based on the foundational principal that leases are financings of the right-to-use underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use assets. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The original effective date of this statements was for reporting periods after December 15, 2019. However, GASB Statement No. 95 postponed the effective date to fiscal years beginning after June 15, 2021 and all reporting period thereafter.

UConn Health adopted the requirements of GASB No. 87 effective July 1, 2021 and adjustments were calculated using facts and circumstances that existed at that date. The impact on select accounts of adopting GASB No. 87 on UConn Health's beginning net position is summarized below (in thousands):

	2022
Net position - beginning of year (as previously stated)	$ (1,539,246)
Lease receivables	11,271
Right-to-use assets, net	41,860
Capital assets, net	(3,102)
Lease liabilities	(38,793)
Deferred inflows of resources right-to-use assets	(11,285)
Cumulative effect of implementing GASB 87	(563)
Net position - beginning of year (Restated)	$ (1,539,858)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this Statement are effective for the reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 extended the effective dates to reporting periods beginning after December 15, 2020. UConn Health evaluated the impact of this Statement and determined there are no such transactions at the present time and therefore this Statement does not materially impact the consolidated financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates either by changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates to preserve the reliability, relevance, consistency, and comparability of reported information. The Statement also addresses lease modifications and hedging transactions effected by an IBOR amendment. The effective date of the provisions of this Statement are effective for reporting periods beginning after June 15, 2020. Except for paragraphs 13 and 14 regarding lease modifications which have been extended by GASB No. 95 until reporting periods beginning after June 15, 2021. Paragraph 11b of GASB 93 is effective for reporting periods ending after December 31, 2021. Paragraph 11b indicates that LIBOR is not an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt. Earlier application is encouraged. UConn Health has evaluated this statement and believes it does not have a material impact on the consolidated financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020 (GASB 92).* The objectives of this Statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing, and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments.

GASB Statement 92, paragraph 11 – reinsurance recoveries and paragraph 13 – terminology used to refer to derivative instruments was effective upon issuance. It is believed that the provisions for reinsurance recoveries and derivative instruments have no material impact on UConn Health's 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 primary objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution plans, defined contribution other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

In certain instances, a legally separate organization does not have a governing board. For purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan or another employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. The financial burden criterion from GASB Statement No. 84, paragraph 7 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet certain criteria.

Effective for fiscal years beginning after June 15, 2021, Section 457 plans should be reported as pension or OPEB plans. UConn Health has evaluated this Statement and believes it does not have a material impact on the consolidated financial statements.

Upcoming Accounting Pronouncement

In May 2019 GASB Issued Statement No. 91, *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice with commitments extended by issuers, arrangements characterized as leases that are associated with conduit debt obligations, and related note disclosures. The original effective date of GASB 91 was for reporting periods beginning after December 15, 2020. However, GASB 95 extended the effective dates to reporting periods beginning after December 15, 2021. UConn Health is currently evaluating the impact this Statement will have on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription–Based Information Technology Arrangements.* It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered SBITAs and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The effective date of this Statement is for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. UConn Health is currently evaluating the impact of this Statement on the consolidated financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and*

Availability Payment Arrangements. Public-private and public-public partnerships collectively referred to hereinafter as PPPs comprise a wide variety of arrangements between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure government services.

The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. UConn Health is currently evaluating the impact of this Statement on the consolidated financial statements.

Cash and Cash Equivalent:

UConn Health considers all funds that have not been board or otherwise designated and which are held on its behalf by the State of Connecticut to be cash.

Investments and Investment Income

The State of Connecticut has established various funds to account for the operations of UConn Health. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the UConn Health Malpractice Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Fund accounts for assets set aside annually as part of the Health Center's self-insurance for malpractice claims. The Hospital Fund processed the majority of the cash transaction for the Hospital. The Operating Fund acts as a "General Fund" for UConn Health, accounting for all operations not accounted for elsewhere.

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

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

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

Investment income also includes amounts received from endowments.

Accounts Receivable and Net Patient Services and Pharmaceutical Revenues

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

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

Beginning in fiscal year 2021, UHPSI, a subsidiary of the Finance Corporation, expanded its business operations to include filling patient prescriptions to outpatients primarily from UConn Health related clinics.

A uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2022.

Contract and Other Receivables

Contract and other receivables include services provided to area hospitals under various agreements and certain agreements with outside providers and pharmacies. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

Due from/to Affiliate

Due from affiliate includes the unspent portion of general obligation bond proceeds allocated to UConn Health for capital projects that are administered by the University of Connecticut. Due to affiliate includes payables to the University of Connecticut resulting from cost-reimbursement arrangements for shared operating activities. Additional information on these can be found in notes 13 and 15.

Due from/to State

Due from State includes an appropriation receivable from the General fund of the State for payroll, as well as unspent State bond funds designated to UConn Health by the State Bond Commission for specific capital projects.

The State administers employee benefit and retirement plans. UConn Health is charged based on annual fringe benefit rates that are applied to employee salaries. The amount due to the State consists of fringe benefits accrued in relation to accrued salaries reported at the end of the fiscal year.

Leases

UConn Health routinely engages in lease agreements to meet operational needs. UConn Health's lease contracts generally relate to buildings and associated facilities, such as parking, machinery, and equipment. For short-term leases with a maximum possible term of twelve months or less at commencement, UConn Health recognizes revenue or expense based on the provisions of the lease contract.

For contracts exceeding twelve months where UConn Health is the lessee, UConn Health recognizes the lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease.

On a more limited basis, UConn Health serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

UConn Health uses an estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The incremental borrowing rate is based on the weighted-average interest rate and capital lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options are included in the measurement if they are reasonably certain to be paid or exercised.

Inventories

Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others. Pharmacy inventory is valued at market which approximates cost due to high turnover rates for institutional pharmaceuticals. Short-term or minor supplies are expensed as incurred.

Funds held in escrow

In March 2022, UConn Health entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services, Inc and Western Alliance Bank to develop and implement new campus network architecture. This project is expected to span over a period of thirty months. The funds related to this project are held in escrow and will be disbursed based on the progression of the project. Additional information on this can be found in note 11.

Prepaid Expense

Prepaid expenses include payments to vendors before goods and/or services are received typically for agreements ranging between three months and one year. We expect the benefit for these payments to be realized monthly over the prepaid period.

Deposits with Vendors

Deposits with vendors are required payments based on certain contractual arrangements. Over 95% of the current balance is for deposits held with AmerisourceBergen. This is the primary pharmaceutical vendor used by UConn Health. As part of its contract UConn Health is required to maintain a deposit with the vendor based on a percentage of the prior quarter's purchases in order to access preferred pricing. These deposits are non-interest bearing and are considered subject to the credit risk of the vendor. We do not expect a return of these funds within the next twelve months.

Capital and Intangible Assets

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Betterments and major improvements are capitalized, and maintenance and repairs are expensed as incurred. Equipment with a value of $5,000 or more and a useful life of more than one year is capitalized.

UConn Health capitalizes fine, non-decorative art at cost. Fine art is not depreciated.

Intangible assets consist of capitalized computer software costs, including software internally developed. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they were incurred in the primary project stage, application development state, or post-implementation stage, and the nature of the costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets:

Buildings and Building Improvement	3 - 50 years
Equipment	2 - 15 years
Computer software	3 - 15 years

Impairment of Long-Lived Assets

UConn Health records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During 2022, UConn Health disposed of IT equipment, medical equipment, and research equipment. The combined loss on disposal was approximately $779,000. None of these items were individually significant.

Medical Malpractice

Health care providers and support staff of UConn Health are fully protected by State statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against UConn Health's malpractice self-insurance fund. Effective July 1, 1999, UConn Health developed a methodology by which it could allocate malpractice costs between the Hospital, UMG, and Dental practices. For the fiscal year ended June 30, 2022, these costs are included in the statement of revenues, expenses, and changes in net position.

Compensated Absences

UConn Health's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from UConn Health may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. Amounts recorded on the statements of net position are based on historical experience.

Following the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*, certain fringe benefit costs associated with compensated absences were included in the pension liability and excluded from the compensated absences accrual. All other compensated absences are accrued at 100% of their balance. Compensated absences have been allocated between current and noncurrent based on historical information.

Third-Party Payors

Laws governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

Pension Liabilities

In accordance with GASB 68, UConn Health records its proportionate share of the collective net pension liability and collective pension expense for each defined-benefit plan offered to its employees. The collective net pension liability for each plan is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefits payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Employer 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.

OPEB Liabilities

In accordance with GASB 75, UConn Health records its proportionate share of the collective liability for Post-Employment Benefits Other than Pension (OPEB). The collective net OPEB liability is measured as the total liability less the amount of the plan's fiduciary net position. The total OPEB liability is the portion of the actuarial present value of projected benefits payments that are attributable to past periods of plan member service. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Employer 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 the plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. UConn Health has two items that meet this criterion, pension deferrals and OPEB deferrals.

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UConn Health has three items that meet this criterion, pension deferrals, OPEB deferrals, and lease deferrals.

UConn Health reports its proportionate share of collective deferred outflows of resources or collective deferred inflows of resources related to its defined-benefit pension and OPEB plans. Differences between expected and actual experience in the measurement of the total pension liability and OPEB liability, changes of assumptions or other inputs, and differences between actual contributions and proportionate share of contributions are classified as either deferred outflows or deferred inflows and are recognized over the average of the expected remaining service lives of employees eligible for pension benefits and OPEB benefits. The net differences between projected and actual earnings on pension and OPEB plan investments are reported as deferred outflows or deferred inflows and are recognized over the average remaining service lives of the plan participants. Contributions to the pension and OPEB plan from UConn Health subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions and OPEB and recognized in the subsequent year.

UConn Health has lessor arrangements. The deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease revenue on a straight-line basis over the lease term.

Net Position

GASB requires that resources be classified for accounting and reporting purposes into the following categories of net position:

- Net investment in capital assets: Capital assets and right-to-use, net of accumulated depreciation and amortization, reduced by the outstanding principal balances of notes and leases that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted nonexpendable: Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- Restricted expendable: Assets reduced by liabilities related to those assets that are expendable but where UConn Health is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- Unrestricted: The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not otherwise restricted that do not meet the definition of "restricted" or "net investment in capital and intangible assets". These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. In general, all unrestricted amounts in net position are assigned to support academic, clinical, and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

UConn Health's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, UConn Health's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

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

Revenues and Expenses

UConn Health breaks out revenues and expenses between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. *GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions*, requires recipients of government-mandated and voluntary non-exchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the non-exchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts when the contract terms are met or completed.

UConn Health uses the criteria listed below:

- Operating revenues and expenses: Operating revenues consist of tuition and fees, patient services and pharmaceutical revenues, grants, contracts, other operating revenues. Operating expenses include all expense transactions incurred other than those related to investing or financing. These expenses are reported using functional classification. See Note 16 for operating expenses presented by natural classification.
- Non-operating revenues and expenses: All other revenues and expenses for UConn Health are reported as non-operating revenues and expenses including State appropriations, including capital, noncapital gifts, investment income, lease revenue and COVID-19 relief revenue. Interest expense and loss on disposal of property and equipment, net, are also reported as non-operating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by UConn Health and the amount that is ultimately paid by the students or on their behalf. Any aid applied directly to the student accounts in payment of tuition and fees is reflected as a scholarship allowance deducted from UConn Health's operating revenues. Student aid expense in the accompanying statement of revenues, expenses, and changes in net position includes financial aid payments made directly to the students.

University of Connecticut MOUs

The University of Connecticut manages certain operations for UConn Health in exchange for payment. These payments cover operating expenses related to public safety, marketing, library services, technology commercialization and other miscellaneous services.

The terms of these arrangements are set forth in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The expenses from these MOUs are recorded as part of operating expenses in the accompanying statement of revenues, expenses, and changes in net position. See Note 15 for further details.

Regulatory Matters

The Hospital is required to file annual operating information with the State of Connecticut Office of Health Strategy (OHS) and is required to file annual cost reports with Medicare.

Home Office Allocation

The Home Office allocation allocates substantially all central administrative costs to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a standalone basis. The Home Office expenses are allocated based on several different methodologies depending on cost type. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their functional classification category for financial reporting purposes**.** The natural classification can be found in Note 16.

Other Significant Events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, since then, Covid-19 and its variants have continued to spread throughout the United States and the World. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses across the country. UConn Health's clinical operations elected to pause elective procedures on March 13, 2020 and did not resume until May 20, 2020. UConn Health continues to diligently navigate the pandemic and its many associated business challenges including PPE shortages, supply chain disruption, aid application, and reporting requirements, variant waves, and staffing shortages. Management remains focused on providing exceptional, reliable, and safe patient care to our community. Due to the continued rapid development and fluidity of these situations, including and especially variant spread, it is difficult to assess the full impact that the pandemic will have on UConn Health's financial condition or results of operations as of the date of this report.

During fiscal year 2022, clinical operations received \$87.4 million via the ARPA, and CARES Act General Distribution Phase 3 based on lost revenue. Funds received under these programs carry reporting and other requirements outlined by the federal government, which began September 30, 2021. UConn Health has met these requirements.

UConn Health's clinical operations are eligible for distributions for treating uninsured patients, though this population is not considered material.

UConn Health also received funding under two additional funding mechanisms: the Federal Emergency Management Agency (FEMA) and the Coronavirus Relief Fund (CRF). UConn Health is eligible to submit expenditures incurred in responding to the public health emergency to FEMA for consideration and was allotted funding under the State of Connecticut's CRF to assist with eligible pandemic related expenses not reimbursed by FEMA. See note 17 for additional details.

2. CASH DEPOSITS AND INVESTMENTS

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

UConn Health's cash and cash equivalents, current and noncurrent, balance was \$307,476,173 as of June 30, 2022 and included the following:

		2022
Cash maintained by State of Treasurer	$	258,230,184
Invested in State of Connecticut Short-Term Investment Fund		48,568,609
Deposits with Financial Institutions and Other		669,605
Currency (Change Funds)		7,775
Total cash and cash equivalents		307,476,173
Less: current balance		306,660,222
Total noncurrent balance	$	815,951

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

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, banker's acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statements of net position.

UConn Health's cash management investment policy authorizes UConn Health to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The $48,568,609 invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-Term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2022.

Funds Held by Outside Fiscal Agents

Certain funds are held by outside fiscal agents and are not under the direct control of UConn Health. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was $2,556,048 as of June 30, 2022. Investment income earned on these assets is transferred to UConn Health in accordance with the applicable trust agreement. Income earned from those sources was $2,668 for the year ended June 30, 2022.

Funds Held in Escrow

In fiscal year 2022, UConn Health established an escrow account with Western Alliance Bank and DeLage Landen Financial Services, Inc. The escrow balance was $11,007,172 as of June 30, 2022. Interest income earned was $4,053 for the year ended June 30, 2022. Additional information regarding this account can be found in Note 11.

3. HYPOTHECATION

Individual components of UConn Health are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the UConn Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. UConn Medical Group is allowed to borrow at up to 70% of its receivables. As of June 30, 2022, the Hospital and UMG had the following draws and availability under the State statute:

	2022	
	John Dempsey Hospital	UConn Medical Group
Amount drawn under hypothecation	$ -	$ 9,677,060
Remaining amounts available under hypothecation	$ 53,123,006	$ 667,972

4. NET PATIENT SERVICE AND PHARMACEUTICAL REVENUE

UConn Health provides health care services primarily to residents of the region.

Patient service revenues reported net of allowances and provisions for bad debt. UHPSI reports pharmaceutical revenue net of DIR fees. DIR refers to the compensation received by Medicare Part D sponsors or their Pharmacy Benefits Manager (PBM) after point-of-sale. Net patient service and pharmaceutical revenue for UConn Health is as follows:

	2022	
John Dempsey Hospital		
Gross patient services revenue	$ 1,587,939,341	
Less contractual allowances and provision for bad debt	1,054,054,709	
		$ 533,884,632
UConn Medical Group		
Gross patient services revenue	270,535,594	
Less contractual allowances and provision for bad debt	146,760,744	
		123,774,850
UHPSI		
Gross pharmaceutical revenue	108,654,478	
Less contractual allowances, Direct and Indirect Remuneration (DIR) fees and provision for bad debt	33,285,913	
		75,368,565
All other		10,465,270
Total net patient services and pharmaceutical revenue		$ 743,493,317

Significant Concentrations

UConn Health has agreements with third-party payers that provide for payments at amounts different from its established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of net patient revenues and associated year-end receivables for these programs are shown in the table below as of June 30, 2022.

	Medicare	Medicaid
John Dempsey Hospital		
Net revenue	34%	20%
Accounts receivable	31%	12%
UConn Medical Group		
Net revenue	30%	16%
Accounts receivable	22%	11%
UHPSI		
Net revenue	25%	57%
Accounts receivable	34%	43%

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

In fiscal year 2022, JDH and UMG recorded $8.2 million and $20.9 million, respectively in supplemental revenue from the Department of Social Services (DSS), which is included in net patient service revenues in the statement of revenues, expenses, and changes in net position.

5. LEASE RECEIVABLE

As described in Note 1, UConn Health leases building space to external parties. Lease receivable is as follows:

	June 30, 2021 Balance	Additions	Reductions	June 30, 2022 Balance	Amounts due within 1 year
Lease receivable	$ 11,486,909	$ -	$ (2,571,752)	$ 8,915,157	$ 2,539,103
Total	$ 11,486,909	$ -	$ (2,571,752)	$ 8,915,157	$ 2,539,103

For the fiscal year ended June 30, 2022, the statement of revenues, expenses, and changes in net position includes lease revenue and interest income of $2,711,653 and $357,631, respectively. There was also additional revenue for variable and other payments not included in the measurement of the lease receivable in the amount of $94,156.

Future lease payments are summarized in the table below:

	Lease Receivable	
Fiscal Year Ending June 30	Principal	Interest
2023	$ 2,539,103	$ 268,424
2024	2,569,736	179,524
2025	2,394,978	90,129
2026	239,832	4,893
2027	255,090	41,132
2028-2032	600,448	102,560
2033-2037	93,011	65,448
2038-2042	131,666	38,567
2043-2047	91,293	6,013
	$ 8,915,157	$ 796,690

6. CHARITY CARE

UConn Health's clinical operations provide charity care to eligible patients. UConn Health's individual clinical entities maintain records to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies furnished under their respective charity care policies, the estimated cost of those services and supplies, and equivalent service statistics. No net patient revenue is recorded for these services, however, expenses associated with these services are included in the statement of revenues, expenses, and changes in net position.

Listed below, by entity, are the significant charity care services provided along with the associated cost for the fiscal year ended June 30, 2022. UHPSI by nature of its business does not engage in significant charity care activity.

	2022	
	Charity Care Services	Cost of Services
John Dempsey Hospital	$ 3,513,099	$ 1,005,800
UConn Medical Group	638,963	201,465
Educational Clinics	143,328	130,429
Total	$ 4,295,390	$ 1,337,694

7. ENDOWMENTS

UConn Health has designated the Foundation as its manager of endowment funds. The Foundation makes spending allocation distributions to UConn Health for each participating endowment. Distributions are spent by UConn Health in accordance with the respective purposes of the endowments and in accordance with the policies and procedures of UConn Health. Additional information is presented in note 15.

8. RESIDENCY TRAINING PROGRAMS

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

UConn Health's School of Dental Medicine also operates its Residency Training Program through the Consortium. Dental Residents work in local dental clinics honing their skills while providing services to traditionally underserved populations.

9. CONTINGENCIES

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

On June 29, 2021, a judge decided for the plaintiffs in the case *Monroe Lynch, et al v. State of Connecticut*. The original judgment awarded the plaintiffs $37.6 million. Based on UConn Health's post-trial motions, the amount was reduced to $34.6 million. UConn Health has accrued a liability based on the initial judgment as adjusted. UConn Health believes there are substantial grounds for appeal. Appeal documents were filed in September 2021. As of September 2022, all briefings are complete, and the case remains before the Connecticut Supreme Court. Additional information is presented in note 11.

10. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets at June 30, 2022, consisted of the following:

		2022
Land	$	13,537,051
Construction in progress		18,266,806
Fine art		1,283,362
Buildings		1,261,176,075
Equipment		261,567,331
Computer software		75,719,346
Equipment- Financed		71,009
		1,631,620,980
Less accumulated depreciation		795,464,703
Capital and intangible assets, net	$	836,156,277
Right-to-use Building	$	36,065,563
Right-to-use Equipment		22,847,086
		58,912,649
Less accumulated amortization		22,521,778
Right- to-use assets, net	$	36,390,871

Construction in progress at June 30, 2022, represents accumulated costs for various UConn Health construction projects. UConn Health has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in property and equipment category and depreciation will commence.

Plant and equipment activity and related information on accumulated depreciation for UConn Health for the fiscal year ended June 30, 2022 was as follows:

	2021 (Restated)	Additions	Deletions	2022
Capital assets not being depreciated				
Land	$ 13,537,051	$ -	$ -	$ 13,537,051
Construction in progress	6,776,894	17,285,336	(5,795,424)	18,266,806
Fine art	1,240,302	43,330	(270)	1,283,362
Total capital assets not being depreciated	21,554,247	17,328,666	(5,795,694)	33,087,219
Depreciable capital assets				
Buildings and building improvements	1,260,979,707	5,761,333	(5,564,965)	1,261,176,075
Equipment	261,999,129	14,350,470	(14,782,268)	261,567,331
Computer software	77,556,034	497,932	(2,334,620)	75,719,346
Equipment- financed	-	71,009	-	71,009
Total depreciable capital assets	1,600,534,870	20,680,744	(22,681,853)	1,598,533,761
Less accumulated depreciation:				
Buildings and building improvements	509,186,080	42,048,677	(5,337,845)	545,896,912
Equipment	211,154,611	14,994,584	(14,230,989)	211,918,206
Computer software	32,789,144	7,177,309	(2,334,620)	37,631,833
Equipment - financed	-	17,752	-	17,752
Total accumulated depreciation	753,129,835	64,238,322	(21,903,454)	795,464,703
Depreciable capital assets, net				
Buildings and building improvements	751,793,627	(36,287,344)	(227,120)	715,279,163
Equipment	50,844,518	(644,114)	(551,279)	49,649,125
Computer software	44,766,890	(6,679,377)	-	38,087,513
Equipment- financed	-	53,257	-	53,257
Total depreciable capital assets, net	847,405,035	(43,557,578)	(778,399)	803,069,058
Capital and intangible assets, net	$ 868,959,282	$ (26,228,912)	$ (6,574,093)	$ 836,156,277

	2021 (Restated)	Additions	Deletions	2022
Right-to-use assets				
Right-to-use assets building	$ 35,977,876	$ 87,687	$ -	$ 36,065,563
Right-to-use assets equipment	25,807,533	1,474,725	(4,435,172)	22,847,086
Total right-to-use assets	61,785,409	1,562,412	(4,435,172)	58,912,649
Right-to-use assets amortization				
Right-to-use assets building	3,297,037	3,895,596	-	7,192,633
Right-to-use assets equipment	16,615,638	3,148,679	(4,435,172)	15,329,145
Total accumulated amortization	19,912,675	7,044,275	(4,435,172)	22,521,778
Right-to-use assets, net				
Right-to-use building	32,680,839	(3,807,909)	-	28,872,930
Right-to-use equipment	9,191,895	(1,673,954)	-	7,517,941
Right-to-use assets, net	$ 41,872,734	$ (5,481,863)	$ -	$ 36,390,871

11. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2022 was as follows:

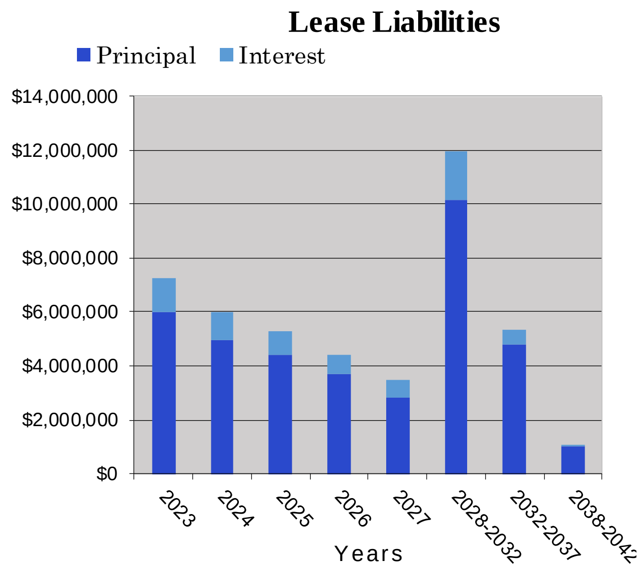
	June 30, 2021 Balance (Restated)	Additions	Reductions	June 30, 2022 Balance	Amounts due within 1 year
Long-Term Liabilities:					
Lease liabilities	$ 42,382,912	$ 1,585,795	$ (6,061,270)	$ 37,907,437	$ 5,991,232
Business -type activities:					
Notes from Direct Borrowings -					
Secured note - Leasing Associated of Barrington, Inc., principal and interest payments began January 2022 and continue until December 2024, with interest at 11.10%	-	71,009	(16,321)	54,688	35,451
Secured note - De Lage Landen Financial Services, Inc, principal and interest payments begin August 2022 and continue until August 2028, with interest at 4.42%	-	16,873,426	-	16,873,426	2,109,134
Secured mortgage - Capital Lease Funding (KeyBank), principal and interest payments began January 2004 and continue until November 2024, with interest at 6.34%	6,172,885	-	(1,670,824)	4,502,061	1,779,887
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040	172,386,718	-	(5,807,674)	166,579,044	6,093,205
Total Notes From Direct Borrowing	178,559,603	16,944,435	(7,494,819)	188,009,219	10,017,677
Other long-term liabilities:					
Malpractice reserve	41,669,800	2,424,436	(1,636,436)	42,457,800	2,642,000
Compensated absences	49,890,823	29,774,753	(31,679,036)	47,986,540	19,612,100
Pension liability	1,194,580,232	260,099,095	(261,624,326)	1,193,055,001	-
OPEB liability	1,786,265,189	105,302,145	(389,249,498)	1,502,317,836	-
Total other long-term liabilities	3,072,406,044	397,600,429	(684,189,296)	2,785,817,177	22,254,100
Total Long - Term Liabilities	$ 3,293,348,559	$ 416,130,659	$ (697,745,385)	$ 3,011,733,833	$ 38,263,009

UConn Health routinely leases various facilities and equipment instead of purchasing the assets. The contracts at times, include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal year ended June 30, 2022, UConn Health recognized expense for lease variable payments related to common area maintenance and property taxes of $248,926 and $132,309, respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2022.

In fiscal year 2022, UConn Health recorded interest expense in the statement of revenues, expenses, and net position of $1,446,017 related to lease liabilities.

The following is a schedule by fiscal year future minimum payments due for leases, together with the present value of the net minimum lease payments as of June 30, 2022:

	Lease Liabilities	
Year Ending June 30,	Principal	Interest
2023	$ 5,991,232	$ 1,247,258
2024	4,972,413	1,049,578
2025	4,395,524	874,790
2026	3,707,561	723,088
2027	2,848,965	608,114
2028-2032	10,174,826	1,802,732
2032-2037	4,803,289	541,999
2038-2042	1,013,627	26,410
Total lease liabilities	$ 37,907,437	$ 6,873,969



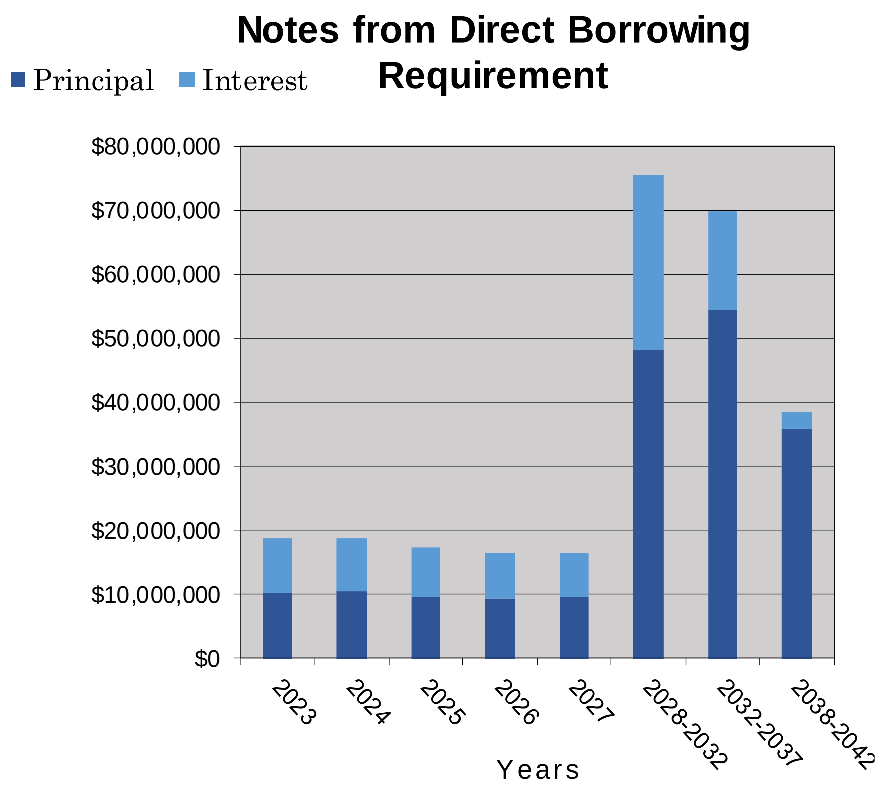
Outstanding notes from direct borrowings related to business-type activities as of June 30, 2022 were $188,009,219. The mortgages, which account for approximately $171.1 million of the debt, are secured by the UConn Musculoskeletal Institute building, the Outpatient Pavilion, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. Outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due if payment has not been made when due.

Additionally, UConn Health has approximately $16.9 million debt secured by equipment. In March 2022, the Finance Corporation entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services Inc., and Western Alliance Bank, on behalf of UConn Health, to develop and implement a new campus network architecture. This project is expected to span over a period of up to 30 months, with software and support services expected to span over seven years. Outstanding notes from direct borrowings related to this business-type activity of $16,873,426 was of June 30, 2022. UConn Health is treating this as a financed purchase over time. Additionally, that portion of the agreement does not fall within the scope of GASB 87 due to the purchase option at the expiration of the agreement, which UConn Health plans to exercise.

In fiscal year 2022, UConn Health recorded interest expense of $8,489,020 related to note borrowings.

Estimated cash basis interest and principal requirements for notes from direct borrowings for the remaining years of the notes are as follows:

	Notes from Direct Borrowing	
Year Ending June 30,	Principal	Interest
2023	$ 10,359,969	$ 8,329,878
2024	10,455,818	8,237,731
2025	9,755,459	7,737,502
2026	9,338,612	7,308,937
2027	9,765,717	6,875,537
2028-2032	48,095,960	27,425,974
2032-2037	54,317,200	15,537,059
2038-2042	35,920,484	2,499,358
Total notes from direct borrowing	$ 188,009,219	$ 83,951,976



Medical Malpractice Insurance

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims 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. The scope of UConn Health's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other UConn Health health care providers, and support staff.

UConn Health is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against UConn Health and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice fund.

At June 30, 2021, UConn Health accrued for a verdict, as adjusted, rendered in June 2021, which UConn Health intends to vigorously appeal. Appeal documents were filed in September 2021. As of September 2022, all briefings are complete, and the case remains before the Connecticut Supreme Court.

During fiscal year 2022, the State of Connecticut General Assembly passed Bill No. 5506. Section 16. of the Bill states "(Effective from passage) Notwithstanding the provisions of section 10a-256 of the general statutes, the sum of $20.0 million shall be transferred from the resources of the General Fund to The University of Connecticut Health Center Medical Malpractice Trust Fund and credited to such trust fund for the fiscal year ending June 30, 2022". These amounts represent a return of capital originally transferred to the General Fund during fiscal years ending June 30, 2011 and 2012.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. Operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2022, UConn Health Malpractice Fund had actuarial reserves of approximately $42.5 million and assets of approximately $41.2 million.

12. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

State Retirement Systems

UConn Health sponsors two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS); and the Alternate Retirement Plan (ARP) which is a defined contribution plan. Through employee participation in one of the above plans, employees are also enrolled in the State of Connecticut State Employee OPEB Plan (SEOPEBP). SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov. Information for the SERS and OPEB plans, in which UConn Health holds significant liabilities under GASB 68 and GASB 75, respectively, is presented below.

Effective July 1, 2017, the State legislature approved the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement, which amended certain provisions under collective bargaining agreements for existing SERS plans by revising certain factors including employee contribution rates, annual cost-of-living adjustments (COLAs) for plan members retiring after July 1, 2022, and disability retirement requirements.

State Employees' Retirement System

Pension plan - SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. As of June 30, 2022, SERS consisted of plans in five tiers: Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). In accordance with GASB 68, UConn Health must report for its participation in SERS as if it were a cost-sharing employer plan.

The percentage of UConn Health's eligible employees participating in SERS was approximately 66.3% in fiscal year 2022. Individuals actively employed and participating in the State Alternate Retirement Program (ARP) on September 22, 2010, were eligible to participate in the SEBAC ARP Grievance (SAG) Award. The SAG Award provided participants in ARP a one-time irrevocable opportunity to elect to transfer to SERS Tier II or Tier IIA (based on hire date) or to remain an ARP member. Accordingly, 439 UConn Health employees transferred to SERS from ARP during fiscal year 2019. The closing date for this one-time election was December 14, 2018.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192 of the State General Statutes.

Deferred Vesting – SERS	
Tier I -	10 years of service
Tier II and IIA -	Effective July 1, 1997, 5 years of actual state service, 10 years of vesting service, or age 70 with 5 years of service
Tier III and IV -	10 years of benefit service

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates for the fiscal year ended June 30, 2022 were:

Tier I Hazardous – 6.0% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level

Tier I Plan B – 4.0% of earnings up to Social Security Taxable Base plus 7.0% of earnings above that level

Tier I Plan C – 7.0% of earnings

Tier II Hazardous – 6.0% of earnings

Tier II (all others) – 2.0% of earnings

Tier IIA and III Hazardous – 7.0 % of earnings

Tier IIA and III (all others) – 4.0% of earnings

Tier IV Hazardous – 8% of earnings

Tier IV (all others) – 5% of earnings

In accordance with the SEBAC 2017 agreement, an increase to all non-Tier IV members contribution rates of 1.5% of earnings became effective July 1, 2017 and an additional 0.5% of earnings was effective July 1, 2019. 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%). Finally, all Tier IV employees must contribute 1% to the defined benefit component and may elect additional contributions of up to 3% of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1% of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011 and before July 1, 2017, who were otherwise eligible for the ARP, were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2011. Employees who elected by July 1, 2013 to maintain their eligibility are required to make additional employee contributions for the length of their remaining service with SERS. The additional contribution is up to 0.72% of pensionable earnings.

UConn Health makes contributions on behalf of the employees, through a fringe benefit charge assessed by the State. These amounts are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. UConn Health's contributions were $115.9 million for fiscal year 2022.

In 2018, provisions under collective bargaining agreements were amended for existing SERS plans by revising certain factors including employee contribution rates and COLAs. A Tier IV plan was also placed into effect for employees hired on or after the effective date. These changes were effective July 1, 2017.

Proportionate share of collective Net Pension Liability (NPL) - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2021. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of SERS was 5.59% which was an increase of .58% from its proportion measured as of June 30, 2020.

At June 30, 2022, UConn Health reported liabilities of $1,188.4 million for its proportionate share of the SERS collective NPL.

SERS Expense - For the year ended June 30, 2022, UConn Health recognized a SERS pension expense of $114.6 million.

Actuarial assumptions - For SERS, the Pub-2010 Mortality Tables projected generationally with scale MP-200.

Non-Hazardous

- Service Retirees: General, above-median, healthy retiree
- Disabled Retirees: General, disabled retiree
- Beneficiaries: General, above-median contingent annuitant
- Active Employees: General, above-median, employee

Hazardous

- 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 TPL was based on actuarial study for the period July 1, 2015–June 30, 2020 for SERS using the following key assumptions:

Inflation	2.50 %
Salary increases	3.00% - 11.50%, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

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

The target assets allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2021 measurement date is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Fund	20.00%	5.4%
Developed Market Intl. Stock Fund	11.00%	6.4%
Emerging Market Intl. Stock Fund	9.00%	8.6%
Core Fixed Income Fund	13.00%	0.8%
Emerging Market Debt Fund	5.00%	3.8%
High Yield Bond Fund	3.00%	3.4%
Real Estate Fund	19.00%	5.2%
Private Equity	10.00%	9.4%
Private Credit	5.00%	6.5%
Alternative Investments	3.00%	3.1%
Liquidity Fund	2.00%	-0.4%
Total	100.00%	

Discount rate - The discount rate used to measure the TPL at June 30, 2021 was the long-term rate of return of 6.9%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2124.

Based on those assumptions, SERS's 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 TPL and a municipal bond rate was not used in determining the discount rate.

Sensitivity analysis - The following table presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 6.9%, as well as what UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate (amounts in thousands):

1% Decrease (5.9%)	**Current Discount Rate (6.9%)**	**1% Increase (7.9%)**
$ 1,444,228	$ 1,188,398	$ 975,068

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS pension plan is available in the State's ACFR for the fiscal year ended June 30, 2021.

<u>Connecticut Teachers' Retirement System (TRS)</u>

Pension plan - TRS is a cost-sharing multiple-employer defined-benefit plan covering any teacher, principal, Superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with UConn Health, and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State Legislature and is administered by the Teachers' Retirement Board.

Benefits provided - TRS provides retirement, disability, and death benefits, and annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest three years of paid salaries. Members are 100% vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions are described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions - The contribution requirements are established and may be amended by the State legislature. Plan members are required to contribute 7.0% of their annual salary. According to Section 10-183z of the State General Statutes, a special funding situation requires the State to contribute 100.0% of employer's contributions on behalf of its municipalities at an actuarially determined rate. However, a special funding situation does not apply to UConn Health because it is an agency of the State and is not a separate non-employer contributing entity. Therefore, like SERS, UConn Health makes contributions on behalf of these employees, through a fringe benefit charge assessed by the State. UConn Health's TRS contributions for the year ended June 30, 2022, was $573,895.

Proportionate share of collective Net Pension Liability (NPL) - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2021. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of the TRS was .031% at the measurement date of June 30, 2021.

TRS Expense - For the year ended June 30, 2022, UConn Health recognized a TRS pension expense of $746,251.

Actuarial assumptions - TRS mortality rates were based on the PubT-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 PubT-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 were used for survivors and beneficiaries. The PubT-2010 employee Table generationally with MP-2019 was used for active members.

The TPL was based on an actuarial study for the period July 1, 2014 – June 30, 2019 for TRS, using the following key actuarial assumptions:

Inflation	2.50%
Salary increases	3.00% – 6.50%, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

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 adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2021 measurement date is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Fund	20.00%	5.4%
Developed Market Intl. Stock Fund	11.00%	6.4%
Emerging Market Intl. Stock Fund	9.00%	8.6%
Core Fixed Income Fund	13.00%	0.8%
Emerging Market Debt Fund	5.00%	3.8%
High Yield Bond Fund	3.00%	3.4%
Real Estate Fund	19.00%	5.2%
Private Equity	10.00%	9.4%
Private Credit	5.00%	6.5%
Alternative Investments	3.00%	3.1%
Liquidity Fund	2.00%	-0.4%
Total	100.00%	

Discount rate - The discount rate used to measure the TPL was 6.9%. 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 State 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. 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 analysis - The following presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 6.9%, as well as what the UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate (amounts in thousands):

1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
$ 6,163	$ 4,657	$ 3,407

Pension plan fiduciary net position - Detailed information about the fiduciary net position of the TRS pension plan is available in the State's ACFR for the fiscal year ended June 30, 2021.

Deferred outflows and deferred inflows of resources related to pensions -At June 30, 2022, UConn Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in assumptions	$ -	$ 945	$ 945
Changes in proportion and differences between UConn Health contributions and proportionate share of contributions	249,731	1,256	250,987
UConn Health contributions subsequent to the measurement date	115,854	574	116,428
Difference between expected and actual experience	82,223	-	82,223
Difference between expected and actual contributions	-	101	101
Total Deferred Outflows	$ 447,808	$ 2,876	$ 450,684
Deferred Inflows of Resources			
Changes in proportion and differences between UConn Health contributions and proportionate share of contributions	$ 98,969	$ 199	$ 99,168
Net differences between projected and actual earnings on pension plan investments	83,796	604	84,400
Changes in assumptions	2,190	-	2,190
Difference between expected and actual experience	-	125	125
Total Deferred Inflows	$ 184,955	$ 928	$ 185,883

The $116.4 million in deferred outflows relating to contributions made subsequent to the measurement date will be recognized as a reduction of the collective NPL in the reporting year ending June 30, 2022. Other 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):

Fiscal Year	SERS	TRS	Total
2023	$ 18,118	$ 541	$ 18,659
2024	38,833	382	39,215
2025	61,595	278	61,873
2026	18,021	179	18,200
2027	10,432	94	10,526
Thereafter	-	(100)	(100)
Total	$ 146,999	$ 1,374	$ 148,373

Alternate Retirement Plan

Defined Contribution Plan - UConn Health also sponsors the Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator, Prudential Financial, Inc. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired prior to July 1, 2017, must contribute 6% of their eligible compensation, except for participants who elected the one-time option to remain at the previous employee contribution rate of 5%, and their employer must contribute 7% of eligible compensation. Participants hired on or after July 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, State Employees Retirement Act.

UConn Health contributes its employer share through a fringe benefit charge assessed by the State; which includes OPEB. UConn Health contributed 14.96% during the year ended June 30, 2022, an increase from the contribution rate of 14.82% in the prior year. For fiscal year 2021, UConn Health's employer contributions to ARP were $29.1 million. Participant and employer contributions are both 100% vested immediately. The commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

Upon separation from service, retirement, death, or divorce (including alternate payee under a Qualified Domestic Relations Order), if you are age 55 or over and have more than 5 years of plan participation, a participant or designated beneficiary can withdraw a partial or lump cash payment, rollover to another eligible retirement plan or IRA, or receive installment payments or annuity payments. Other ARP provisions are described in Title 5 – State Employees, Chapter 66 – State Employees Retirement Act of the Connecticut General Statutes.

Post-Employment Benefits other than Pension

In addition to the pension benefits, the State provides post-retirement health care and life insurance benefits to UConn Health employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

General Information about the SEOPEBP

Plan description - The State's defined benefit OPEB plan, State of Connecticut State Employee OPEB Plan (SEOPEBP), provides OPEB benefits for employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

Benefits provided - SEOPEBP provides healthcare and life insurance benefits to eligible retired State employees and their spouses as well as life insurance benefits to employees when they retire. The State may pay up to 100% of the healthcare insurance premium cost for eligible retirees. In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Employees hired prior to July 1, 2011 are vested for retiree health benefits upon completion of 10 years of actual state service. Employees hired on or after July 1, 2011 are vested for retiree health benefits upon completion of 15 years of actual state service. If employees should resign from service prior to reaching the age for early or normal retirement eligibility, the employee would be able to receive the retiree health benefits according to the Rule of 75 (age + service =75). Plan benefits, and other plan provisions are described in sections 5-257 and 5-259 of the State General Statutes. Further information regarding plan changes affecting employees retiring on or after October 2, 2017, are described in the SEBAC 2017 agreement.

Employees covered by benefit terms - Demographic data for individual State entities in the OPEB plan are not readily available. At June 30, 2021, SEOPEBP in total covered the following:

Inactive employees or beneficiaries currently receiving benefit payments	79,870
Inactive employees entitled to but not yet receiving benefit payments	385
Active employees	49,927
Total covered employees	130,182

Contributions – SEOPEBP is primarily funded on a pay-as-you-go basis. 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. Current active employees contribute a percentage of their salary into the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees that leave State employment prior to completing 10 years of service.

Similar to pension, UConn Health contributes to SEOPEBP on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages for participants in each retirement plan. This amount is expected to finance retiree healthcare service costs and fund the matching employer portion that is equal to the amount contributed by employees to the RHCF each year beginning on July 1, 2017. UConn Health's rate of actual contributions as a percentage of covered payroll was 14.5% and the total amount contributed to the plan was $65.6 million for the fiscal year ended June 30, 2022.

Proportionate share of collective net OPEB liability (NOL) and collective OPEB expense. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability (TOL) used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The TOL measured since the prior measurement date of June 30, 2020, reflects changes in actuarial assumptions, including a decrease in the discount rate. The demographic assumptions (mortality, disability, retirement, withdrawal, and salary scale) were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

At June 30, 2022, UConn Health reported a liability of $1,502.3 million for its proportionate share of the collective net OPEB liability. UConn Health's proportion of the collective NOL was based on UConn Health's share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, UConn Health's proportion was 7.7%, which was an increase of 0.1% from its proportion measured as of June 30, 2020.

Actuarial assumptions and other inputs - The net OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

*Discount rat*e - The discount rate changed to 2.31% as of June 30, 2022, from 2.38% as of June 30, 2021. The projection of cash flows used in calculating the discount rate included employer contributions actuarially determined in accordance with GASB 75 and employee contributions made in accordance with the current SEBAC agreements. The discount rate used is a blend of the long-term expected rate of return on OPEB trust assets and the municipal bond rate. The municipal bond rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (2.16% as of June 30, 2021). The blending is based on sufficiency of projected assets to make projected benefits.

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality table projected generationally using Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2015—June 30, 2020.

Payroll growth rate:	3.0%
Inflation	2.5%
Salary increase:	3.00% to 11.50%
Discount rate:	2.31 % as of June 30, 2021
Healthcare cost trends rates	
Medical *	6.0% graded to 4.5% over 6 years
Prescription drug*	6.0% graded to 4.5% over 6 years
Dental and Part B	3.0% and 4.5%, respectively
Administrative expense	3.0%

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of UConn Health, as well as what the UConn Health's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.31%) or 1- percentage-point higher (3.31%) than the current discount rate:

	1% Decrease 1.31%	**Discount Rate 2.31%**	**1% Increase 3.31%**
		($ in thousands)	
Net OPEB Liability	$ 1,783,205	$ 1,502,318	$ 1,279,259

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of UConn Health, as well as what UConn Health's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	**Current Valuation**	**1% Increase**
		($ in thousands)	
Net OPEB Liability	$ 1,262,823	$ 1,502,318	$ 1,812,316

OPEB plan fiduciary net position – Detailed information about SEOPEBP's fiduciary net position is available in the State's ACFR for the fiscal year ending June 30, 2021.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, UConn Health recognized an OPEB expense of $148.9 million. At June 30, 2022, UConn Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	($ in thousands)	
Changes in proportion	$ 163,485	$ 52,761
UConn Health contributions subsequent to measurement date	65,567	-
Changes in assumptions or other inputs	217,449	323,799
Net difference between projected and actual earnings	-	13,993
Changes in expected and actual experience on Total OPEB Liability	24,144	29,643
Total	$ 470,645	$ 420,196

UConn Health contributions subsequent to the measurement date totaling $65.6 million reported as deferred outflows of resources will be recognized as a reduction of the OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
	($ in thousands)
2023	$ 19,466
2024	40,644
2025	(7,126)
2026	(58,046)
2027	(10,056)
Total	$ (15,118)

Expected rate of return on investments – The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Domestic Equity fund	20.00%	5.4%
Developed Market Intl. Stock Fund	11.00%	6.4%
Emerging Markets Intl. Stock Fund	9.00%	8.6%
Core Fixed Income	13.00%	0.8%
Emerging Market Debt Fund	5.00%	3.8%
High Yield Bond Fund	3.00%	3.4%
Real Estate Fund	19.00%	5.2%
Private Equity	10.00%	9.4%
Private Credit	5.00%	6.5%
Alternate Investment	3.00%	3.1%
Liquidity Fund	2.00%	-0.4%
Total	100.00%	

13. BOND FINANCED ALLOTMENTS

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

In fiscal year 2002, the General Assembly of the State of Connecticut enacted, and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). The Act authorized additional projects for the University and for the first time UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program.

The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a $25.0 million reallocation from existing UCONN 2000 UConn Health allocations, and a $207.0 million increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018.

During the October 2011 special session, the Connecticut General Assembly adopted Public Act 11-2 which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized $290,685,000 of State general obligation bonds to be issued over a ten-year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration will support the establishment of a bioscience cluster anchored by the Jackson Laboratory for Genomic Medicine; a research laboratory located on UConn Health's Farmington campus.

In the June 2015 Special Session, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act 15-01 (June Spec. Sess.), *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes*. The bill introduced language effective July 1, 2015, that allows the University to revise, delete or add particular projects to finance implementation of UConn Health's EMR, thus giving the University the flexibility to reallocate existing UCONN 2000 authorizations to the project in future years. Any additional remaining UCONN 2000 authorizations are included in the unspent portion of bond proceeds held as Due from Affiliates in the statement of net position.

As of June 30, 2022, approved projects receiving bond funding from UConn General Obligation Bonds secured by the State's Debt Service Commitment had an allocated total of $850.9 million. The Act also requires UConn Health to contribute not less than $69.0 million through operations, eligible gifts, or other sources towards new UConn Health construction.

In April 2022, the University issued 2022 Series A General Obligation bonds at a face value of $227.2 million. The total bonds were issued at a premium of $34.3 million. The net proceeds realized from the 2022 Series A Bonds were $260.0 million after the payment of issuance costs and underwriter fees. Of this amount, $13.0 million was allocated to finance projects at UConn Health.

UConn Health reports revenues from these bonds as Capital Appropriations. As noted above, the current Phase III commitment to fund projects totals $850.9 million for UConn Health. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for UConn Health. A corresponding receivable, Due from Affiliates, is recorded for the unspent portion of the bonds, $15.1 million, at June 30, 2022, in the statement of net position.

14. COMMITMENTS

On June 30, 2022, UConn Health had individual outstanding commitments exceeding $300,000 in amount, totaling $12,619,172. Portions of this amount were included in the June 30, 2022, accounts payable and due to related parties. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on UConn Health's behalf. Such obligations are paid directly from proceeds of bond issuances and are included in the University's financial statements.
UConn Health agreed to pay $64,044,773 during the 2022-2023 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll, related fringe benefits, and certain program expenses for interns and residents participating in the School of Medicine and Dental Medicine Residency Training Programs. These costs are to be funded by participating hospitals, which will remit payments to UConn Health, in accordance with an established rate schedule, for services provided. Dental Residency costs will be funded by the School of Dental Medicine.

15. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including UConn Health. UConn Health has an agreement through the University to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse UConn Health for certain services performed and for operating expenses of the Foundation. The following material transactions occurred between UConn Health and the Foundation during the year ended June 30, 2022:

		2022
Amount paid to University for Foundation services	$	945,000
Amount received from Foundation for personnel services and operating expenses	$	2,945,617
Amount received from Foundation from endowments and gifts	$	1,119,442

In addition, UConn Health directly engages in transactions with the University. The terms of material arrangements are set forth in formal Memorandum of Understanding's (MOU) that are reviewed and agreed upon by both parties on an annual basis. In fiscal year 2022, UConn Health recorded expenses of approximately $14.7 million to the University related to those MOU's. UConn Health also paid the University for other expenses related to grants and contracts, services of educational departments, and for miscellaneous goods and services.

The University executed a MOU with UConn Health in fiscal year 2021 to provide up to $2.6 million in funding to support the Dermatology Clinic Renovation project. In fiscal year 2022, UConn Health repaid the balance owed under this agreement of $1.8 million.

Listed in the table below are the material transactions with the University excluding payments for Foundation services. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 as noted in note 13.

Agreements under an MOU	2022 ($ in thousands)
Public safety	$ 8,355
Library	1,566
Communications	1,165
Technology commercialization services	847
Information technology	551
Document production	517
Audit, compliance and privacy	504
Energy initiatives	408
Ombudsman and institutional equity	284
Government relations	259
Human resources	258
Total MOUs with University of Connecticut ^	$ 14,714

^ A portion of this was included in due to Affiliate in the accompanying statement of net position

UConn Health recorded a payable to the University for $4.8 million related to these agreements.

UConn Health provides pharmaceutical, medical, dental, and psychiatric care to inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Corrections (DOC). UConn Health billed DOC $6.1 million in fiscal year 2022 for services.

Through UConn Health, the State seeks to meet certain met needs in the community including the training and development of new doctors and dentists. The State supports UConn Health's mission via two mechanisms: State Appropriations and the provision of in-kind Fringe Benefits. State appropriations represent amounts the State allows UConn Health to charge back directly to the State's General Fund. In-kind fringe benefits take the form of forgone fringe benefit expense reimbursements related to salaries expensed on the General Fund.

In fiscal year 2023, UConn Health was allotted $13.0 million in capital appropriations for capital projects. Additional information is presented in note 13.

For the fiscal year ended June 30, 2022, the amounts of the benefits recognized were as follows:

		2022
State of Connecticut appropriations	$	173,126,938
fringe benefit differential Sec 3-123i		13,500,000
General fund appropriations from State of Connecticut	$	186,626,938
In-kind fringe benefits from State of Connecticut:	$	157,401,951
Total appropriations and in-kind fringe benefits received from State of Connecticut	$	344,028,889
Total capital appropriations	$	13,000,000

16. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The table below details UConn Health's operating expenses by natural and functional classification for the fiscal year ended June 30, 2022 (amounts in thousands).

	Natural Classification					
Functional Classification	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	Total
Instruction	$ 86,087	$ 35,388	$ 51,479	$ 2,502	$ -	$ 175,456
Research	28,320	9,548	36,112	3,206	-	77,186
Patient services	334,758	326,513	307,959	5,703	-	974,933
Academic support	11,195	6,057	4,872	-	-	22,124
Institutional support	32,285	25,635	85,563	-	-	143,483
Operations and maintenance of plant	11,917	9,116	3,873	2,710	-	27,616
Depreciation and amortization	-	-	-	-	71,283	71,283
Student aid	13	2	83	-	-	98
Total	$ 504,575	$ 412,259	$ 489,941	$ 14,121	$ 71,283	$ 1,492,179

17. COVID-19 RELIEF REVENUE

The CARES Act was passed to mitigate the impact of the economic downturn set in motion by the global COVID-19 pandemic. Congress allocated $175 billion to provide financial relief during the COVID-19 pandemic to be allocated mainly through the Department of Health and Human Services HHS). GASB issued the Technical Bulletin 2020-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Diseases*. UConn Health qualified for funding from various programs and received a total of $41.1 million.

UConn Health received funding from four different rounds, or tranches, of Provider Relief Funding. The first tranche was based on previous Medicare payments and totaled approximately $7.8 million. The second tranche was based on total revenue from Medicare Cost Report or net revenue and totaled $3.3 million. In fiscal year 2020, UConn Health also received approximately $7.2 million via the Safety Net distribution.

In fiscal year 2021, the Hospital received additional CARES Act funding of approximately $12.5 million from a "Hot Spot" allocation. The allocation was based on reported COVID-19 cases treated during the period of January 1, 2020 to June 10, 2020. UConn Health also received approximately $2.1 million for Phase 3 which was based on lost revenue.

Criteria and reporting requirements for the Provider Relief Funding have been established and continue to be updated by HHS. Regardless of the changes to the criteria, management believes that eligibility requirements have been met for the complete amount received based on increased operating expenses and lost revenue. As such, UConn Health recognized the funds received as non-operating revenue in 2021 statement of revenues, expenses, and changes in net position.

In fiscal year 2022, UConn Health received additional CARES Act funding through Phase 4, based on COVID-19 related changes in operating revenues and expenses from June 1, 2020 to March 31, 2021 of approximately $6.9 million. UConn Health received funds from the American Rescue Plan Act (ARPA) of approximately $1.4 million. ARPA funds were distributed based on Medicare and Medicaid services for rural areas. UConn Health also received $73.0 million in one-time funding through the State's ARPA allocation.

For the year ending June 30, 2022, the table below summarizes the significant funding including in the statement of revenues, expenses, and changes in net position.

Funding Source	2022
State ARPA allocation	$ 73,000,000
CARES Act	8,286,625
Other funds	6,140,952
Total Covid-19 relief revenue	$ 87,427,577

Certain COVID-19 relief programs require that funds be utilized for lost revenue and COVID-19 related costs. Limitations are placed on the amount that can be collected from COVID-19 patients. Management's estimates of the amount of revenue recognized in fiscal year 2020 are completed, the regulations associated with that time were finalized in July 2021. Management estimates for fiscal year 2021 are pending reconciliation for submitted documentation. Any future adjustments to these estimates will be reported in the earnings of future fiscal years.

In fiscal year 2021, UConn Health also received $1.0 million as proceeds for business interruption insurance for COVID-19. This amount was recognized as non-operating revenue in the 2021 statement of revenues, expenses, and changes in net position.

UConn Health also received in-kind support in the form of personal protection equipment and other donated equipment to facilitate its efforts to provide clinical care to COVID-19 patients. These items; which UConn Health valued at $2,040 are recorded as gifts in the statement of revenues, expenses, and changes in net position.

On September 17, 2020, the Hospital received approximately $45.3 million under the Medicare Advance program. This program allowed the Hospital to take an advance on future expected Medicare payments as a means of enhancing provider liquidity. Medicare then recoups these funds via withholding 25% of Medicare payments for the first eleven months and 50% of payments for the remaining six months. The advance was interest free; however, if amounts are not fully recouped using this methodology, there will be a 4% interest rate charged on any outstanding advances not repaid at the end of the recoupment period. As of June 30, 2022, this amount is included in due to third-party payors on the statement of net position. As of June 30, 2022, the Hospital has repaid $23.5 million with a remaining balance of $21.8 million. The Hospital believes it will complete repayment before the end of the recoupment period.

18. SUBSEQUENT EVENTS

UConn Health has evaluated subsequent events through December 15, 2022, which represents the date the financial statements were available to be issued.

On December 8, 2022, the State Bond Commission voted to approve a state bond allocation to UConn Health in the amount of $40.0 million. These funds will be used to finance deferred maintenance needs for the buildings and grounds.

No other subsequent events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

UCONN HEALTH
Required Supplementary Information
State Employees' Retirement System (SERS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)
Based on a valuation date lagging one year behind the fiscal year

	SERS ($ in thousands)							
Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of collective NPL	5.59%	5.01%	4.45%	3.62% *	5.50%	5.36%	5.29%	4.99%
Proportionate share of the collective NPL	$ 1,188,398	$ 1,188,704	$ 1,014,303	$ 784,023	$ 1,159,362	$ 1,230,753	$ 873,351	$ 799,061
UConn Health's covered payroll	$ 237,938	$ 222,553	$ 175,810	$ 150,434	$ 205,188	$ 200,050	$ 184,762	$ 167,523
Proportionate share of the collective NPL as a percentage of covered payroll	499.46%	534.12%	576.93%	521.17%	565.02%	615.22%	472.69%	476.99%
Plan fiduciary net position as a percentage of the total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

* SERS % decline due to discontinuation of CMHC and the transfer of staff to DOC.

Schedule of UConn Health's Pension Contributions
Based on contributions for the Fiscal Year Ended June 30,

	SERS ($ in thousands)							
For the year ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 115,854	$ 99,867	$ 80,994	$ 70,177	$ 52,170	$ 84,860	$ 80,493	$ 72,496
Actual UConn Health contribution	115,854	99,867	80,994	70,177	52,170	84,860	80,493	72,496
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UConn Health's covered payroll	$ 255,874	$ 237,938	$ 222,553	$ 175,810	$ 150,434	$ 205,188	$ 200,050	$ 184,762
Actual UConn Health contributions as a percentage of covered payroll	45.28%	41.97%	36.39%	39.92%	34.68%	41.36%	40.24%	39.24%

NOTES TO REQUIRED SCHEDULES

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Benefit Terms

2018 – The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Plan.

Changes in Assumptions

2022 - Wage inflation assumed rate changed to 3.5% to 3.0%, assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected generationally with MP-2020 improvement scale; assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

Other Factors

2020-2018 – The discontinuation of CMHC and the transfer of staff to DOC contributed to the decline in the 2018 %. The SERS contractually required employer contribution and covered payroll did not include CMHC as a result of this.

UCONN HEALTH
Required Supplementary Information
Connecticut Teachers' Retirement System (TRS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)

Based on a valuation date lagging one year behind the fiscal year

	TRS ($ in thousands)							
Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of collective NPL	0.031%	0.031%	0.026%	0.026%	0.019%	0.019%	0.0009%	0.0009%
Proportionate share of the collective NPL	$ 4,657	$ 5,877	$ 4,469	$ 3,447	$ 2,508	$ 2,646	$ 1,042	$ 963
UConn Health's covered payroll	$ 1,429	$ 1,138	$ 1,138	$ 1,103	$ 834	$ 762	$ 573	$ 384
Proportionate share of the collective NPL as a percentage of covered payroll	325.89%	516.43%	392.71%	312.51%	300.72%	347.24%	181.85%	250.78%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Schedule of UConn Health's Pension Contributions

Based on contributions for the Fiscal Year Ended June 30,

	TRS ($ in thousands)							
For the year ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 574	$ 491	$ 397	$ 448	$ 280	$ 239	$ 181	$ 93
Actual UConn Health contribution	574	491	397	448	280	239	237	201
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (56)	$ (108)
UConn Health's covered payroll	$ 1,290	$ 1,429	$ 1,263	$ 1,138	$ 1,103	$ 834	$ 762	$ 573
Actual UConn Health contributions as a percentage of covered payroll	44.50%	34.36%	31.43%	39.37%	25.39%	28.66%	31.10%	35.08%

NOTES TO REQUIRED SCHEDULES

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Benefit Terms

2020 – Beginning July 1, 2019, annual interest credited on mandatory contributions is set at 4%. For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the member's beneficiary.

2019 – Beginning January 1, 2018, TRS member contributions increased from 6.0% to 7.0% of salary.

Changes in Assumptions

2021 - Decrease in the annual rate of real wage increase assumption from .75% to .50%; decrease in the payroll growth assumption from 3.25% to 3.0%.

2021, 2017 - Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

2020 – Reduction in the inflation assumption from 2.75% to 2.50%. Reduction to the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. Increase the annual rate of wage increase assumption from .50% to .75%. Phase into a level amortization method for the June 30, 2024 valuation.

UCONN HEALTH
Required Supplementary Information

State Employee Other Post-Employment Benefits (OPEB) Plan

SCHEDULE OF UCONN HEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Based on a valuation date lagging one year behind the fiscal year

	2022	2021	2020	2019	2018
			($ in Thousands)		
UConn Health's proportion of the net OPEB liability	7.69%	7.59%	7.31%	6.00%	6.96%
UConn Health's proportion of the net OPEB liability	$ 1,502,318	$ 1,786,265	$ 1,511,626	$ 1,036,300	$ 1,208,427
UConn Health's covered payroll	$ 425,047	$ 405,433	$ 375,680	$ 366,593	$ 424,734
UConn Health's proportion share of the net OPEB liability as a percentage of its covered payroll	353.45%	440.58%	402.37%	282.68%	284.51%
Plan fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.47%	4.69%	3.03%

SCHEDULE OF UCONN HEALTH'S OPEB CONTRIBUTION

Based on contribution for the Fiscal Year Ended June 30,

	2022	2021	2020	2019	2018
			($ in Thousands)		
Contractually required contribution	$ 65,567	$ 66,784	$ 65,804	$ 55,031	$ 48,134
Contributions in relation to the contractually required contribution	$ 65,567	$ 66,784	$ 65,804	$ 55,031	$ 48,134
Contribution deficiency (excess)	-	-	-	-	-
UConn Health's covered payroll	$ 453,445	$ 425,047	$ 405,433	$ 375,680	$ 366,593
Contributions as a percentage of covered payroll	14.46%	15.71%	16.23%	14.65%	13.13%

NOTES TO REQUIRED SCHEDULES

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

2022-2018 – The OPEB contractually required employer contribution and covered payroll did not include CMHC.

Changes of Assumptions

The discount rate was updated in accordance with GASB 75 to 2.31%, 2.38% ,3.58%, 3.95%, and 3.68% for the fiscal reporting years 2022, 2021, 2020, 2019, and 2018, respectively.

2021 - The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

2018 and 2020 - The salary scale and mortality rates were updated to be consistent with the corresponding retirement system assumptions. In addition, demographic assumptions, per capita health costs, administrative costs, and contributions were updated to better reflect actual experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

OTHER SUPPLEMENTARY INFORMATION

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION
As of June 30, 2022

	2022			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents (Note 2)	$ 273,266,122	$ 33,394,100	$ -	$ 306,660,222
Patient receivables, net	13,420,676	51,303,763	-	64,724,439
Contract and other receivables	21,336,212	7,721,800	(5,877)	29,052,135
Funds held in escrow	10,757,172	-	-	10,757,172
Lease receivable - current portion	326,439	2,212,664		2,539,103
Due from Affiliates (Note 13)	15,115,747	-	-	15,115,747
Due from State of Connecticut	14,582,510	11,573,542	-	26,156,052
Due from Primary Institution	-	20,133,462	(20,133,462)	-
Inventories	3,869,702	15,855,937	-	19,725,639
Prepaid expenses	9,670,706	1,329,069	-	10,999,775
Total current assets	362,345,286	143,524,337	(20,139,339)	485,730,284
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)	815,951	-	-	815,951
Deposits with vendors	7,583,784	10,051,624	-	17,635,408
Other assets	346,673	117,543	-	464,216
Assets limited as to use	250,000	-	-	250,000
Due from State of Connecticut	61,887	-	-	61,887
Lease receivable - net of current portion	1,914,358	4,461,696		6,376,054
Right-to-use assets, net (Note 9)	19,786,593	89,125,117	(72,520,839)	36,390,871
Capital and intangible assets, net (Note 10)	520,810,906	315,345,371	-	836,156,277
Total noncurrent assets	551,570,152	419,101,351	(72,520,839)	898,150,664
Total assets	$ 913,915,438	$ 562,625,688	$ (92,660,178)	$ 1,383,880,948
Deferred outflows of resources pension (Note 12)	$ 287,323,634	$ 163,359,909	$ -	$ 450,683,543
Deferred outflows of resources OPEB (Note 12)	$ 309,588,541	$ 161,056,641	$ -	$ 470,645,182

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION(Continued)
As of June 30, 2022

	2022			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$ 46,652,553	$ 23,442,150	$ (152,389)	$ 69,942,314
Due to State of Connecticut	20,013,360	13,031,941	-	33,045,301
Accrued salaries	33,514,047	17,912,350	-	51,426,397
Compensated absences - current portion (Note 11)	12,158,481	7,453,619	-	19,612,100
Due to John Dempsey Hospital	20,133,462	-	(20,133,462)	-
Due to third party payors	(5,231,067)	46,246,397	-	41,015,330
Due to Affiliates (Note 15)	4,761,955	-	-	4,761,955
Unearned revenue	680,291	4,419	-	684,710
Malpractice reserve (Note 11)	2,642,000	-	-	2,642,000
Lease liability - current portion (Note 11)	2,820,866	6,710,041	(3,539,675)	5,991,232
Long-term debt - current portion (Note 11)	9,982,226	35,451	-	10,017,677
Total current liabilities	148,128,174	114,836,368	(23,825,526)	239,139,016
Noncurrent Liabilities				
Malpractice reserve (Note 11)	39,815,800	-	-	39,815,800
Compensated absences - net of current portion (Note 11)	17,590,675	10,783,765	-	28,374,440
Pension liability (Note 12)	752,927,639	440,127,362	-	1,193,055,001
OPEB liability (Note 12)	970,278,113	532,039,723	-	1,502,317,836
Lease liability - net of current portion (Note 11)	17,686,985	86,156,048	(71,926,828)	31,916,205
Long-term debt - net of current portion (Note 11)	177,972,305	19,237	-	177,991,542
Total noncurrent liabilities	1,976,271,517	1,069,126,135	(71,926,828)	2,973,470,824
Total liabilities	$ 2,124,399,691	$ 1,183,962,503	$ (95,752,354)	$ 3,212,609,840
Deferred inflows of resources right-to-use assets	$ 2,122,478	$ 6,437,137	$ -	$ 8,559,615
Deferred inflows of resources pension (Note 12)	$ 153,857,816	$ 32,024,982	$ -	$ 185,882,798
Deferred inflows of resources OPEB (Note 12)	$ 290,070,291	$ 130,125,778	$ -	$ 420,196,069
NET POSITION				
Net investment in capital assets	$ 331,988,604	$ 311,549,711	$ 3,092,176	$ 646,630,491
Restricted for				
Nonexpendable scholarships	61,451	-	-	61,451
Expendable				
Research	1,093,243	-	-	1,093,243
Loans	283,313	-	-	283,313
Capital projects	26,184,806	-	-	26,184,806
Unrestricted	(1,419,234,080)	(777,057,873)	-	(2,196,291,953)
Total net position	$ (1,059,622,663)	$ (465,508,162)	$ 3,092,176	$ (1,522,038,649)

UCONN HEALTH
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $7,219)	$ 23,870,606	$ -	$ 23,870,606	$ -	$ 23,870,606
Patient services and pharmaceutical revenues (net of charity care of $4,295) (Notes 4 & 6)	209,608,684	533,884,633	743,493,317	-	743,493,317
Federal grants and contracts	96,325,962	-	96,325,962	-	96,325,962
Nonfederal grants and contracts	26,357,110	-	26,357,110	-	26,357,110
Contract and other operating revenues	128,154,992	83,553,215	211,708,207	(53,342,866)	158,365,341
Total operating revenues	484,317,354	617,437,848	1,101,755,202	(53,342,866)	1,048,412,336
OPERATING EXPENSES					
Educational and General					
Instruction	203,989,113	-	203,989,113	(28,533,210)	175,455,903
Research	77,186,457	-	77,186,457	-	77,186,457
Patient services	269,813,924	719,433,601	989,247,525	(14,314,843)	974,932,682
Academic support	22,123,706	-	22,123,706	-	22,123,706
Institutional support	146,629,185	-	146,629,185	(3,145,551)	143,483,634
Operations and maintenance of plant	27,840,288	-	27,840,288	(224,299)	27,615,989
Depreciation and amortization (Note 10)	48,648,770	27,472,713	76,121,483	(4,838,886)	71,282,597
Student aid	98,388	-	98,388	-	98,388
Total operating expenses	796,329,831	746,906,314	1,543,236,145	(51,056,789)	1,492,179,356
Operating loss	(312,012,477)	(129,468,466)	(441,480,943)	(2,286,077)	(443,767,020)
NONOPERATING REVENUES (EXPENSES)					
State appropriations (Note 15)	344,028,889	-	344,028,889	-	344,028,889
Transfer from/(to) State and outside programs	20,000,000	-	20,000,000	-	20,000,000
Gifts	4,213,503	204,000	4,417,503	-	4,417,503
COVID-19 relief revenue (Note 17)	78,293,537	9,134,040	87,427,577	-	87,427,577
Hospital transfer	(56,516,189)	56,516,189	-	-	-
Loss on disposal	(695,786)	(82,883)	(778,669)	-	(778,669)
Interest income	90,297	267,334	357,631	-	357,631
Lease revenue	447,328	2,264,325	2,711,653	-	2,711,653
Investment income, net	128,648	-	128,648	-	128,648
Interest on capital asset - related debt	(9,263,522)	(4,421,299)	(13,684,821)	3,749,784	(9,935,037)
Net nonoperating revenues	380,726,705	63,881,706	444,608,411	3,749,784	448,358,195
Income before other revenues, expenses, gains or losses	68,714,228	(65,586,760)	3,127,468	1,463,707	4,591,175
OTHER CHANGES IN NET POSITION					
Transfer from Affiliate (Note 15)	228,081	-	228,081	-	228,081
Capital appropriations (Note 13)	13,000,000	-	13,000,000	-	13,000,000
Net other changes in net position	13,228,081	-	13,228,081	-	13,228,081
Increase in net position	81,942,309	(65,586,760)	16,355,549	1,463,707	17,819,256
NET POSITION					
Net position-beginning of year (restated)	(1,141,564,972)	(399,921,402)	(1,541,486,374)	1,628,469	(1,539,857,905)
Net position-end of year	$ (1,059,622,663)	$ (465,508,162)	$ (1,525,130,825)	$ 3,092,176	$ (1,522,038,649)

STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE

For the Year Ended June 30,
(amounts in thousands)

	2022	2021 (Restated)	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Student tuition and fees (net of scholarship allowances)	$ 23,871	$ 23,475	$ 21,636	$ 20,655	$ 18,613	$ 17,499	$ 15,728	$ 16,557	$ 15,794	$ 13,812
Patient services and pharmaceutical revenues*	743,493	628,899	513,608	534,494	580,697	539,777	532,876	512,960	450,315	432,032
Federal grants and contracts	96,326	68,185	58,055	58,196	50,748	58,148	59,529	57,920	62,527	60,651
Nonfederal grants and contracts	26,357	24,977	27,872	30,016	29,337	29,009	27,116	24,407	23,803	27,593
Contract and other operating revenues	158,365	152,990	162,725	159,745	127,188	114,284	108,017	109,324	106,771	102,574
Total operating revenues	1,048,412	898,526	783,896	803,106	806,583	758,717	743,266	721,168	659,210	636,662
State appropriations	344,029	330,872	296,520	250,846	279,513	278,211	289,287	280,645	266,139	213,371
Transfer from/(to) State and outside programs	20,000	-	-	-	-	-	-	-	-	-
Gifts	4,417	3,496	6,950	6,146	5,706	4,079	6,865	7,175	7,300	7,658
COVID-19 relief funding	87,427	15,598	22,518	-	-	-	-	-	-	-
Interest income	358	340	-	-	-	-	-	-	-	-
Lease revenue	2,712	2,249	-	-	-	-	-	-	-	-
Investment income (net of investment expense)	129	31	600	1,385	654	104	141	176	93	124
Net nonoperating revenues	459,072	352,586	326,588	258,377	285,873	282,394	296,293	287,996	273,532	221,153
Total Revenues	**$ 1,507,484**	**$ 1,251,112**	**$ 1,110,484**	**$ 1,061,483**	**$ 1,092,456**	**$ 1,041,111**	**$ 1,039,559**	**$ 1,009,164**	**$ 932,742**	**$ 857,815**

For the Year Ended June 30,
(percent of total revenues)

	2022	2021 (Restated)	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Student tuition and fees (net of scholarship allowances)	1.6%	2.0%	1.9%	1.9%	1.7%	1.7%	1.5%	1.7%	1.7%	1.6%
Patient services and pharmaceutical revenues*	49.3%	50.3%	46.3%	50.4%	53.2%	51.7%	51.3%	50.8%	48.3%	50.4%
Federal grants and contracts	6.4%	5.4%	5.2%	5.5%	4.6%	5.6%	5.7%	5.7%	6.7%	7.1%
Nonfederal grants and contracts	1.8%	2.0%	2.5%	2.8%	2.7%	2.8%	2.6%	2.4%	2.6%	3.2%
Contract and other operating revenues	10.5%	12.2%	14.7%	15.0%	11.6%	11.0%	10.4%	10.9%	11.4%	12.0%
Total operating revenues	69.6%	71.9%	70.6%	75.6%	73.8%	72.9%	71.5%	71.5%	70.7%	74.3%
State appropriations	22.8%	26.4%	26.7%	23.6%	25.6%	26.7%	27.8%	27.8%	28.5%	24.8%
Transfer from/(to) State and outside programs	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gifts	0.3%	0.3%	0.6%	0.6%	0.5%	0.4%	0.7%	0.7%	0.8%	0.9%
COVID-19 relief funding	5.8%	1.2%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lease revenue	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income (net of investment expense)	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Net nonoperating revenues	30.4%	28.1%	29.4%	24.4%	26.2%	27.1%	28.5%	28.5%	29.3%	25.7%
Total Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

* Pharmaceutical revenues partial year fiscal year 2020 and first complete year in fiscal year 2021

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,
(amounts in thousands)

	2022	2021 (Restated)	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Instruction	$ 175,456	$ 178,910	$ 170,526	$ 157,396	$ 179,948	$ 169,130	$ 168,299	$ 163,703	$ 152,618	$ 141,182
Research	77,186	57,554	55,173	52,832	56,102	59,400	58,233	56,961	59,518	60,918
Patient services	974,933	964,236	846,526	663,701	747,637	713,342	648,071	607,435	581,558	522,825
Academic support	22,124	24,986	20,087	15,173	19,322	19,186	18,070	22,458	20,824	20,011
Institutional support	143,483	159,055	89,592	126,922	112,126	82,233	80,638	83,260	66,416	53,114
Operations and maintenance of plant	27,616	26,886	25,112	37,659	38,223	37,295	38,714	35,363	31,548	33,606
Depreciation and amortization	71,283	72,487	72,893	72,575	52,637	52,046	41,469	37,830	32,780	32,365
Student aid	98	39	25	71	364	194	84	32	50	136
Total operating expenses	1,492,179	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578	1,007,042	945,312	864,157
Transfer to State and outside programs	-	-	-	1,991	-	-	-	-	-	-
Interest on capital asset - related debt	9,935	9,424	9,354	9,619	9,909	10,214	10,487	3,820	1,007	1,072
Total nonoperating expenses	9,935	9,424	9,354	11,610	9,909	10,214	10,487	3,820	1,007	1,072
Total Expenses	**$ 1,502,114**	**$ 1,493,577**	**$ 1,289,288**	**$ 1,137,939**	**$ 1,216,268**	**$ 1,143,040**	**$ 1,064,065**	**$ 1,010,862**	**$ 946,319**	**$ 865,229**

For the Year Ended June 30,
(percent of total expenses)

	2022	2021 (Restated)	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Instruction	11.7%	12.0%	13.2%	13.8%	14.8%	14.8%	15.8%	16.2%	16.1%	16.3%
Research	5.1%	3.9%	4.3%	4.6%	4.6%	5.2%	5.5%	5.6%	6.3%	7.0%
Patient services	64.9%	64.5%	65.7%	58.3%	61.5%	62.4%	60.9%	60.1%	61.5%	60.5%
Academic support	1.5%	1.7%	1.6%	1.3%	1.6%	1.7%	1.7%	2.2%	2.2%	2.3%
Institutional support	9.6%	10.6%	6.9%	11.2%	9.2%	7.2%	7.6%	8.2%	7.0%	6.1%
Operations and maintenance of plant	1.8%	1.8%	1.9%	3.4%	3.1%	3.3%	3.6%	3.6%	3.3%	3.9%
Depreciation and amortization	4.7%	4.9%	5.7%	6.4%	4.4%	4.5%	3.9%	3.7%	3.5%	3.8%
Student aid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	99.3%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%	99.6%	99.9%	99.9%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expense	0.7%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%	0.4%	0.1%	0.1%
Total nonoperating expenses	0.7%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%	0.4%	0.1%	0.1%
Total Expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Notes to a not required schedule

In Fiscal Year 2020, UConn Health began a home office allocation. This change impacted how expenses were classified between programs. Please refer to Note 1 in the financial statements for additional details.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

	For the Year Ended June 30, (amounts in thousands)									
	2022	**2021 (Restated)**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Expenses:										
Salaries and wages	$ 504,575	$ 465,759	$ 443,132	$ 418,558	$ 438,122	$ 444,948	$ 452,363	$ 430,988	$ 418,305	$ 403,159
Fringe benefits	412,259	509,160	396,019	254,030	369,185	331,533	264,911	239,288	223,850	180,323
Supplies and other expenses	489,941	428,553	353,870	368,279	333,986	291,166	282,218	286,170	258,778	237,013
Utilities	14,121	8,194	14,020	12,887	12,429	13,133	12,617	12,766	11,599	11,297
Depreciation and amortization	71,283	72,487	72,893	72,575	52,637	52,046	41,469	37,830	32,780	32,365
Total operating expenses	1,492,179	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578	1,007,042	945,312	864,157
Transfer to State and outside programs	-	-	-	1,991	-	-	-	-	-	-
Interest on capital asset - related debt	9,935	9,424	9,354	9,619	9,909	10,214	10,487	3,820	1,007	1,072
Total nonoperating expenses	9,935	9,424	9,354	11,610	9,909	10,214	10,487	3,820	1,007	1,072
Total Expenses	**$ 1,502,114**	**$ 1,493,577**	**$ 1,289,288**	**$ 1,137,939**	**$ 1,216,268**	**$ 1,143,040**	**$ 1,064,065**	**$ 1,010,862**	**$ 946,319**	**$ 865,229**

	For the Year Ended June 30, (percent of total expenses)									
	2022	**2021 (Restated)**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Expenses:										
Salaries and wages	33.6%	31.2%	34.4%	36.8%	36.0%	38.9%	42.5%	42.6%	44.2%	46.6%
Fringe benefits	27.5%	34.1%	30.7%	22.3%	30.4%	29.0%	24.9%	23.7%	23.7%	20.8%
Supplies and other expenses	32.6%	28.7%	27.4%	32.4%	27.5%	25.5%	26.5%	28.3%	27.3%	27.5%
Utilities	0.9%	0.5%	1.1%	1.1%	1.0%	1.1%	1.2%	1.3%	1.2%	1.3%
Depreciation and amortization	4.7%	4.9%	5.7%	6.4%	4.3%	4.6%	3.9%	3.7%	3.5%	3.7%
Total operating expenses	99.3%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%	99.6%	99.9%	99.9%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest on capital asset - related debt	0.7%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%	0.4%	0.1%	0.1%
Total nonoperating expenses	0.7%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%	0.4%	0.1%	0.1%
Total Expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Year Ended June 30, (amounts in thousands)									
	2022	**2021 (Restated)**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Total revenues (from schedule of revenues by source)	$ 1,507,484	$ 1,251,112	$ 1,110,484	$ 1,061,483	$ 1,092,456	$ 1,041,111	$ 1,039,559	$ 1,009,164	$ 932,742	$ 857,815
Total expenses (from schedule of expenses by natural classification and function)	1,502,114	1,493,577	1,289,288	1,137,939	1,216,268	1,143,040	1,064,065	1,010,862	946,319	865,229
Income (Loss) before other changes in net position	5,370	(242,465)	(178,804)	(76,456)	(123,812)	(101,929)	(24,506)	(1,698)	(13,577)	(7,414)
Transfer from affiliate	228	2,000	-	-	-	-	-	-	-	-
Capital appropriations	13,000	680	-	13,000	88,806	43,479	175,000	159,810	193,214	5,000
Loss on disposal	(779)	(196)	(332)	(1,898)	(3,092)	(989)	(695)	(3,902)	(573)	(2,978)
Net other changes in net position	12,449	2,484	(332)	11,102	85,714	42,490	174,305	155,908	192,641	2,022
Total changes in net position	17,819	(239,981)	(179,136)	(65,354)	(38,098)	(59,439)	149,799	154,210	179,064	(5,392)
Net position-beginning of year (as previously stated)	(1,539,858)	(1,299,314)	(1,120,178)	(1,014,953)	126,332	185,771	35,972	576,794	397,730	403,122
Cumulative effect of implementing GASB 68 and 71	-	-	-	-	-	-	-	(695,032)	-	-
Cumulative effect of implementing GASB 75	-	-	-	-	(1,103,187)	-	-	-	-	-
Cumulative effect of implementing GASB 86	-	(563)	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes and error corrections	-	-	-	(39,871)	-	-	-	-	-	-
Net position-beginning of year as restated	-	-	(1,120,178)	(1,054,824)	(976,855)	185,771	35,972	(118,238)	397,730	403,122
Net position, ending	**$ (1,522,039)**	**$ (1,539,858)**	**$ (1,299,314)**	**$ (1,120,178)**	**$ (1,014,953)**	**$ 126,332**	**$ 185,771**	**$ 35,972**	**$ 576,794**	**$ 397,730**
Net investment in capital assets	$ 646,631	$ 690,037	$ 731,730	$ 784,280	$ 867,913	$ 823,325	$ 734,480	$ 579,241	$ 405,672	$ 335,015
Restricted for										
Nonexpendable										
Scholarships	61	61	61	61	61	61	61	61	61	61
Expendable										
Research	1,093	1,107	1,792	1,588	(127)	(8)	(876)	(139)	547	1,982
Loans	283	244	283	589	523	31	953	1,348	104	794
Capital projects	26,185	3,444	4,363	7,881	37,660	37,061	117,466	104,082	152,707	30,829
Unrestricted	(2,196,292)	(2,234,751)	(2,037,543)	(1,914,577)	(1,920,983)	(734,138)	(666,313)	(648,621)	17,703	29,049
Total net position	**$ (1,522,039)**	**$ (1,539,858)**	**$ (1,299,314)**	**$ (1,120,178)**	**$ (1,014,953)**	**$ 126,332**	**$ 185,771**	**$ 35,972**	**$ 576,794**	**$ 397,730**

SCHEDULE OF LONG-TERM DEBT

	For the Year Ended June 30, (amounts in thousands)									
	2022	2021(restated)	2020	2019	2018	2017	2016	2015	2014	2013
Loans payable	$ 16,928	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease liability	37,907	42,383	-	-	-	-	-	-	-	-
Capital leases	-	-	4,289	3,275	1,701	2,187	-	-	-	-
Mortgage agreement	171,081	178,560	185,664	192,412	198,823	204,914	210,700	216,198	168,024	62,889
Total long-term debt	**$ 225,916**	**$ 220,943**	**$ 189,953**	**$ 195,687**	**$ 200,524**	**$ 207,101**	**$ 210,700**	**$ 216,198**	**$ 168,024**	**$ 62,889**

FACULTY AND STAFF

	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
BARGAINING UNIT										
Faculty	592.7	579.2	566.8	565.6	539.6	529.4	517.6	507.8	512.8	508.0
University Health Professionals	2,680.2	2,681.0	2,630.0	2,558.9	2,526.6	2,477.0	2,462.8	2,420.4	2,457.9	2,440.1
All other	719.3	728.2	747.1	730.7	1,299.0	1,356.0	1,404.6	1,422.1	1,437.9	1,436.9
Total FTE's	3,992.2	3,988.4	3,943.9	3,855.2	4,365.2	4,362.4	4,385.0	4,350.3	4,408.6	4,385.0
EXEMPT										
Faculty	60.0	60.0	54.9	54.3	55.2	56.2	56.8	60.6	61.5	60.5
Managerial	143.0	139.0	133.0	131.8	139.1	153.9	160.6	159.3	158.3	156.2
All other	403.6	367.8	350.2	334.9	340.7	335.1	329.3	353.2	392.7	404.1
Total FTE's	606.6	566.8	538.1	521.0	535.0	545.2	546.7	573.1	612.5	620.8
TOTAL FTE's	4,598.8	4,555.2	4,482.0	4,376.2	4,900.2	4,907.6	4,931.7	4,923.4	5,021.1	5,005.8

Notes to a not required schedule
The FTE information prior to 2019 includes CMHC

SCHEDULE OF CAPITAL ASSET INFORMATION
DETAIL FOR BUILDINGS ONLY - BY FUNCTION

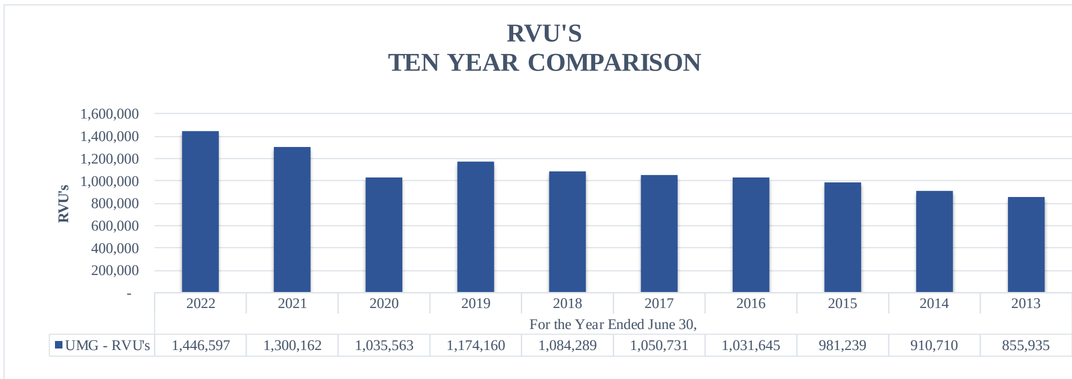
	For the Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic										
Net assignable square feet (in thousands)	84	84	84	84	82	82	74	74	74	74
Number of buildings/major areas of Main Building*	2	2	2	2	2	2	1	1	1	1
Research buildings										
Net assignable square feet (in thousands)	478	478	478	478	456	456	456	435	435	435
Number of buildings/major areas of Main Building*	7	7	7	7	6	6	6	6	6	6
Patient care buildings										
Net assignable square feet (in thousands)	873	873	868	868	885	885	885	662	529	529
Number of buildings/major areas of Main Building*	6	6	6	6	6	6	6	6	8	8
Administrative and support buildings										
Net assignable square feet (in thousands)	985	985	985	985	865	865	873	769	769	698
Number of buildings/major areas of Main Building*	11	11	11	11	11	11	12	11	11	10
Total net assignable square feet (in thousands)	2420	2420	2415	2415	2288	2288	2288	1940	1807	1736
Number of buildings/major areas of Main Building*	26	26	26	26	25	25	25	24	26	25

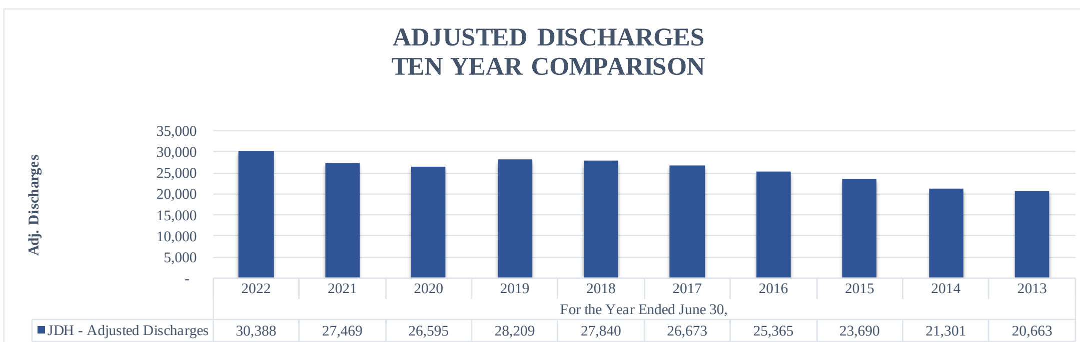
*** Notes to not a required schedule**
The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted as buildings here.
Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized according to their primary use.
Parking garages are included under administrative and support buildings, and the parking is included in the NASF. Total NASF for G1, G2, and G3 = 818 (in thousands)
Buildings 9 and 28 were incorporated into Building 8 in 2009. For the purposes of this schedule, they are considered to have always been part of Building 8.

RVU'S AND DISCHARGES

	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
UMG - RVU's	1,446,597	1,300,162	1,035,563	1,174,160	1,084,289	1,050,731	1,031,645	981,239	910,710	855,935

	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
JDH - Adjusted Discharges	30,388	27,469	26,595	28,209	27,840	26,673	25,365	23,690	21,301	20,663





DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

Year	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2022	$ 307,116,000,000	3,614,683	$ 84,963	5.1%
2021	$ 290,146,700,000	3,544,930	$ 81,848	8.5%
2020	$ 290,641,600,000	3,561,513	$ 81,606	5.1%
2019	$ 284,136,600,000	3,570,160	$ 79,587	3.8%
2018	$ 265,636,709,000	3,588,236	$ 74,030	4.5%
2017	$ 251,389,254,000	3,568,714	$ 70,443	4.8%
2016	$ 252,249,206,000	3,586,640	$ 70,330	5.5%
2015	$ 240,602,679,000	3,591,282	$ 66,996	6.1%
2014	$ 232,600,172,000	3,596,922	$ 64,666	7.1%
2013	$ 222,984,316,000	3,598,628	$ 61,964	8.1%

(a) Source: U.S. Department of Commerce

(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS
State of Connecticut
Current Year and Ten Years Ago

	2022		
Name	**Employees in CT**	**Percentage of Total CT Employment**	**Rank**
Hartford HealthCare	33,000	1.8%	1
Yale New Haven Health Sys	29,486	1.6%	2
United Technologies Corp. UTC	19,000	1.0%	3
Yale University	15,652	0.9%	4
General Dynamics/Electric Boat	12,500	0.7%	5
Sikorsky Air/Lockheed Martin Co.	8,588	0.5%	6
Wal-Mart Stores, Inc.	8,454	0.5%	7
Mohegan Sun Casino	8,000	0.4%	8
The Travelers Cos., Inc.	7,000	0.4%	9
The Hartford	5,500	0.3%	10
Total	147,180	8.1%	

	2013			
Name	**Employees in CT**	**Percentage of Total CT Employment**	**Rank**	
United Technologies Corp. UTC	27,000	1.6%	1	
Yale University	14,750	0.9%	2	
Stop & Shop Cos., Inc.	13,574	0.8%	3	(1)
Yale New Haven Hospital	12,309	0.7%	4	
General Dynamics/Electric Boat	8,817	0.5%	5	
Wal-Mart Stores, Inc.	8,761	0.5%	6	
Mohegan Sun Casino	8,200	0.5%	7	
The Hartford	7,700	0.5%	8	
Foxwoods Resort Casino	7,667	0.5%	9	
The Travelers Cos Inc.	7,400	0.4%	10	
Total	116,178	6.9%		

Source: Businesses websites
(1) Omitted from the 2012 HBJ survey. The number equals the employees reported by HBJ in 2008

UCONN HEALTH

UNIVERSITY OF CONNECTICUT

APPENDIX I-B – EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST

The following are the excerpts of certain provisions of the Master Indenture of Trust (the "Master Indenture") and should not be regarded as full statements of the Master Indenture. Reference is made to the Master Indenture in its entirety for a complete statement of the provisions thereof.

AUTHORIZATION AND ISSUANCE OF THE BONDS

201. Authority for this Indenture. This Indenture is made and entered into by virtue of and pursuant to the provisions of the Act. The University has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the University in accordance with the Act and to carry out powers expressly given thereby, and that each and every covenant and agreement herein contained and made is necessary or convenient to carry out and effectuate the purpose of the Act.

202. Authorization for Issuance of Bonds and Obligation of University. In order to provide sufficient funds for the UConn 2000 Infrastructure Improvement Program, Bonds of the University are hereby authorized to be issued without limitation as to amount except as herein provided or as may be limited by law and the Bonds shall be issued subject to the terms, conditions and limitations established in this Indenture and the Act.

It is hereby expressly provided that the Bonds shall be general obligations of the University for the payment of which, in accordance with their terms, the full faith and credit of the University are hereby pledged and are payable out of any revenues or other assets, receipts, funds or moneys of the University, subject only to any agreements permitted by the Act and this Indenture with the holders of particular notes or bonds pledging any particular revenues, assets, receipts, funds or moneys. All Bonds issued hereunder shall be additionally secured and entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by this Indenture and the covenants of the University and the State contained herein to secure the full and final payment of the principal, or Redemption Price, if applicable, thereof and the interest thereon. Bonds issued hereunder shall not be deemed to constitute a debt or liability of the State or any municipality thereof or a pledge of the faith and credit of the State or of any such municipality and the Bonds, Notes, Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred shall not constitute a debt or liability issued or guaranteed by or otherwise of the State within the meaning of Section 3-21 of the General Statutes of the State, except the amount required by the Act to be so included. All Bonds shall contain on the face thereof a statement to the effect that the Bonds shall not constitute a debt or liability of the State or any municipality or any political subdivision of the State but shall be payable solely from the resources of the University described in and pursuant to this Indenture under which they are issued.

GENERAL TERMS AND PROVISIONS OF THE BONDS

301. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds shall be issued in the form of fully registered Bonds without coupons. The Bonds shall be in such form as provided in this Indenture substantially as set forth in Exhibit B with such insertions, omissions and variations as may be deemed necessary or appropriate by an Authorized Officer of the University

executing the same and as shall be permitted by the Act, this Indenture and the applicable Supplemental Indenture authorizing such Bonds.

3. Each Bond shall be lettered and numbered as provided in this Indenture or the applicable Supplemental Indenture so as to be distinguished from every other Bond.

4. The date of original issuance of each Bond shall be the date as provided in the Supplemental Indenture. Bonds issued in exchange for Bonds of the same Series shall be dated the date of authentication and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication precedes the first Interest Payment Date of such Series, in which case such Bonds shall bear interest from the date of original issuance of such Series, or (ii) such date of authentication is an Interest Payment Date, in which case such Bonds shall bear interest from their date of authentication; provided that if, as shown by the records of the Trustee, interest on such Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer shall bear interest from the date to which interest has been paid in full on the Bonds surrendered.

304. Exchange, Transfer and Registry of Bonds.

1. All the Bonds issued under this Indenture shall be subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the University shall maintain and keep, at the principal corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the University shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the University shall make all necessary provision to permit the exchange of Bonds at the principal corporate trust office of the Trustee.

2. The Bonds shall be transferable only upon the books of the University, which shall be kept for the purpose at the principal corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the University shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, tenor and Series and maturity as the surrendered Bond.

3. The registered owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount, tenor and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the University for a new Bond or Bonds upon the request of the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney.

4. The University and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the University as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the University nor any Fiduciary shall be affected by any notice to the contrary. The University agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Indenture, in so treating such registered owner.

305. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the University shall execute and the Trustee shall authenticate and make available for delivery Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the University or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (ii) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds surrendered for such purpose within 60 days after the first authentication and delivery of any of the Bonds of the same Series, or (iii) as otherwise provided in this Indenture, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the University nor the Trustee shall be required (a) to register, transfer or exchange Bonds of any Series for a period of fifteen days next preceding an interest payment on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption; or (b) to register, transfer or exchange any Bonds called for redemption.

306. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the University shall execute, and thereupon the Trustee shall authenticate and make available for delivery, a new Bond of like Series, tenor, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee of evidence satisfactory to the University and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the University and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the University and the Trustee may prescribe and paying such expenses as the University and Trustee may incur. All Bonds so surrendered to the Trustee shall be promptly cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the University, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the University or the Fiduciary for the benefit of the Bondholders.

REDEMPTION OF BONDS

406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. All interest installments which shall have matured on or prior to the redemption date shall continue to be payable to the registered owner. If there shall be drawn for redemption less than all of a Bond, the University shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and, except with respect to any mandatory redemption, shall not be deemed to be in default hereunder.

THE PLEDGE, FUNDS AND ACCOUNTS

601. Pledge Effected by Indenture. The Trust Estate is hereby pledged to secure the payment of the principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of this Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions herein set forth. In accordance with the Act, and pursuant to each Supplemental Indenture authorizing Bonds to be additionally secured by the State Debt Service Commitment, the amount of the State Debt Service Commitment in each fiscal year shall be pledged for the punctual payment of the Special Debt Service Requirements on such Bonds as the same arise and shall become due and payable. The pledges made or provided for in this Section pursuant to Section 8 of the Act is and shall be deemed a statutory lien as provided in subsection (2) of section 42a-9-102 of the General Statutes of the State and shall be valid and binding from the date hereof; the revenues, receipts, moneys or funds so pledged and hereafter received by the University shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any pledge made hereunder shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the University, irrespective of whether such parties have notice thereof.

602. Establishment of Funds and Accounts. The University hereby establishes and creates the following funds and accounts to be held by the Treasurer or the Trustee:

(1) Bond Proceeds Fund
- (a) Construction Account - Trustee
- (b) Costs of Issuance Accounts - Treasurer

(2) Debt Service Fund - Trustee
- (a) Interest Account
- (b) Principal Installment Account

(3) Renewal and Replacement Fund - Trustee

(4) Redemption Fund - Trustee

The University reserves the right and power, subject to this Indenture, to establish additional funds, accounts and sub-accounts hereunder. All funds, accounts and sub-accounts created under this Indenture, in addition to other funds, accounts or sub-accounts from time to time established hereunder, shall be held and maintained by the Treasurer, the Trustee or the University in accordance with the terms of this Indenture.

603. Bond Proceeds Fund. Subject to Section 501, there shall be deposited into the Bond Proceeds Fund the proceeds of all Bonds issued under this Indenture.

a. <u>Construction Account</u>. (1) Within the Bond Proceeds Fund the Trustee shall maintain a separate account designated "Construction Account".

(2) Monies in the Construction Account shall be expended only for the UConn 2000 Infrastructure Improvement Program, subject to the provisions of this Section of this Indenture.

(3) Except as may be limited by the purposes for which a Series is issued as set forth in this Indenture or in the Supplemental Indenture authorizing any such Series, amounts in the Construction Account shall be expended by the University from time to time only to payments:

(a) for the financing of UConn 2000 Projects for the UConn 2000 Infrastructure Improvement Program,

(b) of principal, redemption price, if any and interest when due (whether at the maturity of principal or the due date of interest or upon redemption) on any Notes of the University,

(c) to the State, of monies paid or advanced by the State, to the University and used by the University for the UConn 2000 Infrastructure Improvement Program,

(d) to the University, of monies paid or advanced by the University and used by the University for the UConn 2000 Infrastructure Improvement Program,

(e) to the extent that other monies are not available, of Principal Installments of and interest on Bonds when due, and

(f) to any other valid purpose of the University under the Act.

(4) There shall be paid into the Construction Account the amounts required to be so paid by the provisions of this Indenture or any Supplemental Indenture, and there may be paid by the University into the Construction Account any moneys received by the University from any other source, unless required to be otherwise applied as provided by this Indenture or any Supplemental Indenture. The University may establish within the Construction Account separate sub-accounts for UConn 2000 Phase I Projects, for UConn 2000 Phase II Projects and for UConn 2000 Phase III Projects and a sub-account for proceeds of Special Eligible Gifts, each of which shall be maintained by the Trustee.

(5) The University is further authorized and directed to order each disbursement from the Construction Account upon a certification filed with the Treasurer and Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the Project and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the Project and, pursuant to Section 910 hereof, is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iii) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Construction Account, (iv) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (v) specify the name and address of the person to whom payment is due or has been made.

(6) The proceeds of insurance maintained pursuant to this Indenture against physical loss of or damage to each Project, or of contractors' performance bonds with respect to each Project, received during the period of construction thereof, shall be paid into the appropriate sub-account in the Construction Fund or, subject to the Tax Regulatory Agreement, into the Debt Service Fund, as the case may be.

(7) If the University has established with the Trustee separate subaccounts, then the completion of construction of UConn 2000 Phase I Projects and UConn 2000 Phase II Projects, as the case may be, shall be evidenced by a certificate of an Authorized Officer of the University filed with the Treasurer and Trustee stating the date of such completion and the amount, if any, estimated to be required for the payment of any remaining part of the costs of any UConn 2000 Phase I Projects or UConn 2000 Phase II Projects, as the case may be, financed by Bonds. Upon the filing of such certificate, any balance in the separate sub-account in the Construction Account established for UConn 2000 Phase I Projects in excess of the amount, if any, stated in such certificate shall, upon written direction of the University, be applied to the Cost of Construction of any UConn 2000 Phase II Project or UConn 2000 Phase III Projects, as the case may be, or be deposited in the Redemption Fund and applied to the purchase or redemption of Bonds pursuant to Section 4.07 herein.

(8) Pursuant to a Supplemental Indenture, the University may, from time to time, deposit any amounts of Special Eligible Gifts into the Construction Account and may pledge the amounts thereof as additional security for other Indebtedness issued as Bonds hereunder.

b. Costs of Issuance Account. Within the Bond Proceeds Fund is a Costs of Issuance Account created pursuant to Section 602 of this Indenture and shall be maintained by the Treasurer. There shall be deposited in the Costs of Issuance Account (i) all moneys required to be deposited therein both pursuant to this Indenture and pursuant to a Supplemental Indenture under which Bonds are issued and (ii) all other moneys of the University available therefore, as determined by the University. The Treasurer in consultation with the University shall apply amounts in the Costs of Issuance Account to pay the Costs of Issuance incurred in connection with the authorization, issuance and delivery of the corresponding Bonds.

After payment of all Costs of Issuance on the Bonds, any interest earnings in the Bond Proceeds Fund remaining shall be remaining amounts and credited to the General Fund of the State and, prior thereto, any such amounts shall be credited to such fund or account thereof as shall be necessary to comply with the Tax Regulatory Agreement and Section 910 hereof and, upon determination of the Treasurer, to meet an expenditure exception to the rebate requirement of the Code.

c. Amounts in the Construction Account may be invested by the Trustee, at the direction of the University with the consent of the Treasurer and amounts in the Costs of Issuance Account may be invested by the Treasurer, each in obligations permitted for State general obligation bonds pursuant to paragraph (f) of Section 3-20 of the General Statutes to the extent same are Investment Obligations and maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the costs to which such moneys are applicable provided, however, interest earnings thereon shall be transferred to the Costs of Issuance Account. Pursuant to Section 17(b) of the Act the Treasurer shall establish such requirements for compliance with Code, including the execution of a Tax Regulatory Agreement in order for the University to comply with Section 910 hereof.

604. Debt Service Fund. In order to provide for the punctual payment of Principal Installments and interest on the Bonds, the University shall pay to the Trustee from Assured Revenues the Debt Service Fund Requirement for deposit in the Debt Service Fund and, consistent with Sections 909(B) and 914 hereof and the Act, with respect to Bonds additionally secured by the State Debt Service Commitment, shall rely on the amount of the State Debt Service Commitment applicable to the Debt Service Fund Requirement being directly deposited into the Debt Service Fund on or before 12 Noon, Hartford, Connecticut time on the Interest Payment Date with respect to interest on such Bonds and on the Principal Installment Date with respect to Principal or Sinking Fund Installments on such Bonds by the Treasurer, such amounts having been appropriated out of the resources of the General Fund of the State, as part of the contract of the State with the Bondholders of the Bonds additionally secured by the State Debt Service Commitment by Section 5(c) of the Act.

(A) The Trustee shall pay out of the Interest Account of the Debt Service Fund to the respective Paying Agents for any Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of interest on Outstanding Bonds and Swap Payments due on such date and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(B) The Trustee shall pay out of the Principal Installment Account of the Debt Service Fund to the respective Paying Agents on or before each Principal Installment Date the amounts required for the payment of principal due on Outstanding Bonds on such date and such amounts shall be applied by the Paying Agents to such payments.

(C) The amount accumulated in the Principal Installment Account for each Sinking Fund Installment may, and if so directed by the University shall, be applied (together with amounts accumulated in the Interest Account with respect to interest on Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or

(2) to the redemption, pursuant to Article IV, of such Bonds then redeemable by their terms at the Redemption Price referred to in clause (1) hereof.

(D) Upon the purchase or redemption of any Bond pursuant to subsection (C) of this Section, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in subsection (G) of this Section (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installment due on a future date.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Section 403, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Principal Installment Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of such Principal Installment Account to the appropriate Paying Agents on the day preceding each such Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(F) The University may, from time to time, by written instructions direct the Trustee to make purchases under subsection (C) above only upon receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified hereunder for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at any equal price above the amount of moneys available for purchase, then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five days next preceding any date on which such Bonds are subject to redemption.

(G) If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are purchased or redeemed other than pursuant to this Article, the University may from time to time and at any time by written notice to the Trustee, specify the portion, if any, of such Bonds so purchased or redeemed and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 30 days after such notice is delivered to the Trustee. All such Bonds to be applied as a credit shall be surrendered to the

Trustee for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installments for the purpose of calculation of Sinking Fund Installments due on a future date.

606. Renewal and Replacement Fund.

(A) The University shall provide from time to time for deposit of amounts into the Renewal and Replacement Fund so that the amounts therein equals the Renewal and Replacement Requirement.

(B) The University is hereby authorized to apply the amounts in the Renewal and Replacement Fund to the payment or reimbursement of the extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UConn 2000 Project financed by the University under this Indenture and other facilities forming part of the physical university plant so to permit the University to operate and maintain the physical university plant in sound operating condition.

(C) The University is further authorized and directed to order each disbursement from the Renewal and Replacement Fund upon a certification filed with the Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the project or other facilities financed with such disbursement and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the project or other facilities, (iii) if the money in the Renewal and Replacement Fund is proceeds of a tax exempt obligation, then, pursuant to Section 912 hereof, such disbursement is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iv) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds Fund (v) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (vi) specify the name and address of the person to whom payment is due or has been made.

607. Redemption Fund.

(A) The Trustee shall establish in the Redemption Fund a separate Series account for the Bonds of each Series.

(B) Any monies which are required or permitted to be deposited into a Series account established as aforesaid, of the Redemption Fund pursuant to this Indenture shall be set aside in such sub-account. Upon deposit of such monies in any such Series account or within thirty (30) days thereafter, the University may give written direction to the Trustee signed by an Authorized Officer, of the Redemption Date, of the maturity or maturities of the Bonds of such Series to be purchased or redeemed and of the principal amounts of each maturity or maturities to be purchased or redeemed, subject to any limitations with respect thereto contained in this Indenture and the Supplemental Indenture authorizing such Series.

(1) Monies so held in each such separate account by the Trustee shall be applied to the purchase or retirement of Bonds of the Series in respect of which such account was created as follows:

The Trustee shall promptly apply such monies to the purchase of Bonds of such maturity or maturities of the Series in respect of which such account was created, as may be directed by an Authorized Officer in the manner provided in this paragraph (B) and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds shall then be subject to redemption, such price, however, not to exceed the Redemption Price applicable by operation of the Redemption Fund which would be payable on the next ensuing Redemption Date on which Bonds of the Series so purchased are redeemable according to their terms. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence the Trustee may purchase any Bonds of such Series. The Trustee shall pay the interest accrued on Bonds so purchased to the date of delivery thereof to the Trustee from the Interest Account and the balance of the purchase price from the applicable Account established within the Redemption Fund, as hereinabove provided, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Supplemental Indenture authorizing the issuance thereof.

In the event the Trustee is able to purchase a principal amount equivalent to the sum of the deposits in the Account as provided in this paragraph of Bonds for such Account in accordance with and under the foregoing provisions of this paragraph (B) at a purchase price less than the sum of such deposits to such Account, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the University shall direct the Trustee to transfer the balance of monies remaining in such Account to, and deposit the same in the Debt Service Fund.

(2) In the event the Trustee is unable to purchase Bonds of a Series in accordance with and under the foregoing provisions of this paragraph, and there is $100,000 or more in the Account established for such Series of Bonds, the Trustee shall call for redemption on the next ensuing Redemption Date such amount of Bonds of such maturity or maturities of the Series in respect of which such Account was created as may be directed by an Authorized Officer in the manner provided in this paragraph (B) and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture, as at the Redemption Price applicable by operation of the Redemption Fund in the next ensuing Redemption Date, will exhaust said Account as nearly as may be. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence the Trustee shall redeem Bonds of such Series in inverse order of their maturities and by lot within a maturity. Such redemption shall be made pursuant to the provisions of Article IV hereof. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of redemption from the Interest Account and the Redemption Price from the applicable Account.

(C) Except as otherwise required in paragraph (B) hereof, and subject to the provisions of any Supplemental Indenture directing or permitting the application of any part of the monies in the Redemption Fund to the purchase or redemption of Bonds of any particular Series, and to the redemption provisions of the Bonds, amounts in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds (accrued interest on such Bonds to be provided out of the Interest Account), provided however, the University shall direct the selection of the Bonds to be purchased and the purchase price thereof, within the limits provided by law, and the amount and date of redemption of the Bonds to be redeemed, so as to apply amounts in said Sub-Account to such purposes as rapidly as in its judgment is reasonably practicable. Such purchases shall be made in such manner as the Trustee shall determine and such redemption shall be made in the manner provided in Article IV.

(D) The University may, from time to time, by written instruction direct the Trustee to make purchases under paragraphs (B) and (C) above only after receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under paragraphs (B) and (C) above for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the monies available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of monies available for purchase then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

(E) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof (as specified below) shall be credited toward a part or all of any one or more of such Sinking Fund Installments, as directed by the University, or, failing such direction by the 15th day of the second month preceding the date of the applicable Sinking Fund Installment, toward such Sinking Fund Installments in inverse order of their due dates. Such applicable Redemption Prices shall be the respective Redemption Prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

(F) Amounts in the Redemption Fund may, and at the direction of the University shall, be invested in Investment Obligations maturing not later than five days prior to the date when such monies must be applied to the purchase or redemption of Bonds in accordance with Article IV.

(G) The University may direct the Trustee to withdraw amounts in the Redemption Fund which constitute interest earned and gains realized by the investments of monies held in the Redemption Fund and the Trustee shall forthwith deposit the amount so withdrawn, as Assured Revenues into the Debt Service Fund.

(H) With respect to any Bonds additionally secured by the State Debt Service Commitment, no redemption, purchase or investment under this Section shall be effective without the consent of the Treasurer.

INVESTMENT OF FUNDS

701. Investment of Funds and Accounts held by Trustee.

(1) Except as otherwise set forth in Sections 607 and 1401, the Trustee shall upon direction of the University in writing, signed by an Authorized Officer, deposit monies or cause monies to be deposited from any fund or account held by the Trustee, in Investment Obligations, or may make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation and which are permitted by State law to be a depository of public funds; provided that each such Investment Obligation or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in such other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the State or the United States of America, of a market value equal at all times to the amount of the other similar banking arrangement; provided further, however, with respect to amounts of the State Debt Service Commitment deposited in the Debt Service Fund, Investment Obligations shall include only those defined in (i) thereof or such similar banking arrangements secured as heretofore described and effective only with the consent of the Treasurer. Other similar banking arrangements shall include repurchase agreements of banks, trust companies or investment banking institutions, which require the deposit of the collateral security as described above with the Trustee; such collateral to be evaluated at least once a week.

(2) Except as otherwise provided for in this Indenture: Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such fund or account and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(3) Except as otherwise provided in this Indenture, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the University in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Indenture as of the end of the preceding month.

(4) The Trustee and University shall not permit the deposit of any monies with any Depository, other than the Trustee, in an amount exceeding fifteen per centum (15%) of the amount which an officer of such Depository shall certify to the Trustee and University as the combined capital and surplus of such Depository provided, however, such provision shall not apply or be construed to apply as a restriction on investments in Investment Obligations.

CONCERNING THE TRUSTEE

808. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days' written notice to the University and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed, as provided in Section 809, in which event such resignation shall take effect immediately on the appointment of such successor; provided that no resignation shall take effect until a successor Trustee shall have been appointed and shall have accepted such appointment.

809. Removal of Trustee. 1. During any period in which no Event of Default shall have occurred or be continuing, the Trustee may be removed for any reason, with or without cause (i) by the University, by written instrument delivered to the Trustee, or (ii) by the holders of at least 25% of the Outstanding Bonds, by written instrument or concurrent instruments in writing signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the University and the Trustee.

2. During any period in which any Event of Default shall have occurred or be continuing, the Trustee may be removed (i) by the University, with cause, by written instrument delivered to the Trustee, or (ii) by the holders of at least 25% of the Outstanding Bonds, with cause, by written instrument or concurrent written instruments signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the University and the Trustee. Notwithstanding the foregoing, holders of at least 25% of the Outstanding Bonds may cancel or overturn any removal of the Trustee undertaken by the University pursuant to this paragraph (2) by written instrument or concurrent written instruments signed and acknowledged by such holders or their attorneys-in-fact and delivered to the University and the Trustee prior to the date of removal of the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the University or of the holders of not less than ten percent of the Outstanding Bonds.

3. The removal of the Trustee will not relieve the Trustee of liability for (i) any action or omission to act in breach of its fiduciary duties hereunder that occurred prior to the date of removal, or (ii) acting or proceeding in violation of, or failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee that occurred prior to the date of removal.

810. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the University covenants and agrees that it will thereupon appoint a successor Trustee. If in the reasonable judgment of the University any such event referred to in the preceding sentence is likely to occur, the University, in its sole discretion and without the request of Holders of Bonds as required in Section 808 hereof, may remove the Trustee and the University covenants and agrees that it will thereupon appoint a successor Trustee. The University shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the University written notice, as provided in Section 808, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 810 in succession to the Trustee shall be a bank or trust company having its principal corporate trust office in the State, and having a capital and surplus aggregating at least One Hundred Million Dollars ($100,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

PARTICULAR COVENANTS

901. Payment of Bonds. The University shall duly and punctually pay or cause to be paid, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

903. Operating Budget. Pursuant to the Act for the ensuing Fiscal Year and prior to each such ensuing Fiscal Year or as soon as possible during such Fiscal Year, the University shall adopt an Operating Budget for the University and, pursuant to this Indenture, shall include amounts necessary to provide for the amounts necessary to meet the Renewal and Replacement Fund Requirement.

For the purposes of calculating and budgeting the Renewal and Replacement Fund Requirement with respect to a Project or Projects financed under this General Obligation Indenture, the University shall be entitled for the purpose of this covenant to not include such expenses in its Operating Budget and to the extent applicable, to rely on a person with whom the University contracts to perform and pay for such expenses to such extent as the contract requires such person to perform and pay for such services for such period as the contract covers and so long as the University is of the opinion and determines that such person is competent to perform and financially capable of paying such expenses.

906. Power to Issue Bonds and Make Pledges. The University is duly authorized pursuant to law to create and issue the Bonds and to adopt this Indenture and to pledge its moneys, securities and funds purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. The moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledges created by this Indenture, and all corporate action on the part of the University to that end has been duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the University in accordance with their terms and the terms of this Indenture. The University shall at all times, to the extent permitted by law, defend, preserve and protect the pledges of the moneys, securities and funds pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever including defending, preserving and protecting such pledges as statutory liens as set forth in Section 8 of the Act and as provided in subsection (2) of Section 42a-9-102 of the General Statutes of the State.

907. Indebtedness and Liens. (A) Except as provided below in this section, the University shall not issue any bonds, notes or other evidences of indebtedness secured by a pledge of particular revenues, receipts, funds or moneys constituting Assured Revenues, and other than the lien and pledge created or provided for by this Indenture with respect to the State Debt Service Commitment and on the Bond proceeds, the Debt Service Fund and the Redemption Fund, shall not create or cause to be created any lien or charge on Assured Revenues and on any account or funds established hereunder.

(B) (1) Nothing in this Indenture shall prevent the University from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Assured Revenues to be derived on and after such date as this General Obligation Indenture shall be discharged and satisfied as provided in Section 1401, or (B)(2) if authorized by law, other than the Act, for University purposes other than the UConn 2000 Infrastructure Improvement Program (a) from issuing its general obligation or other indebtedness payable out of Assured Revenues and (b) may be additionally secured by a pledge, assignment or encumbrance of particular Assured Revenues other than the State Debt Service Commitment, so long as prior to the issuance thereof such particular Assured Revenues have not been pledged, assigned or encumbered pursuant to this Indenture or a Dedication Instrument and the authorizing documents with respect to (a) and, if applicable (b) hereof shall be filed with the Trustee, accompanied by a Counsel's Opinion stating, in effect, that such indebtedness is authorized by law and is within the requirements of this provision (B)(2).

(C) Nothing in this Indenture shall prevent the University, in accordance with the Act, from authorizing by resolution of the Board of Trustees and issuing its Revenue Bonds for financing any one Project, or more than one Project or any combination of Projects pursuant to a financing program of the University or otherwise as set forth in the resolution of the Board of Trustees, or pledging, assigning or encumbering any Project Revenues, or other receipts, funds, moneys, or assets of the University derived from one or more Projects, including Assured Revenues that may be restricted by the terms thereof to such a particular Project or Projects to be so financed, or any special capital reserve fund created therefor pursuant to the Act.

(D) Nothing in this Indenture shall prevent the University from pledging, assigning or otherwise encumbering any or a portion of Assured Revenues, other than the State Debt Service Commitment (herein "Encumbered Assured Revenues), subject to the conditions and limitations described below to secure bonds, notes or other evidences of indebtedness by the University including, pursuant to a Supplemental Indenture, Bonds (herein "Other Indebtedness") so long as before or simultaneously with each and any such pledge, assignment or encumbrance there is delivered to or filed with the Trustee:

(1) a copy of the Dedication Instrument effecting such pledge, assignment or other encumbrance, certified as correct by an Authorized Officer of the University,

(2) if any such Other Indebtedness is variable rate indebtedness, a certificate of an Authorized Officer specifying the maximum rate therefore, or the budgeted rate, as applicable, and the aggregate principal amount and the stated maturities of and mandatory sinking fund requirements, if any, for such Other Indebtedness to which such rate applies and certifying that a liquidity facility or source of payment other than Assured Revenues is available in the event of a mandatory tender by the holders of such Other Indebtedness thereunder,

(3) a Counsel's Opinion to the effect that (a) such Dedication Instrument is a legal, valid and binding obligation of the University in accordance with its terms and does not adversely affect the pledge of the State Debt Service Commitment to pay Outstanding Bonds additionally secured thereby, and (b) that the approvals required by the Act as a condition or conditions precedent to the issuance of

such Other Indebtedness as securities under the Act and as Projects to be financed thereby have been obtained.

908. Issuance of Additional Bonds; Execution of Swaps. 1. No additional Series of Bonds may be authorized and issued under this Indenture unless:

(a) the University delivers to the Trustee a Certificate of an Authorized Officer and the State Treasurer stating that the principal amount thereof, together with the principal amount of the bonds, notes and other obligations of the University theretofore authorized and unissued and theretofore authorized, issued and outstanding, will not exceed in aggregate principal amount any limitation thereon imposed by law; and

(b) in the event the Additional Bonds are Bonds additionally secured by the State Debt Service Commitment, a Counsel's Opinion is delivered to the Trustee to the effect that the provision of the Act relating to the State appropriation of all amounts of the State Debt Service Commitment has not been amended, repealed or modified and is in full force and effect.

2. No Swap (a) with respect to Bonds additionally secured by the State Debt Service Commitment, shall be entered into by the University unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds additionally secured by the State Debt Service Commitment is filed thereupon with the Trustee and (b) with respect to Other Indebtedness issued as Bonds hereunder, shall be entered into by the University without meeting requirements, if any, set forth in the Supplemental Indenture authorizing such Bonds.

909. UConn 2000 Infrastructure Improvement Program. (A) The University shall with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of this Indenture, use and apply the proceeds of the Bonds for the UConn 2000 Infrastructure Improvement Program and shall do all such acts and things appropriate or necessary to receive and collect Assured Revenues.

(B) The University, as its rate covenant, hereby covenants for the benefit of the State and its Bondholders that so long as any Bonds are Outstanding that it has established and will charge, collect and increase, from time to time, and in time, tuition, fees and charges for its educational services, its auxiliary enterprises, including dormitory housing, food services and sale of textbooks and use of the physical university plant and for all other services and goods provided by the University, in an amount of which, together with other Assured Revenues or other revenues otherwise available to the University including proceeds available from the special external gift fund established pursuant to the Act, shall in each of its Fiscal Years be sufficient to pay when due, the Special Debt Service Requirements on Outstanding Bonds and to permit the University to operate and maintain itself as an institution dedicated to excellence in higher education and to operate and maintain the physical university plant in sound operating condition and to otherwise permit the performance of all covenants included in the financing documents.

(C) The University shall not lease or finance or lease-finance any land or building outside the Storrs campus through any other State agency or quasi-public agency other than those leases, financings or lease purchases in the ordinary course of its activities and provided the annual expenditure thereof during the period of agreements related thereto whether expressed as rent, debt service, lease purchase payments or the like does not exceed for each item which is the subject matter of the lease, finance or lease-finance agreement, fifty thousand dollars in any year and such limitation shall apply so long as the University is authorized in accordance with section 7(a) of the Act to issue securities under sections 1 to 25, inclusive of the Act.

(D) The University covenants that it will promptly proceed with the construction of each UConn 2000 Project financed in whole or in part by the issuance of Bonds in conformity with law and all requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible.

(E) The University covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to each Project with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in Connecticut, and shall be payable to the University. The University shall be deemed to be in compliance with this Paragraph E to the extent any Project is covered by the State under a State insurance policy or to the extent the State is a self-insurer on such Project.

910. Tax Exemption. In the event Bonds are sold under this Indenture or a Supplemental Indenture hereto as federally tax-exempt bonds, the University covenants that it will not take any action or fail to take any action with respect to the proceeds of such Bonds that would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

911. No Impairment of Rights of Bondholders. Except to the extent otherwise provided in this Indenture, the University shall not enter into any contract or take any action by which the rights of the Bondholders may be restricted, precluded or otherwise impaired.

914. Pledge of State to Bondholders. Pursuant to the Act, the University includes the following pledge and undertaking for the State, in this Indenture and in the Bonds issued hereunder:

> Pursuant to the Act, the State has pledged and hereby agrees with the Holders of any Bonds issued under this Indenture and the Act, and with those Bondholders pursuant to the provisions of the Act, that the State will not limit or alter the rights vested in the University by this Indenture and the Act until such Bonds, together with the interest thereon, are fully met and discharged and such contracts (this Indenture and the Bonds) are fully performed on the part of the University, provided nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Holders of such Bonds of the University.

SUPPLEMENTAL INDENTURES

1001. Modification and Amendment Without Consent. The University may, at any time or from time to time enter, into Supplemental Indentures without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider for any one or more of the following purposes:

(1) (a) To modify, amend or revise the UConn 2000 Infrastructure Improvement Program as reflected on Appendix A, consistent and in accordance with the Act and this Indenture and (b) to provide for the issuance of Bonds or Notes or Swaps pursuant to the provisions of this Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the University for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this Indenture;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the University by the terms of this Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in this Indenture;

(5) To confirm as further assurance any pledge under this Indenture subject to any lien, claim or pledge created or to be created by the provisions of this Indenture, of the moneys, securities or funds;

(6) To modify any of the provisions of this Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such indentures shall contain a specific reference to the modifications contained in such subsequent indentures;

(7) To cure any ambiguity, or defect or inconsistent provision in this Indenture or to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Indenture as theretofore in effect;

(8) Consistent with Section 910 hereof, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes;

(9) To grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as therefore in effect; or

(10) To grant such rights and remedies and make such other covenants subject to this Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with this Indenture as theretofore in effect.

1002. Amendments and Supplemental Indentures Effective With Consent of Bondholders. The provisions of this Indenture may also be modified or amended, at any time or from time to time, by a Supplemental Indenture, subject to the consent of Bondholders and State Bond Commission in accordance with and subject to the provisions of Article XI hereof, such Supplemental Indenture to become effective upon the execution thereof by the University and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the University and by the Secretary of the State Bond Commission.

1003. General Provisions Relating to Supplemental Indentures. This Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the University to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 905 or the right or obligation of the University to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture entered into by the University and the Trustee when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the University and enforceable in accordance with its terms.

The Trustee is hereby authorized to enter into any Supplemental Indenture and to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions of this Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

AMENDMENTS OF INDENTURE

1101. Powers of Amendment. Except as otherwise provided in Article X hereof, any modification or amendment of this Indenture and of the rights and obligations of the University and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as hereinafter provided in Section 1102, of the Holders of not less than 66 2/3% in principal amount of the Outstanding Bonds of each Series affected by such amendment or amendments or Supplemental Indenture or Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section and further provided, however, that no such modification or amendment shall permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond; or (ii) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the University and all Holders of Bonds. The Trustee may receive an opinion of counsel, including Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Indenture.

1102. Consent of Bondholders. (A) The University and the Trustee may at any time enter into a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the University to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided).

(B) Such Supplemental Indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the University and the Trustee and filed by the University in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the University and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1102 provided.

(C) Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof).

(D) At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the University and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

(E) At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the University and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the University by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The University shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the University, the Trustee, each Paying Agent and the Holders of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the University, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

1103. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the University and of the Holders of the Bonds hereunder may be modified or amended in any respect upon the execution by the University and the Trustee of a Supplemental Indenture and filing with the Trustee by the University of a copy of said Supplemental Indenture certified by an Authorized Officer of the University and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of the University shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the University shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture. At the time of any consent or other action taken under this Indenture, the University shall furnish the Trustee a certificate of an Authorized Officer of the University, upon which the Trustee may rely, describing all Bonds so to be excluded.

1107. Consent of Bond Facility Provider. For purposes of this Article XI, but only so long as the Bond Facility provider has not defaulted on its obligations under the Bond Facility, the provider of a Bond Facility shall be considered the sole Holder of all Bonds to which such Bond Facility relates, except as otherwise provided in an applicable Supplemental Indenture.

1108. Approval of State Bond Commission. Any amendment under this Article shall be deemed a substantive amendment of this Indenture for which the Act requires the approval of the State Bond Commission.

EVENTS OF DEFAULT

1201. Events of Default. Each of the following events is hereby declared an "event of default" if:

(1) the University shall default in the payment of the principal of or Redemption Price, if any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(2) the State shall default in observance of its pledge and agreement as set forth in the Act and Section 914 of this Indenture or, with respect to Bonds secured by the State Debt Service Commitment, the Treasurer shall fail to pay the amount of the State Debt Service Commitment as provided as part of the contract of the State with the Bondholders of such Bonds and in accordance with Section 604 hereof; or

(3) the University shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code, or (vii) take any action for the purpose of effecting any of the foregoing; or

(4) except as provided in (1) above, the University shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds.

1202. Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraphs (1) and (2) of Section 1201, the Trustee shall proceed or, upon the happening and continuance of any Event of Default specified in paragraph 3 of Section 1201, the Trustee may proceed and, upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of Section 804, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including (a) the right to require the University to receive and collect revenues, including Assured Revenues adequate to carry out the covenants and agreements as to, and any specific pledge of, such Assured Revenues and to require the University to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act and (b) pursuant to Section 5(C), Section 12 and Section 21 of the Act and Section 604 and Section 914 hereof, under the contract of the State with the Bondholders secured by the State Debt Service Commitment, the right to require the Treasurer to pay the annual amount of the State Debt Service Commitment and otherwise enforce and compel the performance of any duty required by sections 1 to 25, inclusive, of the Act and in accordance with this Indenture or the Act to be performed by any officer mentioned in said sections 1 to 25, inclusive, and to perform the duties of the State under or as contracted for and pledged by such sections first mentioned in this clause (b);

(2) by bringing suit upon the Bonds or under the Act upon the contract of the State with the Bondholders of Bonds secured by the State Debt Service Commitment;

(3) by action or suit in equity, to require the University or the State with respect to Bonds secured by the State Debt Service Commitment, to account as if each were the trustee of any express trust for the holders of the Bonds; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or a Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the University or State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable provided, however, with respect to Bonds secured by a pledge of the State Debt Service Commitment the right or remedy of the Trustee shall not be construed to include any right to appoint a receiver pursuant to section 12 of the Act or any acceleration of payments of Principal Installments of or interest on such Bonds and with respect to Other Indebtedness issued as Bonds hereunder the right or remedy to appoint a receiver pursuant to section 12 of the Act or to so accelerate shall be available only if included in the Supplemental Indenture authorizing such Bonds.

(C) All remedies conferred upon or reserved to the Holders of Bonds hereunder may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by a Supplemental Indenture and may be cumulative as provided in Section 1208 hereof. Nothing herein shall preclude the University from providing in an applicable Supplemental Indenture or in any Bond Facility, any Swap or any related Swap Facility authorized thereby, that the exercise of any remedy hereunder or the waiver of any event of default hereunder by the Trustee or the Holder of any such Bond shall be subject to the prior written consent of the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility. Such Supplemental Indenture or related Bond Facility or related Swap Facility may provide that any and all notices required to be given under this Article XII by the University or the Trustee to the Holder of any Bond shall also be given to the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility.

1203. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on any Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

Third: To the payment to other persons entitled to payment hereunder or under the applicable Supplemental Indenture.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the University, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. Unless otherwise required by the book-entry system for the Bonds, the Trustee shall not be required to make payment to the Holder of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

1204. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the University, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1205. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, except for paragraph (C) of Section 1202, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise that in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

1206. Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been afforded to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected, to take any such action; request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds of this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of the University to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place expressed in said Bond.

Anything to the contrary notwithstanding contained in this Section 1206, or any other provision of this Indenture, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

1210. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to an officer in the Corporate Trust Administration Department of the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds except by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

DEFEASANCE

1401. Defeasance. If the University shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then, at the option of the University, expressed in an instrument in writing signed by an Authorized Officer of the University and delivered to the Trustee, the covenants, agreements and other obligations of the University to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the University, execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the University all moneys, securities and funds held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

1402. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section. Any Outstanding Bonds of any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption as provided in Article IV of this Indenture on said date of such Bonds, (b) there shall have been deposited with the Trustee either (i) moneys in an amount which shall be sufficient, (ii) non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed or (iii) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (ii), provided that such obligations shall be held in trust by the Trustee or a bank or trust company or national banking association meeting the requirements for a successor Trustee under Section 809 hereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, or other bank or trust company, at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed, qualified certificates evidencing ownership of the right to payments of principal or interest on such obligations, moneys deposited with the Trustee pursuant to this Section and principal or interest payments on any such securities shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge.

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APPENDIX I-C

DEFINITIONS OF CERTAIN TERMS OF THE INDENTURES

Definitions. [Section 101]. The following terms shall have the following meanings for all purposes of the Master Indenture and the supplements thereto, including the Thirtieth Supplemental Indenture, except as otherwise defined:

"2023 Refunding Series A Bonds" means the Bonds authorized by, and issued in one or more series, pursuant to Article II of the Twenty-fourth Supplemental Indenture.

"2023 Series A Bonds" means the Bonds authorized by, and issued in one or more series, pursuant to Article II of the Thirtieth Supplemental Indenture.

"Accreted Value" shall mean, as of the date of computation with respect to any capital appreciation bonds, an amount equal to:

a. the initial reoffering price of such capital appreciation bonds, plus

b. the interest accrued thereon from the date of delivery compounded on each __________ and __________ (through and including the maturity date of such Bond) at the "approximate reoffering yield" of such Bond, provided that the accreted value on any date other than __________ and __________ shall be calculated by straight line interpolation of the accreted values as of the immediately preceding and succeeding __________ and __________. The term "approximate reoffering yield" means, with respect to any particular Bond, the yield to maturity of such Bond from the initial date of delivery thereof calculated on the basis of semiannual compounding on each __________ and __________.

"Act" means Public Act No. 95-230, as amended.

"Additional Bonds" means all Bonds issued under the Master Indenture other than the Initial Bonds and Refunding Bonds for the UConn 2000 Infrastructure Improvement Program.

"Assured Revenues" means those revenues of the University (i) other than Project Revenues particularly pledged under Dedication Instruments of the University for the payment of Revenue Bonds or State Bonds or patient revenues or any other revenues derived from the clinical operations of the University or (ii) not otherwise expressly by an existing contract or by statute or by grant restricted or encumbered for specific purposes and, except as limited by the foregoing (i) and (ii) shall include (a) revenues from fees, tuition, rentals, charges, gifts, investments, endowments and from grants, subsidies, contracts, leases or other agreements made by or with the federal government, the State or any political subdivision, agency or instrumentality of the federal government or the State, or others, including the State Debt Service Commitment, the Minimum State Operating Provision and Special Eligible Gifts, and (b) any payment made or required to be made to the University, or to the Trustee, under any Swap or Swap Facility, including, without limitation, Swap Receipts, Termination Receipts and any payment receipts in respect of a Swap for application by the University for Project Operating Expenses.

"Authorized Denomination" means $5,000 or any integral multiple thereof for current interest bonds and for capital appreciation bonds shall mean denominations such that the accreted value of each capital appreciation bond on the maturity date thereof will be $5,000 or an integral multiple thereof.

"Authorized Officer" means, in the case of the University, the Chairman or Vice-Chairman of the Board of Trustees, the financial affairs committee of the Board of Trustees (acting by resolution and constituting the finance committee of the Board of Trustees within the meaning of the Act), the President, the Provost and Executive Vice President for Academic Affairs, the Executive Vice-President For Administration and Chief Financial Officer, or the Director of Debt Management (for the purpose of making disbursements and investments only), the Controller (for the purpose of making disbursements and investments only), or any other person duly authorized by the bylaws or resolution of the University to perform the act or sign the document in question.

"Board of Trustees" means the board of trustees of the University.

"Bond" or **"Bonds"** means the 1996 Series A Bonds, together with any Additional Bonds issued under and pursuant to the Master Indenture.

"Bondholders" or **"Holder of Bonds"** or **"Holder"** or **"Owner"** (when used with reference to Bonds) or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond;

"Bond Facility" shall mean an insurance policy, surety bond or agreement, standby purchase agreement, line of credit, letter of credit or other credit enhancement or liquidity facility entered into for the same or similar purposes, with respect to Bonds.

"Bond Proceeds Fund" means such fund of the University established by Section 602 of the Master Indenture and governed by Section 603 of the Master Indenture.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in the State or in any of the cities in which the principal office of the Trustee, any Paying Agent or any remarketing agent is located, are required or are authorized by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

"Calendar Year" means a twelve-month period commencing January 1 and ending December 31 of any year.

"Capital Appreciation Bonds" shall mean those Bonds for which interest is compounded periodically on each __________ and __________ (through and including the maturity dates thereof) and payable in an amount equal to the then current accreted value only at the maturity or earlier redemption thereof, all as so designated in the supplemental indentures.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Construction Account" means such account of the Bond Proceeds Fund established under Section 601 of the Master Indenture.

"Costs of Issuance" means all costs related to the proceedings under which Bonds are issued under the Indenture including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility, a Swap Facility, a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University or Treasurer on behalf of the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Internal Revenue Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with the Master Indenture.

"Costs of Issuance Account" means such account established by Section 602 of the Master Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Treasurer, in consultation with the University (who may be the Attorney General or other counsel to the University); provided, however, that for the purposes of Article II and Article IX of the Master Indenture such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Current Interest Bonds" shall mean those Bonds which bear interest payable on __________ and __________ of each year through and including the maturity dates thereof, which may be either serial or term obligations.

"Debt Service Fund" means the fund from which debt service on all Outstanding Bonds of the University shall be paid as provided in the Act, established by Section 602 of the Master Indenture.

"Debt Service Fund Requirement" means, as of any date of computation, an amount at least equal to the aggregate amount of Principal Installments and Interest Requirements as the same become due and payable on all Outstanding General Obligation Bonds of the University.

"Dedication Instrument" means any document or agreement (including a Supplemental Indenture with respect to Other Indebtedness if issued hereunder), duly authorized and executed by or on behalf of the University and approved by resolution of the Board of Trustees of the University, in order to accomplish the UConn 2000 Infrastructure Improvement Program, to the extent permitted by applicable law and the Master Indenture, (a) authorizing the issuance of (i) Revenue Bonds and providing a pledge or assignment of all or any portion of Project Revenues to secure such Revenue Bonds or (ii) General Obligation Bonds and providing a pledge or assignment of all or any portion of Assured Revenues (other than the State Debt Service Commitment) to secure any Other Indebtedness and (b) containing such other terms, provisions or restrictions as the University may deem necessary or appropriate in connection with the foregoing purposes, in each case as each such document, agreement or resolution may be amended or supplemented from time to time in accordance with terms thereof and hereof and the provisions of the Act including any financing documents and financing transaction proceedings as defined in the Act.

"Event of Default" shall have the meaning given to such terms in Article XII of the Master Indenture.

"Fiduciary" or **"Fiduciaries"** means the Trustee, any Paying Agent, or either or both of them, as may be appropriate.

"Fiscal Year" shall mean a twelve-month period commencing on the first day of July of any year.

"GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board ("GASB").

"General Obligation Bonds" shall mean the bonds of the University issued under the Master Indenture.

"Indenture" or **"Master Indenture"** means the General Obligation Master Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions thereof.

"Initial Bonds" shall mean the initial general obligation bonds issued under the Master Indenture pursuant to the Act and the First Supplemental Indenture.

"Interest Payment Date" shall mean each date on which interest is payable on General Obligation Bonds under the Master Indenture or the applicable Dedication Instrument, or, if such date is not a Business Day, the immediately succeeding Business Day.

"Interest Requirement" means, as of the date of computation with respect to a Calendar Year, an amount equivalent to the aggregate maximum amount coming due during such Calendar Year on any Interest Payment Date, of (i) interest which may be payable on Outstanding Bonds and (ii) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

"Investment Obligations" shall mean and includes any of the following:

(i) Direct obligations of or obligations guaranteed by the United States of America;

(ii) Any bond, debenture, note, participation or other similar obligation issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank;

(iii) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by a Federal Agency backed by the full faith and credit of the United States of America other than as provided in (i) hereof;

(iv) Any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State or obligation which may be purchased with proceeds of general obligation bonds of the State under Section 3-20 of the General Statutes as then in effect;

(v) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or Project Notes issued by Public Housing Authorities or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(vi) Direct and general obligations of or obligations guaranteed by the State of Connecticut, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;

(vii) Deposits in interest-bearing time or demand deposits or certificates of deposit secured by (a) obligations described in (i) hereof or (b) obligations described in (v) hereof, or (c) obligations described in (iv) hereof;

(viii) Deposits in interest-bearing time or demand deposits or certificates of deposit secured by obligations described in (ii), (iii) or (iv) hereof;

(ix) Participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971; and

(x) the Tax Exempt Proceeds Fund, established by the Treasurer pursuant to Section 3-24a of the General Statutes.

"Maturity Amount" shall mean with respect to a capital appreciation bond its accreted value on its maturity date, being the amount to be paid on a capital appreciation bond at maturity.

"Minimum State Operating Provision" means the commitment of the State to appropriate, annually, an amount for the University for operations after receiving a request from the University therefor and consideration of other amounts available to the University for its operations which amount so appropriated shall be consistent with the University continuing to operate in furtherance and pursuant to the provisions of Section 2 of article eighth of the Constitution of the State and applicable law as an institution dedicated to the excellence in higher education, including the operation of the components of UConn 2000 at Storrs and elsewhere in the State pursuant to Section 5 of the Act; provided, however, nothing in Section 1 to 25, inclusive, of the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous fiscal year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor entity.

"Notes" shall mean any obligations or other evidences of indebtedness or borrowing of the University, other than Bonds, issued for the purposes of the Act to provide funds for deposit in the Bond Proceeds Fund and issued in anticipation of Bonds.

"Notional Amount" means the non-payable or the theoretical amount with reference to which Swap Payments and Swap Receipts are calculated, as specified as such for each Swap in the documentation applicable thereto.

"Operating Budget" means the annual operating budget of the University approved by the Board of Trustees pursuant to law.

"Other Indebtedness" shall have the meaning given in Section 907 of the Master Indenture.

"Outstanding" (1) when used with reference to Bonds, other than Bonds referred to in Section 1105 of the Master Indenture, shall mean, as of any date, a Bond or Bonds of such Series theretofore or thereupon being authenticated and delivered under the Master Indenture except:

(i) any Bonds canceled by the Trustee, and Paying Agent or the University at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Master Indenture for such purpose (whether at or prior to maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV of the Master Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 and Section 1106 of the Indenture; and

(iv) Bonds deemed to have been paid as provided in Section 1401 of the Master Indenture.

(2) When used with reference to General Obligation Bonds which are State Bonds, shall have the meaning, as of any date, given in the applicable Dedication Instrument.

"Outstanding Bonds" means any Bond with respect to which a Principal Installment, Interest Payment, Sinking Fund Installment or other payment is or will be due in the future and for which moneys or defeasance securities have not been deposited in escrow.

"Paying Agent" for the Bonds of any series means the bank or trust company located within or without the State and its successor or assigns, appointed by the University pursuant to the provisions of the Master Indenture and any successor or assign so appointed and approved.

"Preliminary Official Statement" shall mean the preliminary official statement of the University relating to the 2023 Series A Bonds and the 2023 Refunding Series A Bonds.

"Principal" or **"principal"** means (1) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), provided, however, when used in connection with (a) the authorization and issuance of Bonds and (b) the order of priority of payments of Bonds after a default under Article XII of the Master Indenture, "Principal" or "principal" means the Original Principal Amount of a Capital Appreciation Bond (being the initial public offering price of such Bond and the difference between the Accreted Value and the Original Principal Amount being deemed interest), and provided further, however, that when used in connection with determining whether the Bondholders of the requisite principal amount of Outstanding Bonds have given any required consent, notice, waiver, request, demand, authorization, direction or notice, "Principal" or "principal" means the Accreted Value, and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

"Principal Amount" means the outstanding principal of a Current Interest Bond and, in the case of a capital appreciation bond, its Accreted Value.

"Principal Installment" for any Calendar Year, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding,(i) the principal amount of Bonds of said Series which mature in such Year, reduced by the aggregate principal amount of such Bonds which would be retired before such Year by reason of the payment when due of, and application, in accordance with the Master Indenture, of Sinking Fund Installments payable before such Year for the retirement of such Bonds, plus (ii) the unsatisfied balance (determined as provided in the Master Indenture) of the Sinking Fund Installments, if any, due during such Year for the Bonds of such Series.

"Principal Installment Date" means each date on which Principal and Sinking Fund Installments, if any, is payable on the Bonds as provided in or pursuant to the Master Indenture (or, if such date is not a Business Day, the immediately succeeding Business Day).

"Project" means, in accordance with the Act, any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom, building, research facility, faculty facility, office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful for instruction in a program of education provided by the university; or any multipurpose structure designed to combine two or more of the functions performed by the types of structures enumerated in this subsection, including, without limitation, improvements, reconstruction, replacements, additions and equipment acquired in connection with a project or in connection with operation of any facilities of the University existing on the effective date of the Act. "Project" includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of the structures mentioned in this definition. "Project" also includes landscaping, site preparation, furniture, machinery, equipment and other similar items useful for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily under applicable accounting principles considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the Board of Trustees in the financing transaction proceedings and by percentage or otherwise as may be limited pursuant to such proceedings in order to preserve the excludability of the interest on the securities issued therefor from federal taxation under the applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States as from time to time amended.

"Project Revenues" means revenues received from projects existing on the effective date of the Act, from Project or Projects under construction or from a combination of projects existing on the effective date of this Act and Projects, the acquisition, construction or accomplishment of which, the University has entered into a binding commitment, anticipated by the Board of Trustees to produce annual revenues in an amount not less than the anticipated annual cost of operation, maintenance and repair of any such Project or Projects, and annual debt service payments on any financing transaction proceedings under which Revenue Bonds have been issued for the Project or Projects during the term effected under the Act, as determined by the Board of Trustees.

"Record Date" means the close of business on the fifteenth day preceding an Interest Payment Date, or if such day shall not be a Business Day, the immediately preceding Business Day.

"Redemption Fund" means such fund of the University established by Section 602 of the Master Indenture.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Master Indenture.

"Refunding Bond" means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 205 of the Master Indenture.

"Reimbursement Obligations" means any obligation of the University to make payments to a provider of a Bond Facility in reimbursement of or as interest on (which interest may be higher than the interest rate on the related Bond) an advance or other payment made by such provider for the purpose of paying

(i) the Principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any Bonds, or
(ii) the purchase price, plus accrued interest, if any, of any Bonds tendered pursuant to the provisions of the applicable supplemental Indenture,

but only to the extent the principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Reimbursement Obligations shall not include (i) any payments of any fees, expenses, or other similar obligations to any such provider, unless specifically included as a part thereof and approved as a portion of the Special Debt Service Requirement or (ii) any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds," which may bear a higher interest rate than the rate borne by the Bonds to which they relate.

"Renewal and Replacement Fund" means such account established by Section 602 of the Master Indenture.

"Renewal and Replacement Fund Requirement" means that amount necessary for the University to meet the extraordinary renewal and replacement expenses of Projects financed by the University under the UConn 2000 Infrastructure Improvement Program and other facilities forming part of the physical university plant so as to permit the University to operate and maintain the physical university plant in sound operating condition and in conformity with Section 909(B) of the Master Indenture, as determined in each Operating Budget or otherwise.

"Revenue Bonds" means special obligation securities issued by the University pursuant to the Act.

"Series of Bonds" or **"Bonds of a Series"** or words of similar meaning, means the Series of Bonds authorized by the Master Indenture and a Supplemental Indenture.

"Sinking Fund Installment" means, for any Calendar Year as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Master Indenture or a Supplemental Indenture to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"Special Debt Service Requirements" means for any period, and with respect to the Bonds, subject to the Master Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments and interest accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, or with respect to securities not secured by the State Debt Service Commitment during such period to establish or maintain reserves, sinking funds or other funds or accounts at the respective levels required to be established or maintained therein in accordance with the proceedings authorizing the issuance of securities, (C) annual expenses of issuance and administration with respect to securities, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of securities, (E) net amounts owing under interest rate agreements authorized and effective under Section 10 of the Act, (F) arbitrage rebate requirements pursuant to subsection (b) of Section 17 of the Act on securities secured by the State Debt Service Commitment and (G) any other annual costs or expenses necessary or proper to be paid in connection with the securities, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the financing transaction proceedings.

"Special Eligible Gift" means a gift to the University of cash or assets which may be reduced to cash by the University which the donor has specifically designated as a donation for use by the University in furtherance of UConn 2000 or which explicitly or implicitly by the terms thereof the University may use for UConn 2000 and which the University determines to so use therefor pursuant to subsection (a) of Section 9 of the Act.

"State" means the State of Connecticut.

"State Bonds" means general obligation bonds of the State issued or to be issued by the State for the purpose of financing capital improvements for the infrastructure of the University.

"State Debt Service Commitment" means with respect to the Bonds issued as general obligations of the University pursuant to subsection (c) of Section 7 of the Act for the UConn 2000 Infrastructure Improvement Program and additionally secured by this State Debt Service Commitment under the Master Indenture and any Supplemental Indenture, an annual amount, commencing in the State Fiscal Year ending June 30, 1996, and any Fiscal Year thereafter for any Special Debt Service Requirements when due and payable.

"Supplemental Indenture" means any series or supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of Article X or Article XI of the Master Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of Article X or Article XI of the Master Indenture amending or supplementing the provisions of the Master Indenture as originally executed or as theretofore amended or supplemented.

"Swap" means any financial arrangement (i) that is entered into by the University with an entity that is a Swap Provider at the time the arrangement is entered into; (ii)(a) which provides that the University shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, and that such entity shall pay to the University an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; (b) which provides that the University shall pay to such entity an amount based on the interest accruing on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the University an amount based on the interest accruing at a fixed rate on the Notional Amount (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or (c) which is included as part of or covered by the financial transaction described in (ii)(a) or (ii)(b) above or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect thereto executed by the University for the purpose of moderating interest rate fluctuations or otherwise pursuant to the Act, as amended; and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the University and authenticated or otherwise registered by the Trustee hereunder as a Swap with respect to a Series of Bonds or Notes. "Swap" shall also include any such financial arrangement described in clauses (ii) and (iii) above entered into by the University with a Swap Provider, as a replacement of a Swap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the University with respect to a Series of Bonds or Notes.

"Swap Facility" means an insurance policy, surety bond, letter of credit or other credit enhancement with respect to a Swap or any similar facility entered into for the same or similar purposes and may include Investment Obligations properly pledged to the University hereunder pursuant to the Swap Facility or by the Swap Provider, in each case sufficient to maintain any existing rating of the University's Bonds. Payments by the University under a Swap Facility related to a Swap shall be deemed Swap Payments under the Master Indenture and shall not be deemed Reimbursement Obligations and payments to the University under a Swap Facility related to a Swap shall be deemed Swap receipts. Payment by the University under a Swap Facility applicable to any fees, expenses or similar other charges or obligations thereunder shall be a Cost of Issuance or an operating expense, as applicable.

"Swap Payment" means the net amount required to be paid by the University under a Swap that is applicable to the interest rate exchange effected thereunder, but not any (a) fees, expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or operation expense, as applicable) or (b) an Termination Payment or other payments by the University on account of termination of the Swap.

"Swap Provider" means a financial institution whose long term debt obligations, or whose obligations under a Swap are fully covered by a Swap Facility whose long term debt obligations are (i) rated at least as high by at least two nationally recognized rating agencies as the greater of (a) the University's Bonds additionally secured by the State Debt Service Commitment and (b) the State's general obligation bonds or (ii) secured by a pledge of Investment Obligations in amounts sufficient to achieve the ratings described in (i) hereof or (iii) meeting the requirements of Section 908.2 of the Master Indenture.

"Swap Receipt" means the net amount required to be paid to the University under a Swap, but shall not include any Termination Receipt.

"Tax Regulatory Agreement" means a tax regulatory agreement, including any supplements and amendments thereto, of the University, signed by an Authorized Officer and by the Treasurer, to be delivered in connection with the issuance of any Bonds under the Master Indenture and setting forth the expectations, certifications and representations concerning the use of the proceeds of such Bonds and other matters relating to compliance with the Code and consistent with the covenant of the University pursuant to Section 910 of the Master Indenture.

"Termination Payment" means with respect to a Swap an amount required to be paid by the University to the Swap Provider or related Swap Facility as a result of the termination of the Swap or required to be paid by the University into a collateral account as security for any termination provided that any payment by the University on account of termination of a Swap shall be subject to amortization over several fiscal years to be determined and approved by the Treasurer in the Swap.

"Termination Receipt" means with respect to a Swap an amount required to be paid by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

"Thirtieth Supplemental Indenture" means the Thirtieth Supplemental Indenture dated as of November 1, 2023, authorizing the 2023 Series A Bonds (secured by the State Debt Service Commitment).

“Treasurer” means the Treasurer of the State or the Deputy Treasurer.

“Trust Estate” means all of the funds, securities, property, rights, privileges and interests granted, bargained, sold, conveyed, pledged and assigned unto the Trustee in the Granting Clauses of the Master Indenture securing the payment of the principal or redemption price, if any, of and interest on the Bonds according to their terms and all other amounts due in connection therewith and the performance and observance by the University of all the covenants expressed or implied therein and in Bonds.

“Trustee” means U. S. Bank Trust Company, National Association, as successor to U.S. Bank National Association and Fleet National Bank of Connecticut, and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 810 of the Master Indenture.

“Twenty-fourth Supplemental Indenture” means the Twenty-fourth Supplemental Indenture dated as of May 1, 2019, authorizing the 2023 Refunding Series A Bonds (secured by the State Debt Service Commitment).

“UConn 2000 Infrastructure Improvement Program” means the promotion, planning, designing, developing, encouraging, assisting, acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of any UConn 2000 Project and assisting directly or indirectly in the financing of the cost thereof pursuant to the Act including the program of the University pursuant to which it issues bonds under the Master Indenture.

“UConn 2000 Phase I Project” means any Project which is identified and referenced in Section 5 of the Act as a Phase I Project, as same may be revised, deleted or added in accordance with the Act and the Master Indenture.

“UConn 2000 Phase II Project” means any Project which is identified and referenced in Section 5 of the Act as a Phase II Project, as same may be revised, deleted or added in accordance with the Act and the Master Indenture.

“UConn 2000 Phase III Project” means any Project which is identified and referenced in Section 10a-109e of the Act as a Phase III Project, as the same may be revised, deleted or added in accordance with the Act and the Indenture.

“UConn 2000 Project” means any UConn 2000 Phase I Project, UConn 2000 Phase II Project and UConn 2000 Phase III Project which the Board of Trustees by resolution authorizes to finance with Bonds under the Indenture provided such resolution is submitted to the Governor and has not been disapproved by the Governor within thirty (30) days of its submission.

“Underwriters” means the initial purchasers of the 2023 Series A Bonds and the 2023 Refunding Series A Bonds pursuant to a bond purchase agreement duly executed by the University, the Treasurer and such purchasers.

“University” means the University of Connecticut, a constituent unit of the State system of public higher education, including The University of Connecticut Health Center and pursuant to the Act having perpetual succession as a body politic and corporate and an instrumentality and agency of the State or any body, agency, or instrumentality of the State or the State which shall hereafter succeed to the powers, duties and functions of the University under the Indenture.

"Variable Interest Rate" means a variable interest rate to be borne by any Bond or Note within a Series of Bonds or Notes or by any Swap (whether a Swap Payment or Swap Receipt). The method or computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Series of Bonds or Notes or the Swap relating thereto. Such Supplemental Indenture or Swap shall also specify either (i) the particular period or periods of time for which such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

"Variable Interest Rate Bonds or Notes or Swap Payments" means Bonds or Notes which bear a Variable Interest Rate or a Swap Payment which by the terms of the Swap requires and provides for a Variable Interest Rate Swap Payment by the University.

"Variable Interest Rate Calculation Rate" means with respect to each Calendar Year (i) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate, which is not capped pursuant to the Swap or a Swap Facility, and/or is for a period or periods of time ending prior to the next immediate Interest Payment Date, the interest rate thereon in effect (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto) until the next date of change (being the date of calculation referred to in the definition of Variable Interest Base Rate) and thereafter for the balance of such Calendar Year the Variable Interest Base Rate or (ii) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate which, for a period of time ending on or after the next immediate Interest Payment Date, is either capped by its terms or pursuant to the Swap or a Swap Facility or is fixed, the lesser of (a) the interest rate by which the Variable Interest Rate is so capped if less than the rate calculated in (i) hereof or (b) the Variable Interest Rate, so fixed, on the Variable Interest Rate Bonds or Notes or Swap Payments, respectively (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto).

APPENDIX I-D1

FORM OF OPINIONS OF LEAD BOND COUNSEL AND CO-BOND COUNSEL

Upon the delivery of the 2023 Series A Bonds, Pullman & Comley, LLC, Lead Bond Counsel, and Hawkins Delafield & Wood LLP, Co-Bond Counsel, propose to issue their final approving opinions in substantially the following form:

November 21, 2023

University of Connecticut
352 Mansfield Road
Storrs, Connecticut 06269

Honorable Erick Russell, Treasurer
State of Connecticut
Office of the Treasurer
165 Capitol Avenue, Suite 2003
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $224,540,000 General Obligation Bonds, 2023 Series A (the "2023 Series A Bonds") of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2023 Series A Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a–109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the "Act"), the General Obligation Master Indenture of Trust, as amended and supplemented by certain supplemental indentures (the "Master Indenture"), including the Thirtieth Supplemental Indenture (the "Thirtieth Supplemental Indenture" and together with the Master Indenture, the "Indentures."). The Master Indenture was entered into as of November 1, 1995 by and between the University and Fleet National Bank of Connecticut, as original trustee (predecessor to U.S. Bank Trust Company, National Association) (the "Trustee").

The 2023 Series A Bonds are dated, will mature on the dates, will bear interest at the rates, and may be subject to redemption prior to maturity, all as set forth in or determined pursuant to the Indentures.

The University is authorized to issue bonds, in addition to the 2023 Series A Bonds, upon the terms, conditions and covenants set forth in the Act and the Master Indenture, and such bonds, when issued, shall, with the 2023 Series A Bonds and with all other such bonds theretofore issued under the Master Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Master Indenture, in accordance with its terms.

We have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the University and the Treasurer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

We are of the opinion that:

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2023 Series A Bonds, and to perform its obligations under the terms and conditions of the Indentures including provisions relating to the receipt of Assured Revenues, particularly annual amounts of the State Debt Service Commitment as covenanted in the Master Indenture.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms.

3. The 2023 Series A Bonds have been duly authorized, executed and authenticated and are legal, valid and binding general obligations of the University in accordance with their terms for the payment of the Principal Installment of, interest on and Redemption Price of which, the full faith and credit of the University has been legally and validly pledged. The 2023 Series A Bonds are entitled to the equal benefit, protection, and security of provisions, covenants and remedies provided by the Act and the Indentures.

4. The 2023 Series A Bonds are additionally secured by a pledge of and lien on the State Debt Service Commitment in the manner and to the extent set forth in and created by the Indentures. The Indentures create the valid pledge of and lien upon the Trust Estate and the annual amounts of the State Debt Service Commitment, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Act and as part of the contract of the State with the holders of the 2023 Series A Bonds, the State has validly appropriated all amounts of the State Debt Service Commitment (including the Principal Installments of, interest on and Redemption Price of the 2023 Series A Bonds) out of the resources of the general fund of the State and the Treasurer has the legal duty and is validly mandated and obligated to pay such amount to the Trustee, as paying agent on the 2023 Series A Bonds as the same arise and shall become due and payable. Such appropriation, mandate and obligation of payment do not require further legislative approval.

6. Pursuant to the Act, the 2023 Series A Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met on and subsequent to the delivery of the 2023 Series A Bonds in order that interest on the 2023 Series A Bonds be excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the 2023 Series A Bonds, restrictions on the investment of 2023 Series A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2023 Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2023 Series A Bonds, the University and the Treasurer will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the University and the Treasurer covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the 2023 Series A Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 7 below, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the 2023 Series A Bonds, and (ii) continuing compliance by the University and the Treasurer with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing law and existing statutes and court decisions, as applicable, interest on the 2023 Series A Bonds is excluded from gross income under Section 103 of the Code and is not an item of tax preference for purposes of the alternative minimum tax under the Code however, such interest is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University and the Treasurer and others in connection with the 2023 Series A Bonds, and we have assumed compliance by the University and the Treasurer with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code") to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

8. Under existing statutes, interest on the 2023 Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and interest on the 2023 Series A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2023 Series A Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the 2023 Series A Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2023 Series A Bonds may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Very truly yours,

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APPENDIX I-D2

FORM OF OPINIONS OF LEAD BOND COUNSEL AND CO-BOND COUNSEL

Upon the delivery of the 2023 Refunding Series A Bonds, Pullman & Comley, LLC, Lead Bond Counsel, and Hawkins, Delafield & Wood LLP, Co-Bond Counsel, propose to issue their final approving opinions in substantially the following form:

November 21, 2023

University of Connecticut
352 Mansfield Road
Storrs, Connecticut 06269

Honorable Erick Russell, Treasurer
State of Connecticut
Office of the Treasurer
165 Capitol Avenue, Suite 2003
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $133,505,000 General Obligation Bonds, 2023 Refunding Series A (the "2023 Refunding Series A Bonds") of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2023 Refunding Series A Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a–109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the "Act"), the General Obligation Master Indenture of Trust, as amended and supplemented by certain supplemental indentures (the "Master Indenture"), including the Twenty-fourth Supplemental Indenture (the "Twenty-fourth Supplemental Indenture" and together with the Master Indenture, the "Indentures"). The Master Indenture was entered into as of November 1, 1995 by and between the University and Fleet National Bank of Connecticut, as original trustee (predecessor to U.S. Bank Trust Company, National Association) (the "Trustee").

The 2023 Refunding Series A Bonds are dated, will mature on the dates, will bear interest at the rates, and may be subject to redemption prior to maturity, all as set forth in or determined pursuant to the Indentures.

The University is authorized to issue bonds, in addition to the 2023 Refunding Series A Bonds, upon the terms, conditions and covenants set forth in the Act and the Master Indenture, and such bonds, when issued, shall, with the 2023 Refunding Series A Bonds and with all other such bonds theretofore issued under the Master Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Master Indenture, in accordance with its terms.

We have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the University and the Treasurer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

We are of the opinion that:

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2023 Refunding Series A Bonds, and to perform its obligations under the terms and conditions of the Indentures including provisions relating to the receipt of Assured Revenues, particularly annual amounts of the State Debt Service Commitment as covenanted in the Master Indenture.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms.

3. The 2023 Refunding Series A Bonds have been duly authorized, executed and authenticated and are legal, valid and binding general obligations of the University in accordance with their terms for the payment of the Principal Installment of, interest on and Redemption Price of which, the full faith and credit of the University has been legally and validly pledged. The 2023 Refunding Series A Bonds are entitled to the equal benefit, protection, and security of provisions, covenants and remedies provided by the Act and the Indentures.

4. The 2023 Refunding Series A Bonds are additionally secured by a pledge of and lien on the State Debt Service Commitment in the manner and to the extent set forth in and created by the Indentures. The Indentures create the valid pledge of and lien upon the Trust Estate and the annual amounts of the State Debt Service Commitment, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Act and as part of the contract of the State with the holders of the 2023 Refunding Series A Bonds, the State has validly appropriated all amounts of the State Debt Service Commitment (including the Principal Installments of, interest on and Redemption Price of the 2023 Refunding Series A Bonds) out of the resources of the general fund of the State and the Treasurer has the legal duty and is validly mandated and obligated to pay such amount to the Trustee, as paying agent on the 2023 Refunding Series A Bonds as the same arise and shall become due and payable. Such appropriation, mandate and obligation of payment do not require further legislative approval.

6. Pursuant to the Act, the 2023 Refunding Series A Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met on and subsequent to the delivery of the 2023 Refunding Series A Bonds in order that interest on the 2023 Refunding Series A Bonds be excluded from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the 2023 Refunding Series A Bonds, restrictions on the investment of 2023 Refunding Series A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government.

Noncompliance with such requirements may cause interest on the 2023 Refunding Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2023 Refunding Series A Bonds, the University and the Treasurer will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the University and the Treasurer covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the 2023 Refunding Series A Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 7 below, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the 2023 Refunding Series A Bonds, and (ii) continuing compliance by the University and the Treasurer with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing law, interest on the 2023 Refunding Series A Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax however, such interest is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University and the Treasurer and others in connection with the 2023 Refunding Series A Bonds, and we have assumed compliance by the University and the Treasurer with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code") to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

8. Under existing statutes, interest on the 2023 Refunding Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and interest on the 2023 Refunding Series A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2023 Refunding Series A Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the 2023 Refunding Series A Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2023 Refunding Series A Bonds may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Very truly yours,

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APPENDIX I-E

FORM OF CONTINUING DISCLOSURE AGREEMENT
BY THE UNIVERSITY OF CONNECTICUT

In Connection With The Issuance and Sale of the University of Connecticut
[$224,540,000 General Obligation Bonds, 2023 Series A]
[$133,505,000 General Obligation Bonds, 2023 Refunding Series A]

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of _________, 2023 and is executed and delivered by the University of Connecticut (the "University") and U.S. Bank Trust Company, National Association (the "Dissemination Agent") in connection with the issuance of [$224,540,000 University of Connecticut General Obligation Bonds, 2023 Series A,] [$133,505,000 University of Connecticut General Obligation Bonds, 2023 Refunding Series A] (the "Bonds"). The Bonds are being issued pursuant to a General Obligation Master Indenture of Trust, dated as of November 1, 1995, as supplemented and amended to date (the "Indenture"), between the University and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association and Fleet National Bank of Connecticut), as Trustee (the "Trustee"). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the University covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean the Controller or the Chief Financial Officer of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the initial Dissemination Agent hereunder, which is U.S. Bank Trust Company, National Association, or any successor Dissemination Agent designated in writing by the University and acceptable to the State and which has filed with U.S. Bank Trust Company, National Association a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system for municipal securities disclosure (http://emma.msrb.org) or any other repository of disclosure information that may be designated by the SEC (defined below).

"Filing Date" shall have the meaning given to such term in Section 3(a) of this Disclosure Agreement.

"Listed Events" shall mean, with respect to the Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule (defined below) which are listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Official Statement" shall mean the Official Statement dated November 8, 2023 relating to the Bonds.

"Participating Underwriters" shall mean any or all of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of Connecticut acting by and through the Treasurer of the State.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The University, commencing with fiscal year ending June 30, 2023, shall, or shall cause the Dissemination Agent to, not later than February 28 of each year, or in the event of a change in the University's fiscal year from the present July 1 to June 30 fiscal year, within eight months after the end of such fiscal year (the "Filing Date"), provide to the MSRB through EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to the Filing Date (except that in the event the University elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the University to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the University has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements of the University shall be submitted as soon as practicable after the audited financial statements become available. The University shall promptly notify the Dissemination Agent of any change in the University's fiscal year.

(b) If by five (5) Business Days prior to the Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the University to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB through EMMA by the Filing Date, the Dissemination Agent shall send a reminder notice to the University and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the University and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the University has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Report. The University's Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements (including notes) of the University and University of Connecticut Health Center ("UConn Health"), provided, however, if audited financial statements are not available by the Filing Date, the University may file unaudited financial statements in lieu of such audited financial statements until such audited financial statements become available, which financial statements may be individual, combined or consolidated, prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, and consistently applied, unless otherwise explained in notes to the financial statements.

(b) Financial information and operating data of the University for the preceding fiscal year which shall include annual or year-end information of the University as applicable, of the type included in the Official Statement as set forth below:

(1) student statistical information of the type set forth in Appendix A to the Official Statement ("Appendix A") under the headings,

(i) Schedule of First Year Enrollment Storrs Campus;
(ii) Average Total SAT Scores;
(iii) Total Enrollment Data (Head Count);
(iv) Percentage of Enrollment by Residence Status;
(v) In-State Undergraduate Tuition and Other Fees;
(vi) Financial Aid to University Students (excluding Tuition Waivers);

(2) to the extent not otherwise incorporated in the financial statements of the University provided in accordance with Section 4(a) hereof, revenue, expense and fund data of the type set forth in the Official Statement under the headings,

(i) Statement of Revenues, Expenses and Changes in Net Position;
(ii) Statement of Current Funds Operations;
(iii) Schedule of State Operating Support and Fringe Benefits to the University;
(iv) State Legislative Bond Authorizations for the University;
(v) Grants and Contracts;
(vi) Summary of Total Assets, Revenue and Expenditures of UConn Foundation;
(vii) Debt Service on General Obligation Bonds;
(viii) Total UConn 2000 Debt Obligations Outstanding;

(3) student statistical information of UConn Health and, to the extent not otherwise incorporated in the financial statements of UConn Health provided in accordance with Section 4(a) hereof, revenue, expense and fund data all of the type set forth in Appendix A under the headings:

(i) Average Total MCAT and DAT Scores;
(ii) Passing Rates on National Exams;
(iii) Annual Cost of an In-State Student Enrolled at UConn Health by School;
(iv) Percentage of Enrollment by Residence Status;
(v) Statement of Revenues, Expenses and Changes in Net Position;
(vi) Statement of Current Funds Operations;
(vii) Grants and Contracts;
(viii) Long Term Liabilities;

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the University and the financial and operating condition of the University; provided, however, that the references above to specific section headings of the Official Statement used as a means of identification shall not prevent the University from reorganizing such material in subsequent official statements and Annual Reports.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under Section 4(a) hereof, or official statements of debt issues with respect to which the University is the issuer, which have been (i) made available to the public on EMMA or (ii) filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The University shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the Listed Events relating to the Bonds to the MSRB in a timely manner not in excess of ten (10) Business Days after the occurrence of any of such Listed Events:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) 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 of determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to the rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers (other than mandatory sinking fund redemptions);

(9) Bond defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the University or the State;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the University or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University or the State.

(13) the consummation of a merger, consolidation, or acquisition involving the University or the State or the sale of all or substantially all of the assets of the University or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional paying agent or trustee or the change of the name of the paying agent or trustee, if material;

(15) 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, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the University, any of which reflect financial difficulties.

Note to clauses (15) and (16): For the purposes of the events identified in clauses (15) and (16), the term "financial obligation" means 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" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the University obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13), (14), or (15) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the University shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the University to be material, the University shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the University elects to have the Dissemination Agent file notice of any Listed Event, the University will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

(a) The University's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, the University's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the University delivers to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the University's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Trustee (if other than the Dissemination Agent), and (iii) J. P. Morgan Securities LLC, as representative of the Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 7. Dissemination Agent.

(a) The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the University and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the University or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the University shall forthwith appoint a Dissemination Agent to act. The University shall give or cause to be given written notice of any such appointment to the Bondholder and the Trustee (if the Trustee is not the Dissemination Agent).

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the University shall have delivered an opinion of counsel, addressed to the University, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the University shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the University (such as bond counsel) and acceptable to the University, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Bondholders consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Bondholders pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the University shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank Trust Company, National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relating to the Bonds.

SECTION 10. Default. In the event of a failure of the University or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the University to give the University opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the University or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the University in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the University.

(b) The Dissemination Agent shall have all such immunities and liabilities vested in the Trustee under the Indenture.

SECTION 12. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to EMMA.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State, and by applicable federal laws.

SECTION 17. State of Connecticut Terms and Conditions. The Dissemination Agent hereby confirms that it has reviewed the State of Connecticut Terms and Conditions (the “Terms”) attached hereto as Attachment A and agrees and warrants that it will comply with the provisions of the terms that are applicable to it.

Dated as of November 21, 2023

UNIVERSITY OF CONNECTICUT

By:________________________________
Name: Jeffrey Geoghegan
Title: Executive Vice President for Finance and Chief Financial Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Dissemination Agent

By:________________________________
Name:
Title:

EXHIBIT A
To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: University of Connecticut (the "University")

Name of Bond Issue:

Date of Issuance:

NOTICE IS HEREBY GIVEN that the University has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between the University and U.S. Bank Trust Company, National Association (the "Dissemination Agent") dated as of _______________, ____. The University has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _______________.

Dated:____________________

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By:_________________________________
Name:___________________________
Title:____________________________

cc: University

ATTACHMENT A

STATE OF CONNECTICUT TERMS AND CONDITIONS
(October 17, 2022)

References herein to "University" shall mean the University of Connecticut (including UConn Health and all regional campuses) and references to "Contractor" shall mean the entity with whom University is contracting. References herein to "Contract" shall mean the agreement between University and Contractor (including any applicable University Purchase Order) to which these terms ("T&Cs") are incorporated and made a part thereof.

[*Sections 1 through 6 of these T&CS are incorporated into the Contract, regardless of value*]

1. **Statutory Authority.** Connecticut General Statutes §§ 4a-52a, 4b-21, 4b-38, 10a-104, 10a-108, 10a-109d (a)(5), 10a-151a, and/or 10a-151b, provide the University with authority to enter into contracts in the pursuit of its mission.

2. **Governing Law.** The Contract shall be construed in accordance with and governed by the laws of the State of Connecticut without regard to its principles of conflicts of laws.

3. **Claims.** Contractor agrees that the sole and exclusive means for the presentation of any claim against the State of Connecticut or University arising from this Contract shall be in accordance with Chapter 53 of the Connecticut General Statutes (Claims Against the State) and Contractor agrees not to initiate any legal proceedings in any state or federal court in addition to, or in lieu of, said Chapter 53 proceedings.

4. **Sovereign Immunity.** Contractor acknowledges and agrees that nothing in the Contract, or any solicitation leading up to the Contract, shall be construed as a modification, compromise or waiver by the University or State of Connecticut of any rights or defense of any immunities provided by federal law or the laws of the State of Connecticut to the University or State of Connecticut or any of their officers and employees, which they may have had, now have or will have with respect to all matters arising out of the Contract. To the extent that this section conflicts with any other section in the Contract, this section shall govern.

5. **Executive Orders and Other Enactments.**

a. All references in this Contract to any Federal, State, or local law, statute, public or special act, executive order, ordinance, regulation or code (collectively, "Enactments") shall mean Enactments that apply to the Contract at any time during its term, or that may be made applicable to the Contract during its term. This Contract shall always be read and interpreted in accordance with the latest applicable wording and requirements of the Enactments. Unless otherwise provided by Enactments, the Contractor is not relieved of its obligation to perform under this Contract if it chooses to contest the applicability of the Enactments or the University's authority to require compliance with the Enactments.

b. This Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace, all of which are incorporated into and are made a part of this Contract as if they had been fully set forth in it.

c. This Contract may be subject to Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services. If applicable, Executive Order No. 14 is deemed to be incorporated into and made a part of this Contract as if fully set forth in it.

6. **Nondiscrimination.**

a. For purposes of this Section, the following terms are defined as follows:

i. "Commission" means the Commission on Human Rights and Opportunities;
ii. "Contract" and "contract" include any extension or modification of the Contract or contract;
iii. "Contractor" and "contractor" include any successors or assigns of the Contractor or contractor;
iv. "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose.

v. "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;
vi. "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;
vii. "marital status" means being single, married as recognized by the State of Connecticut, widowed, separated or divorced;
viii. "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders;
ix. "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and
(3) who are members of a minority, as such term is defined in subsection (a) of Conn. Gen. Stat. § 32-9n; and
x. "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, unless the contract is a municipal public works contract or quasi-public agency project contract, (2) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in Conn. Gen. Stat. § 1-267, (3) the federal government, (4) a foreign government, or (5) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), or (4).

b. (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status of a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to ensure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status of a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action equal opportunity employer" in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Conn. Gen. Stat. §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Conn. Gen. Stat. §§ 46a-56, 46a-68e, 46a-68f and 46a-86; and (5) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Conn. Gen. Stat. § 46a-56. If the contract is a public works contract, municipal public works contract or contract for a quasi-public agency project, the Contractor agrees and warrants that he or she will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works or quasi-public agency projects.

c. Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.

d. The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.

e. The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and in every subcontract entered into in order to fulfill any obligation of a municipal public works contract for a quasi-public agency project, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Conn. Gen. Stat. § 46a-56 as amended; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission regarding a State contract, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

f. The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

g. (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Conn. Gen. Stat. § 46a-56; and (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Conn. Gen. Stat. § 46a-56.

h. The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Conn. Gen. Stat. § 46a-56 as amended; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission regarding a State contract, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

i. Pursuant to subsection (c) of section 4a-60 and subsection (b) of section 4a-60a of the Connecticut General Statutes, the Contractor, for itself and its authorized signatory of this Contract, affirms that it understands the obligations of this section and that it will maintain a policy for the duration of the Contract to assure that the Contract will be performed in compliance with the nondiscrimination requirements of such sections. The Contractor and its authorized signatory of this Contract demonstrate their understanding of this obligation by (A) having provided an affirmative response in the required online bid or response to a proposal question which asks if the contractor understands its obligations under such sections, **(B) signing this Contract**, or (C) initialing this nondiscrimination affirmation in the following box: ☐

[Sections 1 through 10 of these T&Cs are incorporated into any Contract with a value equal to or greater than $50,000, or a combination or series of such agreements or contracts having a value of $100,000 or more in a calendar year]

7. **Large State Contract Representation for Contractor**. Pursuant to section 4-252 of the Connecticut General Statutes and Acting Governor Susan Bysiewicz Executive Order No. 21-2, promulgated July 1, 2021, the Contractor, for itself and on behalf of all of its principals or key personnel who submitted a bid or proposal, represents:

(1) That no gifts were made by (A) the Contractor, (B) any principals and key personnel of the Contractor, who participate substantially in preparing bids, proposals or negotiating State contracts, or (C) any agent of the Contractor or principals and key personnel, who participates substantially in preparing bids, proposals or negotiating State contracts, to (i) any public official or State employee of the State agency or quasi- public agency soliciting bids or proposals for State contracts, who participates substantially in the preparation of bid solicitations or requests for proposals for State contracts or the negotiation or award of State contracts, or (ii) any public official or State employee of any other State agency, who has supervisory or appointing authority over such State agency or quasi-public agency;

(2) That no such principals and key personnel of the Contractor, or agent of the Contractor or of such principals and key personnel, knows of any action by the Contractor to circumvent such prohibition on gifts by providing for any other principals and key personnel, official, employee or agent of the Contractor to provide a gift to any such public official or State employee; and

(3) That the Contractor is submitting bids or proposals without fraud or collusion with any person.

8. **Large State Contract Representation for Official or Employee of State Agency.** Pursuant to section 4-252 of the Connecticut General Statutes and Acting Governor Susan Bysiewicz Executive Order No. 21-2, promulgated July 1, 2021, the State agency official or employee represents that the selection of the person, firm or corporation was not the result of collusion, the giving of a gift or the promise of a gift, compensation, fraud or inappropriate influence from any person.

9. **Consulting Agreement Representations.** Pursuant to section 4a-81 of the Connecticut General Statutes, the person signing this Contract on behalf of the Contractor represents, to their best knowledge and belief and subject to the penalty of false statement as provided in section 53a-157b of the Connecticut General Statutes, that the Contractor has not entered into any consulting agreements in connection with this Contract, except for the agreements listed below or in an attachment to this Contract. "Consulting agreement" means any written or oral agreement to retain the services, for a fee, of a consultant for the purposes of (A) providing counsel to a contractor, vendor, consultant or other entity seeking to conduct, or conducting, business with the State, (B) contacting, whether in writing or orally, any executive, judicial, or administrative office of the State, including any department, institution, bureau, board, commission, authority, official or employee for the purpose of solicitation, dispute resolution, introduction, requests for information, or (C) any other similar activity related to such contracts. "Consulting agreement" does not include any agreements entered into with a consultant who is registered under the provisions of chapter 10 of the Connecticut General Statutes as of the date such contract is executed in accordance with the provisions of section 4a-81 of the Connecticut General Statutes.

________________________________ ________________________________
Consultant's Name and Title Name of Firm (if applicable)

________________ ________________ ________________
Start Date End Date Cost

The basic terms of the consulting agreement are: ________________________________
____

Description of Services Provided: ____
____

Is the consultant a former State employee or former public official? ☐ YES ☐ NO
If YES: ________________________ ________________________
Name of Former State Agency Termination Date of Employment

10. **Campaign Contribution Restrictions**. For all State contracts, defined in section 9-612 of the Connecticut General Statutes as having a value in a calendar year of $50,000 or more, or a combination or series of such agreements or contracts having a value of $100,000 or more, the authorized signatory to this Contract represents that they have received the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice.

[Sections 1 through 12 of these T&Cs are incorporated into any Contract with a value equal to or greater than $500,000]

11. **Summary of State Ethics Laws.** Pursuant to the requirements of section 1-101qq of the Connecticut General Statutes (a) the State has provided to the Contractor the summary of State ethics laws developed by the State Ethics Commission pursuant to section 1-81b of the Connecticut General Statutes, which summary is incorporated by reference into and made a part of this Contract as if the summary had been fully set forth in this Contract; (b) the Contractor represents that the chief executive officer or authorized signatory of the Contract and all key employees of such officer or signatory have read and understood the summary and agree to comply with the provisions of state ethics law; (c) prior to entering into a contract with any subcontractors or consultants, the Contractor shall provide the summary to all subcontractors and consultants and each such contract entered into with a subcontractor or consultant on or after July 1, 2021, shall include a representation that each subcontractor or consultant and the key employees of such subcontractor or consultant have read and understood the summary and agree to comply with the provisions of state ethics law; (d) failure to include such representations in such contracts with subcontractors or consultants shall be cause for termination of the Contract; and (e) each contract with such contractor, subcontractor or consultant shall incorporate such summary by reference as a part of the contract terms.

12. **Iran Energy Investment Certification.**

a. Pursuant to section 4-252a of the Connecticut General Statutes, the Contractor certifies that it has not made a direct investment of twenty million dollars or more in the energy sector of Iran on or after October 1, 2013, as described in Section 202 of the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, and has not increased or renewed such investment on or after said date.

b. If the Contractor makes a good faith effort to determine whether it has made an investment described in subsection (a) of this section then the Contractor shall not be deemed to be in breach of the Contract or in violation of this section. A "good faith effort" for purposes of this subsection includes a determination that the Contractor is not on the list of persons who engage in certain investment activities in Iran created by the Department of General Services of the State of California pursuant to Division 2, Chapter 2.7 of the California Public Contract Code. Nothing in this subsection shall be construed to impair the ability of the State agency or quasi-public agency to pursue a breach of contract action for any violation of the provisions of the Contract.

[Sections 1 through 13 of these T&Cs are incorporated into any Contract with a value equal to or greater than $2,500,000]

13. **Freedom of Information.**

a. Contractor acknowledges that University must comply with the Freedom of Information Act, C.G.S. §§ 1-200 et seq. ("FOIA") which requires the disclosure of documents in the possession of the University upon request of any citizen, unless the content of the document falls within certain categories of exemption.

b. Governmental Function. In accordance with C.G.S. § 1-218, if the amount of this Contract exceeds two million five hundred thousand dollars ($2,500,000), and the Contractor is a "person" performing a "governmental function", as those terms are defined in C.G.S. § 1-200, the University is entitled to receive a copy of the records and files related to the Contractor's performance of the governmental function, which may be disclosed by University pursuant to the FOIA.

[Sections 1 through 14 of these T&Cs are incorporated into any Contract with a value equal to or greater than $5,000,000]

14. **Whistleblowing.** If this Contract is a "large state contract" (as defined in C.G.S. § 4-61dd) having a value of five million dollars ($5,000,000) or more, it is subject to the provisions of C.G.S. § 4-61dd. In accordance with such statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee's disclosure of information to any employee of the contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) of such statute, then in accordance with subsection (e) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty percent of the value of the Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state contractor, as defined in the statute, shall post a notice of the provisions of the statute relating to large state contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

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APPENDIX I-E1

FORM OF STATE CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State of Connecticut (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) timely notice of the occurrence of certain events with respect to the State, 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.

This Continuing Disclosure Agreement ("Agreement") is made as of the 21st day of November 2023 by the State of Connecticut (the "State") acting by its undersigned officer, duly authorized, in connection with the issuance of $224,540,000 University of Connecticut General Obligation Bonds, 2023 Series A and $133,505,000 University of Connecticut General Obligation Bonds, 2023 Refunding Series A (the "Bonds") and U.S. Bank Trust Company, National Association, as Dissemination Agent (the "Dissemination Agent" or the "Bank"). The Bonds are being issued pursuant to a General Obligation Master Indenture of Trust entered into by the University of Connecticut (the "Issuer") and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as Trustee (the "Trustee") dated as of November 1, 1995, as supplemented and amended from time to time (the "Indenture") 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 Part II of the official statement of the Issuer dated November 8, 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 t 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. Material 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:

(a) incurrence of a financial obligation of the State, 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

(b) 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 (a) and (b) 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 the 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, 2nd Floor, 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, including, without limitation, an Event of Default under the Indenture, or a breach of any duty or obligation of the Trustee under the Indenture.

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 and the Dissemination Agent 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 51% of the aggregate principal amount of the Bonds then outstanding pursuant to the terms of the Indenture. 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.

(f) Attachment A is incorporated herein and for purposes of Attachment A, "Bank" shall refer to U.S. Bank Trust Company, National Association.

[Remainder of Page Left Blank]

STATE OF CONNECTICUT

By:______________________________________
Erick Russell
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Dissemination Agent

By:______________________________________
Authorized Officer

Attachment A

(State Contracting Provisions)

**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 November 8, 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**

TABLE OF CONTENTS

INDEX TO TABLES

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 or expected application of excess funds is below:

Budget Reserve Fund
(In Millions)

	Fiscal Year 2020	**Fiscal Year 2021**	**Fiscal Year 2022**	**Fiscal Year 2023 (unaudited)**
BRF Beginning Balance	$ 2,505.5	$ 3,012.9	$ 3,112.0	$ 3,313.4
Plus Surplus	38.7	475.9	1,261.3	551.1
Plus Volatility Cap	530.3	1,241.5	3,047.5	1,321.8
Total	$ 3,074.5	$ 4,730.3	$ 7,420.8	$ 5,186.3
BRF Statutory 15% Cap	$ 3,012.9	$ 3,112.0	$ 3,313.4	$ 3,315.8
Excess to Pension Funds (SERF/TRS)	(61.6)	(1,618.3)	(4,107.4)	(1,870.5)
BRF Net Increase / (Decrease)	$ 507.4	$ 99.1	$ 201.4	$ 2.5
Application of Excess BRF:				
State Employees' Retirement Fund	$ 61.6	$ 714.7	$ 3,203.7	$ 1,046.5
Teachers' Retirement System	--	903.6	903.6	823.9
Total	$ 61.6	$ 1,618.3	$ 4,107.4	$ 1,870.5

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 2019 through 2022, the unaudited statutory basis financial statements for Fiscal Year 2023 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"). This deficit in practical terms represents a reduction in the State's cash resources. 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 contained a contractual covenant with bondholders that no future action of the General Assembly would diminish the appropriation so long as the GAAP Bonds are outstanding, unless the Governor declared an emergency or there were other extraordinary circumstances.

The GAAP Bonds were redeemed on October 15, 2023 and the covenant is no longer in effect.

In accordance with the second part of the plan, while the GAAP Bonds were outstanding, the deferred charge of the Accumulated 2013 GAAP Deficit was 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, was 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. The remaining Accumulated 2013 GAAP Defict was $603.9 million as of June 30, 2022. It is not expected that further appropriations will be made to reduce the Accumulated 2013 GAAP Deficit, as the State's cash resources are currently ample.

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 2023 averaged $11.8 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 $300 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 $10.0 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 2019 through 2022 and unaudited financial statements for the General Fund for Fiscal Year 2023 are included in **Appendix II-D**. The adopted budget and audited financial statutory basis results for Fiscal Year 2022 and the adopted budget and unaudited final statutory basis results for Fiscal Year 2023 and the adopted budgets for Fiscal Years 2024 and 2025 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.

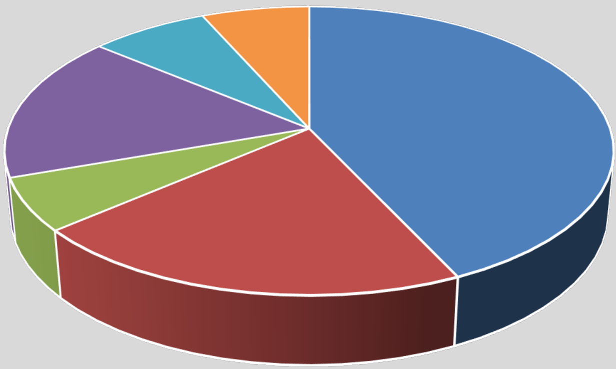
Because of the vast number of variables that can impact the revenue forecast, the State considers forecasting to be a process and not a product. While the economic data from available sources is analyzed and used to anticipate overall direction and trends, the revenue forecast is generated through a 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 2024 and 2025 Adopted Revenues.*** General Fund revenues are forecasted by the legislature at the adoption of the budgets for Fiscal Years 2024 and 2025 ("Adopted Revenues") and are reflected in **Appendix II-E**.

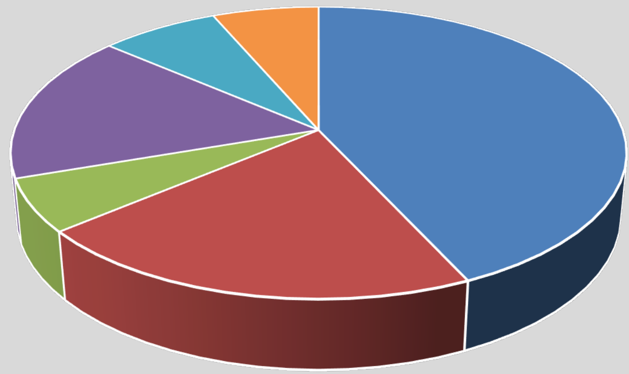
General Fund revenues are derived primarily from the collection of State taxes, including the personal income tax, the sales and use tax and the corporation business tax. The State, as of the forecast date, expected to derive approximately 69.6 percent and 69.7 percent of its General Fund revenues from these taxes during Fiscal Year 2024 and Fiscal Year 2025, respectively. A summary of anticipated General Fund revenue sources based on the Adopted Revenues for Fiscal Years 2024 and 2025, is set forth below:

Adopted General Fund Revenues (In Millions)

Adopted Revenues
Fiscal Year 2024
$22,505.3 (a)



Adopted Revenues
Fiscal Year 2025
$23,103.7 (a)



Fiscal Year 2024

Personal Income Tax	$ 11,023.3	43.0%
Sales and Use Tax	5,299.5	20.7%
Corporate Business Tax	1,514.5	5.9%
Other Taxes(b)	4,223.4	16.5%
Unrestricted Federal Grants	1,867.8	7.3%
Other Non-Tax Revenues(c)	1,697.0	6.6%

Fiscal Year 2025

Personal Income Tax	$ 11,233.4	43.1%
Sales and Use Tax	5,428.2	20.8%
Corporate Business Tax	1,526.5	5.9%
Other Taxes(b)	4,314.1	16.5%
Unrestricted Federal Grants	1,886.5	7.2%
Other Non-Tax Revenues(c)	1,688.0	6.5%

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 $25,625.5 million for Fiscal Year 2024 and $26,076.7 million for Fiscal Year 2025, 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 $3,120.2 million for Fiscal Year 2024 and $2,973.0 million for Fiscal Year 2025. 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**.

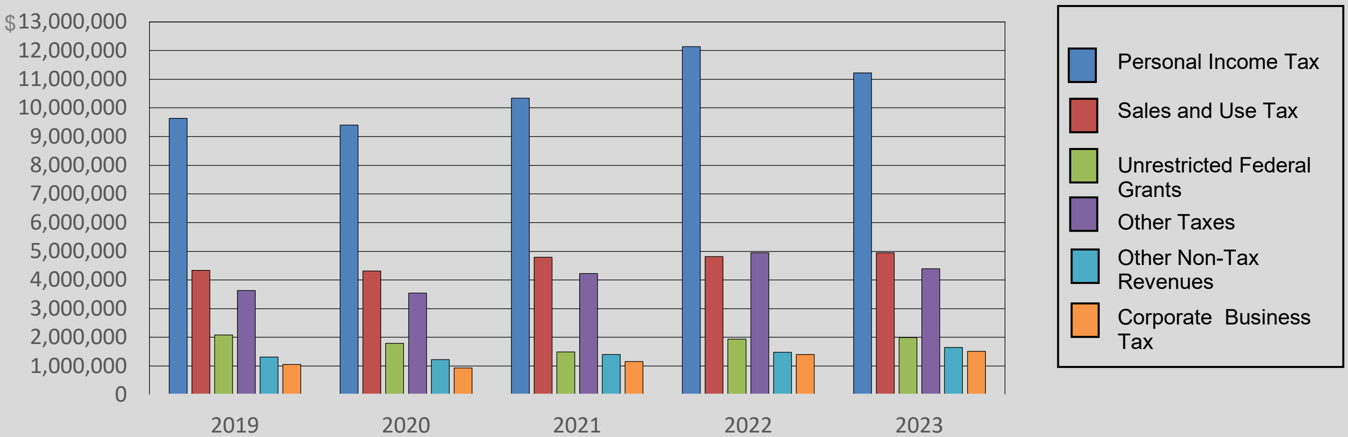
(c) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues; designated Tobacco Settlement Revenues and special transfers to the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

SOURCE: Public Act No. 23-204

Historical General Fund Revenues

Actual General Fund revenues for Fiscal Years 2019 through 2022 (audited) and Fiscal Year 2023 (unaudited) 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)



	2019	**2020**	**2021**	**2022**	**2023 (Unaudited)**
Taxes:					
Personal Income Tax……………	$ 9,640,164[(b)]	$ 9,397,778[(b)]	$10,340,437[(b)]	$12,131,800[(b)]	$11,223,390[(b)]
Sales Tax ……………………….	4,338,061	4,317,730	4,792,675	4,818,083	4,944,772
Corporate Business Tax………...	1,060,877	934,499	1,153,079	1,401,153	1,516,588
Other Taxes[(c)]………………….	3,631,038	3,542,851	4,229,834	4,947,333	4,391,202
Subtotal……………………...	$18,670,140	$18,192,858	$20,516,024	$23,298,369	$22,075,952
R & D Credit Exchange………...	(5,370)	(8,628)	(7,093)	(5,756)	(6,061)
Refunds of Taxes………………	(1,465,368)	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)
Total Net Taxes…………….	$17,199,401	$16,692,816	$18,651,419	$21,481,411	$20,079,787
Other Revenue:					
Federal Grants (Unrestricted)….	$ 2,083,774	$ 1,796,754	$ 1,496,315	$ 1,934,869	$ 1,997,837
Other Non-Tax Revenues[(d)]…….	1,307,982	1,227,906	1,397,789	1,474,531	1,645,647
Transfers to Other Funds……….	(1,051,495)[(e)]	(659,936)[(f)]	(1,128,604)[(g)]	(3,026,155)[(h)]	(1,012,878)[(i)]
Transfers from Other Funds…….	110,200	136,000	114,500	126,200	112,500
Total Other Revenues……...	$ 2,450,461	$ 2,500,724	$ 1,880,000	$ 509,445	$ 2,743,106
Total Revenues....................	$19,649,862	$19,193,540	$20,531,418	$21,990,857	$22,822,894

(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 2023 are comprised of $6,665.8 million, $6,815.2 million, $7,243.8 million, $7,886.2 and 8,317.2 million, respectively, in the withholding portion of Personal Income Tax and $2,974.4 million, $2,582.6 million, $3,096.6 million, $4,245.6 and 2,906.2 million, respectively, in the estimated and finals portion of Personal Income Tax.

(c) Other taxes are comprised of pass-through entity tax, 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, health care providers; and other miscellaneous taxes.

(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 $949.7 million and transfer to the Pequot/Mohegan Fund.

(f) 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.

(g) 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.

(h) 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.

(i) Includes transfers from resources of the General Fund of $308.9 million and transfers for the volatility adjustment of $1,321.8 million and transfer to the Pequot/Mohegan Fund.

SOURCE: 2019, 2020, 2021 and 2022 Annual Reports of the State Comptroller and 2023 preliminary Annual Report 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. Beginning in income year 2024 the 3% rate mentioned above is lowered to 2%.

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 2025 and is phased out completely for income year 2026.

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 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.

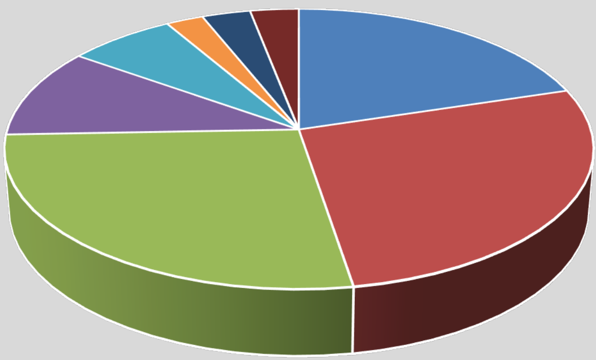
General Fund Expenditures

Fiscal Year 2024 and 2025 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.

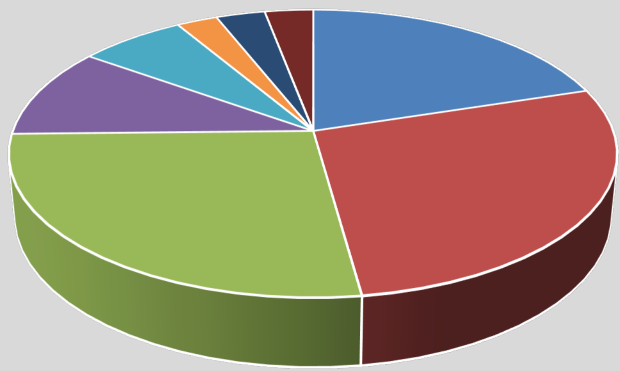
The adopted budgets for Fiscal Year 2024 and 2025 are included as **Appendix II-E**. A summary of appropriated General Fund expenditures for Fiscal Years 2024 and 2025 is set forth below.

Appropriated General Fund Expenditures (In Millions)

Appropriated Expenditures
Fiscal Year 2024
$22,105.6[(a)]



Appropriated Expenditures
Fiscsal Year 2025
$22,805.9[(a)]



Fiscal Year 2024

Human Services	$ 4,502.1	20.2%
Education, Libraries and Museums	6,041.7	27.2%
Non-Functional	6,007.2	27.0%
Health and Hospitals	2,310.6	10.4%
Corrections	1,503.5	6.8%
General Government	522.5	2.3%
Judicial	674.7	3.0%
Other Expenditures[(b)]	677.0	3.0%

Fiscal Year 2025

Human Services	$ 4,633.2	20.2%
Education, Libraries and Museums	6,358.5	27.7%
Non-Functional	6,173.9	26.9%
Health and Hospitals	2,342.0	10.2%
Corrections	1,516.7	6.6%
General Government	581.3	2.5%
Judicial	694.7	3.0%
Other Expenditures[(b)]	688.3	3.0%

(a) The pie charts reflect the total appropriated expenditures of $22,239.3 million for Fiscal Year 2024 and $22,988.6 million for Fiscal Year 2025, while the references in the title of the pie charts reflect adjustments for unallocated lapses of $133.7 million for Fiscal Year 2024 and $182.7 million for Fiscal Year 2025. See **Appendix II-E** for anticipated adjustments to appropriated expenditures.

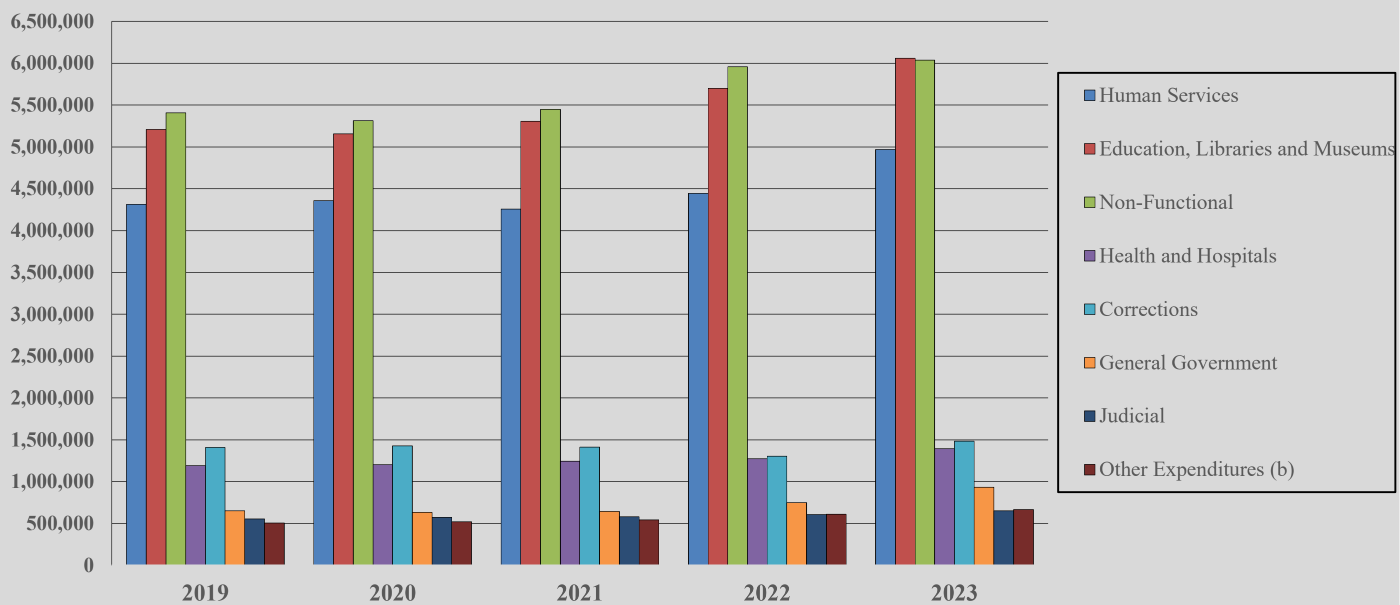
(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

SOURCE: Public Act No. 23-204.

Historical General Fund Expenditures

Actual General Fund expenditures for Fiscal Years 2019 through 2022 (audited) and Fiscal Year 2023 (unaudited) 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)



	2019	2020	2021	2022	2023 (Unaudited)
Human Services	$ 4,311,722	$ 4,356,788	$ 4,257,971	$ 4,444,984	$ 4,969,383
Education, Libraries and Museums	5,208,399	5,154,647	5,303,846	5,697,620	6,060,110
Non-Functional	5,405,866	5,314,485	5,447,513	5,958,694	6,034,660
Health and Hospitals	1,194,173	1,202,890	1,243,572	1,276,373	1,395,142
Corrections	1,410,967	1,429,124	1,412,659	1,305,228	1,485,572
General Government	653,270	634,622	646,356	749,700	934,447
Judicial	557,067	574,735	580,979	606,544	653,109
Other Expenditures[(b)]	507,186	521,343	543,308	612,359	666,478
Totals	$ 19,248,650	$ 19,188,634	$ 19,436,204	$ 20,651,502	$ 22,198,901

(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: 2019, 2020, 2021 and 2022 Annual Reports of the State Comptroller and 2023 preliminary Annual Report 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**	**$ 10,748.0**
Fixed Costs:			
Debt Service	2,275.8	2,383.6	2,560.5
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	59.1
State and Teachers' OPEB	779.0	758.4	759.2
Medicaid	2,444.1	2,548.6	2,926.4
All Other Entitlement Accounts[(b)]	1,830.6	1,906.4	2,000.0
Total Fixed Costs	**$ 9,944.1**	**$ 10,554.6**	**$ 11,450.9**
Fixed Cost Percent of Total Expenditures	**51.2%**	**51.1%**	**51.6%**

(a) Table 1 includes actual audited expenditures for Fiscal Years 2021-2022 and estimated expenditures for Fiscal Year 2023 per OPM's September 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 State expects to release updated consensus revenue estimates on November 13, 2023. There is no assurance that such estimates will not differ from the prior estimate. 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.

OPM and OFA expect to release new Fiscal Accountability Reports on or about November 20, 2023. There is no assurance that the estimates and projections contained in such new reports will not differ from their prior estimates and projections.

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 the Comptroller's unaudited statutory based financial report provided on September 30, 2023, as of June 30, 2023, General Fund revenues were $22,822.9 million, General Fund expenditures and net miscellaneous adjustments and reservations (including net appropriations continued and estimated lapses) were $22,271.8 million and the General Fund surplus for Fiscal Year 2023 was $551.1 million. See **FINANCIAL PROCEDURES – Financial Controls –** ***Unappropriated Surplus – Budget Reserve Fund.***

Adopted Budget for Fiscal Years 2024 and 2025

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 was $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 $285.7 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 was 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;

- ***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;

- ***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;

- ***Baby Bonds*** -- 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 ("Baby Bonds"). The trust was instead 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.

Fiscal Year 2024 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 2024 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 2024
(in Millions)

	OPM's Report			Comptroller's Report		
Period Ending[(a)]	Revenues	Expenditures[(b)]	Surplus/ (deficit)	Revenues[(c)]	Expenditures[(b)(c)]	Surplus/ (deficit)[(c)]
August 31, 2023	$22,586.8	$22,302.3	$284.5	$22,586.8	$22,302.5	$284.3
September 30, 2023	22,586.8	22,374.7	212.1	22,586.8	22,374.8	212.0

(a) Estimates reflect projections as of the period ending date for full Fiscal Year 2024.
(b) Expenditures include net appropriations, continued and estimated lapses and miscellaneous adjustments.
(c) Figures derived from the Comptroller's monthly letters to the Governor.

The above estimates have ***not*** been reflected in **Appendix II-E** of this Official Statement.

In the October 20, 2023 letter, as September 30, 2023, 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 2024 would be approximately $4.21 billion, or 19.1% of the current net General Fund appropriations, after taking into account the projected operating surplus of $212.1 million and projected volatility cap transfer of $683.2 million. The Secretary noted that since this balance would exceed the statutory 15% floor for the Budget Reserve Fund by approximately $790 million during Fiscal Year 2025, the excess funds would be split evenly between additional transferes to the Budget Reserve Fund and transfers to the State Employees' Retirement Fund and/or the Teachers' Retirement Fund during the close-out period for Fiscal Year 2024, prior to reaching the 18% Budget Reserve Fund cap per Public Act No. 23-1.

The next report of OPM is expected on or about November 20, 2023 and the next monthly report of the Comptroller is expected on or about December 1, 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 2024 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 2024 operations of the General Fund.

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 2019 through 2023 are set forth in **Appendix II-D.**

33TABLE 2
General Fund
Summary of Operating Results — Statutory Basis
(In Millions)

Fiscal Year	2019	2020	2021	2022	2023 (Unaudited)
Total General Fund Revenues[a]	$19,649.9	$ 19,193.5	$ 20,531.4	$ 21,990.9	$ 22,822.9
Net Appropriations/Expenditures[b]	19,279.3	19,154.8	20,055.6	20,729.6	22,271.8
Operating Surplus/(Deficit)	$ 370.6[c]	$ 38.7[d]	$ 475.9[d]	$ 1,261.3[d]	$ 551.1

(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) 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	2019	2020	2021	2022	2023 (Unaudited)
Operating Surplus/(Deficit)	$ 370.6	$ 38.7	$ 475.9	$ 1,261.3	$ 551.1
Fund Transfers and Reserves					
Transfers to Budget Reserve Fund	370.6	0.0	0.0	0.0	0.0
Transfers from Budget Reserve Fund......	0.0	0.0	0.0	0.0	0.0
Transfers to SERF/TRS[(a)]	0.0	38.7	475.9	1,261.3	551.1
Total Transfers/Reserves	$ (370.6)	$ (38.7)	$ (475.9)	$ (1,261.3)	$ (551.1)
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%, (i) for Fiscal Years 2019 to 2022 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 and (ii) for Fiscal Year 2023 per statute, it was determined to be in the best interest of the State to transfer the surplus as an additional contribution to the Teachers' Retirement System.

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 $800,000,000 General Obligation Bonds in or around January 2024.

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 October 15, 2023, are described in the following table.

TABLE 7

Statutory Debt Limit
As of October 15, 2023

Total General Fund Tax Receipts	$19,982,100,000	
Multiplier	1.6	
Debt Limit		$ 31,971,360,000
Outstanding Debt[(a)]	13,343,750,000	
Guaranteed Debt[(b)]	1,895,190,830	
Authorized Debt[(c)]	9,148,177,116	
Total Subject to Debt Limit		24,387,117,946
Aggregate Net Debt		24,387,117,946
Debt Incurring Margin[(d)]		7,584,242,054

(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 76.3%. 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%; 2/1/2023 – 72.3%.

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 Town of Sprague is a "Tier III" municipality. 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 October 15, 2023, Hartford's outstanding debt subject to this agreement is approximately $352.4 million. 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 October 15, 2023
(In Thousands)

General Obligation Bonds	$13,164,639
Pension Obligation Bonds	2,193,012
UConn 2000 Bonds	1,539,740
Other [(b)]	245,826
Long-Term General Obligation Debt Total	$17,143,217
Short-Term General Obligation Debt Total	0
Gross Direct General Obligation Debt	$17,143,217
Net Direct General Obligation Debt	$17,143,217

(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.

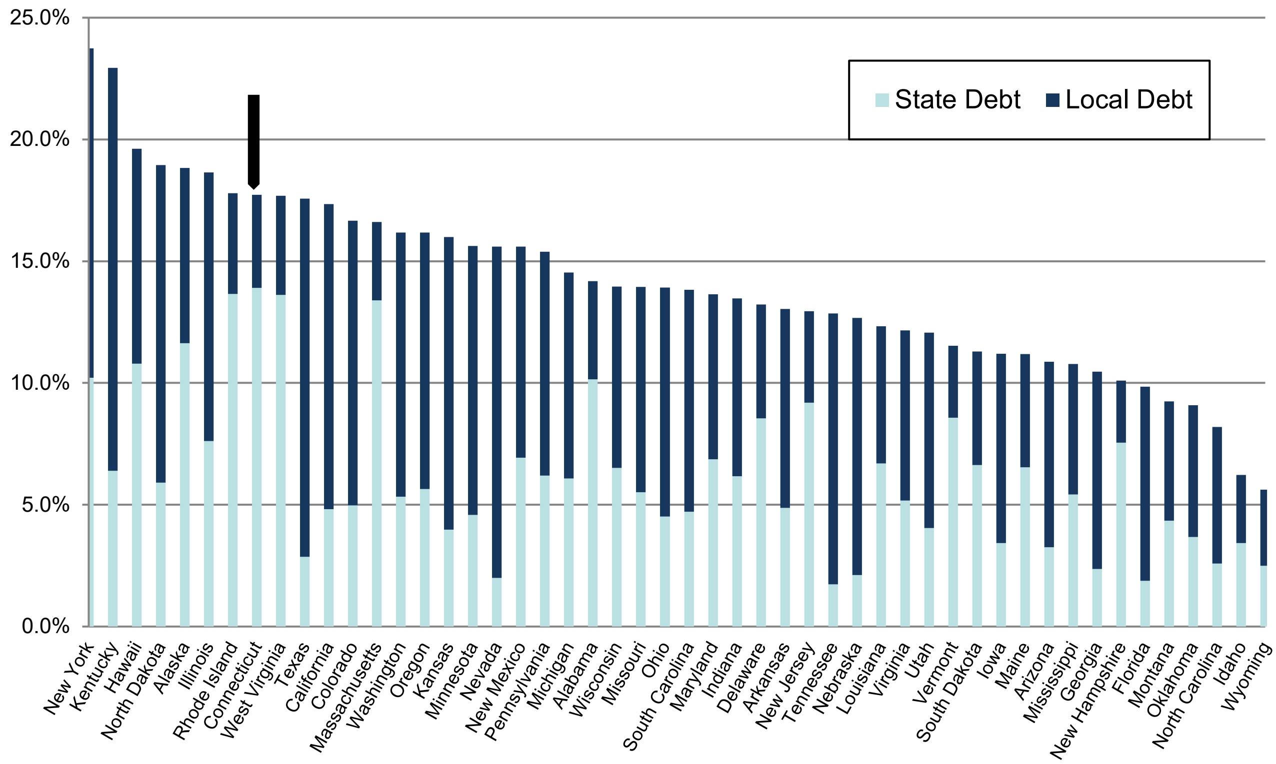
(b) See **Appendix II-B, Table B-2**. Personal Income: 2018 — $263.4 billion; 2019 — $272.5 billion; 2020 — $282.5 billion; and 2021 – 300.3 billion. The 2022 ratio uses 2021 data.

(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 October 15, 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 October 15, 2023

Fiscal Year	Principal Payments[(b)]	Interest Payments[(b)(c)]	Total Debt Service
2024	$ 1,226,699,066	$ 579,725,566	$ 1,806,424,632
2025	1,605,287,437	789,601,006	2,394,888,443
2026	1,580,070,000	635,843,089	2,215,913,089
2027	1,535,490,000	564,299,014	2,099,789,014
2028	1,481,600,000	492,842,185	1,974,442,185
2029	1,428,085,000	423,413,744	1,851,498,744
2030	1,381,860,000	355,807,815	1,737,667,815
2031	1,331,365,000	292,551,080	1,623,916,080
2032	1,239,995,000	230,390,800	1,470,385,800
2033	797,305,000	170,177,322	967,482,322
2034	699,860,000	136,979,329	836,839,329
2035	626,550,000	107,443,053	733,993,053
2036	530,545,000	80,894,026	611,439,026
2037	429,965,000	59,899,599	489,864,599
2038	326,905,000	43,181,738	370,086,738
2039	260,605,000	30,077,138	290,682,138
2040	214,365,000	19,783,938	234,148,938
2041	159,365,000	11,278,288	170,643,288
2042	96,355,000	5,251,638	101,606,638
2043	37,500,000	1,062,500	38,562,500
Totals	$16,989,771,503	$ 5,030,502,866	$ 22,020,274,368

(a) Includes long-term general obligation debt as outlined in **Table 8**. The future principal payments ($16,989,771,503), plus accreted interest ($153,445,904) total the amount of such long-term debt ($17,143,217,407) 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 2024 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	$ 37,255,000	2024-2025	4.75%
2015	200,000,000	29,580,000	2024	4.75
2016	300,000,000	241,465,000	2024-2034	4.75
2017	300,000,000	246,845,000	2024-2037	4.75
Totals	$ 1,044,570,000	$ 555,145,000		

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
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
2023	17,840,779

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 October 15, 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 October 15, 2023
(In Thousands)

	State Direct Debt[(a)]	Pension Obligation Bonds[(b)]	UCONN 2000[(c)]	Tax Increment[(d)]	Total
Amount Authorized by Legislature	$49,579,015	$ 2,276,578	$ 3,936,552	$ 74,750	$55,866,895
Amount Allocated by Commission	44,611,325	2,276,578	3,936,552	74,750	50,899,206
Available for Commission Allocation	4,967,689	0	0	0	4,967,689
Amount Authorized by Legislature	$49,579,015	$ 2,276,578	$ 3,936,552	$ 74,750	$55,866,895
Amount Issued	40,870,738	2,276,578	3,511,652	68,040	46,727,008
Authorized by Legislature but Unissued	8,708,277	0	424,900	6,710	9,139,887
Amount Allocated by Commission	$44,611,325	$ 2,276,578	$ 3,936,552	$ 74,750	$50,899,206
Amount Issued	40,870,738	2,276,578	3,511,652	68,040	46,727,008
Allocated by Commission but Unissued	3,740,588	0	424,900	6,710	4,172,198

(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)

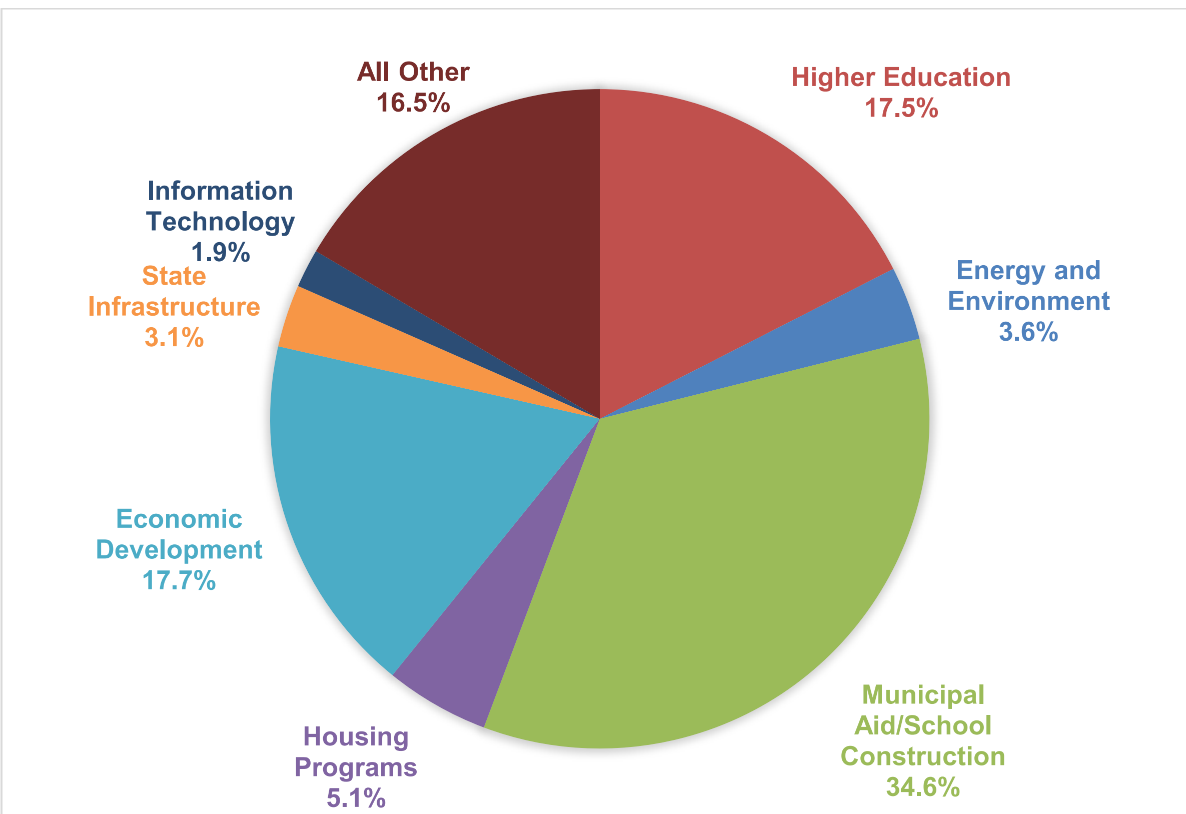
Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
New Authorizations	2,391.5	2,661.3	1,875.6	1,800.0	1,895.4	1,903.5	2,174.5	2,541.8	2,659.8	2,450.1
Reductions	(272.5)	(985.7)	(263.3)	(406.3)	(3.4)	0.0	(156.2)	(410.5)	(73.0)	0.0
Net New Authorizations	2,119.0	1,675.6	1,612.3	1,393.7	1,892.0	1,903.5	2,018.3	2,131.3	2,586.8	2,450.1

(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 2016 through 2025, 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 2026. See **Table 14**.

Source: OPM

TABLE 14

General Obligation Bond Allocations for Fiscal Years 2018 – 2022



SOURCE: OPM

OTHER FUNDS, DEBT AND LIABILITIES

See also discussion under **STATE GENERAL FUND – Adopted Budget for Fiscal Years 2024 and 2025**.

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 October 15, 2023
(In Millions)

	New Money
Amount Authorized by Legislature[(a)]	$23,260.8
Amount Allocated by the Commission	21,823.2
Available for Commission Allocation	1,437.6
Amount Authorized by Legislature[(a)]	$23,260.8
Amount Issued[(b)]	15,325.2
Authorized by Legislature but Unissued	7,935.6
Amount Allocated by the Commission	$21,823.2
Amount Issued[(b)]	15,325.2
Allocated by the Commission but Unissued	6,498.1
Amount Outstanding	$7,240.7

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

SOURCE: State Treasurer's Office

The State issued $875,00,000 Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2023 Series A and $349,005,000 Special Tax Obligation Refunding Bonds, Transportation Infrastructure Purposes, 2023 Series B on November 1, 2023.

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. No such bonds are outstanding. 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.

As of October 1, 2023, the Connecticut Region Development Authority has $58.8 million of CRDA revenue bonds outstanding and Southeastern Connecticut Water Authority has $ 0.3 million of outstanding debt secured by a non-SCRF State guarantee.

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 October 15, 2023, $58.8 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 June 30, 2023, the State has paid $63.6 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 $390 million (the total project cost of approximately $583 million) that take effect in Fiscal Year 2024. It is anticipated that in future years new authorizations will average approximately $250 million in Fiscal Year 2025. As of June 30, 2023, the Commissioner of Administrative Services estimates that current grant obligations for school construction projects are approximately $2.7 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 2023 Budget Act for Fiscal Years 2024 and 2025 contains appropriations, sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2024.

December 2023 Actuarial Valuation

The State anticipates that an updated actuarial valuation as of June 30, 2023 will be presented to the SER Commission at a meeting in December 2023 for approval. The valuation is expected to take into account the recent additional deposit of $1,046.5 million from the Fiscal Year 2023 volatility transfer. No assurances can be made that such valuation will not differ from the prior valuation.

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 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

The 2023 Budget Act for Fiscal Years 2024 and 2025 contains appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2024.

November 2023 Actuarial Valuation

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC an actuarial valuation as of June 30, 2023 dated November 3, 2023 ("November 2023 Valuation"). The November 2023 Valuation reported the following results as of June 30, 2023 with respect to the TRF:

Actuarial Valuation as of June 30, 2023	
Market Value of Assets	$23,763.1 million
Actuarial Value of Assets	24,455.0 million
Actuarial Accrued Liability	40,877.0 million
UAAL	16,422.1 million
Funded Ratio (based on the actuarial value of assets)	59.8%
Funded Ratio (based on the market value of assets)	58.1%

The November 2023 Valuation set forth the ADEC requirement for Fiscal Year 2024 and determined the ADEC requirement for Fiscal Year 2025, and the annual contribution rate as a percentage of payroll, based on a covered payroll as of June 30, 2023 of $4,904.4 million, as follows:

Annual Employer Contributions for:	
Fiscal Year 2024	$1,554.5 million
Fiscal Year 2025	$1,601.4 million
Annual Employer Contribution as a Percent of Payroll as of June 30, 2023	31.7%

The November 2023 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 25 years, (ii) June 30, 2020 Incremental Base is 22 years, (iii) June 30, 2022 Incremental Base is 24 years and (iv) June 30, 2023 Incremental Base is 25 years; with an equivalent single amortization period of 24.9 years
- The actuarial value of assets recognizes 25% of the difference between the market value of assets and the expected actuarial value of assets

The November 2023 Valuation recognized the $801.2 million additional deposit from the State as a receivable contribution which reflects the discounted value of the $272.8 million volatility transfer deposited approximately 3 months after the end of Fiscal Year 2023 and and an expected $551.0 million deposited approximately six months after the end of Fiscal Year 2023 from the Fiscal Year 2023 surplus. The November 2023 Valuation noted that the $551.0 million additional contribution expected in December 2023 is pending the completion of the State's audited financial statements and any material difference in that amount may require a revision to the actuarial valuation.

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.

In August 2023, the State substituted a municipal debt service reserve insurance policy in a commitment amount equal to the Required Minimum Capital Reserve for the cash held in the TRF Bonds SCRF. The trustee of the TRF Bonds is permitted to draw on such insurance policy in the event the State has not otherwise timely made available moneys to pay principal or interest due on the TRF Bonds.

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, 2023

	1 Year	5 Year	10 Year	15 Year	20 Year	25 Year
SERF	9.02%	6.19%	7.04%	6.15%	6.96%	6.11%
TRF	8.35%	6.04%	6.94%	6.15%	6.99%	6.14%

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, 2023. The State received from The Segal Group a report prepared as of June 30, 2023 and dated July 28, 2023 ("2023 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 used the same actuarial assumptions described in the 2023 SERS OPEB GASB 74 Report and determined the Annual OPEB Expense to be $208.7 million as of June 30, 2022.

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 fewer than 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 22^{nd} 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 Emergency Management 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.

INDEX TO APPENDICES TO INFORMATION STATEMENT

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.

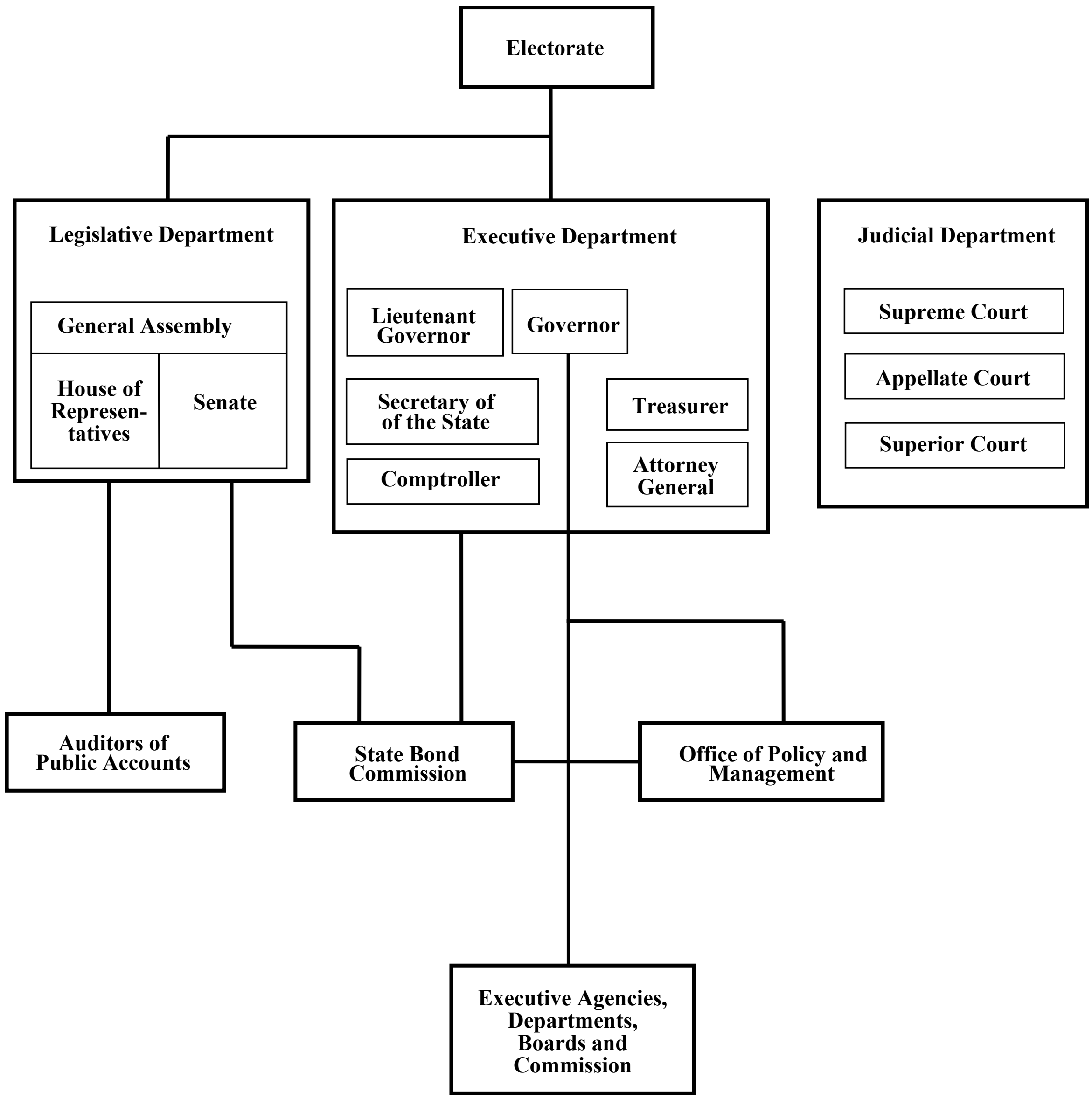
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute 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, Comptroller 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

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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*)

Calendar Year	Connecticut $	Connecticut Percent Growth	New England $	New England Percent Growth	United States $	United States 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)

Calendar Year	Connecticut Number Growth	Connecticut Percent Growth	New England Number Growth	New England Percent Growth	United States Number Growth	United States 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			Percent of 2021 Total	Compound Annual Growth Rate 2017-2021
	2017	**2018**	**2019**	**2020**	**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	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 as well as finance, insurance, and real estate (FIRE), collectively comprise approximately 58.6% 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 3.6% for August 2023 compared to the national average of 3.8%. 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)

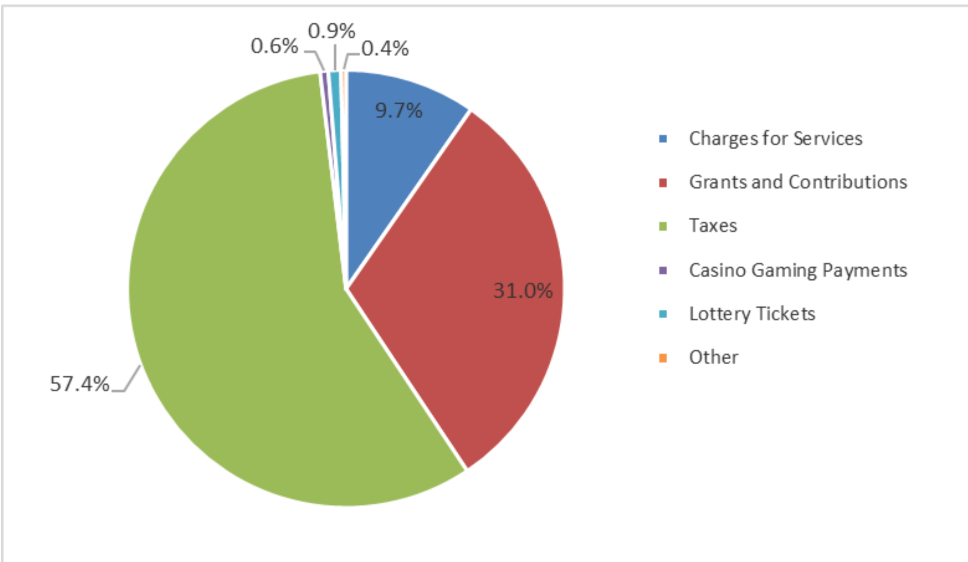
	Governmental Activities		Business-Type Activities		Total		% change
	2022	2021	2022	2021	2022	2021	22-21
REVENUES							
Program Revenues							
Charges for Services	$ 3,993	$ 3,106	$ 3,376	$ 2,929	$ 7,369	$ 6,035	22.1%
Operating Grants and Contributions	11,851	12,660	1,380	4,116	13,231	16,776	-21.1%
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.

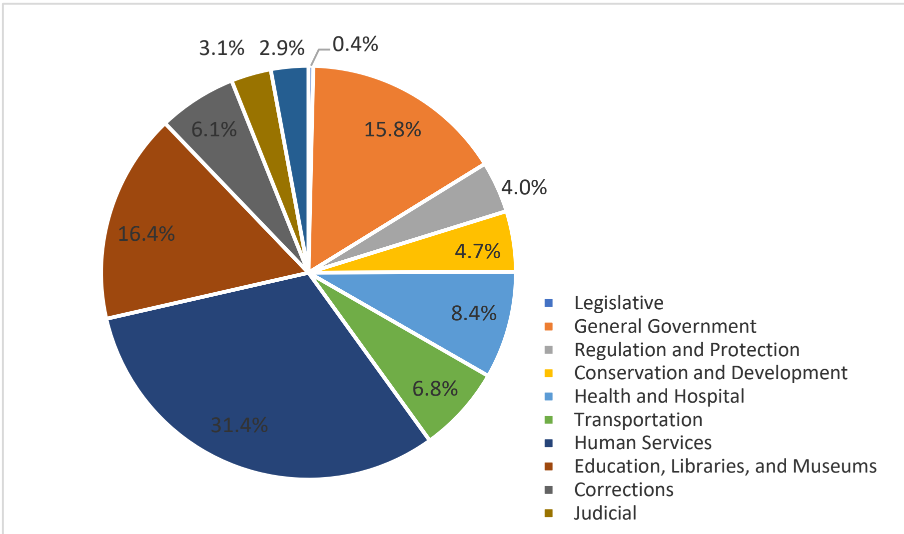
Governmental Activities
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $2.9 billion, or 7.6 percent. This increase is primarily due to an increase of $2.9 billion in taxes.

Revenue by Source – Governmental Funds
Fiscal Year 2022



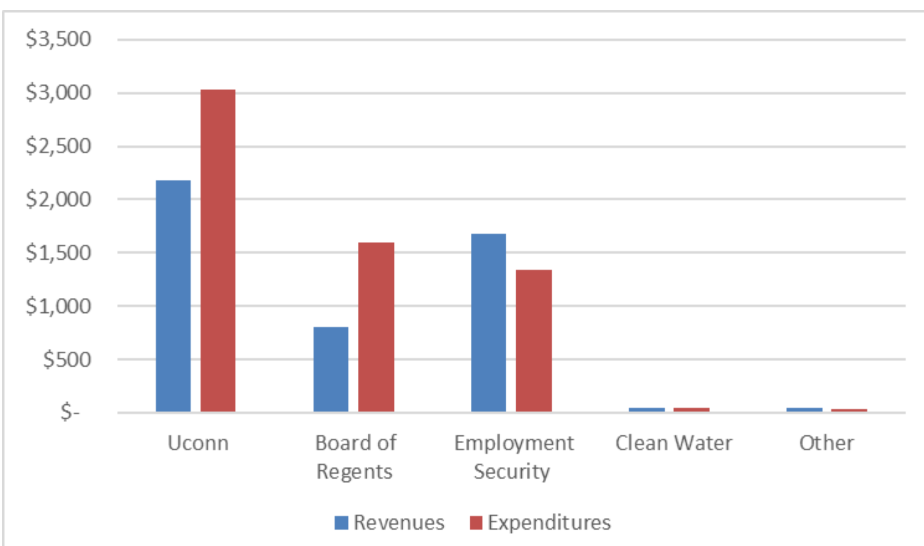
The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by $3.0 billion, or 8.0 percent.

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	Business-Type Activities	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 Enterprise Funds						Governmental Activities
	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
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)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**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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INDEX

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 Fair Value		2021 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):

	1% Decrease in Discount Rate 1.31%	SEOPEBP 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):

	1% Decrease in Health Care Cost Trend Rates	SEOPEBP 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
	1% Decrease in Trend Rates 4.125%	**RTHP 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):

	General	Transportation	Grants & Accounts	Other Governmental	UConn	Board of Regents	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)											
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 Original	Budget Final	Actual	Variance with Final Budget positive (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	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
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 experienc	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				
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

Appendix II-D is replaced in its entirety to replace information for Fiscal Years 2018 through 2022 with Fiscal Years 2019 through 2023.

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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

October 23, 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, 2019-2023. 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, 2019-2023. The statements for the fiscal year ending June 30, 2023 are under review and unaudited at present.

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 2023, 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, 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, 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, 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, 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, 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.

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.

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
State Auditor

Clark J. Chapin
State Auditor

October 20, 2023
State Capitol

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GENERAL FUND[a]

Balance Sheet
As of June 30
(In Thousands)

	2019	2020	2021	2022	2023 (Unaudited)
Assets					
Cash and Short-Term Investments	$ --	$ --	$ 342,496	$ 1,717,891	$ 577,190
Accrued Taxes Receivable	1,662,280	3,163,868	1,733,156	1,641,988	1,574,133
Accrued Accounts Receivable	20,733	19,780	17,572	20,434	--
Loans Receivable	3,419	3,419	3,412	3,412	3,413
Total Assets	$ 1,686,432	$ 3,187,066	$ 2,096,636	$ 3,383,725	$ 2,154,736
Liabilities, Reserves, Fund Balances and Surplus					
Liabilities					
Deficiency in Cash and Short-Term Investments	$ 253,198	$ 2,030,662	$ --	$ --	$ --
Accounts Payable Nonfunctional Change to Accruals	609,367	636,018	665,656	873,763	500,240
Due to Other Funds	8,415	1,951	462	9,995	258
Total Liabilities	$ 870,980	$ 2,668,631	$ 666,118	$ 883,758	$ 500,498
Reserves and Fund Balances					
Petty Cash Funds	$ 785	$ 1,000	$ 995	$ 991	$ 1,001
Statutory Surplus Reserves	646,698	183,110	475,864	1,261,301	551,133
Statutory Surplus Reserves for FY 2022 - 2023	--	--	--	208,200	--
Reserve to Pay Off GAAP Bonds	--	--	--	--	211,700
Appropriations Continued to Following Year	164,550	139,105	758,445	834,261	695,190
Reserve for Receivables	3,419	3,419	3,412	3,412	3,412
Fund Balance Related to Statutory GAAP Budgeting[b]	--	191,802	191,802	191,802	191,802
Total Reserves and Fund Balance	$ 815,452	$ 518,435	$ 1,430,518	$ 2,499,967	$ 1,654,238
Unappropriated Surplus (Deficit)	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities, Reserves and Surplus	$ 1,686,432	$ 3,187,066	$ 2,096,636	$ 3,383,725	$ 2,154,736

(a) For Fiscal Years 2019-2023, 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)

	2019	2020	2021	2022	2023 (Unaudited)
Unappropriated Surplus (Deficit), July 1	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenues (per Appendix II-D-6)	19,649,862	19,193,540	20,531,419	21,990,857	22,822,894
Total Expenditures (per Appendix II-D-7)	19,248,650[(a)]	19,188,634[(b)]	19,436,205[(c)]	20,655,131[(d)]	22,198,901[(e)]
Operating Balance	$ 401,212	$ 4,906	$ 1,095,214	$ 1,335,726	$ 623,993
Reserved for Prior Year Appropriations					
Less Appropriations Carried Forward	(30,235)	25,444	(619,340)	(75,816)	(72,630)
Other Adjustments	(379)	8,359	(10)	1,391	(230)
Reserved from Prior Year	-0-	-0-	-0-	-0-	-0-
Subtotal	$ 370,598	$ 38,709	$ 475,864	$ 1,261,301	$ 551,133
Transferred or Reserved for:					
Budget Reserve Fund	(370,598)	--	--	--	--
SERS/TRS Fund	--	(38,709)[(f)]	(475,864)[(f)]	(1,261,301)[(f)]	(551,133)[(g)]
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 $(30.235) million.

(b) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $25.444 million.

(c) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(619.340) million.

(d) 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.

(e) Total Expenditures includes prior year appropriations less appropriations carried forward to Fiscal Years 2024 and 2025 in the amount of $(72.630).

(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.

(g) It is determined by State statute to be in the best interest of the State to transfer the surplus to the Teachers' Retirement System.

GENERAL FUND

Statement of Revenues
Fiscal Year Ended June 30
(In Thousands)

	2019	2020	2021	2022	2023 (Unaudited)
Taxes:					
Personal Income	$ 9,640,164[a]	$ 9,397,779[b]	$ 10,340,437[c]	$ 12,131,800[d]	$ 11,223,390[e]
Sales and Use	4,338,061	4,317,730	4,792,675	4,818,083	4,944,772
Corporations	1,060,877	934,499	1,153,079	1,401,153	1,516,588
Insurance Companies	193,803	228,350	229,761	240,969	295,687
Inheritance and Estate	225,230	159,538	303,339	220,223	218,352
Alcoholic Beverages	64,145	73,080	79,111	78,916	80,242
Cigarettes	357,494	346,300	351,077	326,709	290,789
Admissions, Dues, Cabaret	42,834	39,939	36,022	41,011	40,677
Public Service Corporations	262,141	254,076	243,671	295,681	278,205
Real Estate Conveyance	213,224	176,578	385,028	384,454	287,187
Miscellaneous / Health Provider	1,100,087	1,023,041	1,052,109	1,051,776	851,995
Pass-Through Entity Tax	1,172,080	1,241,949	1,549,716	2,307,594	2,048,068
Refunds of Taxes	(1,465,368)	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)
R&D Credit Exchange	(5,370)	(8,628)	(7,093)	(5,756)	(6,061)
Other Revenue:					
Licenses, Permits, Fees	291,171	307,524	329,568	368,612	331,212
Sales of Commodities and Services	27,105	26,136	22,872	22,816	17,880
Transfer – Special Revenue	364,082	340,090	410,301	395,023	395,602
Investment Income	48,950	48,690	2,945	20,607	206,218
Transfers — To Other Funds[f]	(101,814)	(129,620)	--	--	--
Fines, Escheats and Rents	165,875	154,288	183,115	220,749	230,698
Miscellaneous	214,700	256,341	257,766	272,825	260,885
Refunds of Payments	(59,139)	(69,306)	(37,661)	(74,708)	(75,821)
Federal Grants	2,083,774	1,796,754	1,496,315	1,934,869	1,997,837
Indian Gaming Payments	255,239	164,141	228,883	248,686	278,974
Statutory Transfer to Budget Reserve Fund for Volatility Adjustment	(949,681)	(530,316)	(1,241,460)	(3,047,454)	(1,321,793)
Statutory Transfers To / From Other Funds	110,200	136,000	227,356	147,421	421,415
Total Revenues[g]	$ 19,649,862	$ 19,193,540	$ 20,531,419	$ 21,990,857	$ 22,822,894

(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) Personal Income includes withholding of $8,317,165,509 and Estimates and Finals of $2,906,224,724.
(f) Transfer to Pequot/Mohegan Fund.
(g) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

GENERAL FUND

Statement of Expenditures
Fiscal Year Ended June 30
(In Thousands)

	2019	2020	2021	2022	2023 (Unaudited)
Legislative	$ 64,595	$ 69,158	$ 69,727	$ 75,577	$ 84,112
General Government					
Executive	11,168	11,537	11,698	12,145	16,064
Financial Administration	564,793	543,570	551,398	651,650	827,435
Legal	77,309	79,515	83,260	85,905	90,948
Total General Government	653,270	634,622	646,356	749,700	934,447
Regulation and Protection of Persons and Property					
Public Safety	184,210	195,897	204,080	212,845	219,355
Regulative	88,211	84,679	80,025	90,838	126,452
Total Regulation and Protection	272,421	280,576	284,105	303,683	345,807
Conservation and Development					
Agriculture	12,550	12,392	13,316	14,358	18,256
Environment	52,898	51,060	54,015	56,836	59,789
Historical Sites, Commerce and Industry	104,722	108,157	122,145	161,905	158,513
Total Conservation and Development	170,170	171,609	189,476	233,099	236,558
Health and Hospitals					
Public Health	65,650	67,570	68,396	76,953	92,277
Developmental Services	520,040	514,989	543,884	559,262	597,218
Mental Health	608,483	620,331	631,292	640,158	705,647
Total Health and Hospitals	1,194,173	1,202,890	1,243,572	1,276,373	1,395,142
Human Services	4,311,722	4,356,788	4,257,971	4,444,984	4,969,383
Education, Libraries and Museums					
Department of Education	3,232,087	3,238,749	3,265,830	3,349,271	3,339,499
CT Tech High School System	0	0	0	0	190,315
University of Connecticut	317,363	327,486	394,370	421,975	445,433
Higher Education and the Arts	35,815	37,237	35,593	38,252	38,048
Libraries	8,435	8,272	8,798	9,011	8,899
Teachers' Retirement	1,313,515	1,240,227	1,281,216	1,468,617	1,601,870
Community—Technical Colleges	143,053	143,847	151,803	201,442	219,501
State University	158,131	158,829	166,236	209,052	216,545
Total Education, Libraries and Museums	5,208,399	5,154,647	5,303,846	5,697,620	6,060,110
Corrections	1,410,967	1,429,124	1,412,659	1,305,228	1,485,572
Judicial	557,067	574,735	580,979	606,544	653,109
Non-Functional					
Debt Service	2,554,610	2,204,512	2,219,492	2,328,964	2,506,352
Miscellaneous	2,851,256	3,109,973	3,228,021	3,629,730	3,528,309
Total Non-Functional	5,405,866	5,314,485	5,447,513	5,958,694	6,034,661
Total Expenditures[(a)]	$ 19,248,650	$ 19,188,634	$ 19,436,204	$ 20,651,502	$ 22,198,901

(a) See Operating Balance on **Appendix II-D-7** 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 YEARS 2022 AND 2023 AND
ADOPTED BUDGET FOR FISCAL YEARS 2024 AND 2025
(In Millions)

	Adopted Budget Fiscal Year 2022[(e)]	Financial Results Fiscal Year 2022[(f)]	Revised Adopted Budget Fiscal Year 2023[(g)]	Unaudited Financial Results Fiscal Year 2023[(h)]	Adopted Budget Fiscal Year 2024[(i)]	Adopted Budget Fiscal Year 2025[(i)]
Revenues						
Taxes						
Personal Income Tax	$ 10,361.0	$ 12,131.8	$ 11,707.1	$ 11,223.4	$ 11,023.3	$ 11,233.4
Sales & Use	4,274.6	4,818.1	4,777.6	4,944.8	5,299.5	5,428.2
Corporation	1,115.6	1,401.2	1,294.2	1,516.6	1,514.5	1,526.5
Pass-Through Entity Tax	1,485.8	2,307.6	1,957.3	2,048.1	1,815.6	1,877.3
Public Service	262.4	295.7	277.0	278.2	291.6	296.8
Inheritance & Estate	164.4	220.2	150.2	218.4	178.1	182.2
Insurance Companies	239.9	241.0	243.1	295.7	262.8	266.8
Cigarettes	322.9	326.7	308.1	290.8	276.4	262.0
Real Estate Conveyance	267.4	384.5	290.4	287.2	287.7	292.6
Alcoholic Beverages	76.6	78.9	78.0	80.2	78.4	78.8
Admissions and Dues	27.3	41.0	27.2	40.7	31.0	31.0
Health Provider Tax	974.7	955.1	973.8	900.7	956.4	957.4
Miscellaneous	62.0	96.7	66.5	(48.7)	45.4	69.2
Total Taxes	$ 19,634.6	$ 23,298.4	$ 22,150.5	$ 22,076.0	$ 22,060.7	$ 22,502.2
Less Refunds of Taxes	(1,571.7)	(1,811.2)	(1,952.4)	(1,863.8)	(1,879.5)	(1,971.9)
Less Earned Income Tax	(173.4)	--	(143.8)	(126.3)	(191.6)	(196.2)
Less R&D Credit Exchange	(6.6)	(5.8)	(7.3)	(6.1)	(7.5)	(7.8)
Net Taxes	$ 17,882.9	$ 21,481.4	$ 20,047.0	$ 20,079.8	$ 19,982.1	$ 20,326.3
Other Revenues						
Transfers- Special Revenues	$ 387.4	$ 395.0	$ 402.2	$ 395.6	$ 406.5	$ 411.9
Indian Gaming Payments	246.0	248.7	251.8	279.0	283.7	286.0
Licenses, Permits, Fees	352.1	368.6	327.5	331.2	356.5	330.7
Sales of Commodities & Services	25.9	22.8	23.9	17.9	16.9	17.8
Rents, Fines & Escheats	160.0	220.7	163.3	230.7	172.9	175.2
Investment Income	6.6	20.6	4.8	206.2	198.9	201.7
Miscellaneous	245.4	272.8	224.9	260.9	153.2	158.0
Less Refunds of Payments	(72.6)	(74.7)	(63.8)	(75.8)	(85.7)	(67.1)
Total Other Revenue	$ 1,350.8	$ 1,474.6	$ 1,334.6	$ 1,645.6	$ 1,502.9	$ 1,514.2
Other Sources						
Federal Grants	$ 1,851.9	$ 1,934.9	$ 2,059.0	$ 1,997.8	$ 1,867.8	$ 1,886.5
Transfers from Tobacco Settlement Funds	126.2	126.2	122.1	112.5	(272.7)	(70.4)
Transfers (to)/from Other Funds[(a)]	778.8	21.2	673.0	308.9	108.4	106.7
Transfers to BRF – Volatility Adjustment[(b)]	(969.2)	(3,047.5)	(1,847.5)	(1,321.8)	(683.2)	(659.6)
Total Other Sources	$ 1,787.7	$ (965.2)	$ 1,006.6	$ 1,097.5	$ 1,020.3	$ 1,263.2
Total Budgeted Revenue[(c)]	$ 21,021.3	$ 21,990.9	$ 22,388.2	$ 22,822.9	$ 22,505.3	$ 23,103.7
Revenue Cap Deduction	(210.2)	--	(279.9)	--	--	--
Total Available Revenue	$ 20,811.1	$ 21,990.9	$ 22,108.3	$ 22,822.9	$ 22,505.3	$ 23,103.7

	Adopted Budget Fiscal Year 2022[(e)]	Financial Results Fiscal Year 2022[(f)]	Revised Adopted Budget Fiscal Year 2023[(g)]	Unaudited Financial Results Fiscal Year 2023[(h)]	Adopted Budget Fiscal Year 2024[(i)]	Adopted Budget Fiscal Year 2025[(i)]
Appropriations/ Expenditures						
Legislative	$ 88.5	$ 75.6	$ 90.0	$ 80.0	$ 102.0	$ 108.3
General Government	811.0	749.7	1,084.5	975.9	522.5	581.3
Regulation & Protection	298.2	303.7	373.7	324.0	345.0	355.1
Conservation & Development	184.3	233.1	130.6	219.0	230.0	224.8
Health & Hospitals	1,287.4	1,276.4	1,370.0	1,412.0	2,310.6	2,342.0
Human Services	4,618.0	4,445.0	4,983.5	5,004.9	4,502.1	4,633.2
Education, Libraries & Museums	5,556.7	5,697.6	5,871.1	6,122.6	6,041.7	6,358.5
Corrections	1,416.3	1,305.2	1,430.9	1,477.5	1,503.5	1,516.7
Judicial	629.6	606.5	658.3	650.7	674.7	694.7
Non- Functional						
Debt Service	2,436.0	2,383.6	2,572.4	2,772.2	2,574.0	2,594.4
Miscellaneous	3,474.2	3,575.1	3,664.2	3,233.0	3,433.1	3,579.5
Subtotal	$ 20,800.3	$ 20,651.5	$ 22,229.4	$ 22,271.8	$ 22,239.3	$ 22,988.6
Other Reductions and Lapses	(53.9)	78.1	(140.2)	0.0	(133.7)	(182.7)
Net Appropriations/ Expenditures	$ 20,746.4	$ 20,729.6	$ 22,089.2	$ 22,271.8	$ 22,105.6	$ 22,805.9
Surplus (or Deficit) from Operations	64.7	1,261.3	19.1	551.1	399.7	297.8
Miscellaneous Adjustments	--	--	--	--	--	--
Balance[(d)]	$ 64.7	$ 1,261.3	$ 19.1	$ 551.1	$ 399.7	$ 297.8

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) Per the Comptroller's unaudited statutory basis financial results dated Setember 30, 2023 and adjusted by the Office of Policy and 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 2023 Operations**.

(i) Per Public Act No. 23-204.

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.

UNIVERSITY OF CONNECTICUT • GENERAL OBLIGATION BONDS, 2023 SERIES A AND 2023 REFUNDING SERIES A

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