

**STATE OF
CONNECTICUT**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**Fiscal Year Ended
June 30, 2011**



2011

**Kevin Lembo
State Comptroller**

STATE OF CONNECTICUT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended
June 30, 2011

*Prepared by the Office of the
State Comptroller*

**KEVIN LEMBO
STATE COMPTROLLER**

This publication is available on the Office of the State Comptroller's home page:
<http://www.osc.state.ct.us/2011cafr/>

Office of the State Comptroller

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

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

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

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

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***Introductory
Section***

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

**Kevin Lembo
State Comptroller**

**Martha Carlson
Deputy Comptroller**

February 28, 2012

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

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

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

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut that began in the first half of 2008. These job losses persisted until the start of 2010 and claimed almost 120,000 payroll positions. By the close of Fiscal Year 2011, the state had regained 30,000 jobs, or 25 percent of the total loss.

On a budgetary basis of accounting, which has a cash based focus, the General Fund ended Fiscal Year 2011 with a surplus of \$236.9 million. However in order to attain that surplus, the state drained reserves, and relied on one-time revenues and transfers. If this funding had not been available, a deficit of just over \$1 billion would have occurred. On a GAAP basis of accounting, the General Fund posted a deficit for Fiscal Year 2011 of \$350.8 million. The differences between budgetary accounting and GAAP that creates the different operating results for the General Fund are detailed in Note 2 of this publication.

In reviewing Connecticut's fiscal history, it is important to understand how surpluses generated in good economic times have been distributed. The majority of surplus dollars have been generated on the revenue side of the budget equation, not through spending constraints. In past years when the State realized a revenue windfall, over half of that unexpected revenue was reserved for future year spending initiatives. What remained was deposited to the Rainy Day Fund. Between Fiscal Years 2004 and 2008, revenues exceeded budget expectations by over \$3

billion. During this period \$1.4 billion was deposited to the Rainy Day Fund (8 percent of net General Fund appropriations). With the onset of the recent recession, the Rainy Day Fund was completely drained to support General Fund programs. Had additional windfall revenue been set-aside, various tax increases may have been averted. A well funded reserve promotes a stable tax system; and a stable tax system is vital to economic growth.

It is also important to note that the use of windfall revenue for ongoing spending initiatives created significant structural budget problems. When windfall revenue is used for debt reduction, debt avoidance or other one-time outlays it does not create future year budget imbalances; however, a large share of the windfall revenue that was collected in recent years went to ongoing programs in the General Fund. Once that excess revenue was gone, structural problems emerged. The out-year deficit projections for the 2012-2013 biennium were in excess of \$3 billion in each year. The imbalances were remedied through significant tax increases, labor concessions and other spending cuts.

Major Policy Initiatives and Priorities

Recognizing Generally Accepted Accounting Principles (GAAP) within the State Budget

With the implementation of the budget for the 2012-2013 biennium, Connecticut began a transition to GAAP budgeting. Historically, the State budget has been developed on a modified version of cash accounting. This accounting method does not recognize expenditures when a liability for goods and services is incurred. The expenditure is not counted until the bill is actually paid. Likewise, revenue is not posted, in most cases, when it is earned. Instead revenue is counted when the cash payment is recorded.

The annual process of converting financial transactions from budgetary accounting to GAAP has resulted in large accrued liabilities over time. These liabilities have been growing due to inflationary factors and other required adjustments. In Fiscal Year 2001, the GAAP shortfall in the General Fund was \$782 million. By Fiscal Year 2011, the shortfall had grown to almost \$1.8 billion.

The budget plan for 2012-2013 was formulated to freeze the GAAP deficit by setting aside additional revenue to offset the growth in GAAP accruals. In future fiscal years, the remaining accumulated GAAP deficit will be systematically reduced.

Revenue Enhancements and Labor Concessions

A slow growing national economy and structural budget imbalances resulted in historically large budget deficit projections for Fiscal Year 2012 and beyond. Increasing revenue and reducing labor costs became two major components in the effort to ameliorate the State's immediate and long-term budget problems.

Policy changes to General Fund revenue were expected to generate approximately \$1.4 billion in additional receipts for Fiscal Year 2012. These changes included a restructuring of the personal income tax that expanded the number of tax brackets from three to six. The top income tax rate was increased from 6.5 percent to 6.7 percent. The sales tax rate was increased from 6 percent to 6.35 percent with 0.1 percent reserved for municipal revenue sharing. Many products and

services previously exempt from the sales tax became taxable. A 20 percent corporate surcharge was imposed on businesses with annual gross income of \$100 million or more and a tax liability in excess of \$250. The inheritance and estate tax exemption was lowered from \$3.5 million to \$2 million with an expansion of the 7.2 percent rate. Many other adjustments were also passed into law. The changes were implemented with special attention to keeping Connecticut's tax structure competitive with the tax provisions found in other states in the region.

One of the most significant cost cutting initiatives implemented to close the budget gap was the renegotiation of salary, health, pension and other related compensation with state employees. The administration estimated that total saving in excess of \$700 million would be achieved in Fiscal Year 2012 with savings growing and accumulating in the out years. The agreement imposed a wage freeze for two years, capped the salary level used to calculate pensions, increased the pension reduction for early retirement, imposed a 3 percent contribution rate on active employees to fund retiree health care, lowered the minimum cost of living pension adjustment and implemented a Health Enhancement Program designed to reduce health care costs by promoting preventative care and by more appropriately directing points of service delivery. Many other changes were included in the agreement. In addition to lowering annual budget costs, this agreement is expected to reduce long-term liabilities.

Job Growth Legislation

A special legislative session was convened in October, 2011 that was dedicated to job creation in Connecticut. The result of the session was a \$626 million bipartisan jobs bill and a \$291 million investment to leverage genetic research activities at the University of Connecticut Health Center.

The \$626 million in new bonding authorization over two years featured an array of economic development initiatives including new job creation credits and related employment credit programs, new public-private investment initiatives, additional infrastructure investments, new funding for start-up technology companies, funding for brownfield remediation, expanded loan programs, investor tax credits and many other specific initiatives. This effort represents a historic level of public investment in private job creation within the State.

Independent Auditor Opinions

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

With the exception of the State's inability to update its OPEB liability and ARC in accordance with the requirements of GASB Statement 45, the State auditors gave the CAFR for the State of Connecticut a "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,580,709 in 2011 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government

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

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

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

The Reporting Entity

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported separately in the government-wide financial statements, to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Other component units, although legally separate entities have their financial position and operations blended with the primary government, essentially for technical reasons as explained more fully in the additional information on the reporting entity which is included in CAFR -Note 1, Summary of Significant Accounting Policies.

Internal Controls

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

Budgetary Controls

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

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

The Spending Cap

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

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

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap. This has occurred in almost every year that the State has posted a budget surplus in

the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

Economic Condition and Outlook

The national economy as measured by real GDP grew at a moderate rate of just over 2 percent during the first two quarters of Fiscal Year 2011 before slowing sharply in the second half of the fiscal year. Second half growth was about half of the first half level. This is consistent with Connecticut's job performance, which expanded by 15,200 payroll jobs during Fiscal Year 2011 with most of the gain coming during the first six months of the fiscal year.

In Fiscal Year 2011, Connecticut weekly earnings increased at a 3.3 percent rate. The State's personal income has been growing at a rate in excess of 4 percent.

The stock market realized double digit gains over the course of the fiscal year. The Dow increased by 25 percent as recessionary pressures eased. Historic growth was posted in corporate profits in calendar year 2010 with solid results continuing into the first quarter of 2011.

Retail sales were strong throughout Fiscal Year 2011 growing by more than 8 percent. The personal savings rate declined steadily during most of the fiscal year. The higher store sales helped to boost Connecticut's Fiscal Year 2011 sales tax revenues by 4.7 percent from a year ago.

The State's housing sector continued to struggle in Fiscal Year 2011. New housing permits declined 5 percent from already depressed levels and existing home sales fell 19 percent during the fiscal year with quarterly sales at about half of the 2005 level.

After declining in 2009, Connecticut's export sector rebounded with solid growth in 2010 continuing into 2011 with double digit growth.

Acknowledgements

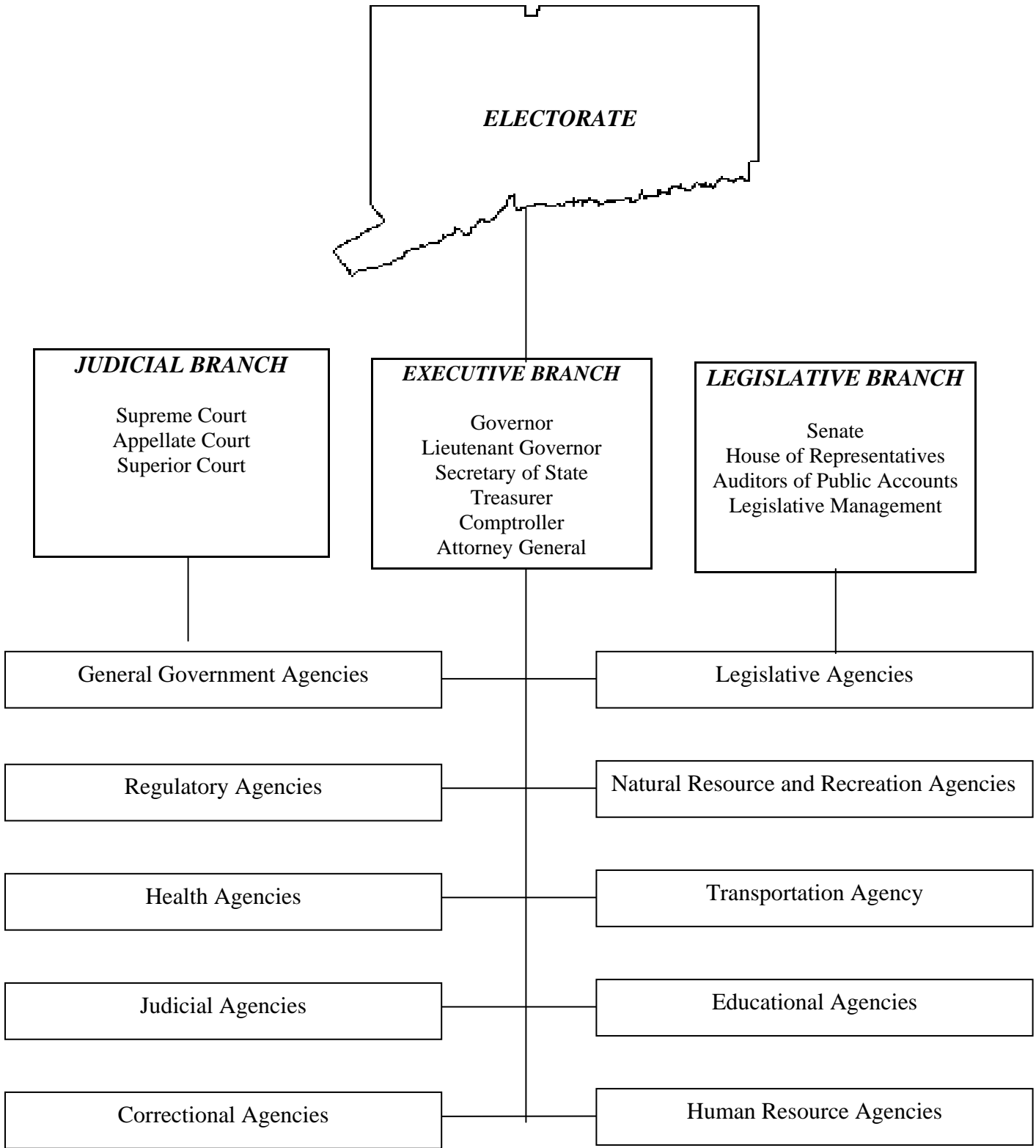
I want to thank my staff and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in cursive script that reads "Kevin Lembo".

Kevin Lembo
Connecticut State Comptroller

Organization Chart



*Selected State Officials
(as of June 30, 2011)*

EXECUTIVE

Dannel P. Malloy
Governor

Nancy Wyman
Lieutenant Governor

Denise Merrill
Secretary of State

Denise L. Nappier
Treasurer

Kevin Lembo
Comptroller

George C. Jepsen
Attorney General

JUDICIAL

Chase T. Rogers
Chief Justice

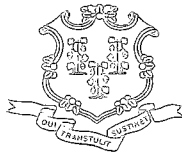
LEGISLATIVE

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

Christopher G. Donovan
Speaker of the House of Representatives
(151 Representatives)

*Financial
Section*

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

INDEPENDENT AUDITORS' REPORT

Governor Dannel P. Malloy
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2011, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund, the Transportation Special Tax Obligations account within the Debt Service Fund, and the Clean Energy Fund account within the Environmental Programs Fund, which in the aggregate, represent six percent of the assets and six percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, Connecticut Community - Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 67 percent of the assets and 39 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 93 percent of the assets and 97 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the Clean Energy Fund account, which represents 56 percent of the assets and 89 percent of the revenues of the Environmental Programs Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, the Connecticut Community - Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, the Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 39 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Drinking Water Fund, Clean Water Fund, Bradley International Airport, Connecticut Development Authority, Capital City Economic Development Authority, Connecticut Lottery Corporation, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, and Connecticut Innovations Incorporated were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits of the Bradley International Airport Parking Facility, John Dempsey Hospital, Connecticut State University, Connecticut Community-Technical Colleges and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The State of Connecticut adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB) in 2008. This standard modifies the method that governments have reported the cost of providing such benefits, primarily retiree health care. It requires the systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and the disclosure of information about the actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Our audit disclosed that the required actuarial valuation was not performed within the two year window permitted by GASB and the State of Connecticut did not present information pertaining to the Annual OPEB Cost and Net OPEB Obligation, Funded Status and Funding Progress, and Actuarial Methods and Assumptions for the State Employee OPEB Plan in Note 14 of the financial statements in compliance with GASB requirements. Our audit also disclosed that the Annual OPEB Cost and Net OPEB Obligation reported on Note 14 of the financial statements and the Net OPEB Obligation reported as Other Long Term Liabilities on Note 17 of the financial statements for the State Employee OPEB Plan presented data as of June 30, 2010.

In our opinion, except for the matters described in the preceding paragraph, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2011, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2012, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *State of Connecticut Single*

Audit Report for the Fiscal Year Ended June 30, 2011, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 25 to the financial statements, the State of Connecticut implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended June 30, 2011.

The management's discussion and analysis, the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and do not express an opinion on it. As a result of such limited procedures, we found that the State of Connecticut has not presented data in the Schedule of Funding Progress and Schedule of Employer Contributions for the State Employee OPEB plan that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts

February 24, 2012
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2011. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

As of June 30, 2011, the State had a combined net asset deficit of \$9.9 billion, an increase of \$502 million when compared to the prior year ending deficit balance. This increase resulted mainly from an increase of \$410 million in the net asset deficit of governmental activities.

Fund Level:

The governmental funds had a total fund balance of \$1.4 billion at year end. Of this amount, \$2.6 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation and \$1.8 billion represents unassigned fund balance deficit. The General Fund's share of the deficit is \$1.7 billion, which increased by \$351 million this fiscal year.

The Enterprise funds had total net assets of \$4.2 billion, substantially all of which was invested in capital assets or restricted for specific purposes.

Long-Term Debt:

Total long-term debt was \$26.8 billion for governmental activities, of which \$18.6 billion was bonded debt.

Total long-term debt was \$2.9 billion for business-type activities, of which \$1.6 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Starting in fiscal year 2011, governmental fund balance (difference between assets and liabilities) is classified as nonspendable, restricted, and unrestricted (committed, assigned or unassigned).

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Information

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net asset deficit of the State increased 5.4 percent to \$9.9 billion. In comparison, last year the combined net asset deficit increased 58 percent.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010*	2011	2010	2011	2010*
ASSETS:						
Current and Other Assets	\$ 4,228	\$ 4,601	\$ 4,236	\$ 4,051	\$ 8,464	\$ 8,652
Capital Assets	10,924	10,570	3,468	3,382	14,392	13,952
Total Assets	15,152	15,171	7,704	7,433	22,856	22,604
LIABILITIES:						
Current Liabilities	3,824	4,417	787	792	4,611	5,209
Long-term Liabilities	25,378	24,394	2,724	2,356	28,102	26,750
Total Liabilities	29,202	28,811	3,511	3,148	32,713	31,959
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	4,905	4,910	2,819	2,671	7,724	7,581
Restricted	1,810	1,778	1,152	1,264	2,962	3,042
Unrestricted	(20,765)	(20,328)	222	350	(20,543)	(19,978)
Total Net Assets (Deficit)	\$ (14,050)	\$ (13,640)	\$ 4,193	\$ 4,285	\$ (9,857)	\$ (9,355)

* Restated for comparative purposes. See Note 23.

The net asset deficit of the State's governmental activities increased \$410 million (3.0 percent) to \$14.1 billion during the current fiscal year. Of this amount, \$4.9 billion was invested in capital assets (buildings, roads, bridges, etc.) and \$1.8 billion was restricted for specific purposes, resulting in an unrestricted net asset deficit of \$20.8 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds issued in the amount of \$5.7 billion to finance various municipal grant programs (e.g., school construction) and \$2.3 billion issued to finance a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$8.2 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB obligations and compensated absences).

Net assets of the State's business-type activities decreased \$91 million (2.1 percent) to \$4.2 billion during the current fiscal year. Of this amount, \$2.8 billion was invested in capital assets and \$1.2 billion was restricted for specific purposes, resulting in unrestricted net assets of \$0.2 billion. These resources cannot be used to make up for the net asset deficit of the State's governmental activities. The State can only use these net assets to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center, Bradley International Airport, and others).

CHANGE IN NET ASSETS

Changes in net assets for the years ended June 30, 2011 and 2010 were as follows:

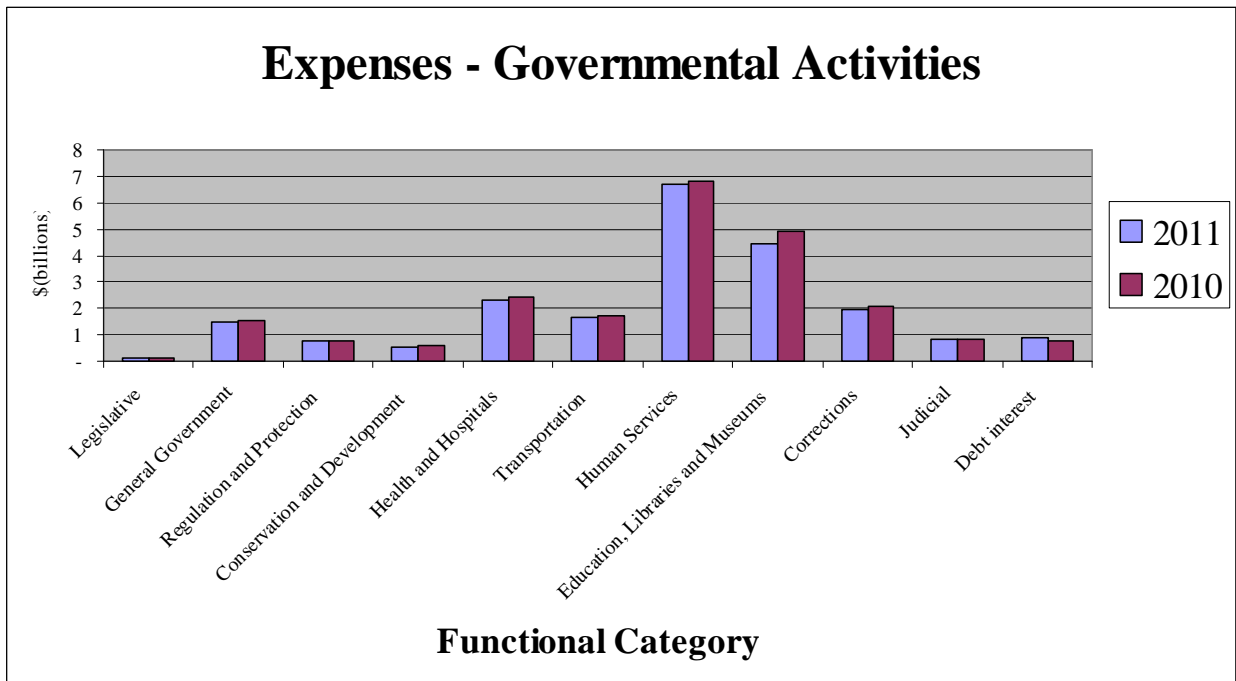
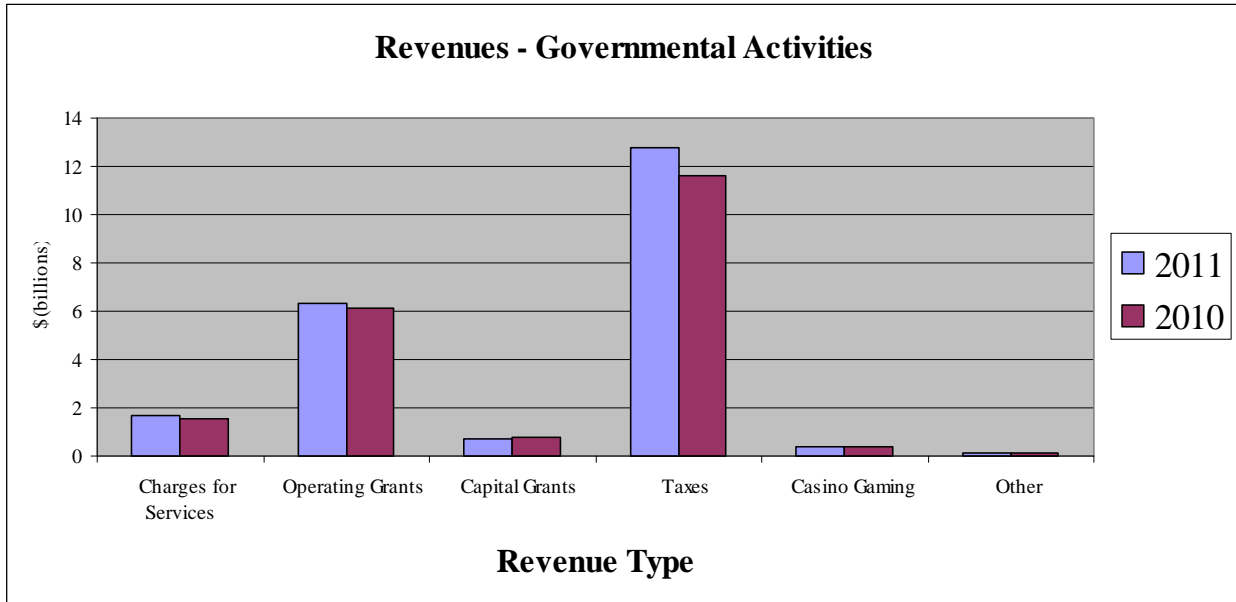
State of Connecticut's Changes in Net Assets (Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total		% change 11-10
	2011	2010*	2011	2010	2011	2010*	
REVENUES							
Program Revenues							
Charges for Services	\$ 1,647	\$ 1,522	\$ 3,416	\$ 3,223	\$ 5,063	\$ 4,745	6.7%
Operating Grants and Contributions	6,350	6,113	1,790	1,885	8,140	7,998	1.8%
Capital Grants and Contributions	725	766	40	18	765	784	-2.4%
General Revenues							
Taxes	12,788	11,583	-	-	12,788	11,583	10.4%
Casino Gaming Payments	360	384	-	-	360	384	-6.3%
Other	141	156	32	40	173	196	-11.7%
Total Revenues	22,011	20,524	5,278	5,166	27,289	25,690	6.2%
EXPENSES							
Legislative	100	106	-	-	100	106	-5.7%
General Government	1,509	1,566	-	-	1,509	1,566	-3.6%
Regulation and Protection	780	796	-	-	780	796	-2.0%
Conservation and Development	529	566	-	-	529	566	-6.5%
Health and Hospitals	2,301	2,443	-	-	2,301	2,443	-5.8%
Transportation	1,638	1,741	-	-	1,638	1,741	-5.9%
Human Services	6,676	6,830	-	-	6,676	6,830	-2.3%
Education, Libraries and Museums	4,463	4,921	-	-	4,463	4,921	-9.3%
Corrections	1,932	2,083	-	-	1,932	2,083	-7.2%
Judicial	828	828	-	-	828	828	0.0%
Interest and Fiscal Charges	874	793	-	-	874	793	10.2%
University of Connecticut & Health Center	-	-	1,807	1,703	1,807	1,703	6.1%
State Universities	-	-	652	650	652	650	0.3%
Bradley International Airport	-	-	68	69	68	69	-1.4%
CT Lottery Corporation	-	-	738	723	738	723	2.1%
Employment Security	-	-	2,307	2,701	2,307	2,701	-14.6%
Clean Water	-	-	45	53	45	53	-15.1%
Other	-	-	543	527	543	527	3.0%
Total Expenses	21,630	22,673	6,160	6,426	27,790	29,099	-4.5%
Excess (Deficiency)							
Before Transfers and Special Items	381	(2,149)	(882)	(1,260)	(501)	(3,409)	-85.3%
Special Items	-	21	-	(21)	-	-	0.0%
Transfers	(791)	(1,062)	791	1,062	-	-	0.0%
Increase (Decrease) in							
Net Assets	(410)	(3,190)	(91)	(219)	(501)	(3,409)	-85.3%
Net Assets (Deficit) -							
Beginning (as restated)	(13,640)	(10,450)	4,284	4,504	(9,356)	(5,946)	57.3%
Net Assets (Deficit) - Ending	\$ (14,050)	\$ (13,640)	\$ 4,193	\$ 4,285	\$ (9,857)	\$ (9,355)	5.4%

*Restated for comparative purposes. See note 23.

GOVERNMENTAL ACTIVITIES

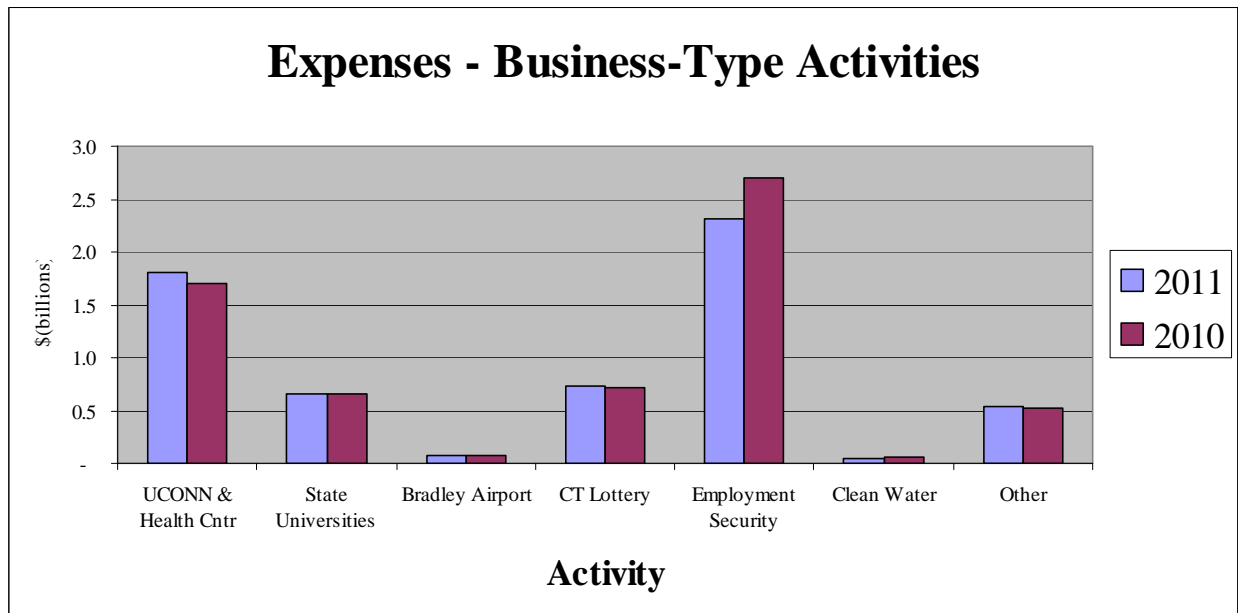
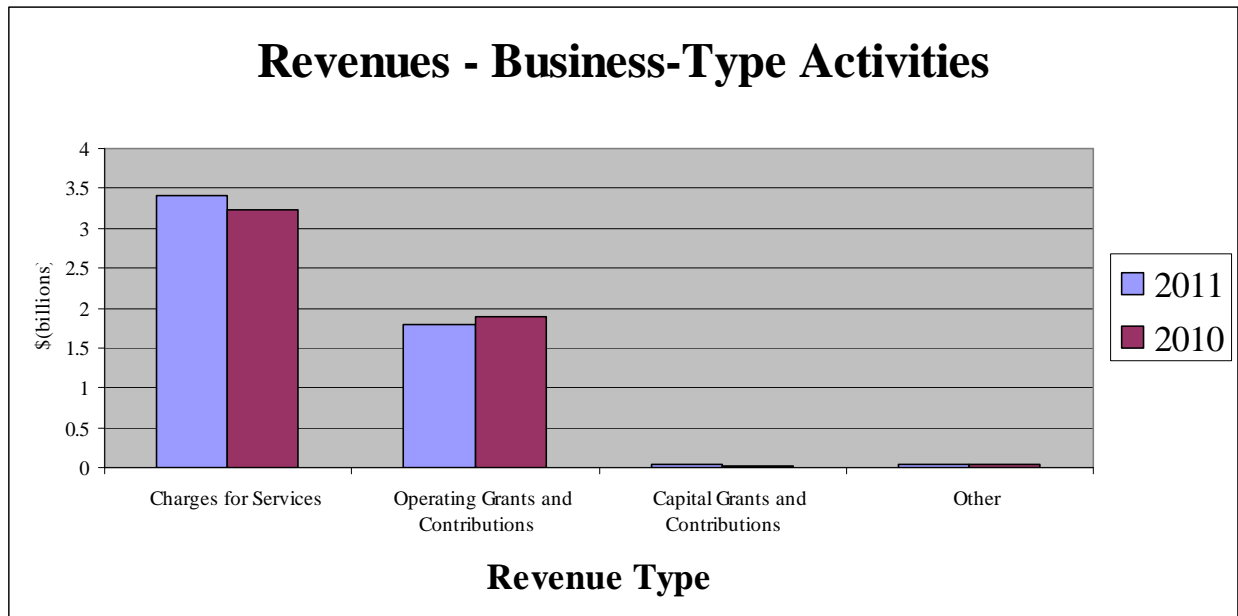
The following charts provide a two-year comparison of governmental activities revenues and expenses.



During the year, total revenues of governmental activities increased 7.2 percent to \$22.0 billion, while total expenses decreased 4.6 percent to \$21.6 billion. In comparison, last year total revenues and expenses increased 3.7 percent and 1.3 percent, respectively. The increase in total revenues (\$1.5 billion) was due mainly to an increase in taxes of \$1.2 billion or 10.4 percent. The decrease in total expenditures (\$1.0 billion) was due mainly to a decrease in education, libraries, and museum expenditures of \$458 million or 9.3%. Although, total revenues exceeded total expenses by \$381 million, this excess was reduced by transfers of \$791 million, resulting in a decrease in net assets of \$410 million.

BUSINESS-TYPE ACTIVITIES

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



During the year, total revenues of business-type increased 2.2 percent to \$5.3 billion, while total expenses decreased 4.1 percent to \$6.2 billion. In comparison, last year total revenues and expenses increased 24.3 percent and 21.9 percent respectively. The decrease in total expenses (\$266 million) was due mainly to a decrease in Employment Security expenses of \$394 million or 14.6 percent. Although, total expenses exceeded total revenues by \$882 million, this deficiency was reduced by transfers of \$791 million, resulting in a decrease in net assets of \$91 million.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

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

As of June 30, 2011, the State's governmental funds had fund balances of \$1.4 billion, remaining unchanged when compared to the prior year ending fund balances. Of the total governmental fund balances, \$2.6 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$0.4 billion represents fund balance that is committed or assigned for specific purposes by the Legislature and \$1.8 billion represents unassigned fund balance deficit.

General Fund

The General Fund is the chief operating fund of the State. As of June 30, 2011, the General Fund had a fund balance deficit of \$1.3 billion. Of this amount, \$0.4 billion represents fund balance that is committed or assigned for specific purposes by the Legislature, leaving a deficit of \$1.7 billion in unassigned fund balance. Fund balance decreased by \$351 million during the current fiscal year.

Debt Service Fund

As of June 30, 2011, the Debt Service Fund had a fund balance of \$709 million, all of which was restricted. Fund balance increased by \$21 million during the current fiscal year.

Transportation Fund

As of June 30, 2011, the Transportation Fund had a fund balance of \$170 million. Of this amount, \$28 million was in nonspendable form and \$142 million was restricted for specific purposes. Fund balance increased by \$6 million during the current fiscal year.

Restricted Grants and Accounts Fund

As of June 30, 2011, the Restricted Grants and Accounts Fund had a fund balance of \$444 million, all of which was restricted for specific purposes. Fund balance decreased by \$177 million during the fiscal year.

Proprietary Funds

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

Fiduciary Funds

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2011, the net assets of the State's Fiduciary funds totaled \$25.8 billion, an increase of \$3.0 billion when compared to the prior year ending net asset balance.

Budgetary Highlights-General Fund

The General Fund had an estimated budget surplus of \$0.2 million at the start of the fiscal year. During the first quarter of the year, the fund had an estimated budget deficit of \$45 million, instead, as the State's economy continued to experience a slow recovery. However, due to deficit reduction measures adopted by the State legislature in prior years, the fund had a final estimated budget surplus of \$159 million at the end of the fiscal year.

Although actual fund expenditures exceeded revenues by \$138 million, this deficiency was reduced by other financing sources of \$375 million (including a transfer of 2010 fiscal year surplus of \$450 million), resulting in an actual budget surplus of \$237 million for the fiscal year.

Actual revenues were almost the same as originally budgeted for the fiscal year. Final budgeted appropriations were greater than originally budgeted by \$391 million for the fiscal year. This increase resulted mainly from an increase in human services appropriations of \$278 million, specifically Medicaid appropriations increased by \$651 million.

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, 2011 totaled \$14.4 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$440 million, due mainly to an increase in governmental activities' capital assets of \$354 million or 3.3 percent.

Major capital asset events for governmental activities during the fiscal year included the following:

- Additions to equipment and infrastructure of \$1.0 billion
- Depreciation expense of \$846 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,595	\$ 1,562	\$ 65	\$ 60	\$ 1,660	\$ 1,622
Buildings	1,476	1,453	2,515	2,530	3,991	3,983
Improvements Other than Buildings	176	201	247	254	423	455
Equipment	154	44	346	344	500	388
Infrastructure	5,183	5,591	-	-	5,183	5,591
Construction in Progress	2,340	1,719	295	194	2,635	1,913
Total	<u>\$ 10,924</u>	<u>\$ 10,570</u>	<u>\$ 3,468</u>	<u>\$ 3,382</u>	<u>\$ 14,392</u>	<u>\$ 13,952</u>

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

**Long-Term Debt
Bonded Debt**

At the end of the current fiscal year, the State had total bonded debt of \$20.2 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		Business-Type		Total	
	Activities		Activities		Primary Government	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 13,794	\$ 13,593	\$ -	\$ -	\$ 13,794	\$ 13,593
Transportation Related Bonds	3,358	3,030	-	-	3,358	3,030
Revenue Bonds	-	-	1,556	1,498	1,556	1,498
Long-Term Notes	916	1,144	-	-	916	1,144
Premiums and deferred amounts	526	527	51	41	577	568
Total	\$ 18,594	\$ 18,294	\$ 1,607	\$ 1,539	\$ 20,201	\$ 19,833

The State's total bonded debt increased by \$368 million (1.9 percent) during the current fiscal year. This increase resulted mainly from an increase in transportation related bonds of \$328 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 October 2011, the State had a debt incurring margin of \$6.9 billion.

Other Long-Term Debt

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2011	2010	2011	2010	2011	2010
Net Pension Obligation	\$ 2,447	\$ 2,262	\$ -	\$ -	\$ 2,447	\$ 2,262
Net OPEB Obligation	4,603	4,441	-	-	4,603	4,441
Compensated Absences	560	523	155	147	715	670
Workers Compensation	511	461	-	-	511	461
Lottery Prizes	-	-	162	181	162	181
Federal Loan Payable	-	-	810	499	810	499
Other	122	130	183	194	305	324
Total	\$ 8,243	\$ 7,817	\$ 1,310	\$ 1,021	\$ 9,553	\$ 8,838

The State's other long-term obligations increased by \$715 million (8.1 percent) during the fiscal year. This increase was due mainly to an increase in Federal loan payable (Business-Type activities) of \$311 million or 62.3 percent.

Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

Economic Factors and Next Year's Budget

The national economy as measured by real GDP grew at a moderate rate of just over 2 percent during the first two quarters of fiscal year 2011 before slowing sharply in the second half of the fiscal year. Second half growth was about half of the first half level. This is consistent with Connecticut's job performance, which expanded by 15,200 payroll jobs during fiscal year 2011 with most of the gain coming during the first six months of the fiscal year.

In fiscal year 2011, Connecticut weekly earnings increased at a 3.3 percent rate. The State's personal income has been growing at a rate in excess of 4 percent.

The stock market realized double-digit gains over the course of the fiscal year. The DOW increased by 25 percent as recessionary pressures eased. Historic growth was posted in corporate profits in calendar year 2010 with solid results continuing into the first quarter of 2011.

Retail sales were strong throughout fiscal year 2011 growing by more than 8 percent. The personal savings rate declined steadily during most of fiscal year. The higher store sales helped to boost Connecticut's fiscal year 2011 sales tax revenues by 4.7 percent from a year ago.

The State's housing sector continued to struggle in fiscal year 2011. New housing permits declined 5 percent from already depressed levels and existing home sales fell 19 percent during the fiscal year with quarterly sales at about half of the 2005 level.

After declining in 2009, Connecticut's export sector rebounded with solid growth in 2010 continuing into 2011 with double-digit growth.

For fiscal year 2012, the budget for the General Fund had an estimated \$80.9 million surplus at the start of the fiscal year. Budgeted revenues were expected to increase 3.9 percent to \$18.8 billion, while budgeted appropriations were expected to increase 1.3 percent to \$18.7 billion. During the second quarter of the fiscal year, the estimated budget surplus was reduced to \$1.4 million due to a decline in forecasted revenue of \$83 million.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

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

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*Basic
Financial
Statements*

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Statement of Net Assets

June 30, 2011

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 815,474	\$ 748,818	\$ 1,564,292	\$ 144,574
Deposits with U.S. Treasury	-	337,799	337,799	-
Investments	382,068	67,705	449,773	362,106
Receivables, (Net of Allowances)	2,130,295	796,021	2,926,316	45,394
Due from Primary Government	-	-	-	12,988
Inventories	45,134	13,907	59,041	4,086
Restricted Assets	-	68,785	68,785	1,414,128
Internal Balances	(248,768)	248,768	-	-
Other Current Assets	19,305	18,256	37,561	2,924
Total Current Assets	<u>3,143,508</u>	<u>2,300,059</u>	<u>5,443,567</u>	<u>1,986,200</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	340,739	340,739	-
Due From Component Units	19,026	-	19,026	-
Investments	-	193,618	193,618	41,085
Receivables, (Net of Allowances)	250,035	706,424	956,459	170,387
Restricted Assets	710,880	644,657	1,355,537	4,598,791
Capital Assets, (Net of Accumulated Depreciation)	10,924,298	3,468,078	14,392,376	417,573
Other Noncurrent Assets	104,590	50,098	154,688	11,154
Total Noncurrent Assets	<u>12,008,829</u>	<u>5,403,614</u>	<u>17,412,443</u>	<u>5,238,990</u>
Total Assets	<u>15,152,337</u>	<u>7,703,673</u>	<u>22,856,010</u>	<u>7,225,190</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	807,239	294,994	1,102,233	68,652
Due to Component Units	12,988	-	12,988	-
Due to Other Governments	202,451	1,965	204,416	-
Current Portion of Long-Term Obligations	1,458,847	194,414	1,653,261	309,473
Amount Held for Institutions	-	-	-	364,483
Deferred Revenue	12,949	227,814	240,763	-
Medicaid Liability	525,733	-	525,733	-
Liability for Escheated Property	578,709	-	578,709	-
Other Current Liabilities	224,762	68,112	292,874	27,862
Total Current Liabilities	<u>3,823,678</u>	<u>787,299</u>	<u>4,610,977</u>	<u>770,470</u>
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	25,378,369	2,723,138	28,101,507	4,631,975
Total Noncurrent Liabilities	<u>25,378,369</u>	<u>2,723,138</u>	<u>28,101,507</u>	<u>4,631,975</u>
Total Liabilities	<u>29,202,047</u>	<u>3,510,437</u>	<u>32,712,484</u>	<u>5,402,445</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	4,905,025	2,818,635	7,723,660	276,804
Restricted For:				
Transportation	82,785	-	82,785	-
Debt Service	663,880	28,989	692,869	22,765
Federal Grants and Other Accounts	452,836	-	452,836	-
Capital Projects	445,499	115,071	560,570	-
Clean Water and Drinking Water Projects	-	760,007	760,007	-
Bond Indenture Requirements	-	2,250	2,250	936,984
Loans	-	4,500	4,500	-
Permanent Investments or Endowments:				
Expendable	1,668	-	1,668	91,401
Nonexpendable	97,485	12,472	109,957	274,653
Other Purposes	65,720	229,380	295,100	50,982
Unrestricted (Deficit)	<u>(20,764,608)</u>	<u>221,932</u>	<u>(20,542,676)</u>	<u>169,156</u>
Total Net Assets (Deficit)	<u>\$ (14,049,710)</u>	<u>\$ 4,193,236</u>	<u>\$ (9,856,474)</u>	<u>\$ 1,822,745</u>

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

Statement of Activities

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities:				
Legislative	\$ 99,542	\$ 2,677	\$ 169	\$ -
General Government	1,508,994	498,045	117,937	-
Regulation and Protection	780,363	595,692	221,250	-
Conservation and Development	529,292	169,483	91,957	-
Health and Hospitals	2,300,369	73,980	178,263	-
Transportation	1,637,847	55,552	-	725,080
Human Services	6,675,895	77,153	4,800,112	-
Education, Libraries, and Museums	4,463,129	32,822	814,611	-
Corrections	1,932,375	9,439	115,291	-
Judicial	828,124	132,468	10,477	-
Interest and Fiscal Charges	873,847	-	-	-
Total Governmental Activities	21,629,777	1,647,311	6,350,067	725,080
Business-Type Activities:				
University of Connecticut & Health Center	1,806,815	982,949	222,290	1,989
State Universities	651,513	366,009	64,950	17,263
Bradley International Airport	68,415	63,076	-	6,001
Connecticut Lottery Corporation	738,397	1,016,697	-	-
Employment Security	2,306,715	809,364	1,367,271	-
Clean Water	45,473	20,460	23,838	-
Other	542,184	157,323	111,348	14,846
Total Business-Type Activities	6,159,512	3,415,878	1,789,697	40,099
Total Primary Government	\$ 27,789,289	\$ 5,063,189	\$ 8,139,764	\$ 765,179
Component Units				
Connecticut Housing Finance Authority (12-31-10)	\$ 243,109	\$ 194,748	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	7,870	6,788	-	-
Other	262,950	176,850	11,286	885
Total Component Units	\$ 513,929	\$ 378,386	\$ 11,286	\$ 885
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Unrestricted Investment Earnings				
Contributions to Endowments				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Assets				
Net Assets (Deficit)- Beginning (as restated)				
Net Assets (Deficit)- Ending				

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government				
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>	
\$ (96,696)	\$ -	\$ (96,696)	\$	-
(893,012)	-	(893,012)		-
36,579	-	36,579		-
(267,852)	-	(267,852)		-
(2,048,126)	-	(2,048,126)		-
(857,215)	-	(857,215)		-
(1,798,630)	-	(1,798,630)		-
(3,615,696)	-	(3,615,696)		-
(1,807,645)	-	(1,807,645)		-
(685,179)	-	(685,179)		-
(873,847)	-	(873,847)		-
<u>(12,907,319)</u>	<u>-</u>	<u>(12,907,319)</u>		<u>-</u>
-	(599,587)	(599,587)		-
-	(203,291)	(203,291)		-
-	662	662		-
-	278,300	278,300		-
-	(130,080)	(130,080)		-
-	(1,175)	(1,175)		-
-	(258,667)	(258,667)		-
<u>-</u>	<u>(913,838)</u>	<u>(913,838)</u>		<u>-</u>
<u>(12,907,319)</u>	<u>(913,838)</u>	<u>(13,821,157)</u>		<u>-</u>
-	-	-		(48,361)
-	-	-		(1,082)
<u>-</u>	<u>-</u>	<u>-</u>		<u>(73,929)</u>
<u>-</u>	<u>-</u>	<u>-</u>		<u>(123,372)</u>
6,327,263	-	6,327,263		-
726,090	-	726,090		-
3,365,250	-	3,365,250		-
1,655,594	-	1,655,594		-
477,411	-	477,411		-
237,242	-	237,242		-
359,582	-	359,582		-
121,422	-	121,422		-
18,434	31,580	50,014		117,450
-	-	-		30,299
<u>(790,851)</u>	<u>790,851</u>	<u>-</u>		<u>-</u>
<u>12,497,437</u>	<u>822,431</u>	<u>13,319,868</u>		<u>147,749</u>
(409,882)	(91,407)	(501,289)		24,377
(13,639,828)	4,284,643	(9,355,185)		1,798,368
<u>\$ (14,049,710)</u>	<u>\$ 4,193,236</u>	<u>\$ (9,856,474)</u>	<u>\$</u>	<u>1,822,745</u>

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Governmental Fund Financial Statements

Major Funds

General Fund:

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

Debt Service Fund:

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

Transportation Fund:

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

Restricted Grants and Accounts Fund:

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

Nonmajor Funds:

Nonmajor governmental funds are presented, by fund type beginning on page 92.

Balance Sheet

Governmental Funds

June 30, 2011

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ 119,062	\$ 77,956	\$ 610,314	\$ 807,332
Investments	278,228	-	-	-	103,840	382,068
Securities Lending Collateral	-	-	-	-	18,681	18,681
Receivables:						
Taxes, Net of Allowances	1,011,100	-	42,457	-	-	1,053,557
Accounts, Net of Allowances	270,123	-	10,408	8,436	36,990	325,957
Loans, Net of Allowances	3,419	-	-	2,072	244,544	250,035
From Other Governments	553,065	-	-	183,988	13,189	750,242
Interest	-	116	77	-	-	193
Other	-	-	-	-	3	3
Due from Other Funds	19,581	-	116	320,659	674,250	1,014,606
Due from Component Units	19,026	-	-	-	-	19,026
Inventories	13,572	-	27,733	-	-	41,305
Restricted Assets	-	708,645	-	-	2,235	710,880
Other Assets	-	-	-	-	292	292
Total Assets	<u>\$ 2,168,114</u>	<u>\$ 708,761</u>	<u>\$ 199,853</u>	<u>\$ 593,111</u>	<u>\$ 1,704,338</u>	<u>\$ 5,374,177</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 365,049	\$ -	\$ 24,861	\$ 120,137	\$ 78,993	\$ 589,040
Due to Other Funds	1,015,957	116	-	2,568	185,866	1,204,507
Due to Component Units	-	-	-	324	12,664	12,988
Due to Other Governments	186,931	-	-	15,520	-	202,451
Deferred Revenue	586,963	-	5,175	10,447	45,713	648,298
Medicaid Liability	525,733	-	-	-	-	525,733
Liability For Escheated Property	578,709	-	-	-	-	578,709
Securities Lending Obligation	-	-	-	-	18,681	18,681
Other Liabilities	206,081	-	-	-	-	206,081
Total Liabilities	<u>3,465,423</u>	<u>116</u>	<u>30,036</u>	<u>148,996</u>	<u>341,917</u>	<u>3,986,488</u>
Fund Balances						
Nonspendable:						
Inventories/Long-Term Receivables	36,017	-	27,733	-	-	63,750
Permanent Fund Principal	-	-	-	-	97,485	97,485
Restricted For:						
Debt Service	-	708,645	-	-	-	708,645
Transportation Programs	-	-	142,084	-	-	142,084
Federal Grant and State Programs	-	-	-	444,115	-	444,115
Other	-	-	-	-	1,257,497	1,257,497
Committed For:						
Continuing Appropriations	178,649	-	-	-	-	178,649
Budget Reserve Fund	48	-	-	-	-	48
Assigned To:						
Surplus Transfer to Fiscal Year 2012	236,923	-	-	-	-	236,923
Other	-	-	-	-	13,971	13,971
Unassigned	(1,748,946)	-	-	-	(6,532)	(1,755,478)
Total Fund Balances	<u>(1,297,309)</u>	<u>708,645</u>	<u>169,817</u>	<u>444,115</u>	<u>1,362,421</u>	<u>1,387,689</u>
Total Liabilities and Fund Balances	<u>\$ 2,168,114</u>	<u>\$ 708,761</u>	<u>\$ 199,853</u>	<u>\$ 593,111</u>	<u>\$ 1,704,338</u>	<u>\$ 5,374,177</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2011

(Expressed in Thousands)

Total Fund Balance - Governmental Funds	\$	1,387,689
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Net assets reported for governmental activities in the Statement of Net Assets are different because:

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

Buildings	3,275,731	
Equipment	1,790,182	
Infrastructure	12,655,722	
Other Capital Assets	4,405,723	
Accumulated Depreciation	<u>(11,232,402)</u>	10,894,956

Debt issue costs are recorded as expenditures in the funds. However, these costs are deferred (reported as other assets) and amortized over the life of the bonds in the Statement of Net Assets.		81,993
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Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		635,349
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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 Assets.		(51,052)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 17).

Net Pension Obligation	(2,447,084)	
Net OPEB Obligation	(4,602,759)	
Worker's Compensation	(511,413)	
Capital Leases	(42,995)	
Compensated Absences	(557,208)	
Claims and Judgments	<u>(56,227)</u>	(8,217,686)

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

Bonds and Notes Payable	(18,067,730)	
Unamortized Premiums	(712,896)	
Less: Deferred Loss on Refundings	186,784	
Accrued Interest Payable	<u>(187,117)</u>	<u>(18,780,959)</u>

Net Assets of Governmental Activities	\$	<u>(14,049,710)</u>
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The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For The Fiscal Year Ended June 30, 2011
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 11,888,079	\$ -	\$ 713,936	\$ -	\$ -	\$ 12,602,015
Assessments	-	-	-	-	28,444	28,444
Licenses, Permits and Fees	248,548	-	299,575	11,438	42,206	601,767
Tobacco Settlement	-	-	-	-	121,422	121,422
Federal Grants and Aid	4,878,669	-	9,360	2,254,614	99,181	7,241,824
Charges for Services	35,505	-	62,384	-	954	98,843
Fines, Forfeits and Rents	111,806	-	19,126	-	11,423	142,355
Casino Gaming Payments	359,582	-	-	-	-	359,582
Investment Earnings	-	4,334	1,096	1,367	11,829	18,626
Miscellaneous	184,624	-	7,004	399,191	121,647	712,466
Total Revenues	<u>17,706,813</u>	<u>4,334</u>	<u>1,112,481</u>	<u>2,666,610</u>	<u>437,106</u>	<u>21,927,344</u>
Expenditures						
Current:						
Legislative	96,234	-	-	3,755	-	99,989
General Government	1,157,346	-	1,119	246,962	96,589	1,502,016
Regulation and Protection	362,403	-	80,819	146,910	188,435	778,567
Conservation and Development	168,525	-	-	138,269	220,371	527,165
Health and Hospitals	2,039,074	-	-	221,893	10,108	2,271,075
Transportation	-	-	673,160	755,306	12,540	1,441,006
Human Services	6,008,019	-	-	562,699	8,001	6,578,719
Education, Libraries, and Museums	3,280,456	-	-	595,092	380,096	4,255,644
Corrections	1,897,355	-	-	19,078	3,746	1,920,179
Judicial	773,612	-	-	17,215	33,262	824,089
Capital Projects	-	-	-	-	464,023	464,023
Debt Service:						
Principal Retirement	1,001,948	271,330	-	-	-	1,273,278
Interest and Fiscal Charges	630,067	155,532	3,619	149,224	7,339	945,781
Total Expenditures	<u>17,415,039</u>	<u>426,862</u>	<u>758,717</u>	<u>2,856,403</u>	<u>1,424,510</u>	<u>22,881,531</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>291,774</u>	<u>(422,528)</u>	<u>353,764</u>	<u>(189,793)</u>	<u>(987,404)</u>	<u>(954,187)</u>
Other Financing Sources (Uses)						
Bonds Issued	47,785	-	-	-	1,571,840	1,619,625
Premiums on Bonds Issued	1,137	19,748	-	-	53,698	74,583
Transfers In	518,020	446,775	111,884	40,956	93,783	1,211,418
Transfers Out	(1,213,584)	(4,422)	(459,615)	(28,000)	(300,313)	(2,005,934)
Refunding Bonds Issued	-	412,870	-	-	-	412,870
Payment to Refunded Bond Escrow Agent	-	(431,550)	-	-	-	(431,550)
Capital Lease Obligations	4,089	-	-	-	-	4,089
Total Other Financing Sources (Uses)	<u>(642,553)</u>	<u>443,421</u>	<u>(347,731)</u>	<u>12,956</u>	<u>1,419,008</u>	<u>885,101</u>
Net Change in Fund Balances	<u>(350,779)</u>	<u>20,893</u>	<u>6,033</u>	<u>(176,837)</u>	<u>431,604</u>	<u>(69,086)</u>
Fund Balances (Deficit) - Beginning (restated)	(949,605)	687,752	164,240	620,952	930,817	1,454,156
Changes in Reserves for Inventories & Loans Receivable	3,075	-	(456)	-	-	2,619
Fund Balances (Deficit) - Ending	<u>\$ (1,297,309)</u>	<u>\$ 708,645</u>	<u>\$ 169,817</u>	<u>\$ 444,115</u>	<u>\$ 1,362,421</u>	<u>\$ 1,387,689</u>

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

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

June 30, 2011

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ (69,086)

Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Bonds Issued	(1,619,625)	
Refunding Bonds Issued	(412,870)	
Premium on Bonds Issued	<u>(74,583)</u>	(2,107,078)

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

Principal Retirement	1,273,278	
Payments to Refunded Bond Escrow Agent	433,910	
Capital Lease Payments	<u>2,796</u>	1,709,984

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 (4,089)

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

Capital Outlays	1,197,947	
Depreciation Expense	(836,178)	
Retirements	<u>(16)</u>	361,753

Loans issued during the year are reported as expenditures in the governmental funds. However, loans receivable are reported as an asset in the Statement of Net Assets. This is the amount of loans issued during the year. 3,419

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 consumption exceeded purchases of inventories. (800)

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

Increase in Accrued Interest	(30,097)	
Decrease in Interest Accreted on Capital Appreciation Debt	43,255	
Amortization of Bond Premium	80,028	
Amortization of Loss on Debt Refundings	(23,928)	
Increase in Compensated Absences Liability	(36,924)	
Increase in Workers Compensation Liability	(50,817)	
Decrease in Claims and Judgments Liability	4,062	
Increase in Net Pension Obligation	(184,864)	
Increase in Net OPEB Obligation	<u>(162,056)</u>	(361,341)

Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year. 83,402

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities. (26,361)

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

In the current year, these amounts are:

Debt Issue Costs Payments	8,429	
Amortization of Debt Issue Costs	<u>(8,114)</u>	<u>315</u>

Change in Net Assets of Governmental Activities \$ (409,882)

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
General and Transportation Funds

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	General Fund			Variance with Final Budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Budgeted:				
Taxes, Net of Refunds	\$ 10,921,670	\$ 11,976,000	\$ 12,049,467	\$ 73,467
Operating Transfers In	397,400	388,500	388,412	(88)
Casino Gaming Payments	365,800	359,600	359,581	(19)
Licenses, Permits, and Fees	235,400	250,400	250,442	42
Other	307,300	392,400	372,034	(20,366)
Federal Grants	4,256,000	4,214,000	4,235,178	21,178
Refunds of Payments	(900)	(1,900)	(1,875)	25
Operating Transfers Out	(61,800)	(61,800)	(61,800)	-
Transfer to the Resources of the General Fund	1,246,500	565,700	116,015	(449,685)
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	<u>17,667,370</u>	<u>18,082,900</u>	<u>17,707,454</u>	<u>(375,446)</u>
Expenditures				
Budgeted:				
Legislative	80,543	80,543	66,109	14,434
General Government	509,154	518,598	476,090	42,508
Regulation and Protection	277,931	292,614	261,670	30,944
Conservation and Development	133,030	133,398	123,919	9,479
Health and Hospitals	1,725,236	1,790,004	1,715,670	74,334
Transportation	609	609	-	609
Human Services	5,205,006	5,483,807	5,387,535	96,272
Education, Libraries, and Museums	4,084,068	4,084,412	4,060,466	23,946
Corrections	1,503,312	1,542,853	1,484,460	58,393
Judicial	552,508	567,008	559,912	7,096
Non Functional	4,013,592	3,981,566	3,709,293	272,273
Total Expenditures	<u>18,084,989</u>	<u>18,475,412</u>	<u>17,845,124</u>	<u>630,288</u>
Appropriations Lapsed	<u>296,344</u>	<u>426,300</u>	<u>-</u>	<u>(426,300)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(121,275)</u>	<u>33,788</u>	<u>(137,670)</u>	<u>(171,458)</u>
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	121,475	121,475	121,475	-
Appropriations Continued to Fiscal Year 2012	-	-	(200,985)	(200,985)
Transfer of 2010 Fiscal Year Surplus	-	-	449,869	449,869
Miscellaneous Adjustments	-	4,233	4,234	1
Total Other Financing Sources (Uses)	<u>121,475</u>	<u>125,708</u>	<u>374,593</u>	<u>248,885</u>
Net Change in Fund Balance	<u>\$ 200</u>	<u>\$ 159,496</u>	<u>236,923</u>	<u>\$ 77,427</u>
Budgetary Fund Balances - July 1			572,182	
Changes in Reserves			(366,964)	
Budgetary Fund Balances - June 30			<u>\$ 442,141</u>	

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

Transportation Fund

<u>Budget</u>		<u>Actual</u>	Variance with Final Budget positive (negative)
<u>Original</u>	<u>Final</u>		
\$ 713,400	\$ 713,700	\$ 713,999	\$ 299
107,600	107,600	107,550	(50)
-	-	-	-
362,500	361,100	355,597	(5,503)
15,000	5,500	5,506	6
5,800	9,300	9,360	60
(2,500)	(3,000)	(3,005)	(5)
(6,500)	(6,500)	(6,500)	-
-	-	-	-
(15,300)	(15,300)	(15,300)	-
<u>1,180,000</u>	<u>1,172,400</u>	<u>1,167,207</u>	<u>(5,193)</u>
-	-	-	-
2,717	2,717	1,078	1,639
67,795	67,795	54,500	13,295
-	-	-	-
-	-	-	-
531,390	544,575	532,631	11,944
-	-	-	-
-	-	-	-
-	-	-	-
627,958	614,773	578,421	36,352
<u>1,229,860</u>	<u>1,229,860</u>	<u>1,166,630</u>	<u>63,230</u>
<u>11,000</u>	<u>22,800</u>	<u>-</u>	<u>(22,800)</u>
<u>(38,860)</u>	<u>(34,660)</u>	<u>577</u>	<u>35,237</u>
41,977	41,977	41,977	-
-	-	(40,553)	(40,553)
-	-	-	-
<u>41,977</u>	<u>41,977</u>	<u>1,424</u>	<u>(40,553)</u>
<u>\$ 3,117</u>	<u>\$ 7,317</u>	2,001	<u>\$ (5,316)</u>
		147,341	
		(1,423)	
		<u>\$ 147,919</u>	

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Proprietary Fund Financial Statements

Major Funds

University of Connecticut and Health Center:

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

State Universities:

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

Bradley International Airport:

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

The Connecticut Lottery Corporation:

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

Employment Security:

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

Clean Water:

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

Nonmajor Funds:

Nonmajor proprietary funds are presented, by fund type beginning on page 114.

Statement of Net Assets

Proprietary Funds

June 30, 2011

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 368,800	\$ 176,958	\$ 30,491	\$ 16,616
Deposits with U.S. Treasury	-	-	-	-
Investments	3,151	38,382	-	26,172
Receivables:				
Accounts, Net of Allowances	102,338	171,470	5,923	23,901
Loans, Net of Allowances	1,864	1,567	-	-
Interest	-	-	-	4,129
From Other Governments	-	2,225	1,526	-
Due from Other Funds	51,015	36,750	-	-
Inventories	13,907	-	-	-
Restricted Assets	53,730	-	15,055	-
Other Current Assets	12,362	3,462	131	2,021
Total Current Assets	<u>607,167</u>	<u>430,814</u>	<u>53,126</u>	<u>72,839</u>
Noncurrent Assets:				
Cash and Cash Equivalents	1,356	116,227	-	-
Investments	10,686	26,566	-	134,810
Receivables:				
Loans, Net of Allowances	10,481	9,864	-	-
Restricted Assets	8,058	-	101,837	-
Capital Assets, Net of Accumulated Depreciation	1,697,556	852,933	305,406	2,531
Other Noncurrent Assets	2,063	2,266	22,317	4,968
Total Noncurrent Assets	<u>1,730,200</u>	<u>1,007,856</u>	<u>429,560</u>	<u>142,309</u>
Total Assets	<u>2,337,367</u>	<u>1,438,670</u>	<u>482,686</u>	<u>215,148</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	145,904	55,094	8,981	10,948
Due to Other Funds	11,502	3,261	3,151	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	54,166	20,506	13,290	26,888
Deferred Revenue	36,892	185,058	1,788	802
Other Current Liabilities	26,955	7,413	-	33,479
Total Current Liabilities	<u>275,419</u>	<u>271,332</u>	<u>27,210</u>	<u>72,117</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	304,727	316,748	171,035	135,517
Total Noncurrent Liabilities	<u>304,727</u>	<u>316,748</u>	<u>171,035</u>	<u>135,517</u>
Total Liabilities	<u>580,146</u>	<u>588,080</u>	<u>198,245</u>	<u>207,634</u>
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	1,422,787	686,811	138,105	2,531
Restricted For:				
Debt Service	7,229	-	17,252	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	40,962	-	74,109	-
Nonexpendable Purposes	11,892	560	-	-
Bond Indentures	-	-	2,250	-
Loans	4,500	-	-	-
Other Purposes	22,023	41,414	-	7,514
Unrestricted (Deficit)	247,828	121,805	52,725	(2,531)
Total Net Assets (Deficit)	<u>\$ 1,757,221</u>	<u>\$ 850,590</u>	<u>\$ 284,441</u>	<u>\$ 7,514</u>

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

Connecticut

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Total		Internal Service Funds
\$ -	\$ 2,014	\$ 153,939	\$ 748,818	\$	8,142
337,799	-	-	337,799		-
-	-	-	67,705		-
185,777	-	13,513	502,922		151
-	253,811	9,801	267,043		-
-	8,419	370	12,918		-
9,387	-	-	13,138		-
2,196	-	177,606	267,567		2,172
-	-	-	13,907		3,829
-	-	-	68,785		-
-	-	280	18,256		332
<u>535,159</u>	<u>264,244</u>	<u>355,509</u>	<u>2,318,858</u>		<u>14,626</u>
-	182,818	40,338	340,739		-
-	21,556	-	193,618		-
-	624,317	61,762	706,424		-
-	453,596	81,166	644,657		-
-	-	609,652	3,468,078		29,342
-	16,334	2,150	50,098		-
-	1,298,621	795,068	5,403,614		29,342
<u>535,159</u>	<u>1,562,865</u>	<u>1,150,577</u>	<u>7,722,472</u>		<u>43,968</u>
-	9,128	64,939	294,994		24,998
885	-	-	18,799		66,931
1,965	-	-	1,965		-
-	70,687	8,877	194,414		112
-	-	3,274	227,814		-
-	-	265	68,112		-
<u>2,850</u>	<u>79,815</u>	<u>77,355</u>	<u>806,098</u>		<u>92,041</u>
<u>809,876</u>	<u>818,045</u>	<u>167,190</u>	<u>2,723,138</u>		<u>2,979</u>
<u>809,876</u>	<u>818,045</u>	<u>167,190</u>	<u>2,723,138</u>		<u>2,979</u>
<u>812,726</u>	<u>897,860</u>	<u>244,545</u>	<u>3,529,236</u>		<u>95,020</u>
-	-	568,401	2,818,635		29,342
-	-	4,508	28,989		-
-	660,342	99,665	760,007		-
-	-	-	115,071		-
-	-	20	12,472		-
-	-	-	2,250		-
-	-	-	4,500		-
-	-	158,429	229,380		-
(277,567)	4,663	75,009	221,932		(80,394)
<u>\$ (277,567)</u>	<u>\$ 665,005</u>	<u>\$ 906,032</u>	<u>\$ 4,193,236</u>	<u>\$</u>	<u>(51,052)</u>

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

For The Fiscal Year Ended June 30, 2011
(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Operating Revenues				
Charges for Sales and Services	\$ 862,814	\$ 346,091	\$ 46,445	\$ 1,016,614
Assessments	-	-	-	-
Federal Grants, Contracts and Other Aid	185,926	46,791	-	-
State Grants, Contracts and Other Aid	35,732	15,241	-	-
Private Gifts and Grants	28,910	2,918	-	-
Interest on Loans	-	-	-	-
Other	68,605	16,957	-	78
Total Operating Revenues	<u>1,181,987</u>	<u>427,998</u>	<u>46,445</u>	<u>1,016,692</u>
Operating Expenses				
Salaries, Wages and Administrative	1,568,450	581,030	41,726	98,448
Lottery Prize Awards	-	-	-	620,134
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	120,410	51,471	17,861	452
Other	105,347	7,541	-	8,299
Total Operating Expenses	<u>1,794,207</u>	<u>640,042</u>	<u>59,587</u>	<u>727,333</u>
Operating Income (Loss)	<u>(612,220)</u>	<u>(212,044)</u>	<u>(13,142)</u>	<u>289,359</u>
Nonoperating Revenue (Expenses)				
Interest and Investment Income	1,198	1,295	990	11,097
Interest and Fiscal Charges	(12,608)	(11,471)	(8,828)	(11,064)
Federal Grants	-	-	-	-
Other	23,252	2,961	16,631	5
Total Nonoperating Revenues (Expenses)	<u>11,842</u>	<u>(7,215)</u>	<u>8,793</u>	<u>38</u>
Income (Loss) Before Capital Contributions, Grants, and Transfers	<u>(600,378)</u>	<u>(219,259)</u>	<u>(4,349)</u>	<u>289,397</u>
Capital Contributions	1,989	17,263	6,001	-
Federal Capitalization Grants	-	-	-	-
Transfers In	567,600	270,475	10,056	-
Transfers Out	(25,000)	(13,000)	-	(289,300)
Change in Net Assets	<u>(55,789)</u>	<u>55,479</u>	<u>11,708</u>	<u>97</u>
Total Net Assets (Deficit) - Beginning	<u>1,813,010</u>	<u>795,111</u>	<u>272,733</u>	<u>7,417</u>
Total Net Assets (Deficit) - Ending	<u>\$ 1,757,221</u>	<u>\$ 850,590</u>	<u>\$ 284,441</u>	<u>\$ 7,514</u>

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

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
\$ -	\$ -	\$ 119,044	\$ 2,391,008	\$ 51,398
805,679	-	30,883	836,562	-
1,352,973	-	89,045	1,674,735	-
14,298	-	17,877	83,148	-
-	-	4,426	36,254	-
-	16,195	1,653	17,848	-
3,685	-	5,603	94,928	109
<u>2,176,635</u>	<u>16,195</u>	<u>268,531</u>	<u>5,134,483</u>	<u>51,507</u>
-	723	434,012	2,724,389	61,685
-	-	-	620,134	-
2,306,715	-	-	2,306,715	-
-	-	31,760	31,760	-
-	-	21,976	212,170	15,899
-	8,745	48,620	178,552	-
<u>2,306,715</u>	<u>9,468</u>	<u>536,368</u>	<u>6,073,720</u>	<u>77,584</u>
<u>(130,080)</u>	<u>6,727</u>	<u>(267,837)</u>	<u>(939,237)</u>	<u>(26,077)</u>
-	15,416	1,584	31,580	2
-	(36,005)	(5,816)	(85,792)	-
-	-	-	-	154
-	4,265	140	47,254	(440)
<u>-</u>	<u>(16,324)</u>	<u>(4,092)</u>	<u>(6,958)</u>	<u>(284)</u>
<u>(130,080)</u>	<u>(9,597)</u>	<u>(271,929)</u>	<u>(946,195)</u>	<u>(26,361)</u>
-	-	-	25,253	-
-	23,838	14,846	38,684	-
-	-	289,627	1,137,758	-
<u>(5,739)</u>	<u>(2,812)</u>	<u>(11,056)</u>	<u>(346,907)</u>	<u>-</u>
<u>(135,819)</u>	<u>11,429</u>	<u>21,488</u>	<u>(91,407)</u>	<u>(26,361)</u>
<u>(141,748)</u>	<u>653,576</u>	<u>884,544</u>	<u>4,284,643</u>	<u>(24,691)</u>
<u>\$ (277,567)</u>	<u>\$ 665,005</u>	<u>\$ 906,032</u>	<u>\$ 4,193,236</u>	<u>\$ (51,052)</u>

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Cash Flows from Operating Activities				
Receipts from Customers	\$ 874,701	\$ 341,521	\$ 46,109	\$ 1,015,647
Payments to Suppliers	(560,883)	(186,148)	(24,323)	(89,655)
Payments to Employees	(1,067,381)	(412,808)	(16,928)	(15,355)
Other Receipts (Payments)	351,667	83,325	-	(620,600)
Net Cash Provided by (Used in) Operating Activities	<u>(401,896)</u>	<u>(174,110)</u>	<u>4,858</u>	<u>290,037</u>
Cash Flows from Noncapital Financing Activities				
Proceeds from Sale of Bonds	-	-	-	-
Retirement of Bonds and Annuities Payable	-	-	-	(31,166)
Interest on Bonds and Annuities Payable	-	-	-	(12,103)
Transfers In	461,762	245,786	10,056	-
Transfers Out	-	-	-	(289,300)
Other Receipts (Payments)	8,067	(9,583)	-	9,127
Net Cash Flows from Noncapital Financing Activities	<u>469,829</u>	<u>236,203</u>	<u>10,056</u>	<u>(323,442)</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(137,635)	(57,441)	(13,413)	(316)
Proceeds from Capital Debt	-	41,045	152,380	-
Principal Paid on Capital Debt	(95,962)	(32,986)	(172,075)	-
Interest Paid on Capital Debt	(52,730)	(11,851)	(9,448)	-
Transfer In	127,907	40,995	-	-
Federal Grant	-	-	-	-
Capital Contributions	-	-	6,073	-
Other Receipts (Payments)	1,526	25	6,584	-
Net Cash Flows from Capital and Related Financing Activities	<u>(156,894)</u>	<u>(20,213)</u>	<u>(29,899)</u>	<u>(316)</u>
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	-	5,256	-	30,953
Purchase of Investment Securities	(18)	(30,739)	-	(11,027)
Interest on Investments	1,171	1,315	1,008	12,141
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	3,206	-	5,183	-
Net Cash Flows from Investing Activities	<u>4,359</u>	<u>(24,168)</u>	<u>6,191</u>	<u>32,067</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(84,602)</u>	<u>17,712</u>	<u>(8,794)</u>	<u>(1,654)</u>
Cash and Cash Equivalents - Beginning of Year	511,998	275,473	138,955	18,270
Cash and Cash Equivalents - End of Year	<u>\$ 427,396</u>	<u>\$ 293,185</u>	<u>\$ 130,161</u>	<u>\$ 16,616</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (612,220)	\$ (212,044)	\$ (13,142)	\$ 289,359
Adjustments not Affecting Cash:				
Depreciation and Amortization	120,410	51,471	17,861	452
Other	93,165	21	-	100
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(1,382)	(5,600)	(336)	(1,177)
(Increase) Decrease in Due from Other Funds	-	-	-	-
(Increase) Decrease in Inventories and Other Assets	2,965	-	-	(905)
(Increase) (Decrease) in Accounts Payables & Accrued Liabilities	(4,834)	(8,331)	475	2,208
Increase (Decrease) in Due to Other Funds	-	373	-	-
Total Adjustments	<u>210,324</u>	<u>37,934</u>	<u>18,000</u>	<u>678</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (401,896)</u>	<u>\$ (174,110)</u>	<u>\$ 4,858</u>	<u>\$ 290,037</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current	\$ 368,800	\$ 176,958	\$ 30,491	
Cash and Cash Equivalents - Noncurrent	1,356	116,227	-	
Cash and Cash Equivalents - Restricted	57,240	-	99,670	
	<u>\$ 427,396</u>	<u>\$ 293,185</u>	<u>\$ 130,161</u>	

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

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other	Totals	Internal Service Funds
\$ 792,322	\$ 81,870	\$ 155,149	\$ 3,307,319	\$ 49,678
-	(8,745)	(88,550)	(958,304)	(29,098)
-	(691)	(357,197)	(1,870,360)	(13,536)
<u>(782,830)</u>	<u>(111,131)</u>	<u>83,653</u>	<u>(995,916)</u>	<u>1,836</u>
<u>9,492</u>	<u>(38,697)</u>	<u>(206,945)</u>	<u>(517,261)</u>	<u>8,880</u>
-	182,802	18,000	200,802	-
-	(67,310)	(5,810)	(104,286)	-
-	(32,724)	(2,141)	(46,968)	-
-	-	275,361	992,965	-
(5,739)	(2,812)	(10,056)	(307,907)	-
<u>(3,753)</u>	<u>(31,554)</u>	<u>1,003</u>	<u>(26,693)</u>	<u>(440)</u>
<u>(9,492)</u>	<u>48,402</u>	<u>276,357</u>	<u>707,913</u>	<u>(440)</u>
-	-	(6,708)	(215,513)	(8,591)
-	-	-	193,425	-
-	-	-	(301,023)	-
-	-	(3,378)	(77,407)	-
-	-	14,612	183,514	-
-	32,840	15,764	48,604	-
-	-	-	6,073	-
-	-	(74,970)	(66,835)	-
<u>-</u>	<u>32,840</u>	<u>(54,680)</u>	<u>(229,162)</u>	<u>(8,591)</u>
-	-	-	36,209	-
-	-	-	(41,784)	-
-	15,716	1,609	32,960	2
-	630	-	630	-
<u>-</u>	<u>(61,298)</u>	<u>(13,651)</u>	<u>(66,560)</u>	<u>-</u>
<u>-</u>	<u>(44,952)</u>	<u>(12,042)</u>	<u>(38,545)</u>	<u>2</u>
-	(2,407)	2,690	(77,055)	(149)
-	4,421	151,249	1,100,366	8,291
<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 153,939</u>	<u>\$ 1,023,311</u>	<u>\$ 8,142</u>
\$ (130,080)	\$ 6,727	\$ (267,837)	\$ (939,237)	\$ (26,077)
-	-	21,976	212,170	15,899
-	-	(8,736)	84,550	154
(12,693)	(45,424)	(434)	(67,046)	95
(664)	-	-	(664)	(1,813)
(133,609)	-	45,939	(85,610)	1,703
311,423	-	2,147	303,088	18,919
<u>(24,885)</u>	<u>-</u>	<u>-</u>	<u>(24,512)</u>	<u>-</u>
<u>139,572</u>	<u>(45,424)</u>	<u>60,892</u>	<u>421,976</u>	<u>34,957</u>
<u>\$ 9,492</u>	<u>\$ (38,697)</u>	<u>\$ (206,945)</u>	<u>\$ (517,261)</u>	<u>\$ 8,880</u>

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Fiduciary Fund Financial Statements

Investment Trust Fund

External Investment Pool:

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

Private Purpose Trust Fund

Escheat Securities:

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

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

Pension (and Other Employee Benefit) Trust Funds, page 126

Agency Funds, page 132

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
Assets					
Cash and Cash Equivalents	\$ 136,119	\$ -	\$ -	\$ 127,292	\$ 263,411
Receivables:					
Accounts, Net of Allowances	18,681	-	-	6,657	25,338
From Other Governments	1,276	-	-	-	1,276
From Other Funds	1,313	-	-	6,042	7,355
Interest	882	376	-	10	1,268
Investments	25,085,533	604,728	-	-	25,690,261
Inventories	-	-	-	13	13
Securities Lending Collateral	3,137,300	-	-	-	3,137,300
Other Assets	-	26	2,161	364,398	366,585
Total Assets	<u>28,381,104</u>	<u>605,130</u>	<u>2,161</u>	<u>\$ 504,412</u>	<u>29,492,807</u>
Liabilities					
Accounts Payable and Accrued Liabilities	31,261	104	-	\$ 22,702	54,067
Securities Lending Obligation	3,137,300	-	-	-	3,137,300
Due to Other Funds	1,463	-	-	-	1,463
Funds Held for Others	-	-	-	481,710	481,710
Total Liabilities	<u>3,170,024</u>	<u>104</u>	<u>-</u>	<u>\$ 504,412</u>	<u>3,674,540</u>
Net Assets					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	25,086,280	-	-		25,086,280
Other Employee Benefits (Note 15)	124,800	-	-		124,800
Individuals, Organizations, and Other Governments	-	605,026	2,161		607,187
Total Net Assets	<u>\$ 25,211,080</u>	<u>\$ 605,026</u>	<u>\$ 2,161</u>		<u>\$ 25,818,267</u>

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

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$ 418,302	\$ -	\$ -	\$ 418,302
State	1,957,473	-	-	1,957,473
Municipalities	51,126	-	-	51,126
Total Contributions	<u>2,426,901</u>	<u>-</u>	<u>-</u>	<u>2,426,901</u>
Investment Income	4,538,633	2,300	-	4,540,933
Less: Investment Expense	(93,585)	(164)	-	(93,749)
Net Investment Income	<u>4,445,048</u>	<u>2,136</u>	<u>-</u>	<u>4,447,184</u>
Escheat Securities Received	-	-	38,986	38,986
Transfers In	3,665	-	-	3,665
Other	2,076	-	-	2,076
Total Additions	<u>6,877,690</u>	<u>2,136</u>	<u>38,986</u>	<u>6,918,812</u>
Deductions				
Administrative Expense	3,063	-	-	3,063
Benefit Payments and Refunds	3,558,116	-	-	3,558,116
Escheat Securities Returned or Sold	-	-	56,955	56,955
Distributions to Pool Participants	-	2,137	-	2,137
Pool's Share Transactions	-	280,066	-	280,066
Other	3,482	-	1,968	5,450
Total Deductions	<u>3,564,661</u>	<u>282,203</u>	<u>58,923</u>	<u>3,905,787</u>
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	3,313,029	-	-	3,313,029
Individuals, Organizations, and Other Governments	-	(280,067)	(19,937)	(300,004)
Net Assets - Beginning	<u>21,898,051</u>	<u>885,093</u>	<u>22,098</u>	<u>22,805,242</u>
Net Assets - Ending	<u>\$ 25,211,080</u>	<u>\$ 605,026</u>	<u>\$ 2,161</u>	<u>\$ 25,818,267</u>

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

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Component Unit Financial Statements

Major Component Units

Connecticut Housing Finance Authority:

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

Connecticut Health and Educational Facilities Authority:

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

Nonmajor:

The nonmajor component units are presented beginning on page 136.

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Statement of Net Assets

Component Units

June 30, 2011

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority <u>(12-31-10)</u>	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 240	\$ 144,334	\$ 144,574
Investments	-	7,189	354,917	362,106
Receivables:				
Accounts, Net of Allowances	-	200	23,383	23,583
Loans, Net of Allowances	-	-	20,655	20,655
Other	-	-	1,156	1,156
Due From Primary Government	-	-	12,988	12,988
Restricted Assets	957,286	364,483	92,359	1,414,128
Inventories	-	-	4,086	4,086
Other Current Assets	-	120	2,804	2,924
Total Current Assets	<u>957,286</u>	<u>372,232</u>	<u>656,682</u>	<u>1,986,200</u>
Noncurrent Assets:				
Investments	-	-	41,085	41,085
Accounts, Net of Allowances	-	-	16,365	16,365
Loans, Net of Allowances	-	-	154,022	154,022
Restricted Assets	4,521,571	10,580	66,640	4,598,791
Capital Assets, Net of Accumulated Depreciation	3,680	188	413,705	417,573
Other Noncurrent Assets	-	-	11,154	11,154
Total Noncurrent Assets	<u>4,525,251</u>	<u>10,768</u>	<u>702,971</u>	<u>5,238,990</u>
Total Assets	<u>5,482,537</u>	<u>383,000</u>	<u>1,359,653</u>	<u>7,225,190</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	29,766	4,181	34,705	68,652
Current Portion of Long-Term Obligations	283,930	-	25,543	309,473
Amount Held for Institutions	-	364,483	-	364,483
Other Liabilities	27,131	-	731	27,862
Total Current Liabilities	<u>340,827</u>	<u>368,664</u>	<u>60,979</u>	<u>770,470</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	4,237,814	2,207	391,954	4,631,975
Total Noncurrent Liabilities	<u>4,237,814</u>	<u>2,207</u>	<u>391,954</u>	<u>4,631,975</u>
Total Liabilities	<u>4,578,641</u>	<u>370,871</u>	<u>452,933</u>	<u>5,402,445</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,680	188	272,936	276,804
Restricted:				
Debt Service	-	-	22,765	22,765
Bond Indentures	936,984	-	-	936,984
Expendable Endowments	-	-	91,401	91,401
Nonexpendable Endowments	-	-	274,653	274,653
Other Purposes	-	5,373	45,609	50,982
Unrestricted (Deficit)	(36,768)	6,568	199,356	169,156
Total Net Assets	<u>\$ 903,896</u>	<u>\$ 12,129</u>	<u>\$ 906,720</u>	<u>\$ 1,822,745</u>

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

Statement of Activities

Component Units

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/10)	\$ 243,109	\$ 194,748	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	7,870	6,788	-	-
Other Component Units	262,950	176,850	11,286	885
Total Component Units	\$ 513,929	\$ 378,386	\$ 11,286	\$ 885

General Revenues:
 Investment Income
 Contributions to Endowments
 Total General Revenues
 and Contributions
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

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

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

Connecticut Housing Finance Authority (12-31-10)	Connecticut Health & Educational Facilities Authority	Other Component Units	Totals
\$ (48,361)	\$ -	\$ -	\$ (48,361)
-	(1,082)	-	(1,082)
-	-	(73,929)	(73,929)
<u>(48,361)</u>	<u>(1,082)</u>	<u>(73,929)</u>	<u>(123,372)</u>
71,274	22	46,154	117,450
-	-	30,299	30,299
<u>71,274</u>	<u>22</u>	<u>76,453</u>	<u>147,749</u>
22,913	(1,060)	2,524	24,377
880,983	13,189	904,196	1,798,368
<u>\$ 903,896</u>	<u>\$ 12,129</u>	<u>\$ 906,720</u>	<u>\$ 1,822,745</u>

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Notes to the Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies

a. Basis of Presentation

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

b. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental nonprofit corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

Discretely Presented Component Units

Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides funding for the organization's programs (applies only to Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). In addition, a nongovernmental nonprofit corporation is included as a discretely presented component unit because of the nature and significance of its relationship with the State are such that it would be misleading to exclude the corporation from the State's reporting entity. The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

Connecticut Development Authority

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

Connecticut Housing Finance Authority

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2010.

Connecticut Resources Recovery Authority

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

Connecticut Higher Education Supplemental Loan Authority

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

Connecticut Health and Educational Facilities Authority

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

Connecticut Innovations, Incorporated

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

Capital City Economic Development Authority

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshow, exhibitions, conferences, and local consumer shows, and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

University of Connecticut Foundation, Incorporated

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund.

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.

Blended Component Units

Connecticut Lottery Corporation

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

c. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.
2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

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

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major enterprise funds:

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

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

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

Connecticut Lottery Corporation - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

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

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

In addition, the State reports the following fund types:

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

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

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

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

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

d. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and

services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority and the Connecticut Innovations, Incorporated.

Governmental Fund Financial Statements

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

e. Budgeting Process

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

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because

the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

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

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

The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2011 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

f. Assets and Liabilities

Cash and Cash Equivalents (see Note 4)

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents include investments in the Short-Term Investment Fund (“STIF”) and the Tax Exempt Proceeds Fund, Inc. (“TEPF”). TEPF is a short-term, tax-exempt money market fund registered under the Investment Company Act of 1940. Investments in STIF and TEPF are reported at the fund’s share price.

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

Investments (see Note 4)

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

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

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

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

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

Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

Securities Lending Transactions (see Note 4)

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

Deferred Revenues

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

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. 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 deferred charges and amortized over the term of the related debt. Other significant long-term obligations include the net pension and OPEB obligations, compensated absences, workers' compensation claims, and federal loans. In the fund financial

statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds

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

Compensated Absences

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

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

Pursuant to Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. Under the provisions of this program, any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

Note 4 Cash Deposits and Investments

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

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

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

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

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

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

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

Primary Government

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

Short-Term Investment Fund (STIF)

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

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

As of June 30, 2011, STIF had the following investments and maturities (amounts in thousands):

Investment Type	Short-Term Investment Fund		
	Amortized Cost	Investment Maturities (in years)	
		Less Than 1	1-5
Floating Rate Notes	\$ 26,741	\$ 26,741	\$ -
Federal Agency Securities	1,003,403	982,899	20,504
US Treasuries	25,103	25,103	-
US Gov. Guaranteed Securities	335,980	308,310	27,670
Government Money Market Funds	95,785	95,785	-
Repurchase Agreements	200,000	200,000	-
Bank Commercial Paper	685,000	685,000	-
Total Investments	<u>\$ 2,372,012</u>	<u>\$ 2,323,838</u>	<u>\$ 48,174</u>

Interest Rate Risk

The STIF’s policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor’s requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2011, the weighted average maturity of the STIF was 31 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with maturities up to two years are 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, 2011, the amount of STIF’s investments in variable-rate securities was \$819 million.

Credit Risk

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

As of June 30, 2011, STIF’s investments were rated by Standard and Poor’s as follows (amounts in thousands):

Investment Type	Short-Term Investment Fund			
	Amortized Cost	Quality Ratings		
		AAA	A	Unrated
Floating Rate Notes	\$ 26,741	\$ -	\$ -	\$ 26,741
Federal Agency Securities	1,003,402	1,003,402	-	-
US Securities	25,103	25,103	-	-
US Gov. Guaranteed and Insured Secur	335,980	335,980	-	-
Government Money Market Funds	95,786	95,786	-	-
Repurchase Agreements	200,000	-	200,000	-
Bank Commercial Paper	685,000	-	685,000	-
Total Investments	<u>\$ 2,372,012</u>	<u>\$ 1,460,271</u>	<u>\$ 885,000</u>	<u>\$ 26,741</u>

Concentration of Credit Risk

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2011, STIF’s investments in any one issuer that represents more than 5 percent of total investments

were as follows (amounts in thousands):

<u>Investment Issuer</u>	<u>Amortized Cost</u>
US Bank	\$ 510,000
Federal Farm Credit	\$ 386,304
Fannie Mae	\$ 242,738
Freddie Mac	\$ 211,396
Merrill Lynch	\$ 200,000
Federal Home Loan Bank	\$ 162,964
Rabo Bank	\$ 175,000

Custodial Credit Risk-Bank Deposits-Nonnegotiable

Certificate of Deposits (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C". As of June 30, 2011, \$2,119,000 of the bank balance of STIF's deposits of \$2,120,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,907,100
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	211,900
Total	\$ 2,119,000

Short-Term Plus Investment Fund (STIF Plus)

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

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

As of June 30, 2011, STIF Plus had the following investments and maturities (amount in thousands):

<u>Investment Type</u>	<u>Short-Term Plus Investment Fund</u>		
	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Corporate Notes	\$ 14,980	\$ 14,980	\$ -
Asset Backed Securities	4,566	3,745	821
Total Investments	\$ 19,546	\$ 18,725	\$ 821

Interest Rate Risk

STIF Plus's policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2011, the weighted average maturity of STIF Plus was 144 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. For purposes of the

fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprise frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2011, STIF Plus's investment in variable-rate securities was \$18.7 million.

Credit Risk

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2011, STIF Plus's investments were rated by Standard and Poor's as follows (amounts in thousands):

<u>Investment Type</u>	<u>Short-Term Plus Investment Fund</u>				
	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>A</u>	<u>B</u>	<u>CCC</u>
Corporate Notes	\$ 14,980	\$ -	\$ 14,980	\$ -	\$ -
Asset Backed Securities	4,566	3,328	-	753	485
Total	\$ 19,546	\$ 3,328	\$ 14,980	\$ 753	\$ 485

Concentration of Credit Risk

STIF Plus's policy for managing this risk is to limit the amount it may invest in any single corporate entity or federal agency to 5 percent and 15 percent, respectively, at the time of purchase. As of June 30, 2011, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

<u>Investment Issuer</u>	<u>Fair Value</u>
Merrill Lynch	\$ 9,981
Goldman Sachs	\$ 4,999
Granite Master	\$ 1,393
Argent Securities	\$ 1,113

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 assets.

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

As of June 30, 2011, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>
	Equity in the CIFS	\$ 97,485	\$ 647
Other Investments	284,583	67,058	604,728
Total Investments-Current	\$ 382,068	\$ 67,705	\$ 25,690,261

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As of June 30, 2011, the CIFS had the following investments and maturities (amounts in thousands):

Combined Investment Funds

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 942,957	\$ 742,526	\$ 2,222	\$ -	\$ 198,209
Asset Backed Securities	110,040	67	93,312	16,661	-
Government Securities	2,775,763	115,115	1,176,573	674,571	809,504
Government Agency Securities	992,775	9,865	35,374	57,610	889,926
Mortgage Backed Securities	242,806	719	39,861	6,399	195,827
Corporate Debt	1,693,275	83,014	558,677	758,238	293,346
Convertible Debt	42,898	2,857	17,567	11,349	11,125
Mutual Fund	325,767	-	-	-	325,767
Total Debt Instruments	7,126,281	<u>\$ 954,163</u>	<u>\$ 1,923,586</u>	<u>\$ 1,524,828</u>	<u>\$ 2,723,704</u>
Common Stock	12,448,537				
Preferred Stock	107,956				
Real Estate Investment Trust	189,027				
Mutual Fund	1,451,909				
Limited Liability Corporation	4,168				
Trusts	2,138				
Limited Partnerships	3,917,579				
Total Investments	<u>\$ 25,247,595</u>				

Interest Rate Risk

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

Credit Risk

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2011, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

	Fair Value	Asset							
		Cash	Backed	Government	Government	Mortgage	Corporate	Convertible	Mutual
		Equivalents	Securities	Securities	Agency	Backed	Debt	Debt	Fund
					Securities	Securities			
Aaa	\$ 1,516,059	\$ -	\$ 65,293	\$ 300,575	\$ 873,075	\$ 163,022	\$ 114,094	\$ -	\$ -
Aa	241,933	-	8,991	67,290	-	11,583	154,069	-	-
A	424,358	-	661	191,572	-	4,348	227,729	48	-
Baa	595,952	-	-	247,697	-	6,184	342,062	9	-
Ba	304,777	-	-	119,018	-	2,351	178,115	5,293	-
B	373,176	-	-	49,812	-	-	318,503	4,861	-
Caa	139,050	-	-	1,420	-	6,724	130,906	-	-
Ca	5,205	-	-	-	-	-	5,205	-	-
C	877	-	-	-	-	877	-	-	-
MIG 1	3,353	-	-	3,353	-	-	-	-	-
Prime 1	46,090	46,090	-	-	-	-	-	-	-
Govt. Fixed Not Rated	1,914,726	-	-	1,795,026	119,700	-	-	-	-
Not Rated	1,560,725	896,867	35,095	-	-	47,717	222,592	32,687	325,767
Total	<u>\$ 7,126,281</u>	<u>\$ 942,957</u>	<u>\$ 110,040</u>	<u>\$ 2,775,763</u>	<u>\$ 992,775</u>	<u>\$ 242,806</u>	<u>\$ 1,693,275</u>	<u>\$ 42,898</u>	<u>\$ 325,767</u>

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in

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non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2011, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds											
Fixed Income Securities										Equities	
Foreign Currency	Total	Cash							Common Stock	Preferred Stock	Real Estate Investment Trust
		Cash	Equivalent Collateral	Government Securities	Mutual Funds	Corporate Debt	Convertible Securities	Asset Backed			
Argentine Peso	\$ 3,594	\$ 273	\$ -	\$ 3,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	409,806	3,452	-	52,729	-	23,181	-	-	310,962	-	19,482
Brazilian Real	214,439	1,246	-	41,518	-	11,913	341	67	106,652	52,702	-
Canadian Dollar	120,666	1,450	-	502	-	-	-	-	118,668	-	46
Chilean Peso	8,734	31	-	1,821	-	-	-	-	6,882	-	-
Colombian Peso	17,459	-	-	9,267	-	6,729	-	1,463	-	-	-
Czech Koruna	16,549	-	-	-	-	-	-	-	16,549	-	-
Danish Krone	64,139	420	-	-	-	-	-	-	63,719	-	-
Egyptian Pound	11,721	963	-	144	-	-	-	-	10,614	-	-
Euro Currency	1,653,398	6,316	185	78,085	-	6,768	-	1,082	1,519,715	36,743	4,504
Ghana Cedi	843	-	-	843	-	-	-	-	-	-	-
Hong Kong Dollar	619,779	4,482	-	-	-	-	-	-	614,296	-	1,001
Hungarian Forint	51,178	2	-	5,853	-	-	-	-	45,323	-	-
Iceland Krona	2	2	-	-	-	-	-	-	-	-	-
Indian Rupee	3,385	-	-	3,385	-	-	-	-	-	-	-
Indonesian Rupiah	105,898	524	-	12,884	-	9,784	-	-	82,706	-	-
Israeli Shekel	10,274	61	-	278	-	-	-	-	9,935	-	-
Japanese Yen	989,240	7,252	-	495	-	-	-	-	977,250	-	4,243
Kazakhstan Tenge	551	-	-	-	-	551	-	-	-	-	-
Malaysian Ringgit	83,193	545	-	36,805	-	-	-	-	45,843	-	-
Mexican Peso	106,582	788	-	55,517	-	-	-	-	50,277	-	-
Moroccan Dirham	726	54	-	-	-	-	-	-	672	-	-
New Russian Rubel	4,628	13	-	2,441	-	1,812	-	-	362	-	-
New Taiwan Dollar	84,668	901	-	-	-	-	-	-	83,767	-	-
New Zealand Dollar	63,640	1,581	-	51,619	-	-	-	-	10,426	-	14
Norwegian Krone	56,828	233	-	16,991	-	-	-	-	39,604	-	-
Pakistan Rupee	169	169	-	-	-	-	-	-	-	-	-
Peruvian Nouveau Sol	1,963	9	-	1,954	-	-	-	-	-	-	-
Philippine Peso	26,032	73	-	2,518	-	-	-	-	23,441	-	-
Polish Zloty	98,067	3,513	-	47,661	-	-	-	-	46,893	-	-
Pound Sterling	1,037,326	4,780	-	18,907	686	1,866	-	-	1,004,549	-	6,538
Singapore Dollar	85,702	737	-	-	-	-	-	-	82,021	-	2,944
South African Rand	135,187	3,337	-	30,734	-	950	-	-	100,166	-	-
South Korean Won	507,644	2,128	-	352	-	-	-	-	495,720	9,444	-
Sri Lanka Rupee	664	-	-	-	-	-	-	-	664	-	-
Swedish Krona	113,665	676	-	-	-	-	-	-	112,989	-	-
Swiss Franc	353,870	1,899	-	-	-	-	-	-	351,971	-	-
Thailand Baht	111,074	481	-	8,779	-	-	-	-	101,814	-	-
Turkish Lira	104,729	729	-	21,284	-	-	-	-	79,326	-	3,390
Total	\$ 7,278,012	\$ 49,120	\$ 185	\$ 506,687	\$ 686	\$ 63,554	\$ 341	\$ 2,612	\$ 6,513,776	\$ 98,889	\$ 42,162

Derivatives

As of June 30, 2011, the CIFS held the following derivative investments:

Derivative Investments	Fair Value
Asset Backed Securities	\$ 110,040
Mortgage Backed Securities	65,752
Collateralized Mortgage Obligations	176,973
TBA's	242,923
Interest Only Securities	1,210
Options	608
Adjustable Rate Securities	619,870
Total	\$ 1,217,376

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, 2011, the fair value of contracts to buy and contracts to sell was \$4,111.0 million and \$4,158.2 million, respectively.

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2011, the CIFS had deposits with a bank balance of \$64.4 million which was uninsured and uncollateralized.

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

Other Investments

As of June 30, 2011, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	\$ 2,504	\$ 2,504	\$ -	\$ -	\$ -
State Bonds	36,585	1,672	1,917	10,986	22,010
U.S. Government Securities	129,290	4,708	115,415	6,450	2,717
Guaranteed Investment Contracts	260,050	19,943	31,830	99,611	108,666
Tax Exempt Proceeds Fund	11,892	11,892	-	-	-
Money Market Funds	6,062	6,062	-	-	-
Total Debt Investments	446,383	\$ 46,781	\$ 149,162	\$ 117,047	\$ 133,393
Annuity Contracts	160,982				
Endowment Pool	10,536				
Limited Partnership	150				
Total Investments	\$ 618,051				

Credit Risk

As of June 30, 2011, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Repurchase Agreements	\$ 2,504	\$ 2,504	\$ -	\$ -	\$ -
State Bonds	36,585	-	36,585	-	-
U.S. Government Securities	129,290	-	-	-	129,290
Guaranteed Investment Contracts	260,050	62,970	53,821	143,259	-
Tax Exempt Proceeds Fund	11,892	-	-	-	11,892
Money Market Funds	6,062	-	-	-	6,062
Total	\$ 446,383	\$ 65,474	\$ 90,406	\$ 143,259	\$ 147,244

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, 2011, \$257,584 of the bank balance of the Primary Government of \$807,588 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 231,611
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	25,973
Total	\$ 257,584

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) reported the following investments and maturities as of 12-31-10 and 6-30-11, respectively (amounts in thousands):

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More Than 10
Collateralized Mortgage Obligations	\$ 1,120	\$ -	\$ -	\$ 1,120
Corporate Finance Bonds	5,411	-	5,411	-
Federal NIBP Money Market Funds	119,496	119,496	-	-
Federated Funds	736	736	-	-
Fidelity Funds	10,680	10,680	-	-
Fidelity Tax Exempt Fund	5,272	5,272	-	-
GNMA Program Assets	847,996	-	-	847,996
Guaranteed Investment Contracts	17,002	15	16,987	-
Mortgage Backed Securities	1,986	-	293	1,693
Municipal Bonds	6,000	-	-	6,000
U.S. Government and Agency Securities	1,799	996	-	803
Structured Securities	519	-	-	519
Money Market Funds	351,991	351,991	-	-
Total	\$ 1,370,008	\$ 489,186	\$ 22,691	\$ 858,131

The CHFA and the CHEFA own 73.0 percent and 27.0 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.

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.

CHEFA

The Authority manages its exposure to this risk by designing its portfolio of unrestricted investments with the objective of regularly exceeding the average return of 90 day U.S. Treasury Bills. This is considered to be a benchmark for riskless investment transactions and therefore represents a

minimum standard for the portfolio's rate of return. The Authority's policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law.

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 CIFS, and other obligations which are legal investments for savings banks in the state. The Federated and 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.

CHEFA

The Authority has an investment policy that would further limit its investment choices beyond those limited by state statutes for both unrestricted and restricted investments. For example, investments that may be purchased by the Authority with the written approval of an officer, provided that the investment has a maturity of one year or less, are as follows: obligations issued or guaranteed by the U.S. Government, including FDIC; qualified money market funds investing in short-term securities as permitted by the Authority's enabling legislation; the State's Short-Term Investment Fund (STIF) provided it maintains a "AAA" rating by Standard and Poor's; and qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government.

CHFA's and CHEFA's investments were rated as of 12-31-10 and 6-30-11, respectively, as follows (amounts in thousands):

Investment Type	Component Units					
	Fair Value	Quality Ratings				Unrated
		AAA	AA	BBB	D	
Collateralized Mortgage Obligations	\$ 1,120	\$ -	\$ -	\$ 1,120	\$ -	\$ -
Corporate Finance Bonds	5,411	-	-	5,411	-	-
Federal NIBP Money market Funds	119,496	119,496	-	-	-	-
Federated Funds	736	-	-	-	-	736
Fidelity Funds	10,680	-	-	-	-	10,680
Fidelity Tax Exempt Fund	5,272	-	-	-	-	5,272
GNMA Assets	847,996	-	-	-	-	847,996
Guaranteed Investment Contracts	17,002	-	15	-	-	16,987
Mortgage Backed Securities	1,986	-	-	-	-	1,986
Municipal Bonds	6,000	-	-	-	-	6,000
U.S Government and Agency Securities	1,799	-	-	-	-	1,799
Structured Securities	519	-	-	-	519	-
Money Market Funds	351,991	-	-	-	-	351,991
Total	\$ 1,370,008	\$ 119,496	\$ 15	\$ 6,531	\$ 519	\$ 1,243,447

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, 2010, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets).

CHEFA

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the State's Short-Term Investment Fund shall constitute greater than 5 percent of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50 percent of general fund investments. At year end, the Authority was in compliance with this policy. The Authority places no limit on the amount of investments in any one issuer for restricted investments.

Security Lending Transactions

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

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

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$3,358.0 million and \$3,235.3 million, respectively.

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

34.2 days; the average duration of the loans was unknown, although it is assumed to remain at 1 day.

Note 5 Receivables-Current

As of June 30, 2011, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,249,857	\$ -	\$ -
Accounts	1,079,334	592,719	23,784
Loans-Current Portion	-	267,043	22,896
Other Governments	750,242	13,138	-
Interest	193	12,918	1,156
Other (1)	195	-	-
Total Receivables	3,079,821	885,818	47,836
Allowance for Uncollectibles	(949,526)	(89,797)	(2,442)
Receivables, Net	\$ 2,130,295	\$ 796,021	\$ 45,394

(1) Includes a reconciling amount of \$192 from fund financial statements to government-wide financial statements.

Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2011 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 526,930	\$ -	\$ 526,930
Income Taxes	249,252	-	249,252
Corporations	100,078	-	100,078
Gasoline and Special Fuel	-	42,600	42,600
Various Other	330,997	-	330,997
Total Taxes Receivable	1,207,257	42,600	1,249,857
Allowance for Uncollectibles	(196,157)	(143)	(196,300)
Taxes Receivable, Net	\$ 1,011,100	\$ 42,457	\$ 1,053,557

Note 7 Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2011, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 16,365
Loans	251,751	709,310	163,624
Total Receivables	251,751	709,310	179,989
Allowance for Uncollectibles	(1,716)	(2,886)	(9,602)
Receivables, Net	\$ 250,035	\$ 706,424	\$ 170,387

The Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$624.3 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals

from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.7 percent. At year end, the noncurrent portion of loans receivable was \$104.3 million.

Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2011, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents		Loans, Net of Allowances		Total Restricted Assets
	Equivalents	Investments	of Allowances	Other	
Governmental Activities:					
Debt Service	\$ 708,645	\$ -	\$ -	\$ -	\$ 708,645
Environmental	2,235	-	-	-	2,235
Total-Governmental Activities	\$ 710,880	\$ -	\$ -	\$ -	\$ 710,880
Business-Type Activities:					
Bradley International Airport	\$ 99,670	\$ 15,056	\$ -	\$ 2,166	\$ 116,892
UConn/Health Center	57,240	-	-	4,548	61,788
Clean Water	154,996	298,600	-	-	453,596
Other Proprietary	53,895	27,271	-	-	81,166
Total-Business-Type Activities	\$ 365,801	\$ 340,927	\$ -	\$ 6,714	\$ 713,442
Component Units:					
CHFA	\$ 2,409	\$ 1,658,234	\$ 3,552,918	\$ 265,296	\$ 5,478,857
CHEFA	12,230	362,784	-	49	375,063
Other Component Units	114,931	38,977	-	5,091	158,999
Total-Component Units	\$ 129,570	\$ 2,059,995	\$ 3,552,918	\$ 270,436	\$ 6,012,919

Note 9 Current Liabilities

a. Accounts Payable and Accrued Liabilities

As of June 30, 2011, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Salaries and Accrued Liabilities				Total Payables & Accrued Liabilities
	Vendors	Benefits	Interest	Other	
Governmental Activities:					
General	\$ 119,144	\$ 245,905	\$ -	\$ -	\$ 365,049
Transportation	10,882	13,979	-	-	24,861
Other Governmental	152,367	29,123	-	17,640	199,130
Internal Service	377	1,203	-	23,418	24,998
Reconciling amount from fund financial statements to government-wide financial statements	-	-	187,117	6,084	193,201
Total-Governmental Activities	\$ 282,770	\$ 290,210	\$ 187,117	\$ 47,142	\$ 807,239
Business-Type Activities:					
UConn/Health Center	\$ 27,691	\$ 88,463	\$ -	\$ 29,750	\$ 145,904
State Universities	9,335	43,859	1,900	-	55,094
Other Proprietary	16,741	34,759	17,073	25,423	93,996
Total-Business-Type Activities	\$ 53,767	\$ 167,081	\$ 18,973	\$ 55,173	\$ 294,994
Component Units:					
CHFA	\$ -	\$ -	\$ 21,283	\$ 8,483	\$ 29,766
Other Component Units	5,321	-	1,559	32,006	38,886
Total-Component Units	\$ 5,321	\$ -	\$ 22,842	\$ 40,489	\$ 68,652

Note 10 Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 1,562,050	\$ 32,770	\$ 16	\$ 1,594,804
Construction in Progress	<u>1,719,377</u>	<u>1,064,125</u>	<u>443,349</u>	<u>2,340,153</u>
Total Capital Assets not being Depreciated	3,281,427	1,096,895	443,365	3,934,957
Other Capital Assets:				
Buildings	3,174,519	105,098	3,730	3,275,887
Improvements Other than Buildings	471,424	9,122	9,255	471,291
Equipment	1,650,639	332,520	75,633	1,907,526
Infrastructure	<u>12,555,781</u>	<u>99,941</u>	<u>-</u>	<u>12,655,722</u>
Total Other Capital Assets at Historical Cost	17,852,363	546,681	88,618	18,310,426
Less: Accumulated Depreciation For:				
Buildings	1,721,603	81,509	3,730	1,799,382
Improvements Other than Buildings	270,270	33,698	9,255	294,713
Equipment	1,606,963	222,838	75,633	1,754,168
Infrastructure	<u>6,965,102</u>	<u>507,720</u>	<u>-</u>	<u>7,472,822</u>
Total Accumulated Depreciation	10,563,938	845,765 *	88,618	11,321,085
Other Capital Assets, Net	<u>7,288,425</u>	<u>(299,084)</u>	<u>-</u>	<u>6,989,341</u>
Governmental Activities, Capital Assets, Net	<u>\$ 10,569,852</u>	<u>\$ 797,811</u>	<u>\$ 443,365</u>	<u>\$ 10,924,298</u>

* Depreciation expense was charged to functions as follows:

Governmental Activities:

Legislative	\$ 6,331
General Government	50,086
Regulation and Protection	32,446
Conservation and Development	15,773
Health and Hospitals	14,719
Transportation	598,599
Human Services	2,196
Education, Libraries and Museums	42,117
Corrections	50,656
Judicial	23,253

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

9,589	
Total Depreciation Expense	<u>\$ 845,765</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 59,627	\$ 5,194	\$ 151	\$ 64,670
Construction in Progress	<u>194,140</u>	<u>178,527</u>	<u>77,179</u>	<u>295,488</u>
Total Capital Assets not being Depreciated	253,767	183,721	77,330	360,158
Capital Assets being Depreciated:				
Buildings	3,943,691	109,141	2,378	4,050,454
Improvements Other Than Buildings	519,500	13,651	206	532,945
Equipment	<u>958,218</u>	<u>71,182</u>	<u>74,838</u>	<u>954,562</u>
Total Other Capital Assets at Historical Cost	5,421,409	193,974	77,422	5,537,961
Less: Accumulated Depreciation For:				
Buildings	1,414,099	122,499	1,532	1,535,066
Improvements Other Than Buildings	265,306	21,053	191	286,168
Equipment	<u>614,247</u>	<u>67,777</u>	<u>73,217</u>	<u>608,807</u>
Total Accumulated Depreciation	2,293,652	211,329	74,940	2,430,041
Other Capital Assets, Net	<u>3,127,757</u>	<u>(17,355)</u>	<u>2,482</u>	<u>3,107,920</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 3,381,524</u>	<u>\$ 166,366</u>	<u>\$ 79,812</u>	<u>\$ 3,468,078</u>

Component Units

Capital assets of the component units consisted of the following as of June 30, 2011 (amounts in thousands):

Land	\$ 29,031
Buildings	358,787
Improvements other than Buildings	2,697
Machinery and Equipment	423,368
Construction in Progress	<u>20,896</u>
Total Capital Assets	834,779
Accumulated Depreciation	<u>417,206</u>
Capital Assets, net	<u>\$ 417,573</u>

Note 11 State Retirement Systems

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

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

Plan Descriptions and Funding Policy

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

	SERS 6/30/2010	TRS 6/30/2010	JRS 6/30/2010
Retirees and beneficiaries receiving benefits	41,782	30,493	212
Terminated plan members entitled to but not yet receiving benefits	1,602	1,315	2
Active plan members	<u>50,064</u>	<u>51,368</u>	<u>230</u>
Total	<u><u>93,448</u></u>	<u><u>83,176</u></u>	<u><u>444</u></u>

State Employees' Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA Plan regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State. During fiscal year 2011, the State reduced the annual required contribution to the plan by \$118.3 million to help reduce the deficit of the State's General fund.

Teachers' Retirement System

Plan Description

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

Funding Policy

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

Judicial Retirement System

Plan Description

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

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

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

	SERS	TRS	JRS
Annual required contribution	\$ 944,077	\$ 581,593	\$ 16,208
Interest on net pension obligation	232,919	(41,945)	1,313
Adjustment to annual required contribution	<u>(177,735)</u>	<u>36,812</u>	<u>(987)</u>
Annual pension cost	999,261	576,460	16,534
Contributions made	<u>825,801</u>	<u>581,593</u>	<u>-</u>
Increase (decrease) in net pension obligation	173,460	(5,133)	16,534
Net pension obligation (asset) beginning of year	<u>2,740,234</u>	<u>(493,460)</u>	<u>15,449</u>
Net pension obligation (asset) end of year	<u><u>\$ 2,913,694</u></u>	<u><u>\$ (498,593)</u></u>	<u><u>\$ 31,983</u></u>

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

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(asset)
SERS	2009	\$ 810,776	86.3%	\$ 2,508,005
	2010	\$ 952,753	75.6%	\$ 2,740,231
	2011	\$ 999,261	82.6%	\$ 2,913,694
TRS	2009	\$ 532,423	101.3%	\$ (487,390)
	2010	\$ 553,154	101.1%	\$ (498,460)
	2011	\$ 576,460	100.9%	\$ (498,593)
JRS	2009	\$ 14,174	100%	\$ 49
	2010	\$ 15,400	0%	\$ 15,449
	2011	\$ 16,534	0%	\$ 31,983

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2010 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SERF	9,349.6	21,054.2	11,704.6	44.4%	3,295.7	355.1%
TRF	14,430.2	23,495.9	9,065.7	61.4%	3,646.0	248.6%
JRF	179.7	276.8	97.1	64.9%	31.6	307.3%

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

Actuarial Methods and Assumptions

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

	SERF	TRF	JRS
Valuation Date	6/30/2010	6/30/2010	6/30/10
Actuarial Cost Method	Projected unit credit	Entry Age	Projected unit credit
Amortization Method	Level percent of payroll, closed	Level percent closed	Level percent of payroll, closed
Remaining Amortization Period	21 Years	25.3 years	21 Years
Asset Valuation Method	5-year smoothed market	4-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return	8.25%	8.5%	8.25%
Projected Salary Increases	4.0%-20.0%	4.0%-7.5%	5.25%
Includes inflation at	4.0%	4.0%	0.00%
Cost-of-Living Adjustments	2.7%-3.6%	2.0%-3.0%	2.75-5.25%

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 \$37.0 million and \$22.6 million, respectively.

Note 12 Other Retirement Systems Administered by the State of Connecticut

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

Plan Descriptions and Contribution Information

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

	CMERS 7/1/2010	CPJERS 12/31/2009
Retirees and beneficiaries receiving benefits	5,705	288
Terminated plan members entitled to but not receiving benefits	720	22
Active plan members	8,579	412
Total	15,004	722
Number of participating employers	186	1

Connecticut Municipal Employees' Retirement System Plan Description

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

Contributions

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

Connecticut Probate Judges and Employees' Retirement System Plan Description

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

Contributions

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

Note 13 Pension Trust Funds Financial Statements

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

Statement of Fiduciary Net Assets (000's)

	State		Judicial	Connecticut		Other	Total
	Employees'	Teachers'		Municipal Employees'	Probate Judges'		
Assets							
Cash and Cash Equivalents	\$ 1,627	\$ 971	\$ -	\$ 385	\$ -	\$ 249	\$ 3,232
Receivables:							
Accounts, Net of Allowances	2,510	7,371	8	8,788	4	-	18,681
From Other Governments	-	1,276	-	-	-	-	1,276
From Other Funds	3	9	-	-	-	-	12
Interest	265	561	4	47	4	-	881
Investments	8,980,629	14,143,320	158,886	1,697,937	81,789	1,112	25,063,673
Securities Lending Collateral	1,120,350	1,734,341	24,357	242,783	11,542	161	3,133,534
Total Assets	<u>10,105,384</u>	<u>15,887,849</u>	<u>183,255</u>	<u>1,949,940</u>	<u>93,339</u>	<u>1,522</u>	<u>28,221,289</u>
Liabilities							
Accounts Payable and Accrued Liabilities	12	-	-	-	-	-	12
Securities Lending Obligation	1,120,350	1,734,341	24,357	242,783	11,542	161	3,133,534
Due to Other Funds	-	1,271	-	-	192	-	1,463
Total Liabilities	<u>1,120,362</u>	<u>1,735,612</u>	<u>24,357</u>	<u>242,783</u>	<u>11,734</u>	<u>161</u>	<u>3,135,009</u>
Net Assets							
Held in Trust For Employee Pension Benefits	8,985,022	14,152,237	158,898	1,707,157	81,605	1,361	25,086,280
Total Net Assets	<u>\$ 8,985,022</u>	<u>\$ 14,152,237</u>	<u>\$ 158,898</u>	<u>\$ 1,707,157</u>	<u>\$ 81,605</u>	<u>\$ 1,361</u>	<u>\$ 25,086,280</u>

Statement of Changes in Fiduciary Net Assets (000's)

	State		Judicial	Connecticut		Other	Total
	Employees'	Teachers'		Municipal Employees'	Probate Judges'		
Additions							
Contributions:							
Plan Members	\$ 67,679	\$ 253,925	\$ 1,566	\$ 16,307	\$ 328	\$ 38	\$ 339,843
State Municipalities	825,801	581,593	-	-	-	-	1,407,394
Total Contributions	<u>893,480</u>	<u>835,518</u>	<u>1,566</u>	<u>67,433</u>	<u>328</u>	<u>38</u>	<u>1,798,363</u>
Investment Income	1,657,847	2,570,338	27,516	266,655	13,082	101	4,535,539
Less: Investment Expenses	(34,184)	(53,003)	(567)	(5,498)	(270)	(2)	(93,524)
Net Investment Income	<u>1,623,663</u>	<u>2,517,335</u>	<u>26,949</u>	<u>261,157</u>	<u>12,812</u>	<u>99</u>	<u>4,442,015</u>
Transfers In	-	-	-	-	3,665	-	3,665
Other	476	452	-	1,138	10	-	2,076
Total Additions	<u>2,517,619</u>	<u>3,353,305</u>	<u>28,515</u>	<u>329,728</u>	<u>16,815</u>	<u>137</u>	<u>6,246,119</u>
Deductions							
Administrative Expense	346	-	11	-	-	-	357
Benefit Payments and Refunds	1,323,593	1,485,398	19,390	100,475	3,604	1	2,932,461
Other	-	-	-	3	3,465	-	3,468
Total Deductions	<u>1,323,939</u>	<u>1,485,398</u>	<u>19,401</u>	<u>100,478</u>	<u>7,069</u>	<u>1</u>	<u>2,936,286</u>
Changes in Net Assets	1,193,680	1,867,907	9,114	229,250	9,746	136	3,309,833
Net Assets Held in Trust For Employee Pension Benefits:							
Beginning of Year	7,791,342	12,284,330	149,784	1,477,907	71,859	1,225	21,776,447
End of Year	<u>\$ 8,985,022</u>	<u>\$ 14,152,237</u>	<u>\$ 158,898</u>	<u>\$ 1,707,157</u>	<u>\$ 81,605</u>	<u>\$ 1,361</u>	<u>\$ 25,086,280</u>

Note 14 Other Postemployment Benefits (OPEB)

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

State Employee OPEB Plan

Plan Description

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan

participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Plan Funding

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

As of June 30, 2011, the last actuarial valuation for the plan was dated April 1, 2008. This valuation disclosed that the plan had an unfunded accrued liability of \$26.6 billion as of that date. Because of the date of the actuarial valuation, required disclosures for the plan on funded status, funding progress, and actuarial methods and assumptions could not be made in this note.

Retired Teacher Healthcare Plan

Plan Description

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2010 (date of the latest actuarial valuation), the plan had 33,151 retirees and beneficiaries receiving benefits.

Plan Funding

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

Annual OPEB Cost and Net OPEB Obligation

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

	SEOPEBP	
	(6-30-10)	RTHP
Annual Required Contribution	\$ 2,145,724	\$ 177,063
Interest on Net OPEB Obligation	12,719	1,394
Adjustment to Annual Required Contribution	<u>191,220</u>	<u>(11,089)</u>
Annual OPEB Cost	2,349,663	167,368
Contributions Made	<u>555,131</u>	<u>5,312</u>
Increase in net OPEB Obligation	1,794,532	162,056
Net OPEB Obligation - Beginning of Year	<u>2,356,334</u>	<u>289,837</u>
Net OPEB Obligation - End of Year	<u>\$ 4,150,866</u>	<u>\$ 451,893</u>

In addition, other related information for each plan for the past three fiscal years was as follows:

	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
SEOPEBP	2010	\$ 2,349,663	23.6%	\$ 4,150,866
	2009	\$ 1,669,321	27.1%	\$ 2,356,334
	2008	\$ 1,602,739	28.9%	\$ 1,139,042
RTHP	2011	\$ 167,368	3.2%	\$ 451,893
	2010	\$ 115,321	10.5%	\$ 289,837
	2009	\$ 113,704	19.7%	\$ 186,624

Funded Status and Funding Progress

The following is funded status information for the RTHP as of June 30, 2010, date of the latest actuarial valuation (amounts in million):

	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
RTHP	\$ 0	\$ 2,997.8	\$ 2,997.8	0.0%	\$ 3,646.0	82.2%

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

Actuarial Methods and Assumptions

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

	RTHP
Actuarial Valuation Date	6-30-2010
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent Open
Remaining Amortization Period	29 Years
Asset Valuation Method	n/a
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increases	4.0%-7.5%
Healthcare Inflation Rate	9% Initial, 5% Ultimate

Other OPEB Plan

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

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of 6/30/10 there were 8 municipalities participating in the plan with a total membership of 610 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

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

Note 15 OPEB Trust Fund 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.

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Assets				
Cash and Cash Equivalents	\$ 74,975	\$ 57,912	\$ -	\$ 132,887
Receivables:				
From Other Funds	(1)	1,302	-	1,301
Interest	-	-	1	1
Investments	-	-	21,860	21,860
Securities Lending Collateral	-	-	3,766	3,766
Total Assets	<u>74,974</u>	<u>59,214</u>	<u>25,627</u>	<u>159,815</u>
Liabilities				
Accounts Payable and Accrued Liabilit	25,327	5,922	-	31,249
Securities Lending Obligation	-	-	3,766	3,766
Total Liabilities	<u>25,327</u>	<u>5,922</u>	<u>3,766</u>	<u>35,015</u>
Net Assets				
Held in Trust For Other				
Postemployment Benefits	49,647	53,292	21,861	124,800
Total Net Assets	<u>\$ 49,647</u>	<u>\$ 53,292</u>	<u>\$ 21,861</u>	<u>\$ 124,800</u>

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Additions				
Contributions:				
Plan Members	\$ -	\$ 77,997	\$ 462	\$ 78,459
State	544,767	5,312	-	550,079
Municipalities	-	-	-	-
Total Contributions	<u>544,767</u>	<u>83,309</u>	<u>462</u>	<u>628,538</u>
Investment Income	3	135	2,956	3,094
Less: Investment Expenses	-	-	(61)	(61)
Net Investment Income	<u>3</u>	<u>135</u>	<u>2,895</u>	<u>3,033</u>
Other	-	-	-	-
Total Additions	<u>544,770</u>	<u>83,444</u>	<u>3,357</u>	<u>631,571</u>
Deductions				
Administrative Expense	-	2,706	-	2,706
Benefit Payments and Refunds	530,779	93,946	930	625,655
Other	-	14	-	14
Total Deductions	<u>530,779</u>	<u>96,666</u>	<u>930</u>	<u>628,375</u>
Changes in Net Assets	13,991	(13,222)	2,427	3,196
Net Assets Held in Trust For				
Other Postemployment Benefits:				
Beginning of Year (as restated)	35,656	66,514	19,434	121,604
End of Year	<u>\$ 49,647</u>	<u>\$ 53,292</u>	<u>\$ 21,861</u>	<u>\$ 124,800</u>

Note 16 Capital and Operating Leases

State as Lessor

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

2012	\$ 23,328
2013	23,161
2014	23,347
2015	24,173
2016	24,168
Thereafter	<u>103,582</u>
Total	<u>\$ 221,759</u>

Contingent revenues for the year ended June 30, 2011, were \$2.2 million.

State as Lessee

Obligations under capital and operating leases as of June 30, 2011, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2012	\$ 66,533	\$ 8,493
2013	52,794	8,360
2014	51,833	8,354
2015	37,204	3,886
2016	72,382	2,910
2017-2021	6,714	12,856
2022-2026	-	6,132
2027-2031	-	6,090
Total minimum lease payments	<u>\$ 287,460</u>	<u>57,081</u>
Less: Amount representing interest costs		14,086
Present value of minimum lease payments		<u>\$ 42,995</u>

Minimum capital lease payments were discounted using an interest rate of approximately 6 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2011, were \$66.5 million.

Lease/Lease Back Transaction

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

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to

provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$122 million at June 30, 2011.

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

Note 17 Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2011, (amounts in thousands):

Governmental Activities	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Bonds:					
General Obligation	\$ 13,592,708	\$ 1,294,820	\$ 1,093,188	\$ 13,794,340	\$ 1,010,624
Transportation	<u>3,030,485</u>	<u>737,675</u>	<u>410,565</u>	<u>3,357,595</u>	<u>274,275</u>
	16,623,193	2,032,495	1,503,753	17,151,935	1,284,899
Plus/(Less) premiums and deferred amounts	<u>526,578</u>	<u>57,827</u>	<u>58,293</u>	<u>526,112</u>	<u>50,004</u>
Total Bonds	<u>17,149,771</u>	<u>2,090,322</u>	<u>1,562,046</u>	<u>17,678,047</u>	<u>1,334,903</u>
Long-Term Notes	<u>1,143,955</u>	<u>-</u>	<u>228,160</u>	<u>915,795</u>	<u>-</u>
Other L/T Liabilities:					
Net Pension Obligation	2,262,220	1,592,258	1,407,394	2,447,084	-
Net OPEB Obligation	4,440,703	167,368	5,312	4,602,759	-
Compensated Absences	522,764	56,479	19,649	559,594	12,757
Workers' Compensation	460,596	148,777	97,960	511,413	100,896
Capital Leases	41,702	4,089	2,796	42,995	6,383
Claims and Judgments	60,289	5,001	9,063	56,227	3,908
Liability on Interest Rate Swaps	27,817	-	5,220	22,597	-
Contracts Payable & Other	<u>705</u>	<u>-</u>	<u>-</u>	<u>705</u>	<u>-</u>
Total Other Liabilities	<u>7,816,796</u>	<u>1,973,972</u>	<u>1,547,394</u>	<u>8,243,374</u>	<u>123,944</u>
Governmental Activities Long-Term Liabilities	<u>\$ 26,110,522</u>	<u>\$ 4,064,294</u>	<u>\$ 3,337,600</u>	<u>\$ 26,837,216</u>	<u>\$ 1,458,847</u>
In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,498,377	\$ 376,361	\$ 318,520	\$ 1,556,218	\$ 114,397
Plus/(Less) premiums, discounts and deferred amounts	<u>40,775</u>	<u>19,547</u>	<u>9,380</u>	<u>50,942</u>	<u>254</u>
Total Revenue Bonds	<u>1,539,152</u>	<u>395,908</u>	<u>327,900</u>	<u>1,607,160</u>	<u>114,651</u>
Lottery Prizes	180,513	-	18,816	161,697	26,888
Compensated Absences	147,440	31,569	24,261	154,748	44,171
Federal Loans Payable	498,453	311,423	-	809,876	-
Other	<u>194,544</u>	<u>10,088</u>	<u>20,561</u>	<u>184,071</u>	<u>8,704</u>
Total Other Liabilities	<u>1,020,950</u>	<u>353,080</u>	<u>63,638</u>	<u>1,310,392</u>	<u>79,763</u>
Business-Type Long-Term Liabilities	<u>\$ 2,560,102</u>	<u>\$ 748,988</u>	<u>\$ 391,538</u>	<u>\$ 2,917,552</u>	<u>\$ 194,414</u>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$55.8 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.

As of June 30, 2011, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2011	Amounts due within year
Bonds Payable	\$ 4,450,169	\$ 213,241
Escrow Deposits	391,857	89,533
Closure of Landfill:	50,676	5,389
Due to State	19,026	-
Deferred Revenue	3,135	861
Other	26,585	449
Total	\$ 4,941,448	\$ 309,473

Note 18 Long-Term Notes and Bonded Debt

a. Economic Recovery Notes

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

Economic recovery notes outstanding at June 30, 2011 were \$915.8 million. The notes mature on various dates through 2016 and bear interest rates from 2.0% to 5.0%.

Future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 2011, were as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 167,860	\$ 40,568	\$ 208,428
2013	174,570	33,854	208,424
2014	182,705	25,724	208,429
2015	191,280	17,146	208,426
2016	199,380	9,044	208,424
Total	\$ 915,795	\$ 126,336	\$ 1,042,131

b. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2011, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2011-2030	2.00-6.414%	\$ 1,924,881	\$ 526,926
School Construction	2011-2029	2.00-6.777%	4,485,842	63,901
Municipal & Other				
Grants & Loans	2011-2030	1.00-6.701%	739,204	371,228
Housing Assistance	2012-2031	0.38-5.460%	169,130	36,906
Elimination of Water				
Pollution	2011-2028	1.00-6.034%	259,225	569,353
General Obligation				
Refunding	2011-2023	2.00-6.00%	3,710,302	-
Pension Obligation	2014-2032	4.20-6.27%	2,276,578	-
Miscellaneous	2011-2038	3.00-6.75%	122,505	545,246
			13,687,667	\$ 2,113,560
Accretion-Various Capital Appreciation Bonds			106,673	
Total			\$ 13,794,340	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,010,624	\$ 687,972	\$ 1,698,596
2013	937,636	624,949	1,562,585
2014	907,333	569,561	1,476,894
2015	883,139	517,995	1,401,134
2016	879,755	477,420	1,357,175
2017-2021	3,555,128	1,848,534	5,403,662
2022-2026	2,813,027	1,383,070	4,196,097
2027-2031	2,326,765	471,167	2,797,932
2032-2036	369,745	23,723	393,468
2037-2041	4,515	335	4,850
Total	\$ 13,687,667	\$ 6,604,726	\$ 20,292,393

Transportation Related Bonds

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

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2011, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure				
Improvements	2011-2030	2.00-6.500%	\$ 3,357,595	\$ 2,099,925
			3,357,595	2,099,925
Accretion-Various Capital Appreciation Bonds			-	
Total			\$ 3,357,595	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2012	\$ 274,275	\$ 156,551	\$ 430,826
2013	309,825	143,309	453,134
2014	262,365	130,555	392,920
2015	227,070	119,429	346,499
2016	209,740	109,694	319,434
2017-2021	910,055	411,880	1,321,935
2022-2026	708,580	210,361	918,941
2027-2031	455,685	53,696	509,381
Total	\$ 3,357,595	\$ 1,335,475	\$ 4,693,070

Variable-Rate Demand Bonds

As of June 30, 2011, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

Bond Type	Outstanding Principal	Issuance Year	Maturity Year
General Obligation	\$ 30,000	1997	2014
General Obligation	100,000	2001	2021
General Obligation	280,000	2005	2023
Total	\$ 410,000		

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

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

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

1997 GO expires in the year 2014,
 2001 GO expires in the year 2015, and
 2005 GO expires in the year 2015.

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

c. Primary Government – Business-Type Activities Revenue Bonds

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

Enterprise funds' revenue bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
Uconn	2012-2033	2.0-6.0%	\$ 162,243
State Universities	2012-2036	2-6.0%	284,530
Clean Water	2012-2028	2-5.%	839,018
Drinking Water	2012-2027	2-5.%	60,087
Bradley International Airport	2012-2033	[1]	169,090
Bradley Parking Garage	2012-2024	6.125-6.6%	41,250
Total Revenue Bonds			1,556,218
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			(1,621)
State Universities			2,386
Clean Water			49,714
Bradley International Airport			(2,699)
Other			3,162
Revenue Bonds, net			\$ 1,607,160

[1] variable percent of one month LIBOR

The University of Connecticut has issued student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating

capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

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

- a. 2001 Bradley International Airport Refunding Bonds in the amount of \$16.7 million.
- b. 2011 Bradley International Airport Refunding Bonds in the amount of \$152.4 million.

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.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2012	\$ 114,397	\$ 66,889	\$ 181,286
2013	115,433	63,755	179,188
2014	105,023	58,922	163,945
2015	110,008	54,293	164,301
2016	110,729	49,308	160,037
2017-2021	433,483	184,104	617,587
2022-2026	369,495	87,111	456,606
2027-2031	159,210	23,131	182,341
2032-2036	38,440	1,817	40,257
Total	\$ 1,556,218	\$ 589,330	\$ 2,145,548

d. Component Units

Component units' revenue bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding (000's)
CT Development Authority	2012-2020	4.40-5.250%	\$ 15,800
CT Housing Finance Authority	2012-2049	0.40-6.625%	4,134,969
CT Resources Recovery Authority	2012-2016	5.125-5.500%	8,050
CT Higher Education Supplemental Loan Authority	2012-2028	1.70-6.000%	184,250
Capital City Economic Development Authority	2012-2033	2.50-7.00%	100,155
UConn Foundation	2012-2029	3.875-5.000%	6,505
Total Revenue Bonds			4,449,729
Plus/(Less) premiums, discounts, and deferred amounts:			
CDA			6
CRRA			(10)
CHESLA			770
CCEDA			(326)
Revenue Bonds, net			\$ 4,450,169

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 Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. As of June 30, 2011 no bonds were outstanding under the Umbrella Program. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$15.8 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and an indenture dated 9/25/95. As of December 31, 2010, bonds outstanding under the bond resolution and the indenture were \$4,068.6 million and \$66.4 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The capital reserve fund is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year (\$292.3 million at 12/31/10) on all outstanding bonds. As of December 31, 2010, the Authority has entered into interest rate swap agreements for \$970.2 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end, except as discussed next. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was \$8.1 million.

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

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2011, were as follows (amounts in thousands):

Year Ending	Principal	Interest	Total
June 30,			
2012	\$ 18,850	\$ 11,409	\$ 30,259
2013	140,900	128,848	269,748
2014	133,582	123,727	257,309
2015	136,662	135,700	272,362
2016	140,498	118,359	258,857
2017-2021	802,782	637,872	1,440,654
2022-2026	815,323	388,058	1,203,381
2027-2031	837,265	254,335	1,091,600
2032-2036	775,355	126,842	902,197
2037-2041	504,305	28,447	532,752
2042-2046	107,535	2,325	109,860
2047-2051	7,795	28,398	36,193
2052-2056	805	51	856
2057-2061	28,072	-	28,072
Total	<u>\$ 4,449,729</u>	<u>\$ 1,984,371</u>	<u>\$ 6,434,100</u>

No-commitment debt

Under the Self-Sustaining Bond program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component 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, 2011 were \$1,034.8 million.

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

obligation bonds outstanding at June 30, 2011, were \$7,570.5 million, of which \$291.6 million was secured by special capital reserve funds.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. The amount of these bonds outstanding at June 30, 2011 was \$71.3 million.

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

e. Debt Refundings

During the year, the State issued \$184.7 million of general obligation and special tax obligation refunding bonds with an average interest rate of 4.42 percent to advance refund \$187.2 million of general obligation and special tax obligation bonds with an average interest rate of 4.85 percent. The reacquisition price exceeded the carrying amount of the old debt by \$18.5 million. This amount is

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and the terms of the States' hedging derivative instruments outstanding at June 30, 2011, along with the credit rating of the associated counterparty (amounts in thousands).

Type	Objective	Notional Amounts (000's)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2001 GO bonds	\$ 20,000	6/28/2001	6/15/2012	Pay 4.33% receive CPI plus 1.43%	Aa3/A+/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.392% receive 60% of LIBOR+30bp	Aa1/AAA/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.401% receive 60% of LIBOR+30bp	Aa3/A+/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	15,620	4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	A2/A/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	A2/A/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	AAA/A+/nr
Total Notional Amount		<u>\$ 355,620</u>				

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These

being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

The State advanced refunded these bonds to reduce its total debt service payments over the next eleven years by \$24.1 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$26.5 million. As of June 30, 2011, \$1,732.8 million of outstanding general obligation, special tax obligation, and revenue bonds had been advanced refunded and are, accordingly, considered defeased.

Note 19 - Derivative Financial Instruments

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit(credit)):

	Changes in Fair Value		Fair Value at Year End		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Other Non-current Assets	\$ 5,220	Non-current portion of LT Obligations	\$ (22,597)	\$ 355,620
Business-type activities					
Cash flow hedges:					
<u>Bradley Airport:</u>					
Pay-fixed interest rate swap	Other Non-current Assets	\$ (1,188)	Non-current portion of LT Obligations	\$ (17,935)	\$ 152,380

payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

Credit Risk

As of June 30, 2011, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

Interest Rate Risk

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

Basis Risk

The State's variable-rate bond interest payments are based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. The State is exposed to basis risk on those swaps for which the State receives variable-rate payments that are based on the LIBOR swap index rate. As of June 30, 2011, the SIFMA rate was 0.09 percent, whereas 60 percent of LIBOR plus 30bp was 0.411 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2011, the budgeted amount for basis risk was \$1,500,000.

Termination Risk

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

Rollover Risk

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

Hedging Derivative Instrument Payments and Hedged Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2011, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands).

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate		Total
	Principal	Interest	SWAP, Net		
2012	\$ 20,000	\$ 9,052	\$ 9,151	\$ 38,203	
2013	-	7,742	9,594	17,336	
2014	-	7,742	9,594	17,336	
2015	-	11,523	12,625	24,148	
2016	260,620	22,385	29,373	312,378	
2017-2021	75,000	2,166	2,874	80,040	
Total	\$ 355,620	\$ 60,610	\$ 73,211	\$ 489,441	

As of June 30, 2011, Bradley airport has entered into interest rate swap agreements for \$152.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

Note 20 Risk Management

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

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

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

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

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (government-wide and proprietary fund

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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 actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during

the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-09	\$ 459,778	\$ 25,224
Incurred claims	109,601	3,800
Paid claims	<u>(108,783)</u>	<u>(10,709)</u>
Balance 6-30-10	460,596	18,315
Incurred claims	148,777	5,210
Paid claims	<u>(97,960)</u>	<u>(3,086)</u>
Balance 6-30-11	<u>\$ 511,413</u>	<u>\$ 20,439</u>

Note 21 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2011, were as follows (amounts in thousands):

	Balance due to fund(s)											Total
	General	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	
<u>Balance due from fund(s)</u>												
General	\$ -	\$ -	\$ 312,690	\$ 600,097	\$ 50,784	\$ 22,215	\$ 19,719	\$ 2,196	\$ 2,172	\$ 6,084	\$ -	\$ 1,015,957
Debt Service	-	116	-	-	-	-	-	-	-	-	-	116
Restricted Grants & Accounts	2,568	-	-	-	-	-	-	-	-	-	324	2,892
Other Governmental	1,846	-	5,222	6,145	231	14,535	157,887	-	-	-	12,664	198,530
UConn	11,502	-	-	-	-	-	-	-	-	-	-	11,502
State Universities	3,261	-	-	-	-	-	-	-	-	-	-	3,261
Employment Security	-	-	-	885	-	-	-	-	-	-	-	885
Other Proprietary	404	-	2,747	-	-	-	-	-	-	-	-	3,151
Internal Services	-	-	-	66,931	-	-	-	-	-	-	-	66,931
Fiduciary	-	-	-	192	-	-	-	-	-	1,271	-	1,463
Component Units	19,026	-	-	-	-	-	-	-	-	-	-	19,026
Total	<u>\$ 38,607</u>	<u>\$ 116</u>	<u>\$ 320,659</u>	<u>\$ 674,250</u>	<u>\$ 51,015</u>	<u>\$ 36,750</u>	<u>\$ 177,606</u>	<u>\$ 2,196</u>	<u>\$ 2,172</u>	<u>\$ 7,355</u>	<u>\$ 12,988</u>	<u>\$ 1,323,714</u>

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

Note 22 Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2011, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)										Total
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Fiduciary		
<u>Amount transferred from fund(s)</u>											
General	\$ -	\$ -	\$ 107,550	\$ -	\$ 61,837	\$ 554,357	\$ 245,058	\$ 244,782	\$ -	\$ -	\$ 1,213,584
Debt Service	-	-	4,334	88	-	-	-	-	-	-	4,422
Transportation	-	437,261	-	15,854	6,500	-	-	-	-	-	459,615
Restricted Grants & Accounts	28,000	-	-	-	-	-	-	-	-	-	28,000
Other Governmental	175,720	9,514	-	25,014	19,707	13,243	25,417	28,033	3,665	-	300,313
Connecticut Lottery	289,300	-	-	-	-	-	-	-	-	-	289,300
Employment Security	-	-	-	-	5,739	-	-	-	-	-	5,739
Uconn	25,000	-	-	-	-	-	-	-	-	-	25,000
State Universities	-	-	-	-	-	-	-	13,000	-	-	13,000
Other Proprietary	-	-	-	-	-	-	-	13,868	-	-	13,868
Total	<u>\$ 518,020</u>	<u>\$ 446,775</u>	<u>\$ 111,884</u>	<u>\$ 40,956</u>	<u>\$ 93,783</u>	<u>\$ 567,600</u>	<u>\$ 270,475</u>	<u>\$ 299,683</u>	<u>\$ 3,665</u>	<u>\$ -</u>	<u>\$ 2,352,841</u>

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

Note 23 Restatement of Fund Balances/Net Assets, Fund Balance Classifications, and Restricted Assets
Restatement of Fund Balance/Net Assets

As of June 30, 2011, the beginning fund balances/net assets for the following activities were restated as follows (amounts in thousands):

	Balance 6-30-10 Previously Reported	Correction of Reported Assets/Liabilities	Balance 6-30-10 as Restated
Governmental Funds and Activities			
Major Funds			
General Fund	\$ (982,822)	\$ 33,217	\$ (949,605)
Total Governmental Funds	\$ 1,420,939	\$ 33,217	\$ 1,454,156
Net Assets of Governmental Activities	\$ (13,673,045)	\$ 33,217	\$ (13,639,828)

The beginning fund balance of the General Fund was adjusted to correct an understatement in the balance of taxes receivable reported last year.

Fund Balance – Restricted and Assigned

As of June 30, 2011 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows:

	Restricted Purposes	Assigned Purposes
Grant and Loan Programs	\$ 487,514	\$ 6,989
Capital Projects	447,502	-
Environmental Programs	132,023	-
Housing Programs	106,987	-
Employment Security Administration	34,295	-
Banking	17,990	-
Other	31,186	6,982
Total	\$ 1,257,497	\$ 13,971

Restricted Assets

As of June 30, 2011, the government-wide statement of net assets reported \$2,969 of restricted net assets, of which \$135 million was restricted by enabling legislation.

Note 24 Related Organizations

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

Note 25 New Accounting Pronouncements

In fiscal year 2011, the State implemented the following Statement issued by the Governmental Accounting Standards Board: Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. Statement No. 54 requires governments to report fund balance of governmental funds by using the following categories: nonexpendable, restricted, committed, assigned, and unassigned. The Statement also clarifies the definitions of governmental fund types.

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, 2011, the Departments of Transportation and Public Works had contractual commitments of approximately \$2,040 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,789 million.

Clean and drinking water loan programs \$356 million.

Various programs and services \$2,648 million.

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

Component Units

As of December 31, 2010, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$187 million.

B. Contingent Liabilities

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

In 2002 the City of Waterbury issued \$97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in Note 18 – Component Units.

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

C. Litigation

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

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

Note 27 Subsequent Events

In July 2011, the Connecticut Health and Educational Authority issued \$28.8 million of series 2011 State supported Child Care Revenue Bonds. The bonds will mature in 2029 and bear interest rates ranging from 1% to 5%.

In July 2011 the State remarketed its series 2005-A variable rate General Obligation Bonds as General Obligation SIFMA index bonds. At any time on or after March 1, 2015, the reoffered bonds may be converted to bear interest at a flexible rate, a fixed rate, a weekly rate or a new adjusted SIFMA rate, at which time the bonds will be subject to mandatory tender for purchase.

In November 2011 the State issued \$550 million of General Obligation series D bonds that mature in 2031 and bear interest ranging from 1.5% to 5.0%

In November 2011 the State issued \$150.8 million of General Obligation series E refunding bonds that mature in 2019 and bear interest ranging from 1.0% to 5.0%

In December 2011 the State issued \$221.2 million of Special Obligation series A infrastructure bonds that mature in 2031 and bear interest rates ranging from 3.38% to 5.0%.

In December 2011 the State issued \$233.8 million of Special Obligation series B infrastructure refunding bonds that mature in 2022 and bear interest rates ranging from 2.0% to 5.0%.

In December 2011 the Tax Exempt Proceeds Fund (TEPF), included with other investments under footnote 4, ceased operations as planned. The TEPF made payments of state-aid grants and loans to Municipalities, school districts and other organizations in the state. A more modern state-aid payment system was implemented on December 1, 2011. The new system integrates the electronic funds transfer capabilities of the Automated Clearing House (ACH) with the state-wide accounting system, known as CORE-CT. This new payment system is controlled by the Office of the State Comptroller.

***Required
PERS
Supplementary
Information***

Pension and Other Postemployment Benefit Plans Required Supplementary Information Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
<u>SERS</u>						
6/30/2005	\$8,517.7	\$15,987.5	\$7,469.8	53.3%	\$2,980.1	250.7%
6/30/2006	\$8,951.4	\$16,830.3	\$7,878.9	53.2%	\$3,107.9	253.5%
6/30/2007	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	\$3,310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

<u>TRS</u>						
6/30/2005 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

<u>JRS</u>						
6/30/2005	\$160.3	\$235.0	\$74.7	68.2%	\$30.2	247.8%
6/30/2006	\$169.7	\$246.9	\$77.2	68.7%	\$31.8	242.8%
6/30/2007	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

<u>RTHP</u>						
6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

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

Connecticut

**Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Employer Contributions**

(Expressed in Millions)

Fiscal Year	<u>SERS</u>		<u>TRS</u>		<u>JRS</u>		<u>RTHP</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$0.0	0.0%
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$0.0	0.0%
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$0.0	0.0%
2008	\$716.9	99.2%	\$518.6	485.7%	\$13.4	100.0%	\$116.1	21.5%
2009	\$753.7	92.8%	\$539.3	100.0%	\$14.2	100.0%	\$116.7	25.3%
2010	\$897.4	80.3%	\$559.2	100.0%	\$15.4	0.0%	\$121.3	10.0%
2011	\$944.1	87.5%	\$581.6	100.0%	\$16.2	0.0%	\$177.1	3.0%

Schedules of employer contributions for other postemployment benefit plans (RTPH) are required to be disclosed starting with fiscal year 2008.

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*Combining
Funds Statements
and Schedules
Nonmajor Funds*

Balance Sheet

Nonmajor Governmental Funds-By Fund Type

June 30, 2011

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 603,717	\$ -	\$ 6,597	\$ 610,314
Investments	6,355	-	97,485	103,840
Securities Lending Collateral	-	-	18,681	18,681
Receivables:				
Accounts, Net of Allowances	36,990	-	-	36,990
Loans, Net of Allowances	244,544	-	-	244,544
From Other Governments	13,189	-	-	13,189
From Other Funds	5,110	669,137	3	674,250
Other Receivables	-	-	3	3
Restricted Assets	2,235	-	-	2,235
Other Assets	292	-	-	292
Total Assets	<u>\$ 912,432</u>	<u>\$ 669,137</u>	<u>\$ 122,769</u>	<u>\$ 1,704,338</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 31,597	\$ 47,396	\$ -	\$ 78,993
Due to Other Funds	5,974	174,957	4,935	185,866
Due to Component Units	12,664	-	-	12,664
Deferred Revenue	45,713	-	-	45,713
Securities Lending Obligation	-	-	18,681	18,681
Total Liabilities	<u>95,948</u>	<u>222,353</u>	<u>23,616</u>	<u>341,917</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	-	-	97,485	97,485
Restricted	804,336	447,502	5,659	1,257,497
Assigned	13,971	-	-	13,971
Unassigned	(1,823)	(718)	(3,991)	(6,532)
Total Fund Balances	<u>816,484</u>	<u>446,784</u>	<u>99,153</u>	<u>1,362,421</u>
Total Liabilities and Fund Balances	<u>\$ 912,432</u>	<u>\$ 669,137</u>	<u>\$ 122,769</u>	<u>\$ 1,704,338</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	<u>Total</u>
Revenues				
Assessments	\$ 28,444	\$ -	\$ -	\$ 28,444
Licenses, Permits and Fees	42,206	-	-	42,206
Tobacco Settlement	121,422	-	-	121,422
Federal Grants and Aid	99,181	-	-	99,181
Charges for Services	954	-	-	954
Fines, Forfeits and Rents	11,423	-	-	11,423
Investment Earnings	3,824	-	8,005	11,829
Miscellaneous	121,536	110	1	121,647
Total Revenues	428,990	110	8,006	437,106
Expenditures				
Current:				
General Government	96,589	-	-	96,589
Regulation and Protection	188,435	-	-	188,435
Conservation and Development	219,604	-	767	220,371
Health and Hospitals	10,108	-	-	10,108
Transportation	12,540	-	-	12,540
Human Services	8,001	-	-	8,001
Education, Libraries, and Museums	380,034	-	62	380,096
Corrections	3,746	-	-	3,746
Judicial	33,259	-	3	33,262
Capital Projects	-	464,023	-	464,023
Debt Service:				
Interest and Fiscal Charges	3,795	3,544	-	7,339
Total Expenditures	956,111	467,567	832	1,424,510
Excess (Deficiency) of Revenues Over Expenditures	(527,121)	(467,457)	7,174	(987,404)
Other Financing Sources (Uses)				
Bonds Issued	821,255	750,585	-	1,571,840
Premium on Bonds Issued	23,170	30,528	-	53,698
Transfers In	93,746	-	37	93,783
Transfers Out	(200,963)	(95,909)	(3,441)	(300,313)
Total Other Financing Sources (Uses)	737,208	685,204	(3,404)	1,419,008
Net Change in Fund Balances	210,087	217,747	3,770	431,604
Fund Balances - Beginning	606,397	229,037	95,383	930,817
Fund Balances - Ending	\$ 816,484	\$ 446,784	\$ 99,153	\$ 1,362,421

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Special Revenue Funds

Workers' Compensation Administration:

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

Banking:

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

Consumer Counsel and Public Utility Control:

to account for monies collected from various public utility companies.

Insurance:

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

Criminal Injuries Compensation:

to account for monies collected from the criminal injuries board.

Regional Market Fund:

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

Mashantucket Pequot and Mohegan Fund:

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

Soldiers, Sailors, and Marines Fund:

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

Employment Security Administration:

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

Environmental Programs:

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

Housing Programs:

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

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2011

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer</u> <u>Counsel and</u> <u>Public Utility</u>	<u>Control</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>	<u>Mashantucket</u> <u>Pequot and</u> <u>Mohegan</u> <u>Fund</u>
Assets							
Cash and Cash Equivalents	\$ 9,043	\$ 19,113	\$ 5,841	\$ 9,744	\$ 1,972	\$	90
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts, Net of Allowances	-	380	-	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-	-
From Other Funds	11	-	-	5	1	-	-
Restricted Assets	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	<u>\$ 9,054</u>	<u>\$ 19,493</u>	<u>\$ 5,841</u>	<u>\$ 9,749</u>	<u>\$ 1,973</u>	<u>\$</u>	<u>90</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 765	\$ 956	\$ 2,231	\$ 968	\$ 257	\$	-
Deferred Revenue	-	381	5,279	5,033	-	-	-
Due to Other Funds	107	166	154	154	-	-	-
Due to Component Units	-	-	-	-	-	-	-
Total Liabilities	<u>872</u>	<u>1,503</u>	<u>7,664</u>	<u>6,155</u>	<u>257</u>	<u>\$</u>	<u>-</u>
Fund Balances							
Restricted	8,182	17,990	-	3,594	1,716	-	90
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(1,823)	-	-	-	-
Total Fund Balances (Deficit)	<u>8,182</u>	<u>17,990</u>	<u>(1,823)</u>	<u>3,594</u>	<u>1,716</u>	<u>\$</u>	<u>90</u>
Total Liabilities and Fund Balances	<u>\$ 9,054</u>	<u>\$ 19,493</u>	<u>\$ 5,841</u>	<u>\$ 9,749</u>	<u>\$ 1,973</u>	<u>\$</u>	<u>90</u>

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 975	\$ -	\$ 25,344	\$ 356,828	\$ 110,080	\$ 45,027	\$ 19,660	\$ 603,717
-	-	-	-	6,355	-	-	6,355
-	-	-	16,830	3,021	1,093	15,666	36,990
-	-	-	167,777	14,455	61,977	335	244,544
-	-	13,189	-	-	-	-	13,189
-	4,726	354	3	-	-	10	5,110
-	-	-	-	2,235	-	-	2,235
-	-	-	-	292	-	-	292
<u>\$ 975</u>	<u>\$ 4,726</u>	<u>\$ 38,887</u>	<u>\$ 541,438</u>	<u>\$ 136,438</u>	<u>\$ 108,097</u>	<u>\$ 35,671</u>	<u>\$ 912,432</u>
\$ 21	\$ 45	\$ 4,002	\$ 17,441	\$ 2,382	\$ 15	\$ 2,514	\$ 31,597
-	-	-	16,811	2,005	1,093	15,111	45,713
5	4,667	590	19	28	2	82	5,974
-	-	-	12,664	-	-	-	12,664
<u>26</u>	<u>4,712</u>	<u>4,592</u>	<u>46,935</u>	<u>4,415</u>	<u>1,110</u>	<u>17,707</u>	<u>95,948</u>
949	14	34,295	487,514	132,023	106,987	10,982	804,336
-	-	-	6,989	-	-	6,982	13,971
-	-	-	-	-	-	-	(1,823)
<u>949</u>	<u>14</u>	<u>34,295</u>	<u>494,503</u>	<u>132,023</u>	<u>106,987</u>	<u>17,964</u>	<u>816,484</u>
<u>\$ 975</u>	<u>\$ 4,726</u>	<u>\$ 38,887</u>	<u>\$ 541,438</u>	<u>\$ 136,438</u>	<u>\$ 108,097</u>	<u>\$ 35,671</u>	<u>\$ 912,432</u>

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

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>Workers' Compensation</u>	<u>Banking</u>	<u>Consumer Counsel Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>	<u>Mashantucket Pequot and Mohegan Fund</u>
Revenues						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Fees	-	30,449	29	-	1,303	-
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	12	-	-	-	-	-
Fines, Forfeits and Rents	-	10,273	46	-	110	-
Investment Earnings	53	-	-	23	6	-
Miscellaneous	14,559	193	18,749	23,499	1,745	-
Total Revenues	14,624	40,915	18,824	23,522	3,164	-
Expenditures						
Current:						
General Government	566	-	1,088	339	-	61,780
Regulation and Protection	18,462	19,136	16,385	23,248	-	-
Conservation and Development	-	-	986	-	-	-
Health and Hospitals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	475	-	-
Education, Libraries, and Museums	27	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	3,251	-	-	3,264	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	19,055	22,387	18,459	24,062	3,264	61,780
Excess (Deficiency) of Revenues Over Expenditures	(4,431)	18,528	365	(540)	(100)	(61,780)
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	-	-	61,800
Transfers Out	(4,000)	(20,600)	-	-	(1,275)	-
Total Other Financing Sources (Uses)	(4,000)	(20,600)	-	-	(1,275)	61,800
Net Change in Fund Balances	(8,431)	(2,072)	365	(540)	(1,375)	20
Fund Balances (Deficit) - Beginning	16,613	20,062	(2,188)	4,134	3,091	70
Fund Balances (Deficit) - Ending	\$ 8,182	\$ 17,990	\$ (1,823)	\$ 3,594	\$ 1,716	\$ 90

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,444	\$ -	\$ -	\$ 28,444
-	-	613	-	4,203	-	5,609	42,206
-	-	-	-	-	-	121,422	121,422
-	-	95,372	-	3,809	-	-	99,181
-	-	-	-	-	-	942	954
941	-	-	-	-	-	53	11,423
2	-	32	2,929	572	161	46	3,824
-	-	14	17,176	3,927	2,474	39,200	121,536
<u>943</u>	<u>-</u>	<u>96,031</u>	<u>20,105</u>	<u>40,955</u>	<u>2,635</u>	<u>167,272</u>	<u>428,990</u>
-	-	-	26,009	3,558	-	3,249	96,589
-	-	97,239	810	-	300	12,855	188,435
873	-	-	139,056	77,790	289	610	219,604
-	-	-	5,292	-	-	4,816	10,108
-	-	-	12,517	23	-	-	12,540
-	2,964	-	3,916	-	-	646	8,001
-	-	-	377,470	-	-	2,537	380,034
-	-	-	2,341	-	-	1,405	3,746
-	-	-	-	-	-	26,744	33,259
<u>64</u>	<u>-</u>	<u>30</u>	<u>2,711</u>	<u>315</u>	<u>675</u>	<u>-</u>	<u>3,795</u>
<u>937</u>	<u>2,964</u>	<u>97,269</u>	<u>570,122</u>	<u>81,686</u>	<u>1,264</u>	<u>52,862</u>	<u>956,111</u>
<u>6</u>	<u>(2,964)</u>	<u>(1,238)</u>	<u>(550,017)</u>	<u>(40,731)</u>	<u>1,371</u>	<u>114,410</u>	<u>(527,121)</u>
-	-	-	706,795	59,095	55,365	-	821,255
-	-	-	12,953	403	9,814	-	23,170
-	2,973	5,739	4,734	-	-	18,500	93,746
-	-	-	(14,742)	(5,995)	(9,872)	(144,479)	(200,963)
<u>-</u>	<u>2,973</u>	<u>5,739</u>	<u>709,740</u>	<u>53,503</u>	<u>55,307</u>	<u>(125,979)</u>	<u>737,208</u>
6	9	4,501	159,723	12,772	56,678	(11,569)	210,087
943	5	29,794	334,780	119,251	50,309	29,533	606,397
<u>\$ 949</u>	<u>\$ 14</u>	<u>\$ 34,295</u>	<u>\$ 494,503</u>	<u>\$ 132,023</u>	<u>\$ 106,987</u>	<u>\$ 17,964</u>	<u>\$ 816,484</u>

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

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>Workers' Compensation</u>			<u>Banking</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Fees, Assessments, and Other Income	\$ 23,100	\$ 14,624	\$ (8,476)	\$ 20,600	\$ 40,916	\$ 20,316
Total Budgeted Revenues	<u>23,100</u>	<u>14,624</u>	<u>(8,476)</u>	<u>20,600</u>	<u>40,916</u>	<u>20,316</u>
Expenditures						
Budgeted:						
General Government	583	575	8	-	-	-
Regulation and Protection	21,645	18,603	3,042	20,785	19,119	1,666
Human Services	-	-	-	-	-	-
Judicial	-	-	-	3,350	2,998	352
Total Budgeted Expenditures	<u>22,228</u>	<u>19,178</u>	<u>3,050</u>	<u>24,135</u>	<u>22,117</u>	<u>2,018</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>872</u>	<u>(4,554)</u>	<u>(5,426)</u>	<u>(3,535)</u>	<u>18,799</u>	<u>22,334</u>
Other Financing Sources (Uses)						
Operating Transfer Out	-	(4,000)	(4,000)	-	(20,600)	(20,600)
Prior Year Appropriations Carried Forward	-	-	-	115	115	-
Appropriations Continued to Fiscal Year 2012	-	(81)	(81)	-	(115)	(115)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,081)</u>	<u>(4,081)</u>	<u>115</u>	<u>(20,600)</u>	<u>(20,715)</u>
Net Change in Fund Balances	<u>\$ 872</u>	<u>(8,635)</u>	<u>\$ (9,507)</u>	<u>\$ (3,420)</u>	<u>(1,801)</u>	<u>\$ 1,619</u>
Budgetary Fund Balances - July 1		17,608			20,914	
Changes in Reserves		<u>81</u>			<u>-</u>	
Budgetary Fund Balances - June 30		<u>\$ 9,054</u>			<u>\$ 19,113</u>	

Consumer Counsel & Public Utility Control			Insurance		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
\$ 25,200	\$ 20,223	\$ (4,977)	\$ 26,700	\$ 22,602	\$ (4,098)
<u>25,200</u>	<u>20,223</u>	<u>(4,977)</u>	<u>26,700</u>	<u>22,602</u>	<u>(4,098)</u>
4,443	1,150	3,293	380	346	34
20,056	21,000	(944)	25,440	23,533	1,907
-	-	-	475	475	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>24,499</u>	<u>22,150</u>	<u>2,349</u>	<u>26,295</u>	<u>24,354</u>	<u>1,941</u>
<u>701</u>	<u>(1,927)</u>	<u>(2,628)</u>	<u>405</u>	<u>(1,752)</u>	<u>(2,157)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 701</u>	<u>(1,927)</u>	<u>\$ (2,628)</u>	<u>\$ 405</u>	<u>(1,752)</u>	<u>\$ (2,157)</u>
	7,768			11,501	
	<u>-</u>			<u>-</u>	
	<u>\$ 5,841</u>			<u>\$ 9,749</u>	

Continued on next page

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

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Criminal Injuries Compensation			Mashantucket Pequot and Mohegan Fund		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,800	\$ 61,800	\$ -
Fees, Assessments, and Other Income	<u>3,500</u>	<u>3,164</u>	<u>(336)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Revenues	<u>3,500</u>	<u>3,164</u>	<u>(336)</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
Expenditures						
Budgeted:						
General Government	-	-	-	61,780	61,780	-
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	3,409	3,394	15	-	-	-
Non Functional	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Expenditures	<u>3,409</u>	<u>3,394</u>	<u>15</u>	<u>61,780</u>	<u>61,780</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91</u>	<u>(230)</u>	<u>(321)</u>	<u>20</u>	<u>20</u>	<u>-</u>
Other Financing Sources (Uses)						
Operating Transfer Out	<u>-</u>	<u>(1,275)</u>	<u>(1,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,275)</u>	<u>(1,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 91</u>	<u>(1,505)</u>	<u>\$ (1,596)</u>	<u>\$ 20</u>	<u>20</u>	<u>\$ -</u>
Budgetary Fund Balances - July 1		3,477			70	
Changes in Reserves		<u>-</u>			<u>-</u>	
Budgetary Fund Balances - June 30		<u>\$ 1,972</u>			<u>\$ 90</u>	

Regional Market			Soldiers, Sailors, and Marines		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ 3,000	\$ 2,266	\$ (734)
<u>1,000</u>	<u>943</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,000</u>	<u>943</u>	<u>(57)</u>	<u>3,000</u>	<u>2,266</u>	<u>(734)</u>
-	-	-	-	-	-
946	887	59	-	-	-
-	-	-	2,993	2,965	28
-	-	-	-	-	-
<u>63</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,009</u>	<u>950</u>	<u>59</u>	<u>2,993</u>	<u>2,965</u>	<u>28</u>
<u>(9)</u>	<u>(7)</u>	<u>2</u>	<u>7</u>	<u>(699)</u>	<u>(706)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (9)</u>	<u>(7)</u>	<u>\$ 2</u>	<u>\$ 7</u>	<u>(699)</u>	<u>\$ (706)</u>
	982			(3,960)	
	-			-	
	<u>\$ 975</u>			<u>\$ (4,659)</u>	

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Capital Projects Funds

State Facilities:

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

Infrastructure:

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

Other Transportation:

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

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2011

(Expressed in Thousands)

	<u>State</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
	<u>Facilities</u>			
Assets				
Due From Other Funds	\$ 241,957	\$ 427,180	\$ -	\$ 669,137
Total Assets	<u>\$ 241,957</u>	<u>\$ 427,180</u>	<u>\$ -</u>	<u>\$ 669,137</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 27,650	\$ 19,746	\$ -	\$ 47,396
Due To Other Funds	<u>172,693</u>	<u>1,546</u>	<u>718</u>	<u>174,957</u>
Total Liabilities	<u>200,343</u>	<u>21,292</u>	<u>718</u>	<u>222,353</u>
Fund Balances				
Restricted-Capital Projects	41,614	405,888	-	447,502
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances	<u>41,614</u>	<u>405,888</u>	<u>(718)</u>	<u>446,784</u>
Total Liabilities and Fund Balances	<u>\$ 241,957</u>	<u>\$ 427,180</u>	<u>\$ -</u>	<u>\$ 669,137</u>

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

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Revenues				
Miscellaneous	\$ 110	\$ -	\$ -	\$ 110
Total Revenues	<u>110</u>	<u>-</u>	<u>-</u>	<u>110</u>
Expenditures				
Capital Projects	95,067	368,956	-	464,023
Debt Service:				
Interest and Fiscal Charges	609	2,935	-	3,544
Total Expenditures	<u>95,676</u>	<u>371,891</u>	<u>-</u>	<u>467,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(95,566)</u>	<u>(371,891)</u>	<u>-</u>	<u>(467,457)</u>
Other Financing Sources (Uses)				
Bonds Issued	150,585	600,000	-	750,585
Premium on Bonds Issued	2,790	27,738	-	30,528
Transfer Out	<u>(84,101)</u>	<u>(9,514)</u>	<u>(2,294)</u>	<u>(95,909)</u>
Total Other Financing Sources (Uses)	<u>69,274</u>	<u>618,224</u>	<u>(2,294)</u>	<u>685,204</u>
Net Change in Fund Balances	<u>(26,292)</u>	<u>246,333</u>	<u>(2,294)</u>	<u>217,747</u>
Fund Balances - Beginning	<u>67,906</u>	<u>159,555</u>	<u>1,576</u>	<u>229,037</u>
Fund Balances (Deficit) - Ending	<u>\$ 41,614</u>	<u>\$ 405,888</u>	<u>\$ (718)</u>	<u>\$ 446,784</u>

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Permanent Funds

Soldiers', Sailors', and Marines':

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

Connecticut Arts Endowment:

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

Combining Balance Sheet Nonmajor Permanent Funds

June 30, 2011

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 734	\$ -	\$ 5,863	\$ 6,597
Investments	64,500	17,143	15,842	97,485
Securities Lending Collateral	12,569	3,208	2,904	18,681
Other Receivables	1	1	1	3
Due From Other Funds	-	-	3	3
Total Assets	\$ 77,804	\$ 20,352	\$ 24,613	\$ 122,769
Liabilities and Fund Balance				
Liabilities				
Due To Other Funds	\$ 4,726	\$ -	\$ 209	\$ 4,935
Securities Lending Obligation	12,569	3,208	2,904	18,681
Total Liabilities	17,295	3,208	3,113	23,616
Fund Balances				
Nonspendable:				
Permanent Fund Principal	64,500	17,143	15,842	97,485
Restricted	-	1	5,658	5,659
Unassigned	(3,991)	-	-	(3,991)
Total Fund Balances	60,509	17,144	21,500	99,153
Total Liabilities and Fund Balances	\$ 77,804	\$ 20,352	\$ 24,613	\$ 122,769

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

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Investment Earnings	\$ 5,273	\$ 1,088	\$ 1,644	\$ 8,005
Miscellaneous	-	-	1	1
Total Revenues	<u>5,273</u>	<u>1,088</u>	<u>1,645</u>	<u>8,006</u>
Expenditures				
Conservation and Development	-	767	-	767
Education, Libraries and Museums	-	-	62	62
Judicial	-	-	3	3
Total Expenditures	<u>-</u>	<u>767</u>	<u>65</u>	<u>832</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,273</u>	<u>321</u>	<u>1,580</u>	<u>7,174</u>
Other Financing Sources (Uses)				
Transfers Out	(2,973)	-	(468)	(3,441)
Transfers In	-	-	37	37
Total Other Financing Sources (Uses)	<u>(2,973)</u>	<u>-</u>	<u>(431)</u>	<u>(3,404)</u>
Net Change in Fund Balances	2,300	321	1,149	3,770
Fund Balances - Beginning	<u>58,209</u>	<u>16,823</u>	<u>20,351</u>	<u>95,383</u>
Fund Balances - Ending	<u>\$ 60,509</u>	<u>\$ 17,144</u>	<u>\$ 21,500</u>	<u>\$ 99,153</u>

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Enterprise Funds

Bradley Parking Garage:

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

Second Injury and Compensation Assurance:

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

Drinking Water:

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

Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2011

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 108,953	\$ 36,716	\$ 39
Accounts Receivable, Net of Allowances	7,390	5,681	442
Loans, Net of Allowances	-	-	-
Interest Receivable	-	-	-
Due From Other Funds	177,606	-	-
Other	243	37	-
Total Current Assets	294,192	42,434	481
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Receivables:			
Loans, Net of Allowances	504	-	-
Restricted Assets	-	-	12,978
Capital Assets, Net of Accumulated Depreciation	578,431	1	31,220
Other Noncurrent Assets	-	-	746
Total Noncurrent Assets	578,935	1	44,944
Total Assets	873,127	42,435	45,425
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	51,408	9,978	2,376
Current Portion of Long-Term Debt	1,812	478	1,944
Deferred Revenue	3,274	-	-
Other Current Liabilities	260	-	5
Total Current Liabilities	56,754	10,456	4,325
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	40,303	1,231	67,050
Total Noncurrent Liabilities	40,303	1,231	67,050
Total Liabilities	97,057	11,687	71,375
Net Assets (Deficit)			
Invested in Capital Assets, Net of Related Debt	578,431	-	(10,030)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	158,429	-	-
Unrestricted (Deficit)	39,190	30,748	(20,428)
Total Net Assets (Deficit)	\$ 776,070	\$ 30,748	\$ (25,950)

<u>Drinking Water</u>	Rate Reduction Bond Operations (12-31-10)	<u>Total</u>
\$ 8,209	\$ 22	\$ 153,939
-	-	13,513
9,801	-	9,801
370	-	370
-	-	177,606
-	-	280
<u>18,380</u>	<u>22</u>	<u>355,509</u>
40,338	-	40,338
61,258	-	61,762
68,188	-	81,166
-	-	609,652
<u>1,404</u>	<u>-</u>	<u>2,150</u>
<u>171,188</u>	<u>-</u>	<u>795,068</u>
<u>189,568</u>	<u>22</u>	<u>1,150,577</u>
1,177	-	64,939
4,643	-	8,877
-	-	3,274
-	-	265
<u>5,820</u>	<u>-</u>	<u>77,355</u>
<u>58,606</u>	<u>-</u>	<u>167,190</u>
<u>58,606</u>	<u>-</u>	<u>167,190</u>
<u>64,426</u>	<u>-</u>	<u>244,545</u>
-	-	568,401
-	-	4,508
99,665	-	99,665
-	-	20
-	-	158,429
<u>25,477</u>	<u>22</u>	<u>75,009</u>
<u>\$ 125,142</u>	<u>\$ 22</u>	<u>\$ 906,032</u>

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

For The Fiscal Year Ended June 30, 2011
(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Operating Revenues			
Assessments	\$ -	\$ 30,883	\$ -
Charges for Sales and Services	97,993	-	21,051
Federal Grants and Contracts	89,045	-	-
State Grants and Contracts	17,877	-	-
Private Gifts and Grants	4,426	-	-
Interest on Loans	-	-	-
Miscellaneous	4,816	787	-
Total Operating Revenues	214,157	31,670	21,051
Operating Expenses			
Salaries, Wages and Administrative	415,211	7,081	7,544
Claims Paid	-	31,760	-
Depreciation and Amortization	20,780	2	1,194
Other	43,994	-	-
Total Operating Expenses	479,985	38,843	8,738
Operating Income	(265,828)	(7,173)	12,313
Nonoperating Revenues (Expenses)			
Interest and Investment Income	249	90	25
Interest and Fiscal Charges	-	-	(3,378)
Other	989	-	(1,065)
Total Nonoperating Income (Expense)	1,238	90	(4,418)
Income (Loss) Before Grants, Transfers, and Special Item	(264,590)	(7,083)	7,895
Federal Capitalization Grants	-	-	-
Transfers In	280,909	-	-
Transfers Out	(1,000)	-	(10,056)
Change in Net Assets	15,319	(7,083)	(2,161)
Total Net Assets (Deficit) - Beginning	760,751	37,831	(23,789)
Total Net Assets (Deficit) - Ending	\$ 776,070	\$ 30,748	\$ (25,950)

Drinking Water	Rate Reduction Bond Operations (12-31-10)	Total
\$ -	\$ -	\$ 30,883
-	-	119,044
-	-	89,045
-	-	17,877
-	-	4,426
1,653	-	1,653
-	-	5,603
1,653	-	268,531
4,176	-	434,012
-	-	31,760
-	-	21,976
4,626	-	48,620
8,802	-	536,368
(7,149)	-	(267,837)
1,220	-	1,584
(2,438)	-	(5,816)
216	-	140
(1,002)	-	(4,092)
(8,151)	-	(271,929)
14,846	-	14,846
8,718	-	289,627
-	-	(11,056)
15,413	-	21,488
109,729	22	884,544
\$ 125,142	\$ 22	\$ 906,032

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Community/ Technical Colleges	Second Injury & Compensation Assurance	Bradley Parking Garage
Cash Flows from Operating Activities			
Receipts from Customers	\$ 97,179	\$ 30,883	\$ 21,051
Payments to Suppliers	(78,254)	-	(5,670)
Payments to Employees	(342,901)	(9,135)	(1,874)
Other Receipts (Payments)	<u>119,315</u>	<u>(30,744)</u>	<u>1,997</u>
Net Cash Provided by (Used in) Operating Activities	<u>(204,661)</u>	<u>(8,996)</u>	<u>15,504</u>
Cash Flows from Noncapital Financing Activities			
Proceeds from Sales of Bonds	-	-	-
Retirement of Bonds and Annuities Payable	-	-	(1,755)
Interest of Bonds	-	-	-
Transfers In	266,643	-	-
Transfers Out	-	-	(10,056)
Other Receipts (Payments)	<u>8,626</u>	<u>-</u>	<u>(341)</u>
Net Cash Flows from Noncapital Financing Activities	<u>275,269</u>	<u>-</u>	<u>(12,152)</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Property, Plant and Equipment	(6,708)	-	-
Interest Paid on Capital Debt	-	-	(3,378)
Federal Grant	-	-	-
Transfer In	14,612	-	-
Other Receipts (Payments)	<u>(74,970)</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(67,066)</u>	<u>-</u>	<u>(3,378)</u>
Cash Flows from Investing Activities			
Interest on Investments	260	90	25
Other Receipts (Payments)	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>260</u>	<u>90</u>	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,802	(8,906)	(1)
Cash and Cash Equivalents - Beginning of Year	<u>105,151</u>	<u>45,622</u>	<u>40</u>
Cash and Cash Equivalents - End of Year	<u>\$ 108,953</u>	<u>\$ 36,716</u>	<u>\$ 39</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	\$ (265,828)	\$ (7,173)	\$ 12,313
Adjustments not Affecting Cash:			
Depreciation and Amortization	20,780	2	1,194
Other	(8,736)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	(926)	225	337
(Increase) Decrease in Inventories and Other Assets	46,402	5	1,105
Increase (Decrease) in Accounts Payables & Accrued Liabilities	<u>3,647</u>	<u>(2,055)</u>	<u>555</u>
Total Adjustments	<u>61,167</u>	<u>(1,823)</u>	<u>3,191</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (204,661)</u>	<u>\$ (8,996)</u>	<u>\$ 15,504</u>

Rate Reduction		
Drinking	Bond	
Water	Operations	Totals
<u> </u>	<u>(12-31-10)</u>	<u> </u>
\$ 6,036	\$ -	\$ 155,149
(4,626)	-	(88,550)
(3,287)	-	(357,197)
<u>(6,915)</u>	<u>-</u>	<u>83,653</u>
<u>(8,792)</u>	<u>-</u>	<u>(206,945)</u>
18,000	-	18,000
(4,055)	-	(5,810)
(2,141)	-	(2,141)
8,718	-	275,361
-	-	(10,056)
<u>(7,282)</u>	<u>-</u>	<u>1,003</u>
<u>13,240</u>	<u>-</u>	<u>276,357</u>
-	-	(6,708)
-	-	(3,378)
15,764	-	15,764
-	-	14,612
<u>-</u>	<u>-</u>	<u>(74,970)</u>
<u>15,764</u>	<u>-</u>	<u>(54,680)</u>
1,234	-	1,609
<u>(13,651)</u>	<u>-</u>	<u>(13,651)</u>
<u>(12,417)</u>	<u>-</u>	<u>(12,042)</u>
7,795	-	2,690
414	22	151,249
<u>\$ 8,209</u>	<u>\$ 22</u>	<u>\$ 153,939</u>
\$ (7,149)	\$ -	\$ (267,837)
-	-	21,976
-	-	(8,736)
(70)	-	(434)
(1,573)	-	45,939
<u>-</u>	<u>-</u>	<u>2,147</u>
<u>(1,643)</u>	<u>-</u>	<u>60,892</u>
<u>\$ (8,792)</u>	<u>\$ -</u>	<u>\$ (206,945)</u>

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Internal Service Funds

Correction Industries:

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

Administrative Services:

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

Information Technology:

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

Combining Statement of Net Assets

Internal Service Funds

June 30, 2011

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,836	\$ 5,306	\$ -	\$ 8,142
Receivables, Net of Allowances	33	83	35	151
Due From Other Funds	355	-	1,817	2,172
Inventories	3,709	-	120	3,829
Other Current Assets	70	-	262	332
Total Current Assets	<u>7,003</u>	<u>5,389</u>	<u>2,234</u>	<u>14,626</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	<u>1,116</u>	<u>-</u>	<u>28,226</u>	<u>29,342</u>
Total Noncurrent Assets	<u>1,116</u>	<u>-</u>	<u>28,226</u>	<u>29,342</u>
Total Assets	<u>8,119</u>	<u>5,389</u>	<u>30,460</u>	<u>43,968</u>
Current Liabilities:				
Accounts Payable and Accrued Liabilities	828	222	23,948	24,998
Due To Other Funds	-	-	66,931	66,931
Compensated Absences-Current Portion	<u>48</u>	<u>18</u>	<u>46</u>	<u>112</u>
Total Current Liabilities	<u>876</u>	<u>240</u>	<u>90,925</u>	<u>92,041</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	<u>778</u>	<u>622</u>	<u>874</u>	<u>2,274</u>
Total Noncurrent Liabilities	<u>778</u>	<u>1,327</u>	<u>874</u>	<u>2,979</u>
Total Liabilities	<u>1,654</u>	<u>1,567</u>	<u>91,799</u>	<u>95,020</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,116	-	28,226	29,342
Unrestricted (Deficit)	<u>5,349</u>	<u>3,822</u>	<u>(89,565)</u>	<u>(80,394)</u>
Total Net Assets (Deficit)	<u>\$ 6,465</u>	<u>\$ 3,822</u>	<u>\$ (61,339)</u>	<u>\$ (51,052)</u>

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

For The Fiscal Year Ended June 30, 2011
(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 21,808	\$ 4,295	\$ 25,295	\$ 51,398
Miscellaneous	109	-	-	109
Total Operating Revenues	<u>21,917</u>	<u>4,295</u>	<u>25,295</u>	<u>51,507</u>
Operating Expenses				
Salaries, Wages and Administrative	21,108	1,938	38,639	61,685
Depreciation and Amortization	482	-	15,417	15,899
Total Operating Expenses	<u>21,590</u>	<u>1,938</u>	<u>54,056</u>	<u>77,584</u>
Operating Income (Loss)	<u>327</u>	<u>2,357</u>	<u>(28,761)</u>	<u>(26,077)</u>
Nonoperating Revenue (Expenses)				
Investment Income	2	-	-	2
Federal Grants	-	-	154	154
Other Nonoperating Expense	(440)	-	-	(440)
Total Nonoperating Revenues (Expenses)	<u>(438)</u>	<u>-</u>	<u>154</u>	<u>(284)</u>
Income (Loss)	<u>(111)</u>	<u>2,357</u>	<u>(28,607)</u>	<u>(26,361)</u>
Change in Net Assets	<u>(111)</u>	<u>2,357</u>	<u>(28,607)</u>	<u>(26,361)</u>
Total Net Assets (Deficit) - Beginning	<u>6,576</u>	<u>1,465</u>	<u>(32,732)</u>	<u>(24,691)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 6,465</u>	<u>\$ 3,822</u>	<u>\$ (61,339)</u>	<u>\$ (51,052)</u>

Combining Statement of Cash Flows**Internal Service Funds**

For the Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Correction Industries	Information Technology	Administrative Services	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 21,797	\$ 4,353	\$ 23,528	\$ 49,678
Payments to Suppliers	(18,416)	(2,802)	(7,880)	(29,098)
Payments to Employees	(3,208)	(1,427)	(8,901)	(13,536)
Other Receipts (Payments)	182	-	1,654	1,836
Net Cash Provided by (Used in) Operating Activities:	<u>355</u>	<u>124</u>	<u>8,401</u>	<u>8,880</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(190)	-	(8,401)	(8,591)
Net Cash Flows from Capital and Related Financing Activities:	<u>(190)</u>	<u>-</u>	<u>(8,401)</u>	<u>(8,591)</u>
Cash Flows from Noncapital Financing Activities				
Other Receipts (Payments)	(440)	-	-	(440)
Net Cash Flows from Noncapital Financing Activities:	<u>(440)</u>	<u>-</u>	<u>-</u>	<u>(440)</u>
Cash Flows from Investing Activities				
Interest on Investments	2	-	-	2
Net Cash Flows from Investing Activities:	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(273)	124	-	(149)
Cash and Cash Equivalents - Beginning of Year	3,109	5,182	-	8,291
Cash and Cash Equivalents - End of Year	<u>\$ 2,836</u>	<u>\$ 5,306</u>	<u>\$ -</u>	<u>\$ 8,142</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 327	\$ 2,357	\$ (28,761)	\$ (26,077)
Adjustments Not Affecting Cash:				
Depreciation	482	-	15,417	15,899
Other	-	-	154	154
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(13)	59	49	95
(Increase) Decrease in Due From Other Funds	3	-	(1,816)	(1,813)
(Increase) Decrease in Inventories and Other Assets	73	-	1,630	1,703
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(517)	(2,292)	21,728	18,919
Total Adjustments	<u>28</u>	<u>(2,233)</u>	<u>37,162</u>	<u>34,957</u>
Net Cash Provided by (Used In) Operating Activities:	<u>\$ 355</u>	<u>\$ 124</u>	<u>\$ 8,401</u>	<u>\$ 8,880</u>

Pension and (Other Employee Benefit) Trust Funds

Pension Trust Funds:

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

Retired Teachers' Health Benefits Plan:

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

Policemen, Firemen Survivors' Benefits Plan:

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

State Employees' Health Benefits Plan:

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

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

June 30, 2011

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Assets				
Cash and Cash Equivalents	\$ 1,627	\$ 971	\$ -	\$ 385
Receivables:				
Accounts, Net of Allowances	2,510	7,371	8	8,788
From Other Governments	-	1,276	-	-
From Other Funds	3	9	-	-
Interest	265	561	4	47
Investments	8,980,629	14,143,320	158,886	1,697,937
Securities Lending Collateral	<u>1,120,350</u>	<u>1,734,341</u>	<u>24,357</u>	<u>242,783</u>
Total Assets	<u>10,105,384</u>	<u>15,887,849</u>	<u>183,255</u>	<u>1,949,940</u>
Liabilities				
Accounts Payable and Accrued Liabilities	12	-	-	-
Securities Lending Obligation	1,120,350	1,734,341	24,357	242,783
Due to Other Funds	<u>-</u>	<u>1,271</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,120,362</u>	<u>1,735,612</u>	<u>24,357</u>	<u>242,783</u>
Net Assets				
Held in Trust For Employee				
Pension and Other Benefits	<u>8,985,022</u>	<u>14,152,237</u>	<u>158,898</u>	<u>1,707,157</u>
Total Net Assets	<u>\$ 8,985,022</u>	<u>\$ 14,152,237</u>	<u>\$ 158,898</u>	<u>\$ 1,707,157</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>				
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>		<u>Total</u>
\$ -	\$ 249	\$ 57,912	\$ -	\$ 74,975		\$ 136,119
4	-	-	-	-		18,681
-	-	-	-	-		1,276
-	-	1,302	-	(1)		1,313
4	-	-	1	-		882
81,789	1,112	-	21,860	-		25,085,533
<u>11,542</u>	<u>161</u>	<u>-</u>	<u>3,766</u>	<u>-</u>		<u>3,137,300</u>
<u>93,339</u>	<u>1,522</u>	<u>59,214</u>	<u>25,627</u>	<u>74,974</u>		<u>28,381,104</u>
-	-	5,922	-	25,327		31,261
11,542	161	-	3,766	-		3,137,300
<u>192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,463</u>
<u>11,734</u>	<u>161</u>	<u>5,922</u>	<u>3,766</u>	<u>25,327</u>		<u>3,170,024</u>
<u>81,605</u>	<u>1,361</u>	<u>53,292</u>	<u>21,861</u>	<u>49,647</u>		<u>25,211,080</u>
<u>\$ 81,605</u>	<u>\$ 1,361</u>	<u>\$ 53,292</u>	<u>\$ 21,861</u>	<u>\$ 49,647</u>		<u>\$ 25,211,080</u>

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

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	Pension Trust			
	<u>State</u> <u>Employees</u>	<u>State</u> <u>Teachers</u>	<u>Judicial</u>	<u>Connecticut</u> <u>Municipal</u> <u>Employees</u>
Additions				
Contributions:				
Plan Members	\$ 67,679	\$ 253,925	\$ 1,566	\$ 16,307
State	825,801	581,593	-	-
Municipalities	-	-	-	51,126
Total Contributions	893,480	835,518	1,566	67,433
Investment Income	1,657,847	2,570,338	27,516	266,655
Less: Investment Expenses	(34,184)	(53,003)	(567)	(5,498)
Net Investment Income	1,623,663	2,517,335	26,949	261,157
Transfers In	-	-	-	-
Other	476	452	-	1,138
Total Additions	2,517,619	3,353,305	28,515	329,728
Deductions				
Administrative Expense	346	-	11	-
Benefit Payments and Refunds	1,323,593	1,485,398	19,390	100,475
Other	-	-	-	3
Total Deductions	1,323,939	1,485,398	19,401	100,478
Changes in Net Assets	1,193,680	1,867,907	9,114	229,250
Net Assets Held in Trust For				
Pension and Other Employee Benefits				
Beginning of Year	7,791,342	12,284,330	149,784	1,477,907
End of Year	\$ 8,985,022	\$ 14,152,237	\$ 158,898	\$ 1,707,157

<u>Pension Trust</u>		<u>Other Employee Benefits</u>				
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>		<u>Total</u>
\$ 328	\$ 38	\$ 77,997	\$ 462	\$ -		\$ 418,302
-	-	5,312	-	544,767		1,957,473
-	-	-	-	-		51,126
<u>328</u>	<u>38</u>	<u>83,309</u>	<u>462</u>	<u>544,767</u>		<u>2,426,901</u>
13,082	101	135	2,956	3		4,538,633
(270)	(2)	-	(61)	-		(93,585)
<u>12,812</u>	<u>99</u>	<u>135</u>	<u>2,895</u>	<u>3</u>		<u>4,445,048</u>
3,665	-	-	-	-		3,665
10	-	-	-	-		2,076
<u>16,815</u>	<u>137</u>	<u>83,444</u>	<u>3,357</u>	<u>544,770</u>		<u>6,877,690</u>
-	-	2,706	-	-		3,063
3,604	1	93,946	930	530,779		3,558,116
3,465	-	14	-	-		3,482
<u>7,069</u>	<u>1</u>	<u>96,666</u>	<u>930</u>	<u>530,779</u>		<u>3,564,661</u>
9,746	136	(13,222)	2,427	13,991		3,313,029
<u>71,859</u>	<u>1,225</u>	<u>66,514</u>	<u>19,434</u>	<u>35,656</u>		<u>21,898,051</u>
<u>\$ 81,605</u>	<u>\$ 1,361</u>	<u>\$ 53,292</u>	<u>\$ 21,861</u>	<u>\$ 49,647</u>		<u>\$ 25,211,080</u>

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Agency Funds

Insurance Companies' Securities:

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

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2011

(Expressed in Thousands)

	Fringe Benefit Clearing	Receipts Pending Distribution	Insurance Companies' Securities	State Institution Activity	Other	Total
Assets						
Cash and Cash Equivalents	\$ 43	\$ 34,819	\$ -	\$ 31,138	\$ 61,292	\$ 127,292
Receivables:						
Accounts, Net of Allowances	-	1,067	-	5,590	-	6,657
From Other Funds	6,042	-	-	-	-	6,042
Interest	-	-	-	2	8	10
Inventories	-	-	-	13	-	13
Other Assets	-	-	343,533	504	20,361	364,398
Total Assets	<u>\$ 6,085</u>	<u>\$ 35,886</u>	<u>\$ 343,533</u>	<u>\$ 37,247</u>	<u>\$ 81,661</u>	<u>\$ 504,412</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 21,535	\$ -	\$ 625	\$ 542	\$ 22,702
Funds Held for Others	6,085	14,351	343,533	36,622	81,119	481,710
Total Liabilities	<u>\$ 6,085</u>	<u>\$ 35,886</u>	<u>\$ 343,533</u>	<u>\$ 37,247</u>	<u>\$ 81,661</u>	<u>\$ 504,412</u>

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

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Fringe Benefit Clearing</u>				
Assets				
Cash and Cash Equivalents	\$ 34	\$ 9	\$ -	\$ 43
From Other Funds	5,670	6,042	5,670	6,042
Total Assets	<u>\$ 5,704</u>	<u>\$ 6,051</u>	<u>\$ 5,670</u>	<u>\$ 6,085</u>
Liabilities				
Funds Held for Others	\$ 5,704	\$ 6,065	\$ 5,684	\$ 6,085
Total Liabilities	<u>\$ 5,704</u>	<u>\$ 6,065</u>	<u>\$ 5,684</u>	<u>\$ 6,085</u>
<u>Receipts Pending Distribution</u>				
Assets				
Cash and Cash Equivalents	\$ -	\$ 34,819	\$ -	\$ 34,819
Accounts, Net of Allowances	2,233	1,067	2,233	1,067
Total Assets	<u>\$ 2,233</u>	<u>\$ 35,886</u>	<u>\$ 2,233</u>	<u>\$ 35,886</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7,499	\$ 21,535	\$ 7,499	\$ 21,535
Due To Other Funds	19,411	-	19,411	-
Funds Held for Others	(24,677)	39,028	-	14,351
Total Liabilities	<u>\$ 2,233</u>	<u>\$ 60,563</u>	<u>\$ 26,910</u>	<u>\$ 35,886</u>
<u>Insurance Companies Securities</u>				
Assets				
Other Assets	\$ 328,510	\$ 343,533	\$ 328,510	\$ 343,533
Total Assets	<u>\$ 328,510</u>	<u>\$ 343,533</u>	<u>\$ 328,510</u>	<u>\$ 343,533</u>
Liabilities				
Funds Held for Others	\$ 328,510	\$ 343,533	\$ 328,510	\$ 343,533
Total Liabilities	<u>\$ 328,510</u>	<u>\$ 343,533</u>	<u>\$ 328,510</u>	<u>\$ 343,533</u>
<u>State Institution Activity</u>				
Assets				
Cash and Cash Equivalents	\$ 29,532	\$ 31,138	\$ 29,532	\$ 31,138
Accounts, Net of Allowances	4,962	5,590	4,962	5,590
Interest	3	2	3	2
Inventories	17	13	17	13
Other Assets	731	504	731	504
Total Assets	<u>\$ 35,245</u>	<u>\$ 37,247</u>	<u>\$ 35,245</u>	<u>\$ 37,247</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 816	\$ 625	\$ 816	\$ 625
Funds Held for Others	34,429	36,622	34,429	36,622
Total Liabilities	<u>\$ 35,245</u>	<u>\$ 37,247</u>	<u>\$ 35,245</u>	<u>\$ 37,247</u>

continues

Combining Statement of Changes in Assets and Liabilities

continued

Agency Funds

For The Fiscal Year Ended June 30, 2011

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Other				
Assets				
Cash and Cash Equivalents	\$ 50,403	\$ 61,292	\$ 50,403	\$ 61,292
Interest	7	8	7	8
Other Assets	38,620	20,361	38,620	20,361
Total Assets	<u>\$ 89,030</u>	<u>\$ 81,661</u>	<u>\$ 89,030</u>	<u>\$ 81,661</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 222	\$ 542	\$ 222	\$ 542
Funds Held for Others	88,808	81,119	88,808	81,119
Total Liabilities	<u>\$ 89,030</u>	<u>\$ 81,661</u>	<u>\$ 89,030</u>	<u>\$ 81,661</u>
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 79,969	\$ 127,258	\$ 79,935	\$ 127,292
Accounts, Net of Allowances	7,195	6,657	7,195	6,657
From Other Funds	5,670	6,042	5,670	6,042
Interest	10	10	10	10
Inventories	17	13	17	13
Other Assets	367,861	364,398	367,861	364,398
Total Assets	<u>\$ 460,722</u>	<u>\$ 504,378</u>	<u>\$ 460,688</u>	<u>\$ 504,412</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 8,537	\$ 22,702	\$ 8,537	\$ 22,702
Due To Other Funds	19,411	-	19,411	-
Funds Held for Others	432,774	506,367	457,431	481,710
Total Liabilities	<u>\$ 460,722</u>	<u>\$ 529,069</u>	<u>\$ 485,379</u>	<u>\$ 504,412</u>

Component Units

Connecticut Development Authority:

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

Connecticut Resources Recovery Authority:

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

Connecticut Higher Education Supplemental Loan Authority:

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

Capital City Economic Development Authority:

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

Connecticut Innovations, Incorporated:

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

Combining Statement of Net Assets Nonmajor Component Units

June 30, 2011

(Expressed in Thousands)

	<u>Connecticut Development Authority</u>	<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Resources Recovery Authority</u>	<u>Connecticut Innovations, Incorporated</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 25,734	\$ 974	\$ 73,499	\$ 39,365
Investments	-	-	-	1,269
Receivables:				
Accounts, Net of Allowances	-	-	17,528	-
Loans, Net of Allowances	5,669	14,986	-	-
Interest Receivable	519	637	-	-
Due From Primary Government	12,988	-	-	-
Restricted Assets	-	59,708	31,606	-
Inventories	-	-	3,973	-
Other Current Assets	881	-	885	913
Total Current Assets	<u>45,791</u>	<u>76,305</u>	<u>127,491</u>	<u>41,547</u>
Noncurrent Assets:				
Investments	1,212	-	-	39,873
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	49,673	104,349	-	-
Restricted Assets	17,218	19,160	19,069	-
Capital Assets, Net of Accumulated Depreciation	84	-	123,543	412
Other Noncurrent Assets	253	2,848	1,984	-
Total Noncurrent Assets	<u>68,440</u>	<u>126,357</u>	<u>144,596</u>	<u>40,285</u>
Total Assets	<u>114,231</u>	<u>202,662</u>	<u>272,087</u>	<u>81,832</u>
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	1,331	1,135	20,474	987
Current Portion of Long-Term Obligations	3,915	9,029	9,295	-
Other Liabilities	731	-	-	-
Total Current Liabilities	<u>5,977</u>	<u>10,164</u>	<u>29,769</u>	<u>987</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	18,080	179,656	53,819	-
Total Noncurrent Liabilities	<u>18,080</u>	<u>179,656</u>	<u>53,819</u>	<u>-</u>
Total Liabilities	<u>24,057</u>	<u>189,820</u>	<u>83,588</u>	<u>987</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	84	-	117,634	412
Restricted:				
Debt Service	-	19,498	3,267	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	12,136	-	22,468	-
Unrestricted (Deficit)	<u>77,954</u>	<u>(6,656)</u>	<u>45,130</u>	<u>80,433</u>
Total Net Assets	<u>\$ 90,174</u>	<u>\$ 12,842</u>	<u>\$ 188,499</u>	<u>\$ 80,845</u>

Capital City Economic Development Authority	UConn Foundation	Total
\$ 3,960	\$ 802	\$ 144,334
-	353,648	354,917
469	5,386	23,383
-	-	20,655
-	-	1,156
-	-	12,988
1,045	-	92,359
113	-	4,086
125	-	2,804
<u>5,712</u>	<u>359,836</u>	<u>656,682</u>
-	-	41,085
-	16,365	16,365
-	-	154,022
9,960	1,233	66,640
284,311	5,355	413,705
5,422	647	11,154
<u>299,693</u>	<u>23,600</u>	<u>702,971</u>
<u>305,405</u>	<u>383,436</u>	<u>1,359,653</u>
2,325	8,453	34,705
3,069	235	25,543
-	-	731
<u>5,394</u>	<u>8,688</u>	<u>60,979</u>
<u>130,880</u>	<u>9,519</u>	<u>391,954</u>
<u>130,880</u>	<u>9,519</u>	<u>391,954</u>
<u>136,274</u>	<u>18,207</u>	<u>452,933</u>
155,576	(770)	272,936
-	-	22,765
-	91,401	91,401
-	274,653	274,653
11,005	-	45,609
2,550	(55)	199,356
<u>\$ 169,131</u>	<u>\$ 365,229</u>	<u>\$ 906,720</u>

**Combining Statement of Activities
Nonmajor Component Units**

For The Fiscal Year Ended June 30, 2011
(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Development Authority	\$ 10,476	\$ 7,225	\$ -	\$ -
Connecticut Higher Education Supplemental Loan Authority	9,623	8,344	-	-
Connecticut Resources Recovery Authority	164,050	134,400	-	-
Connecticut Innovations, Incorporated	5,682	561	-	885
Capital City Economic Development Authority	33,135	17,151	11,286	-
UConn Foundation	39,984	9,169	-	-
Total Nonmajor Component Units	<u>\$ 262,950</u>	<u>\$ 176,850</u>	<u>\$ 11,286</u>	<u>\$ 885</u>

General Revenues:
 Investment Income
 Contributions to Endowments
 Total General Revenues and
 Contributions
 Change in Net Assets
 Total Net Assets - Beginning
 Total Net Assets - Ending

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

Connecticut Development Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated	Capital City Economic Development Authority	UConn Foundation	Totals
\$ (3,251)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,251)
-	(1,279)	-	-	-	-	(1,279)
-	-	(29,650)	-	-	-	(29,650)
-	-	-	(4,236)	-	-	(4,236)
-	-	-	-	(4,698)	-	(4,698)
-	-	-	-	-	(30,815)	(30,815)
<u>(3,251)</u>	<u>(1,279)</u>	<u>(29,650)</u>	<u>(4,236)</u>	<u>(4,698)</u>	<u>(30,815)</u>	<u>(73,929)</u>
113	968	306	2,831	31	41,905	46,154
-	-	-	-	-	30,299	30,299
<u>113</u>	<u>968</u>	<u>306</u>	<u>2,831</u>	<u>31</u>	<u>72,204</u>	<u>76,453</u>
(3,138)	(311)	(29,344)	(1,405)	(4,667)	41,389	2,524
93,312	13,153	217,843	82,250	173,798	323,840	904,196
<u>\$ 90,174</u>	<u>\$ 12,842</u>	<u>\$ 188,499</u>	<u>\$ 80,845</u>	<u>\$ 169,131</u>	<u>\$ 365,229</u>	<u>\$ 906,720</u>

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Statistical Section

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

FINANCIAL TRENDS INFORMATION

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

Net Assets by Component	142
Changes in Net Assets	144
Fund Balances, Governmental Funds	146
Changes in Fund Balances, Governmental Funds	146

REVENUE CAPACITY INFORMATION

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

Personal Income by Industry	147
Personal Income Tax Rates	148
Personal Income Tax Filers and Liability by Income Level	148

DEBT CAPACITY INFORMATION

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

Legal Debt Margin	149
Ratios of Outstanding Debt by Type	150
Ratios of Net General Bonded Debt	150
Pledged-Revenue Coverage	152

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Population and Per Capita Personal Income	156
Employment Information	156
Top Ten Employers	158

OPERATING INFORMATION

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

State Employees by Function	159
Operating Indicators by Function	160
Capital Asset Statistics by Function	162

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning that year.

Net Assets by Component

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 2,348,364	\$ 2,622,372	\$ 3,264,134
Restricted	1,231,415	1,233,992	1,686,089
Unrestricted	<u>(8,196,738)</u>	<u>(9,203,348)</u>	<u>(10,390,481)</u>
Total Governmental Activities Net Assets	<u>\$ (4,616,959)</u>	<u>\$ (5,346,984)</u>	<u>\$ (5,440,258)</u>
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 1,847,526	\$ 2,092,633	\$ 2,209,541
Restricted	1,846,132	1,650,045	1,409,915
Unrestricted	<u>106,375</u>	<u>132,394</u>	<u>40,461</u>
Total Business-Type Activities Net Assets	<u>\$ 3,800,033</u>	<u>\$ 3,875,072</u>	<u>\$ 3,659,917</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$ 4,195,890	\$ 4,715,005	\$ 5,473,675
Restricted	3,077,547	2,884,037	3,096,004
Unrestricted	<u>(8,090,363)</u>	<u>(9,070,954)</u>	<u>(10,350,020)</u>
Total Primary Government Net Assets	<u>\$ (816,926)</u>	<u>\$ (1,471,912)</u>	<u>\$ (1,780,341)</u>

Notes: The State did not begin reporting government-wide statements until implementing GASB Statement 34 in fiscal year 2002.

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

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, etc.

Connecticut

2005	2006	2007	2008	2009	2010	2011
\$ 3,294,888	\$ 3,469,145	\$ 4,269,038	\$ 4,930,749	\$ 4,618,409	\$ 4,910,178	\$ 4,905,025
1,324,933	1,496,693	1,384,938	1,641,377	1,617,726	1,777,780	1,809,873
<u>(10,010,444)</u>	<u>(10,041,840)</u>	<u>(10,497,613)</u>	<u>(13,460,055)</u>	<u>(16,686,518)</u>	<u>(20,361,003)</u>	<u>(20,764,608)</u>
<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>	<u>\$ (6,887,929)</u>	<u>\$ (10,450,383)</u>	<u>\$ (13,673,045)</u>	<u>\$ (14,049,710)</u>
\$ 2,314,139	\$ 2,407,382	\$ 2,455,118	\$ 2,578,856	\$ 2,611,952	\$ 2,671,350	\$ 2,818,635
1,568,559	1,704,585	1,871,568	1,757,846	1,470,449	1,263,100	1,152,669
<u>115,901</u>	<u>179,171</u>	<u>274,411</u>	<u>347,778</u>	<u>421,551</u>	<u>350,193</u>	<u>221,932</u>
<u>\$ 3,998,599</u>	<u>\$ 4,291,138</u>	<u>\$ 4,601,097</u>	<u>\$ 4,684,480</u>	<u>\$ 4,503,952</u>	<u>\$ 4,284,643</u>	<u>\$ 4,193,236</u>
\$ 5,609,027	\$ 5,876,527	\$ 6,724,156	\$ 7,509,605	\$ 7,230,361	\$ 7,581,528	\$ 7,723,660
2,893,492	3,201,278	3,256,506	3,399,223	3,088,175	3,040,880	2,962,542
<u>(9,894,543)</u>	<u>(9,862,669)</u>	<u>(10,223,202)</u>	<u>(13,112,277)</u>	<u>(16,264,967)</u>	<u>(20,010,810)</u>	<u>(20,542,676)</u>
<u>\$ (1,392,024)</u>	<u>\$ (784,864)</u>	<u>\$ (242,540)</u>	<u>\$ (2,203,449)</u>	<u>\$ (5,946,431)</u>	<u>\$ (9,388,402)</u>	<u>\$ (9,856,474)</u>

Changes in Net Assets

Last Ten Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
Legislative	\$ 80,212	\$ 80,176	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 105,959	\$ 105,777	\$ 99,542
General Government	1,339,982	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917	1,815,805	1,566,680	1,508,994
Regulation and Protection	627,352	574,674	590,377	633,466	712,061	702,467	788,419	800,334	795,602	780,363
Conservation and Development	434,356	410,167	448,077	424,125	396,296	429,057	473,797	585,295	548,903	529,292
Health and Hospital	1,664,152	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272	2,376,451	2,442,886	2,300,369
Transportation	1,366,108	941,257	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250	1,640,480	1,739,689	1,637,847
Human Services	3,882,711	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810	6,483,338	6,829,881	6,675,895
Education, Libraries, and Museums	3,000,315	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284	4,789,856	4,920,319	4,463,129
Corrections	1,355,142	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053	2,155,210	2,081,863	1,932,375
Judicial	538,368	555,791	546,163	649,666	654,894	694,442	806,309	826,931	827,758	828,124
Interest and Fiscal Charges	592,490	595,949	577,448	612,115	619,730	635,113	733,791	810,403	792,950	873,847
Total Governmental Activities Expenses	14,881,188	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812	22,390,062	22,652,308	21,629,777
Business-Type Activities:										
Higher Education	1,869,875	1,977,886	-	-	-	-	-	-	-	-
University of Connecticut and Health Center	-	-	1,254,402	1,386,327	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104	1,806,815
State Universities	-	-	469,712	506,993	536,026	571,006	610,851	639,397	649,630	651,513
Bradley International Airport	50,455	54,323	59,338	61,559	62,625	67,244	67,635	67,995	69,471	68,415
CT Lottery Corporation	672,118	643,214	656,716	691,163	709,591	698,628	731,851	723,249	723,572	738,397
Employment Security	736,261	963,201	811,483	580,549	572,602	585,803	631,935	1,573,806	2,700,797	2,306,715
Second Injury and Compensation Assurance	61,235	-	-	-	-	-	-	-	-	-
Clean Water	30,903	29,435	24,759	27,740	26,076	30,183	27,181	30,723	52,761	45,473
Other	19,186	72,633	361,367	405,423	419,074	432,129	476,040	511,542	526,974	542,184
Total Business-Type Activities Expenses	3,440,033	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019	4,172,025	5,272,055	6,426,309	6,159,512
Total Primary Government Expenses	\$ 18,321,221	\$ 18,435,349	\$ 19,210,929	\$ 19,963,869	\$ 21,234,180	\$ 22,022,037	\$ 25,182,837	\$ 27,662,117	\$ 29,078,617	\$ 27,789,289
Program Revenues										
Governmental Activities:										
Charges for Services, Fees, Fines, and Forfeiture	\$ 942,871	\$ 1,072,932	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375	\$ 1,647,311
Operating Grants and Contributions	3,320,099	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086	6,350,067
Capital Grants and Contributions	509,112	562,613	543,805	335,256	541,875	411,516	442,310	646,416	765,837	725,080
Total Governmental Activities Program Revenues	4,772,082	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298	8,722,458
Business-Type Activities:										
Charges for Services, Fees, Fines, and Forfeiture	2,409,648	2,594,766	2,935,955	2,863,023	2,900,105	2,919,722	2,999,934	3,107,849	3,223,148	3,415,878
Operating Grants and Contributions	447,706	456,239	227,674	262,015	277,357	296,851	322,936	907,050	1,885,115	1,789,697
Capital Grants and Contributions	37,837	10,195	9,339	86,684	80,082	13,735	35,922	63,757	17,536	40,099
Total Business-Type Activities Program Revenues	2,895,191	3,061,200	3,172,968	3,211,722	3,257,544	3,230,308	3,358,792	4,078,656	5,125,799	5,245,674
Total Primary Government Program Revenues	\$ 7,667,273	\$ 8,185,958	\$ 8,820,577	\$ 8,673,223	\$ 9,213,153	\$ 8,933,772	\$ 9,520,179	\$ 11,768,031	\$ 13,527,097	\$ 13,968,132
Net (Expense)/Revenue										
Governmental Activities	\$ (10,109,106)	\$ (9,569,899)	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (14,700,687)	\$ (14,251,010)	\$ (12,907,319)
Business-Type Activities	(544,842)	(679,492)	(464,809)	(448,032)	(532,505)	(673,711)	(813,233)	(1,193,399)	(1,300,510)	(913,838)
Total Primary Government Net Expense	\$ (10,653,948)	\$ (10,249,391)	\$ (10,390,352)	\$ (11,290,646)	\$ (12,021,027)	\$ (13,088,265)	\$ (15,662,658)	\$ (15,894,086)	\$ (15,551,520)	\$ (13,821,157)

Connecticut

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Personal Income	\$ 3,680,434	\$ 3,593,080	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609	\$ 6,327,263
Corporate Income	197,245	390,012	473,505	538,834	655,607	831,688	548,539	437,444	465,980	726,090
Sales and Use	2,933,268	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203	3,365,250
Other	948,369	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628	1,655,594
Restricted for Transportation Purposes:										
Motor Fuel	424,037	450,696	470,001	482,476	515,013	609,427	487,568	492,566	494,222	477,411
Other	109,272	64,524	70,411	69,720	68,418	67,888	192,663	196,034	209,684	237,242
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,411	377,805	384,248	359,582
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,348	153,819	128,977	121,422
Unrestricted Investment Earnings	84,684	54,741	18,350	69,332	104,911	165,472	131,915	42,493	27,681	18,434
Other	-	15,855	-	-	-	-	-	-	-	-
Special Items:										
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-	13,150	-	-
Other	-	127,256	(174,760)	(165,412)	-	-	-	-	21,000	-
Transfers-Internal Activities	(657,037)	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)	(779,256)	(873,590)	(1,061,862)	(790,851)
Total Governmental Activities	8,229,194	8,827,490	9,705,231	10,602,996	11,784,673	12,646,919	12,805,133	11,205,210	11,049,370	12,497,437
Business-Type Activities										
Unrestricted Investment Earnings	89,388	111,336	90,486	93,879	113,387	129,317	117,360	75,933	40,339	31,580
Special Items:										
Loss on Disposal of Capital Assets	(4,499)	-	(4,190)	-	-	-	-	-	-	-
Other	-	(2,455)	-	-	-	-	-	-	(21,000)	-
Extraordinary Item-Loss on Early Retirement o	-	(4,010)	(1,983)	-	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	-	-	-	85,000	-	-
Transfers-Internal Activities	657,037	640,268	417,062	498,499	711,657	865,548	779,256	873,590	1,061,862	790,851
Total Business-Type Activities	741,926	745,139	501,375	592,378	825,044	994,865	896,616	1,034,523	1,081,201	822,431
Total Primary Government	\$ 8,971,120	\$ 9,572,629	\$ 10,206,606	\$ 11,195,374	\$ 12,609,717	\$ 13,641,784	\$ 13,701,749	\$ 12,239,733	\$ 12,130,571	\$ 13,319,868
Changes in Net Assets										
Governmental Activities	\$ (1,879,912)	\$ (742,409)	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (3,495,477)	\$ (3,201,640)	\$ (409,882)
Business-Type Activities	197,084	65,647	36,566	144,346	292,539	321,154	83,383	(158,876)	(219,309)	(91,407)
Total Primary Government	\$ (1,682,828)	\$ (676,762)	\$ (183,746)	\$ (95,272)	\$ 588,690	\$ 553,519	\$ (1,960,909)	\$ (3,654,353)	\$ (3,420,949)	\$ (501,289)
Other Changes in Net Assets										
Governmental Activities:										
Prior-Year Adjustments	\$ -	\$ 12,384	\$ 100,104	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217
Fund Reclassification	-	-	26,934	-	-	-	-	-	-	-
Total Governmental Activities	-	12,384	127,038	289,253	18,470	-	-	(66,976)	(881,193)	33,217
Business-Type Activities:										
Prior-Year Adjustments	-	9,392	(9,750)	-	-	11,195	-	(21,652)	-	-
Fund Reclassification	-	-	(241,971)	-	-	-	-	-	-	-
Change in Reporting Period	-	-	-	194,336	-	-	-	-	-	-
Total Business-Type Activities	-	9,392	(251,721)	194,336	-	11,195	-	(21,652)	-	-
Total Primary Government	\$ -	\$ 21,776	\$ (124,683)	\$ 483,589	\$ 18,470	\$ 11,195	\$ -	\$ (88,628)	\$ (881,193)	\$ 33,217

Notes: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.

In January 2003 there was an increase in the personal income tax rate of one half percent.

In fiscal year 2004 the Higher Education line was reclassified to display more details about these activities.

Other changes in net assets are direct adjustments to the beginning balance of net assets (See Note 21).

Connecticut

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 509,096	\$ 440,819	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149	\$ 451,637
Unreserved/Unassigned	(944,022)	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)	(1,748,946)
Total General Fund	\$ (434,926)	\$ (401,499)	\$ (179,590)	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)	\$ (982,822)	\$ (1,297,309)
All Other Governmental Funds										
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 1,209,556	\$ 1,177,121	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125	\$ 2,691,530
Unreserved/Unassigned										
Transportation Fund	178,620	125,330	119,203	123,209	128,762	189,630	160,745	89,998	94,074	-
Special Revenue Funds	595,158	443,507	512,106	535,689	533,857	539,357	502,679	247,763	352,525	(1,823)
Capital Projects Funds	(90,862)	146,984	221,849	168,105	264,513	(171,645)	(156,937)	181,139	229,037	(718)
Permanent Funds	-	-	-	-	-	-	-	-	-	(3,991)
Total All Other Governmental Funds	\$ 1,892,472	\$ 1,892,942	\$ 2,149,372	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304	\$ 2,403,761	\$ 2,684,998

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 8,278,340	\$ 8,727,502	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568	\$ 12,602,015
Assessments	-	-	25,287	17,968	21,555	22,841	21,457	28,129	27,268	28,444
Licenses, Permits and Fees	551,369	524,998	515,049	530,148	536,468	531,636	550,025	546,871	611,535	601,767
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,347	153,819	128,977	121,422
Federal Grants and Aid	3,837,393	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397	7,241,824
Charges for Services	61,047	92,922	98,225	95,683	108,797	101,270	100,143	101,500	98,617	98,843
Fines, Forfeits and Rents	71,039	99,909	138,619	189,525	107,115	37,183	73,444	32,841	86,520	142,355
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,410	377,805	384,248	359,582
Investment Earnings	78,074	50,959	27,531	69,342	102,694	165,902	132,490	43,287	27,841	18,626
Miscellaneous	292,742	363,471	456,841	470,567	593,629	658,074	693,292	790,010	704,145	712,466
Total Revenues	13,678,926	14,413,571	15,907,702	16,856,625	18,421,594	19,209,040	19,856,340	19,508,688	20,590,116	21,927,344
Expenditures										
Legislative	76,595	77,307	84,272	86,006	91,733	97,383	104,160	102,088	98,336	99,989
General Government	1,326,900	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645	1,502,016
Regulation and Protection	607,074	558,710	559,219	602,472	686,747	699,927	735,875	750,473	734,718	778,567
Conservation and Development	428,254	402,655	432,590	407,547	384,063	428,251	442,519	510,887	504,250	527,165
Health and Hospital	1,652,838	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141	2,271,075
Transportation	576,857	537,797	527,326	573,035	648,628	1,010,056	1,190,650	1,268,269	1,440,072	1,441,006
Human Services	3,866,970	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132	6,578,719
Education, Libraries, and Museums	2,981,859	3,042,345	3,091,136	3,324,865	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875	4,255,644
Corrections	1,334,427	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466	1,920,179
Judicial	532,774	546,154	532,784	627,602	648,274	692,392	754,223	775,711	762,290	824,089
Capital Projects	1,030,628	871,029	780,194	707,023	671,124	304,964	341,148	438,724	435,288	464,023
Debt Service:										
Principal	824,825	904,658	965,313	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055	1,273,278
Interest	599,795	613,181	647,797	644,563	670,385	709,740	810,297	918,633	935,878	945,781
Total Expenditures	15,839,796	15,867,600	16,384,470	17,028,823	18,513,288	19,490,522	22,959,488	22,333,131	22,260,146	22,881,531
Revenues Over (Under) Expenditures	(2,160,870)	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)	(3,103,148)	(2,824,443)	(1,670,030)	(954,187)
Other Financing Sources (Uses) and Special Items										
Bonds Issued	1,621,001	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910	1,619,625
Premiums on Bonds Issued	131,016	124,606	269,058	93,014	55,244	86,759	69,779	110,560	189,469	74,583
Transfers In	1,105,265	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874	1,211,444	1,323,765	1,057,674	1,211,418
Transfers Out	(1,763,439)	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)	(2,005,934)
Refunding Bonds Issued	1,121,670	745,669	1,961,040	447,013	61,020	527,730	231,085	586,940	344,105	412,870
Payment to Refunded Bond Escrow Agent	(1,204,925)	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)	(431,550)
Capital Lease Obligations	6,989	1,077	-	27,628	-	117	437	-	-	4,089
Special Items:										
Transfer of Loans to Component Unit	-	-	(204,117)	-	-	-	-	-	-	-
Statutory Payment from Component Units	-	100,000	-	15,000	-	-	-	13,150	-	-
Other	-	-	29,357	-	-	-	-	-	26,099	-
Total Other Financing Sources (Uses) and Special Items	1,017,577	1,484,519	903,147	681,331	699,051	438,642	2,966,319	1,115,073	1,733,351	885,101
Net Change in Fund Balances	\$ (1,143,293)	\$ 30,490	\$ 426,379	\$ 509,133	\$ 607,357	\$ 157,160	\$ (136,829)	\$ (1,709,370)	\$ 63,321	\$ (69,086)
Debt Service as a Percentage of Noncapital Expenditures	9.54%	10.24%	10.28%	10.34%	10.01%	10.48%	8.90%	10.23%	10.36%	10.19%

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Personal Income by Industry

Last Ten Calendar Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Farm Earnings	\$ 169,384	\$ 163,186	\$ 181,512	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000	\$ 177,760	\$ 149,000
Agricultural Services, Forestry, Fishing	53,215	47,990	45,653	43,390	48,463	47,947	51,000	50,000	42,963	44,000
Mining	132,885	142,415	183,161	210,433	239,725	241,968	177,000	213,000	85,965	106,000
Construction	5,949,891	5,883,794	6,702,149	7,221,766	8,279,075	8,318,690	8,264,000	7,716,000	7,510,494	7,671,000
Durable Goods	11,755,698	11,794,810	12,388,008	12,909,198	13,269,852	13,710,583	13,179,000	12,039,000	11,916,231	12,178,000
Nondurable Goods	5,085,994	5,093,473	5,360,660	5,495,647	5,718,664	5,626,388	4,445,000	4,144,000	3,984,769	4,795,000
Wholesale Trade	5,420,568	5,515,096	5,819,416	6,199,684	6,637,800	6,869,412	7,016,000	6,464,000	6,647,314	7,013,000
Retail Trade	7,295,378	7,349,016	7,533,969	7,696,592	7,938,639	8,061,698	8,149,000	7,877,000	7,737,041	8,038,000
Transportation and Public Utilities	3,063,712	3,323,358	3,639,012	3,664,577	2,631,548	2,837,925	2,996,000	2,587,000	2,630,945	2,762,000
Services	59,658,975	59,358,363	65,546,050	69,407,977	72,920,312	77,525,040	79,229,000	75,901,000	79,284,484	84,121,000
Federal, Civilian	1,555,257	1,556,662	1,685,192	1,651,650	1,731,848	1,760,774	1,762,000	1,904,000	1,968,189	1,952,000
Military	684,388	785,349	842,406	882,223	932,364	921,195	978,000	1,076,000	1,128,829	119,000
State and Local	11,714,486	11,852,667	12,467,586	13,126,266	13,846,143	15,044,395	15,815,000	18,150,000	15,849,480	15,980,000
Other ¹	34,457,608	36,109,211	36,501,189	38,118,358	43,670,025	51,468,018	54,757,000	56,466,000	57,335,325	61,655,000
Total Personal Income	\$ 146,997,439	\$ 148,975,390	\$ 158,895,963	\$ 166,807,307	\$ 177,997,159	\$ 192,569,668	\$ 197,006,000	\$ 194,767,000	\$ 196,299,789	\$ 206,583,000
Average Effective Rate ²	2.50%	2.48%	2.97%	3.17%	3.34%	3.46%	3.45%	2.70%	2.83%	3.20%

Notes: Fiscal year 2010 amounts are based on third quarter estimates.

¹Includes dividends, interest, rental income, residence adjustments, government transfers to individuals, and deductions for insurance.

²Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

Personal Income Tax Rates

Last Ten Calendar Years
(Expressed in Thousands)

Annual Income Tax Rates are applied to Taxable Income in excess of the following brackets					
Year	Median	Single/ Married Filing	Married Filing	Head of Household	Average Effective
	Rate	Separate	Jointly		Rate
2002 ^[1]	4.50%	\$10,000	\$20,000	\$16,000	2.50%
2003 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.48%
2004 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.97%
2005 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.17%
2006 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.34%
2007 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.46%
2008 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.70%
2010 ^[1]	5.00%	\$10,000	\$20,000	\$16,000	2.83%
Income Tax Rates are applied to Taxable Income by income range for the same brackets					
2011 ^[2]	5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.20%
2011 ^[2]	5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.20%
2011 ^[2]	6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.20%
2011 ^[2]	6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.20%
2011 ^[2]	6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	3.20%

Notes:

[1] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3%.

In addition there is a tax on millionaires of 6.5%. The average effective rate equals fiscal year net tax collections divided by prior-year total personal income based on statistics provided by the U. S. Bureau of Economic Analysis.

[2] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3% except as follows.

The amount to which the 3% rate applies is reduced by \$1,000 for each \$5,000, or fraction thereof, by which AGI exceeds \$56,500 for singles and by \$1,000 for each \$2,500 for filing separately, by \$1,600 for each \$4,000 for head of household and by \$2,000 for each \$5,000 or fraction thereof, by which AGI exceeds \$56,500, \$50,250 \$78,500 and \$100,500 for single, filing separately, head of house hold and filing jointly

Source: Department of Revenue Services -Annual Report.

Personal Income Tax Filers and Liability by Income Level,

Calendar Years 2002 and 2009

(Expressed in Thousands)

Income Level	Calendar Year 2002				Calendar Year 2009			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	806,699	54.2%	\$ 331,603,879	5.7%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	381,396	25.6%	1,115,293,454	19.1%
\$100,001-\$200,000	152,952	11.0%	746,506,146	26.1%	217,119	14.6%	1,386,232,882	23.7%
\$200,001-\$500,000	43,707	3.1%	452,609,898	15.8%	62,700	4.2%	880,016,698	15.1%
\$500,001-\$2,000,000	12,202	0.9%	330,851,853	11.6%	16,887	1.1%	750,355,759	12.8%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	2,897	0.2%	1,378,170,739	23.6%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,487,698	100.0%	\$ 5,841,673,411	100.0%

Note: The names of the ten largest tax payers are not disclosed to protect taxpayer privacy.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2009 is the most recent year for which the data is available.

Source: Department of Revenue Services

Legal Debt Margin Information

Last Nine Fiscal Years

(Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Estimated General Fund Tax Receipts	\$ 8,147,500	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600	\$ 14,019,100
Statutory Multiplier	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	13,036,000	13,798,400	15,105,760	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160	22,430,560
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	11,724,239	12,233,029	12,486,174	12,938,435	13,481,602	14,266,573	14,876,927	15,110,495	15,493,181
Legal Debt Margin	<u>\$ 1,311,761</u>	<u>\$ 1,565,371</u>	<u>\$ 2,619,586</u>	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</u>	<u>\$ 2,373,665</u>	<u>\$ 6,937,379</u>
Legal Debt Margin as a percentage of the debt limit	10.06%	11.34%	17.34%	22.66%	25.11%	28.40%	28.32%	13.58%	30.93%
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10	10/1/11

Source: State of Connecticut General Obligation Bonds Offering Statement dated November 2, 2011.

Ratios of Outstanding Debt by Type

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities			
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Long-Term Notes	219,235	273,215	209,560
Capital Leases	<u>67,988</u>	<u>53,761</u>	<u>76,955</u>
Total Governmental Activities	<u>12,709,392</u>	<u>13,087,536</u>	<u>13,305,632</u>
Business-Type Activities			
Revenue Bonds	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
Total Business-Type Activities	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
Total Primary Government	<u>\$ 14,264,553</u>	<u>\$ 14,801,341</u>	<u>\$ 14,925,290</u>
Debt as a Percentage of Personal Income	9.58%	9.32%	8.95%
Amount of Debt Per Capita	\$4,092	\$4,230	\$4,252

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

Ratios of Net General Bonded Debt Outstanding

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Debt Service Fund Balance	<u>(622,083)</u>	<u>(635,679)</u>	<u>(677,555)</u>
Net General Obligation Bonded Debt	<u>\$ 11,800,086</u>	<u>\$ 12,124,881</u>	<u>\$ 12,341,562</u>
Net General Obligation Debt as a Percentage of Personal Income	7.92%	7.63%	7.40%
Amount of Net GO Debt Per Capita	\$3,385	\$3,465	\$3,516

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

Connecticut

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340
	3,094,001	2,822,585	2,790,682	2,817,015	3,030,485	3,357,595
	146,090	-	-	228,160	1,143,955	915,795
	<u>60,491</u>	<u>56,244</u>	<u>51,748</u>	<u>47,129</u>	<u>41,702</u>	<u>42,995</u>
	<u>13,512,075</u>	<u>13,475,410</u>	<u>15,935,000</u>	<u>16,535,829</u>	<u>17,808,850</u>	<u>18,110,725</u>
	<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>
	<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>
\$	<u>15,035,205</u>	<u>15,053,133</u>	<u>17,293,084</u>	<u>18,137,626</u>	<u>19,307,230</u>	<u>19,666,943</u>
	8.45%	7.82%	8.78%	9.31%	9.84%	9.52%
	\$4,290	\$4,357	\$5,077	\$5,181	\$5,402	\$5,503

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340
	3,094,001	2,822,585	2,790,682	2,817,015	3,030,485	3,357,595
	<u>(674,630)</u>	<u>(676,894)</u>	<u>(683,636)</u>	<u>(679,384)</u>	<u>(687,752)</u>	<u>(708,645)</u>
\$	<u>12,630,864</u>	<u>12,742,272</u>	<u>15,199,616</u>	<u>15,581,156</u>	<u>15,935,441</u>	<u>16,443,290</u>
	7.10%	6.62%	7.72%	8.00%	8.12%	7.96%
	\$3,604	\$3,688	\$4,463	\$4,450	\$4,459	\$4,601

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
University of Connecticut and Health Center²						
Gross Revenues	\$ -	\$ -	\$ 1,311,797	\$ 1,408,197	\$ 1,476,058	\$ 1,578,763
Operating Expenses	-	-	1,154,520	1,270,111	1,327,713	1,388,753
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,277</u>	<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>
Debt Service:						
Principal	\$ -	\$ -	\$ 50,810	\$ 57,660	\$ 61,964	\$ 69,921
Interest	-	-	10,198	11,158	13,032	15,901
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,008</u>	<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>
Coverage	-	-	2.58	2.01	1.98	2.21
State Universities²						
Gross Revenues	\$ -	\$ -	\$ 526,083	\$ 529,180	\$ 549,800	\$ 580,879
Operating Expenses	-	-	432,163	464,940	496,923	529,744
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,920</u>	<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>
Debt Service:						
Principal	\$ -	\$ -	\$ 68,312	\$ 63,673	\$ 16,294	\$ 79,813
Interest	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,312</u>	<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>
Coverage	-	-	1.37	1.01	3.25	0.64
Bradley International Airport						
Gross Revenues	\$ 54,712	\$ 56,286	\$ 54,862	\$ 60,618	\$ 60,740	\$ 63,314
Operating Expenses	27,838	31,254	29,464	32,649	33,871	38,636
Net Available Revenues	<u>\$ 26,874</u>	<u>\$ 25,032</u>	<u>\$ 25,398</u>	<u>\$ 27,969</u>	<u>\$ 26,869</u>	<u>\$ 24,678</u>
Debt Service:						
Principal	\$ 3,860	\$ 5,775	\$ 6,140	\$ 8,780	\$ 10,140	\$ 8,430
Interest	11,609	10,156	13,397	11,357	11,151	10,684
Total	<u>\$ 15,469</u>	<u>\$ 15,931</u>	<u>\$ 19,537</u>	<u>\$ 20,137</u>	<u>\$ 21,291</u>	<u>\$ 19,114</u>
Coverage	1.74	1.57	1.30	1.39	1.26	1.29
Clean Water						
Gross Revenues	\$ 48,471	\$ 50,566	\$ 37,338	\$ 47,439	\$ 54,295	\$ 55,955
Operating Expenses	986	804	604	755	856	747
Net Available Revenues	<u>\$ 47,485</u>	<u>\$ 49,762</u>	<u>\$ 36,734</u>	<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>
Debt Service:						
Principal	\$ 31,040	\$ 27,050	\$ 36,723	\$ 38,207	\$ 34,386	\$ 62,192
Interest	29,917	28,631	24,155	26,985	25,220	29,436
Total	<u>\$ 60,957</u>	<u>\$ 55,681</u>	<u>\$ 60,878</u>	<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>
Coverage	0.78	0.89	0.60	0.72	0.90	0.60
Second Injury & Compensation Assurance¹						
Gross Revenues	\$ 112,608	\$ 96,107	\$ 99,687	\$ 96,918	\$ -	\$ -
Operating Expenses	50,654	48,100	44,793	55,821	-	-
Net Available Revenues	<u>\$ 61,954</u>	<u>\$ 48,007</u>	<u>\$ 54,894</u>	<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:						
Principal	\$ 50,830	\$ 42,890	\$ 56,875	\$ 54,255	\$ -	\$ -
Interest	10,581	7,455	5,274	2,454	-	-
Total	<u>\$ 61,411</u>	<u>\$ 50,345</u>	<u>\$ 62,149</u>	<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	1.01	0.95	0.88	0.72	-	-

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,577,646	\$ 1,806,256	\$ 1,786,129	\$ 1,774,037
<u>1,482,749</u>	<u>1,592,289</u>	<u>1,569,966</u>	<u>1,673,797</u>
<u>\$ 94,897</u>	<u>\$ 213,967</u>	<u>\$ 216,163</u>	<u>\$ 100,240</u>
\$ 74,846	\$ 76,148	\$ 79,655	\$ 95,962
<u>15,897</u>	<u>52,307</u>	<u>53,523</u>	<u>52,730</u>
<u>\$ 90,743</u>	<u>\$ 128,455</u>	<u>\$ 133,178</u>	<u>\$ 148,692</u>
1.05	1.67	1.62	0.67
\$ 631,477	\$ 629,832	\$ 669,388	\$ 702,729
<u>568,197</u>	<u>589,022</u>	<u>599,792</u>	<u>588,571</u>
<u>\$ 63,280</u>	<u>\$ 40,810</u>	<u>\$ 69,596</u>	<u>\$ 114,158</u>
\$ 18,669	\$ 19,163	\$ 18,976	\$ 32,986
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,851</u>
<u>\$ 18,669</u>	<u>\$ 19,163</u>	<u>\$ 18,976</u>	<u>\$ 44,837</u>
3.39	2.13	3.67	2.55
\$ 64,576	\$ 57,027	\$ 56,517	\$ 64,066
<u>39,692</u>	<u>40,342</u>	<u>38,445</u>	<u>41,726</u>
<u>\$ 24,884</u>	<u>\$ 16,685</u>	<u>\$ 18,072</u>	<u>\$ 22,340</u>
\$ 9,410	\$ 9,605	\$ 10,145	\$ 172,075
<u>10,257</u>	<u>10,259</u>	<u>9,789</u>	<u>9,448</u>
<u>\$ 19,667</u>	<u>\$ 19,864</u>	<u>\$ 19,934</u>	<u>\$ 181,523</u>
1.27	0.84	0.91	0.12
\$ 50,557	\$ 52,232	\$ 64,648	\$ 59,714
<u>564</u>	<u>465</u>	<u>8,502</u>	<u>9,468</u>
<u>\$ 49,993</u>	<u>\$ 51,767</u>	<u>\$ 56,146</u>	<u>\$ 50,246</u>
\$ 42,520	\$ 46,897	\$ 53,745	\$ 67,310
<u>22,048</u>	<u>23,635</u>	<u>37,113</u>	<u>32,724</u>
<u>\$ 64,568</u>	<u>\$ 70,532</u>	<u>\$ 90,858</u>	<u>\$ 100,034</u>
0.77	0.73	0.62	0.50
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Bradley Parking Garage¹							
Gross Revenues	\$ 17,498	\$ 20,474	\$ 22,068	\$ 23,351	\$ 24,651	\$ 23,168	\$ 22,984
Operating Expenses	<u>11,691</u>	<u>9,169</u>	<u>7,077</u>	<u>7,971</u>	<u>10,467</u>	<u>8,522</u>	<u>8,968</u>
Net Available Revenues	<u>\$ 5,807</u>	<u>\$ 11,305</u>	<u>\$ 14,991</u>	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>	<u>\$ 14,016</u>
Debt Service:							
Principal	\$ -	\$ -	\$ -	\$ 1,885	\$ 2,040	\$ 2,210	\$ 1,460
Interest	<u>3,575</u>	<u>3,582</u>	<u>3,582</u>	<u>3,518</u>	<u>3,099</u>	<u>3,558</u>	<u>3,451</u>
Total	<u>\$ 3,575</u>	<u>\$ 3,582</u>	<u>\$ 3,582</u>	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>	<u>\$ 4,911</u>
Coverage	1.62	3.16	4.19	2.85	2.76	2.54	2.85
Drinking Water¹							
Gross Revenues	\$ 9,366	\$ 18,888	\$ 9,205	\$ 5,963	\$ 10,187	\$ 22,664	\$ 17,164
Operating Expenses	<u>1,541</u>	<u>1,946</u>	<u>1,508</u>	<u>1,743</u>	<u>3,391</u>	<u>2,570</u>	<u>2,576</u>
Net Available Revenues	<u>\$ 7,825</u>	<u>\$ 16,942</u>	<u>\$ 7,697</u>	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 20,094</u>	<u>\$ 14,588</u>
Debt Service:							
Principal	\$ -	\$ -	\$ 1,332	\$ 1,513	\$ 1,839	\$ 3,209	\$ 2,660
Interest	<u>1,375</u>	<u>1,375</u>	<u>1,906</u>	<u>2,130</u>	<u>2,067</u>	<u>2,081</u>	<u>1,633</u>
Total	<u>\$ 1,375</u>	<u>\$ 1,375</u>	<u>\$ 3,238</u>	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>	<u>\$ 4,293</u>
Coverage	5.69	12.32	2.38	1.16	1.74	3.80	3.40
Rate Reduction Bonds¹							
Gross Revenues	\$ -	\$ -	\$ -	\$ 23,075	\$ 44,376	\$ 32,417	\$ 35,261
Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>320</u>	<u>310</u>	<u>305</u>
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>	<u>\$ 34,956</u>
Debt Service:							
Principal	\$ -	\$ -	\$ -	\$ 12,605	\$ 26,145	\$ 27,155	\$ 28,450
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,428</u>	<u>9,029</u>	<u>7,733</u>	<u>6,436</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>	<u>\$ 34,886</u>
Coverage	-	-	-	1.14	1.25	0.92	1.00

Notes: Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

¹ Second Injury bonds were liquidated in fiscal year 2005. Bradley Parking Garage bonds were issued in fiscal year 2000. These bonds were reported as part of Bradley International Airport for fiscal years 2000 and 2001. Drinking Water Bonds were issued in fiscal year 2001 while Rate Reduction Bonds were issued in fiscal year 2005 and retired in fiscal year 2010.

² Starting in fiscal year 2004, the University of Connecticut and Health Center, the State Universities, and the Technical/Community Colleges funds were reported as separate Enterprise funds. In prior years, these funds were reported in the Higher Education fund, an Enterprise fund.

<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 20,375	\$ 18,792	\$ 21,076
<u>9,039</u>	<u>8,776</u>	<u>8,609</u>
<u>\$ 11,336</u>	<u>\$ 10,016</u>	<u>\$ 12,467</u>
\$ 1,550	\$ 1,650	\$ 1,755
<u>3,437</u>	<u>3,620</u>	<u>3,378</u>
<u>\$ 4,987</u>	<u>\$ 5,270</u>	<u>\$ 5,133</u>
2.27	1.90	2.43
\$ 10,714	\$ 14,714	\$ 17,935
<u>4,184</u>	<u>7,068</u>	<u>8,802</u>
<u>\$ 6,530</u>	<u>\$ 7,646</u>	<u>\$ 9,133</u>
\$ 2,718	\$ 3,964	\$ 4,055
<u>1,794</u>	<u>2,405</u>	<u>2,141</u>
<u>\$ 4,512</u>	<u>\$ 6,369</u>	<u>\$ 6,196</u>
1.45	1.20	1.47
\$ 18,319	\$ -	\$ -
<u>747</u>	<u>-</u>	<u>-</u>
<u>\$ 17,572</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 110,990	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 110,990</u>	<u>\$ -</u>	<u>\$ -</u>
0.16	-	-

Demographic and Economic Statistics
Population and Per Capita Personal Income

Last Ten Calendar Years
 (Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2002	287,985	1.01%	3,458	0.8%
2003	290,850	0.99%	3,486	0.8%
2004	293,657	0.97%	3,499	0.4%
2005	296,410	0.94%	3,510	0.3%
2006	298,217	0.61%	3,505	-0.1%
2007	301,140	0.98%	3,455	-1.4%
2008	301,600	0.15%	3,406	-1.4%
2009	304,060	1.96%	3,501	-0.1%
2010	308,746	2.53%	3,574	3.4%
2011	310,384	2.91%	3,574	4.9%

Notes: Personal Income for 2010 is based on third quarter estimates.

The Connecticut Population for 2006 is estimated.

Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis

Demographic and Economic Statistics
Employment Information

Last Ten Calendar Years
 (Expressed in Thousands)

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
2002	144,863	136,485	8,378	5.8%
2003	146,510	137,736	8,774	6.0%
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%
2010	153,741	139,119	14,623	9.5%
2011	153,421	139,334	14,087	9.2%

Sources: U.S. Department of Labor

Personal Income		Per Capita Personal Income	
United States	Connecticut	United States	Connecticut
\$ 8,872,871,000	\$ 146,997,439	\$30,810	\$42,509
\$ 9,150,908,000	\$ 148,975,390	\$31,463	\$42,735
\$ 9,717,173,000	\$ 158,895,963	\$33,090	\$45,412
\$ 10,224,761,000	\$ 166,807,307	\$34,495	\$47,523
\$ 11,180,604,000	\$ 177,997,159	\$37,492	\$50,784
\$ 11,867,043,000	\$ 192,569,668	\$39,407	\$55,737
\$ 12,002,122,000	\$ 197,006,000	\$39,795	\$57,841
\$ 12,083,900,000	\$ 194,767,000	\$39,742	\$55,632
\$ 12,590,671,000	\$ 196,299,789	\$40,780	\$54,924
\$ 12,975,200,000	\$ 206,583,000	\$41,804	\$57,802

Connecticut Labor Force			
Civilian Labor force	Employed	Unemployed	Unemployment Rate
1,802	1,712	90	5.0%
1,797	1,699	98	5.5%
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%
1,887	1,721	166	8.8%
1,886	1,715	171	9.1%

Demographic and Economic Statistics

Top Ten Non-Governmental Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees in CT</u>	<u>Percentage of State Employment</u>	<u>Rank</u>	<u>Employees in CT</u>	<u>Percentage of State Employment</u>	<u>Rank</u>
United Technologies Corp.	26,900	1.6%	1	27,426 (2)	1.6%	-
Hartford Healthcare	15,216	0.9%	2	8,919	0.5%	8
Yale University	13,615	0.8%	3	11,300	0.6%	5
Stop & Shop Cos., Inc.	13,574 (1)	0.8%	4	15,500	0.9%	1
Hartford Financial Services	10,500	0.6%	5	12,000	0.7%	4
Wal-Mart Stores, Inc.	9,204 (1)	0.5%	6	-	0.0%	-
Yale New Haven Hospital	8,500	0.5%	7	5,854	0.3%	16
General Dynamics Electric Boat	8,350	0.5%	8	7,200	0.4%	12
Mohegan Sun Casino	8,000	0.5%	9	9,500	0.5%	7
Foxwoods Resort Casino	7,210	0.4%	10	13,396	0.8%	2
Total	<u>121,069</u>	<u>7.1%</u>		<u>111,095</u>	<u>6.3%</u>	

Sources: Hartford Business Journal (HBJ)- November 21, 2011

(1) Omitted from the 2011 HBJ survey. The number equals the employees reported by HBJ in 2008.

(2) The number equals the headcounts of business units before consolidation as UTC.

State Employees by Function

Last Seven Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Primary Government							
Legislative	665	668	695	701	713	706	705
General Government	3,645	3,654	3,783	3,897	3,811	3,630	3,584
Regulation and Protection	4,196	4,258	4,324	4,384	4,271	4,088	4,099
Conservation and Development	1,296	1,302	1,306	1,356	1,388	1,293	1,296
Health and Hospital	7,668	7,774	7,841	7,984	4,138	3,925	3,844
Transportation	3,053	3,131	3,198	3,256	3,139	3,070	3,055
Human Services	1,847	1,891	1,969	2,046	1,982	5,175	5,133
Education, Libraries, and Museums	18,874	19,375	19,619	20,219	20,126	20,225	20,777
Corrections	9,738	9,797	9,927	10,116	10,034	9,539	9,243
Judicial	<u>4,297</u>	<u>4,381</u>	<u>4,457</u>	<u>4,628</u>	<u>4,567</u>	<u>4,601</u>	<u>4,626</u>
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>	<u>56,252</u>	<u>56,362</u>

Note: This information was not available prior to 2005. The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary and part-time employment.

Operating Indicators by Function

Last Nine Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Legislative</u>									
Office of Legislative Management									
Number of Public and Special Acts	259	310	267	319	206	256	200	270	217
Number of Amendments Drafted	2,840	2,359	2,614	2,102	2,040	2,977	2,853	3,889	2,717
<u>General Government</u>									
Office of the State Treasurer									
Percentage of Disbursements made Electronically	30.2%	43.4%	51.5%	56.7%	56.2%	64.2%	66.1%	69.0%	68.8%
Number of Unclaimed Property Claims Paid	12,665	13,368	11,938	11,985	22,732	20,930	16,787	14,481	17,360
Department of Revenue Services									
Percentage of Income Tax Returns Filed Electronically	n/a	n/a	45.0%	54.0%	67.0%	70.2%	72.4%	70.5%	75.0%
Revenue Collected per \$1 of Agency Expense	\$156	\$163	\$191	\$202	\$202	\$207	\$207	\$178	\$203
Department of Public Works									
Number of Construction Contracts Awarded	22	17	25	27	34	28	13	20	28
State Floor Space Owned and Leased	9,843,368	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460	7,465,869
<u>Regulation and Protection</u>									
Department of Public Safety									
Number of Background Checks - Firearms	18,786	34,816	40,508	38,672	35,159	64,766	29,693	44,632	37,194
Number of Fingerprint Checks for CT/Pd's	129,538	121,849	118,717	107,056	122,193	258,111	178,379	165,603	211,163
Department of Motor Vehicles									
Number of Registered Motor Vehicles	2,900,000	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772	3,007,638
Number of Licensed Drivers	2,300,000	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143	2,934,576
Department of Labor									
Number of Initial Unemployment Claims	297,205	282,736	248,109	222,770	222,553	215,404	261,400	326,179	299,563
Number of Persons Using Employment Service (1)	57,198	49,183	54,915	61,103	116,100	140,922	170,701	211,613	228,283
<u>Conservation and Development</u>									
Department of Environmental Protection									
Nitrogen Discharged into Long Island Sound (2)	12,500	12,100	11,607	11,208	10,940	10,558	9,100	8,400	7,670
Attained Goal of Open Space (3)	72.0%	75.2%	77.4%	77.6%	77.8%	78.0%	78.0%	79.0%	81.0%
Department of Agriculture									
Number of Farmers Participating in Farmers Market	119	140	175	180	220	280	350	n/a	n/a
<u>Health and Hospitals</u>									
Department of Public Health									
Number of Tuberculosis Cases Identified	121	112	111	105	105	108	98	95	85
Number of Licenses Applications - New	11,883	11,141	11,592	12,914	12,750	15,439	12,595	12,964	14,899
Number of Licenses Applications - Renewal	139,297	143,777	145,985	136,069	133,887	140,973	123,014	149,818	151,205
Department of Developmental Services									
Number of Qualified Providers	143	136	132	127	161	184	176	188	204
Number of Persons Served in Various Programs	19,921	20,399	20,148	19,997	20,256	15,148	15,270	15,390	15,495
<u>Human Services</u>									
Department of Social Services									
Number of Medicaid Eligible Clients	354,944	385,518	393,998	403,972	399,635	392,179	409,960	434,480	465,667
Temp Family Assistance Average Caseload	26,234	24,404	24,658	24,104	22,556	21,124	20,203	20,862	20,862
Child Care Number of Children Served	32,400	26,974	19,799	18,920	21,440	22,523	21,422	18,204	18,204
<u>Education</u>									
Department of Higher Education									
Number of Degrees Conferred - Statewide	30,498	32,499	33,659	34,582	35,694	36,045	36,634	38,047	38,912
Enrollment - Statewide	169,739	170,597	172,631	174,257	176,542	178,855	184,544	191,134	200,637

Operating Indicators by Function

Last Nine Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Transportation</u>									
Department of Transportation									
Active Construction Projects	122	212	190	181	159	175	212	281	257
Miles of Road Resurfaced	319	310	362	305	191	218	265	215	282
Estimated Billions of Persons Using Roadways	4.081	4.118	4.154	4.191	4.228	4.265	4.302	4.399	4.313
<u>Corrections</u>									
Department of Corrections									
Incarcerated Population	18,295	19,271	18,837	18,390	18,352	18,970	19,482	19,204	18,431
Direct Daily Inmate Expenditures	\$74	\$73	\$76	\$81	\$84	\$86	\$90	\$92	\$90
<u>Judicial</u>									
Judicial Branch									
Number of Superior Court Cases Filed	567,696	535,158	536,501	517,836	542,655	547,354	570,497	563,572	567,607
Average Number of Supervised Probationers	52,320	54,315	57,516	56,145	58,117	57,597	56,500	56,555	57,778

(1) The department of Labor assists individuals in job search, resume preparation, etc.

(2) Average annual number of tons

(3) Percentage of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

Capital Asset Statistics by Function

Last Nine Fiscal Years

Func Asset		2003	2004	2005	2006
Legislative	Total	169,205	169,586	170,236	169,165
Buildings		156,802	156,802	156,802	156,802
Equipment		12,403	12,784	13,434	12,363
General Government	Total	1,061,936	915,339	649,856	750,105
Land		108,157	106,097	142,117	152,290
Construction in Progress		460,271	336,502	136,592	113,739
Buildings		251,678	312,970	172,778	271,169
Improvements Other than Buildings		4,947	17,369	48,740	51,319
Equipment		236,883	142,401	149,629	161,588
Regulation and Protection	Total	398,591	404,200	404,080	407,636
Land		9,971	9,971	9,971	9,971
Buildings		182,904	189,603	192,720	192,720
Improvements Other than Buildings		13,036	13,402	15,620	15,608
Equipment		192,680	191,224	185,769	189,337
Conservation and Development	Total	496,022	510,811	396,141	406,522
Land		304,832	314,487	186,985	189,754
Buildings		90,516	92,128	101,792	104,456
Improvements Other than Buildings		55,122	58,716	60,629	61,522
Equipment		45,552	45,480	46,735	50,790
Health and Hospital	Total	262,379	264,505	280,546	291,535
Land		6,833	7,624	7,653	7,587
Buildings		205,623	203,328	222,456	233,343
Improvements Other than Buildings		15,884	15,328	15,133	16,922
Equipment		34,039	38,225	35,304	33,683
Transportation	Total	11,997,362	12,646,864	13,446,989	13,845,896
Land		416,209	473,967	893,160	902,133
Construction in Progress		1,276,607	1,335,433	1,244,525	1,544,958
Buildings		356,873	478,750	507,662	438,355
Improvements Other than Buildings		156,036	230,308	280,065	246,032
Equipment		574,229	586,292	592,481	636,398
Infrastructure		9,217,408	9,542,114	9,929,096	10,078,020
Human Services	Total	18,811	18,018	15,149	13,705
Improvements Other than Buildings		-	-	-	-
Equipment		18,811	18,018	15,149	13,705
Education, Libraries, and Museums	Total	387,002	376,740	404,412	425,930
Land		43,935	1,027	1,027	1,027
Buildings		222,395	222,395	245,279	263,280
Improvements Other than Buildings		8,060	8,060	8,060	8,060
Equipment		112,612	145,258	150,046	153,563
Corrections	Total	944,305	947,479	1,052,584	940,306
Land		10,351	10,319	11,388	20,388
Buildings		816,261	823,300	916,294	809,175
Improvements Other than Buildings		56,500	57,080	59,275	48,581
Equipment		61,193	56,780	65,627	62,162
Judicial	Total	334,250	358,862	359,114	384,345
Land		11,467	11,467	11,467	11,467
Buildings		256,163	277,774	277,774	299,165
Improvements Other than Buildings		1,805	1,805	1,805	1,755
Equipment		64,815	67,816	68,068	71,958
Total Capital Assets at Historical Cost		16,069,863	16,612,404	17,179,107	17,635,145
Total Accumulated Depreciation		(6,537,926)	(6,993,537)	(7,538,788)	(7,880,552)
Governmental Activities, Capital Assets, Net		9,531,937	9,618,867	9,640,319	9,754,593

Note: The State implemented GASB statement 34 for fiscal year 2002. However, the information for FY 2002 is not available.

2007	2008	2009*	2010	2011
168,585	170,185	168,584	168,349	171,245
156,802	158,449	156,585	156,585	156,805
11,783	11,736	11,999	11,764	14,440
940,122	1,060,383	1,154,135	1,218,961	1,189,407
156,894	158,454	160,947	180,404	191,400
330,272	386,317	379,176	331,767	296,604
201,892	206,930	244,017	297,601	297,821
51,319	51,319	54,768	54,763	54,741
199,745	257,363	315,227	354,426	348,841
393,026	392,819	376,832	395,028	402,401
9,930	9,980	8,823	8,837	8,837
210,729	201,412	201,776	209,095	210,755
16,107	26,580	17,076	17,181	19,837
156,260	154,847	149,157	159,915	162,972
441,614	460,286	475,504	571,685	590,538
221,438	233,759	248,585	345,121	355,989
106,053	107,762	104,476	104,548	107,653
62,957	63,699	63,340	65,650	69,317
51,166	55,066	59,103	56,366	57,579
301,903	291,844	300,135	304,608	311,328
7,587	6,892	6,913	6,911	6,911
234,072	224,808	222,123	224,682	239,079
17,013	16,767	26,061	27,094	18,757
43,231	43,377	45,038	45,921	46,581
14,333,229	15,043,055	15,637,149	16,256,933	17,338,101
925,204	958,763	942,688	993,751	1,004,641
1,629,903	956,131	973,326	1,387,610	2,043,549
467,737	479,255	466,452	481,206	543,331
246,088	246,664	247,521	246,075	246,874
620,978	772,476	740,699	592,510	843,984
10,443,319	11,629,766	12,266,463	12,555,781	12,655,722
11,478	13,807	13,809	14,441	14,142
-	-	-	-	667
11,478	13,807	13,809	14,441	13,475
458,586	517,232	570,910	773,831	776,143
1,027	1,027	1,027	1,027	1,027
294,811	350,948	406,118	608,276	608,276
8,060	8,079	8,200	8,211	8,217
154,688	157,178	155,565	156,317	158,623
1,059,023	964,442	978,850	975,787	1,003,179
20,388	19,351	10,351	10,351	10,351
812,869	721,522	737,481	740,705	760,336
51,331	48,863	51,437	50,793	51,140
174,435	174,706	179,581	173,938	181,352
389,968	394,221	439,743	454,167	448,899
11,616	11,616	14,616	15,648	15,648
303,080	303,080	343,153	351,821	351,830
1,755	1,755	1,767	1,657	1,740
73,517	77,770	80,207	85,041	79,681
18,497,534	19,308,274	20,115,651	21,133,790	22,245,383
(8,545,550)	(9,280,140)	(9,921,291)	(10,563,938)	(11,321,085)
9,951,984	10,028,134	10,194,360	10,569,852	10,924,298

*Restated for comparison purposes.

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