NEW ISSUE/REFUNDING ISSUE

RATINGS:
Moody's: Aa2
S&P: AA-
Fitch: AA
Kroll: AA+
(See **RATINGS** herein)

$1,443,130,000
State of Connecticut
General Obligation Bonds

$800,000,000 General Obligation Bonds (2026 Series C)
$209,070,000 General Obligation Refunding Bonds (2026 Series D)
$134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery)
$300,000,000 Taxable General Obligation Bonds (2026 Series B)

Dated: Date of Respective Delivery, as set forth herein Due: As shown on inside front cover pages

The $1,443,130,000 State of Connecticut General Obligation Bonds consist of $800,000,000 General Obligation Bonds (2026 Series C) (the "Series C Bonds"), $209,070,000 General Obligation Refunding Bonds (2026 Series D) (the "Series D Bonds"), $134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery) (the "Series E Bonds", and together with the Series C Bonds and the Series D Bonds, the "Tax-Exempt Bonds") and $300,000,000 Taxable General Obligation Bonds (2026 Series B) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds". The Bonds will be general obligations of the State of Connecticut (the "State"), and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds as the same become due. See **THE BONDS - Nature of Connecticut's General Obligation** herein. Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year, commencing April 15, 2027, until maturity or earlier redemption, as applicable. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover pages. **The Series C Bonds are subject to optional redemption prior to maturity as more fully described herein. The Series D Bonds and Series E Bonds are not subject to optional redemption prior to maturity. The Taxable Bonds are subject to make-whole redemption prior to maturity.** See **THE BONDS – Redemption Provisions** herein.

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

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

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

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

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** and **TAX STATUS OF THE TAXABLE BONDS** *herein.*

The Bonds are offered when, as and if issued and received by the underwriters listed on this cover page (the "Underwriters"), subject to approval as to legality by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the State by its Disclosure Counsel. Certain legal matters will be passed upon for the State by its Tax Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel. The Series C Bonds, Series D Bonds and Taxable Bonds are expected to be available for delivery through the facilities of DTC on or about October 28, 2026. The Series E Bonds are expected to be available for delivery through the facilities of DTC on or about January 20, 2027.

Honorable Erick Russell
Treasurer of the State of Connecticut

Jefferies

BofA Securities **J.P. Morgan** **Loop Capital Markets** **Wells Fargo Securities**

Bancroft Capital, LLC **Barclays** **Blaylock Van, LLC** **Cabrera Capital Markets, LLC**

FHN Financial Capital Markets **Huntington Capital Markets** **Morgan Stanley** **Multi-Bank Securities, Inc.**

Oppenheimer & Co. Inc. **Ramirez & Co., Inc.** **RBC Capital Markets** **Roberts & Ryan, Inc.**

Stifel **TD Financial Products** **UMB Bank, N.A.**

Dated: October 7, 2026

State of Connecticut
$800,000,000 General Obligation Bonds (2026 Series C)

Maturity (October 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2027	$40,000,000	5.000%	3.440%	101.465%	20772KP37
2028	40,000,000	5.000	3.550	102.725	20772KP45
2029	40,000,000	5.000	3.620	103.844	20772KP52
2030	40,000,000	5.000	3.700	104.750	20772KP60
2031	40,000,000	5.000	3.780	105.473	20772KP78
2032	40,000,000	5.000	3.860	106.019	20772KP86
2033	40,000,000	5.000	3.930	106.462	20772KP94
2034	40,000,000	5.000	4.000	106.761	20772KQ28
2035	40,000,000	5.000	4.080	106.847	20772KQ36
2036*	40,000,000	5.000	4.170	106.153	20772KQ44
2037*	40,000,000	5.250	4.240	107.465	20772KQ51
2038*	40,000,000	5.250	4.370	106.467	20772KQ69
2039*	40,000,000	5.250	4.480	105.631	20772KQ77
2040*	40,000,000	5.250	4.590	104.803	20772KQ85
2041*	40,000,000	5.250	4.710	103.909	20772KQ93
2042*	40,000,000	5.500	4.790	105.123	20772KR27
2043*	40,000,000	5.500	4.860	104.603	20772KR35
2044*	40,000,000	5.500	4.910	104.234	20772KR43
2045*	40,000,000	5.500	4.970	103.794	20772KR50
2046*	25,000,000	5.500	5.020	103.428	20772KR68
2046	15,000,000	5.000	5.090	98.877	20772KR76

(plus accrued interest, if any)

*Priced to the stated yield to the October 15, 2035 optional redemption date at a redemption price of 100%; however any such redeption is at the election of the Treasurer. See **THE BONDS – Redemption Provisions** herein.

State of Connecticut
$209,070,000 General Obligation Refunding Bonds (2026 Series D)

Maturity (October 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2030	$16,560,000	5.000%	3.700%	104.750%	20772KR84
2031	58,075,000	5.000	3.780	105.473	20772KR92
2032	25,520,000	5.000	3.860	106.019	20772KS26
2033	52,850,000	5.000	3.930	106.462	20772KS34
2034	56,065,000	5.000	4.000	106.761	20772KS42

(plus accrued interest, if any)

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

State of Connecticut
$134,060,000 General Obligation Refunding Bonds
(2026 Series E) (Forward Delivery)

Maturity (October 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2027	$30,905,000	5.000%	3.610%	100.995%	20772KS59
2028	58,215,000	5.000	3.710	102.144	20772KS67
2029	30,770,000	5.000	3.740	103.242	20772KS75
2030	14,170,000	5.000	3.800	104.137	20772KS83

(plus accrued interest, if any)

State of Connecticut
$300,000,000 Taxable General Obligation Bonds
(2026 Series B)

Maturity (October 15)	Amount	Interest Rate	Yield	Price	CUSIP[1]
2027	$ 30,000,000	5.750%	4.923%	100.766%	20772KS91
2028	30,000,000	5.750	5.048	101.294	20772KT25
2029	30,000,000	5.750	5.175	101.558	20772KT33
2030	30,000,000	5.306	5.306	100.000	20772KT41
2031	30,000,000	5.366	5.366	100.000	20772KT58
2032	30,000,000	5.506	5.506	100.000	20772KT66
2033	30,000,000	5.606	5.606	100.000	20772KT74
2034	30,000,000	5.686	5.686	100.000	20772KT82
2035	30,000,000	5.726	5.726	100.000	20772KT90
2036	30,000,000	5.756	5.756	100.000	20772KU23

(plus accrued interest, if any)

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

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATESTHESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

THE STATE OF CONNECTICUT (REFERRED TO IN THESE LEGENDS AS THE "ISSUER") MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION. REFERENCES UNDER THIS CAPTION TO "BONDS" OR "SECURITIES" MEAN THE BONDS OFFERED HEREBY, AND REFERENCES TO THE "UNDERWRITERS" MEAN THE UNDERWRITERS.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA")

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ("UK")

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS EITHER ONE (OR BOTH) OF THE FOLLOWING: (I) NOT A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; OR (II) NOT A QUALIFIED INVESTOR AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE PUBLIC OFFERS AND ADMISSIONS TO TRADING REGULATIONS 2024 ("POATRS"). CONSEQUENTLY, NO DISCLOSURE DOCUMENT REQUIRED BY THE FCA PRODUCT DISCLOSURE SOURCEBOOK ("DISC") FOR OFFERING, SELLING OR DISTRIBUTING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING, SELLING OR DISTRIBUTING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER DISC AND THE CONSUMER COMPOSITE INVESTMENTS (DESIGNATED ACTIVITIES) REGULATIONS 2024.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER PART 1 OF SCHEDULE 1 TO THE POATRS.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO BUY THE BONDS OR SUBSCRIBE FOR THE BONDS.

ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE POATRS. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE POATRS. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE ("*SIX*") OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A PROSPECTUS OR A KEY INFORMATION DOCUMENT WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES ("*FINSA*") OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT MAY BE COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("*FINMA*").

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENT SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("*CISA*"). ACCORDINGLY, INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER AND DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) ("*SFO*") OR ANY REGULATORY AUTHORITY IN HONG KONG. ACCORDINGLY, YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS MAY NOT BE OFFERED OR SOLD, AND THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES, IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) ("*C(WUMP)O*") OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO, OR (II) TO "*PROFESSIONAL INVESTORS*" AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "*PROSPECTUS*" AS DEFINED IN THE C(WUMP)O. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF (A) ONLY TO PERSONS OUTSIDE HONG KONG OR (B) ONLY TO "*PROFESSIONAL INVESTORS*" IN HONG KONG AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF IN JAPAN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF, CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIs"). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

OTHER THAN THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF ABOVE OR PURSUANT TO OTHER EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN, NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN
(THE REPUBLIC OF CHINA)

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA ("TAIWAN") (THE "FSC") PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS UNLESS THE BONDS OFFERED OR SOLD TO INVESTORS IN TAIWAN ARE OTHERWISE THROUGH TAIWAN LICENSED FINANCIAL INSTITUTIONS TO THE EXTENT PERMITTED UNDER RELEVANT TAIWAN LAWS OR REGULATIONS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

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This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds and the resolutions and proceedings of the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the State. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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SUMMARY

This Summary does not constitute a part of the Official Statement for the issuance and sale by the State of Connecticut of its $1,443,130,000 State of Connecticut General Obligation Bonds consisting of $800,000,000 General Obligation Bonds (2026 Series C) (the "Series C Bonds"), $209,070,000 General Obligation Refunding Bonds (2026 Series D) (the "Series D Bonds"), $134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery) (the "Series E Bonds", and together with the Series C Bonds and Series D Bonds, the "Tax-Exempt Bonds") and $300,000,000 Taxable General Obligation Bonds (2026 Series B) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds". This Summary is for informational purposes only and is subject in all respects to a more complete discussion contained in the Official Statement.

Security	The Bonds will be general obligation bonds of the State of Connecticut (the "State"), and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds as the same become due.
Federal Tax Exemption of the Tax-Exempt Bonds	In the opinion of Bond Counsel and Tax Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under the Code and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** herein.
Federal Tax Status of the Taxable Bonds	In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Taxable Bonds is includable in gross income for federal income tax purposes pursuant to the Code. See **TAX STATUS OF THE TAXABLE BONDS** herein.
State of Connecticut Tax Exemption of the Bonds	In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See **TAX EXEMPTION OF THE TAX-EXEMPT BONDS** and **TAX STATUS OF THE TAXABLE BONDS** herein.
Interest and Principal Payment Dates	Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year, commencing April 15, 2027, until maturity or earlier redemption, as applicable. Principal of the Bonds is payable on the dates and in the years and in the amounts shown on the inside front cover pages. Interest on the Bonds is calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover pages.
Denominations	The Bonds will be issued in registered book-entry-only form, without coupons, in denominations of $5,000 or any integral multiple thereof.
Redemption	The Series C Bonds are subject to optional redemption prior to maturity at the election of the Treasurer. The Series D Bonds and Series E Bonds are **not** subject to optional redemption prior to maturity. The Taxable Bonds are subject to make-whole redemption prior to maturity. See **THE BONDS – Redemption Provisions** herein.
Delivery and Clearance	The Series C Bonds, Series D Bonds and Taxable Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about October 28, 2026. The Series E Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about January 20, 2027.
Paying Agent	U.S. Bank Trust Company, National Association, 185 Asylum Street, Hartford, Connecticut 06103, is the State's Paying Agent.
Legal Counsel	Day Pitney LLP of Hartford, Connecticut is Lead Bond Counsel. Bryant Rabbino LLP of New York, New York, Hardwick Law Firm, LLC of Hartford, Connecticut; Pullman & Comley, LLC of Bridgeport, Connecticut; Robinson & Cole LLP of Hartford, Connecticut; Shipman & Goodwin LLP of Hartford, Connecticut; and Squire Patton Boggs (US) LLP of New York, New York are Bond Counsel with respect to certain series of the Bonds. Day Pitney LLP of Hartford, Connecticut is Lead Disclosure Counsel and Law Offices of Ernest M. Lorimer, LLC of Westport, Connecticut is Co-Disclosure Counsel. Robinson & Cole LLP of Hartford, Connecticut is Tax Counsel. Mintz Levin, Cohn, Ferris, Glovsky and Popeo, P.C. of Boston Massachusetts is Underwriters' Counsel.
Additional Information	Additional information may be obtained upon request to the Office of the State Treasurer, Erick Russell, Attn: Kimberly W. Mooers, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

OFFICIAL STATEMENT

$1,443,130,000
STATE OF CONNECTICUT
GENERAL OBLIGATION BONDS

$800,000,000 General Obligation Bonds (2026 Series C)
$209,070,000 General Obligation Refunding Bonds (2026 Series D)
$134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery)
$300,000,000 Taxable General Obligation Bonds (2026 Series B)

INTRODUCTION

This Official Statement, including the cover page and inside front cover pages, this Introduction, Parts I and II and the Appendices thereto, of the State of Connecticut (the "State") is provided for the purpose of presenting certain information relating to the State in connection with the sale of $800,000,000 aggregate principal amount of its General Obligation Bonds (2026 Series C) (the "Series C Bonds"), $209,070,000 General Obligation Refunding Bonds (2026 Series D) (the "Series D Bonds"), $134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery) (the "Series E Bonds", and together with the Series C Bonds and Series D Bonds, the "Tax-Exempt Bonds") and $300,000,000 Taxable General Obligation Bonds (2026 Series B) (the "Taxable Bonds"). The Tax-Exempt Bonds and Taxable Bonds are herein collectively referred to as the "Bonds".

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

PART I
INFORMATION CONCERNING THE BONDS

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PART I

INFORMATION CONCERNING THE BONDS

$1,443,130,000
STATE OF CONNECTICUT
GENERAL OBLIGATION BONDS

$800,000,000 General Obligation Bonds (2026 Series C)
$209,070,000 General Obligation Refunding Bonds (2026 Series D)
$134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery)
$300,000,000 Taxable General Obligation Bonds (2026 Series B)

THE BONDS

Description of the Bonds

The State of Connecticut (the "State") is issuing $800,000,000 General Obligation Bonds (2026 Series C) (the "Series C Bonds") comprised of the following issues:

$ 94,100,000	General Obligation Bonds (2026 Series C-1)
$188,510,000	General Obligation Bonds (2026 Series C-2)
$441,390,000	General Obligation Bonds (2026 Series C-3)
$ 76,000,000	General Obligation Bonds (2026 Series C-4)

and $209,070,000 General Obligation Refunding Bonds (2026 Series D) (the "Series D Bonds") comprised of the following issues:

$ 61,610,000	General Obligation Refunding Bonds (2026 Series D-1)
$ 53,060,000	General Obligation Refunding Bonds (2026 Series D-2)
$ 94,400,000	General Obligation Refunding Bonds (2026 Series D-3)

and $134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery) (the "Series E Bonds") comprised of the following issues:

$134,060,000	General Obligation Refunding Bonds (2026 Series E-1)

and $300,000,000 Taxable General Obligation Bonds (2026 Series B) (the "Taxable Bonds") comprised of the following issues:

$ 10,000,000	Taxable General Obligation Bonds (2026 Series B-1)
$140,705,000	Taxable General Obligation Bonds (2026 Series B-2)
$ 98,585,000	Taxable General Obligation Bonds (2026 Series B-3)
$ 50,710,000	Taxable General Obligation Bonds (2026 Series B-4)

The Bonds will be dated their date of delivery, and will bear interest from their date payable semiannually on April 15 and October 15 in each year, commencing April 15, 2027, until maturity or earlier redemption, as applicable, at the rate or rates indicated on the inside front cover pages of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable to the registered owner as of the close of business on the last business day of March and September in each year. The Bonds are issuable only as fully registered bonds, without interest coupons, in denominations of $5,000 or any integral multiple thereof.

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

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

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

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

$800,000,000 Series C Bonds

Maturity	Series				Total
October 15	2026 C-1	2026 C-2	2026 C-3	2026 C-4	2026 Series C
2027	$40,000,000				$ 40,000,000
2028	40,000,000				40,000,000
2029	14,100,000	$ 25,900,000			40,000,000
2030		40,000,000			40,000,000
2031		14,000,000		$26,000,000	40,000,000
2032		40,000,000			40,000,000
2033		40,000,000			40,000,000
2034		28,610,000		11,390,000	40,000,000
2035			$ 1,390,000	38,610,000	40,000,000
2036			40,000,000		40,000,000
2037			40,000,000		40,000,000
2038			40,000,000		40,000,000
2039			40,000,000		40,000,000
2040			40,000,000		40,000,000
2041			40,000,000		40,000,000
2042			40,000,000		40,000,000
2043			40,000,000		40,000,000
2044			40,000,000		40,000,000
2045			40,000,000		40,000,000
2046			40,000,000		40,000,000
TOTAL	$94,100,000	$188,510,000	$441,390,000	$76,000,000	$800,000,000

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

$209,070,000 Series D Bonds

Maturity	Series			Total
October 15	2026 D-1	2026 D-2	2026 D-3	2026 Series D
2030	$16,560,000			$ 16,560,000
2031	45,050,000	$13,025,000		58,075,000
2032		25,520,000		25,520,000
2033		14,515,000	$38,335,000	52,850,000
2034			56,065,000	56,065,000
TOTAL	$61,610,000	$53,060,000	$94,400,000	$209,070,000

The Series E Bonds are being issued for the purpose of refunding the principal amount of all or a portion of the outstanding State general obligation bonds set forth in the "Plan of Refunding" described in **Appendix I-A** herein. The Series E Bonds of each series will mature on October 15 in the years and in the principal amounts set forth in the following table:

$134,060,000 Series E Bonds

Maturity	Series	Total
October 15	2026 E-1	2026 Series E
2027	$30,905,000	$30,905,000
2028	58,215,000	58,215,000
2029	30,770,000	30,770,000
2030	14,170,000	14,170,000
TOTAL	$ 134,060,000	$ 134,060,000

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

$300,000,000 Taxable Bonds

Maturity	Series				Total
October 15,	2026 B-1	2026 B-2	2026 B-3	2026 B-4	2026 Series B
2027	$10,000,000	$20,000,000			$ 30,000,000
2028		30,000,000			30,000,000
2029		30,000,000			30,000,000
2030		30,000,000			30,000,000
2031		30,000,000			30,000,000
2032		705,000	$29,295,000		30,000,000
2033			30,000,000		30,000,000
2034			30,000,000		30,000,000
2035			9,290,000	$20,710,000	30,000,000
2036				30,000,000	30,000,000
TOTAL	$10,000,000	$140,705,000	$98,585,000	$50,710,000	$300,000,000

Redemption Provisions

The Series C Bonds

The Series C Bonds maturing after October 15, 2035 are subject to optional redemption, at the election of the Treasurer, on or after October 15, 2035 at any time, in whole or in part prior to maturity. The redeemed Series C Bonds may be in such amounts and in such order of maturity and in such Series and bear such interest rate or rates (but by lot among bonds bearing the same interest rate within a maturity of a Series) as the Treasurer may determine. The redemption price (expressed as percentages of the principal amounts of bonds to be redeemed) is set forth in the following table, to which will be added interest accrued and unpaid to the redemption date:

Redemption Date	Redemption Price
From October 15, 2035 and thereafter	100%

The Series D Bonds and Series E Bonds

The Series D Bonds and Series E Bonds are **not** subject to redemption prior to maturity.

The Taxable Bonds

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

The "*Make-Whole Redemption Price*" is the greater of (i) 100% of the "*Amortized Value*" of the Taxable Bonds being redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Taxable Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable Bonds are redeemed, discounted to the date on which the Taxable Bonds are redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted "*Treasury Rate*" (as hereinafter defined), plus (a) in the case of the Taxable Bonds maturing on October 15, 2027 through October 15, 2032, five (5) basis points and (b) in the case of the Taxable Bonds maturing on October 15, 2033 through October 15, 2036, ten (10) basis points, plus, in the case of both (i) and (ii), accrued and unpaid interest on the Taxable Bonds being redeemed on the redemption date.

The "*Treasury Rate*" will be, as of the redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 Selected Interest Rates (Daily)) that has become publicly available at least five (5) business days but no more than forty-five (45) calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Taxable Bonds being redeemed; *provided, however*, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

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

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

Notice of Redemption

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

Forward Delivery of the Series E Bonds

The State expects to enter into a forward delivery bond purchase agreement (the "Forward Delivery Bond Purchase Agreement") for the Series E Bonds with the Underwriters, acting through Jefferies LLC, as representative (the "Representative"). Subject to the terms of the Forward Delivery Bond Purchase Agreement, the State expects to issue and deliver the Series E Bonds on January 20, 2027 or on such later date as is mutually agreed upon by the State and the Representative pursuant to the Forward Delivery Bond Purchase Agreement (the "Forward Settlement Date").

Pursuant to the Forward Delivery Bond Purchase Agreement, the Underwriters will agree to purchase the Series E Bonds on the Forward Settlement Date. An initial closing (the "Initial Closing") will be held with respect to the Series E Bonds on or about October 28, 2026. At such time, the conditions for issuance and delayed delivery of the Series E Bonds and payment therefor by the Underwriters on the Forward Settlement Date are expected to be met, except for the confirmation of certain facts, and the documents, certificates and opinions specified in the Forward Delivery Bond Purchase Agreement the receipt of which is a condition to the delivery of the Series E Bonds to be delivered on the Forward Settlement Date.

Upon satisfaction of the conditions of the Initial Closing, and subject to compliance with the conditions described below and in the Forward Delivery Bond Purchase Agreement, the Underwriters will be obligated to take delivery of and pay for the Series E Bonds on the Forward Settlement Date. There will be no delivery of the Series E Bonds or any payment therefor on the date of the Initial Closing.

The issuance of the Series E Bonds and the Underwriters' obligations under the Forward Delivery Bond Purchase Agreement to purchase, accept delivery of and pay for the Series E Bonds on the Forward Settlement Date are conditioned upon the performance by the State of its obligations thereunder, the delivery of certain certificates and legal opinions and the satisfaction of other conditions as of the Forward Settlement Date. At any time during the Forward Delivery Period, the Underwriters have the ability, without liability, to terminate their obligations under the Forward Delivery Bond Purchase Agreement, by notifying the State of their election to do so, if: (i) any Change in Law shall have occurred (defined below); (ii) any event shall occur or circumstance shall arise after the date of this Official Statement and until twenty-five (25) days following the Forward Settlement Date of which the State has knowledge that might cause or would cause this Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading which is not disclosed in the Official Statement as amended or supplemented and which in the opinion of the Representative requires the preparation and distribution of a supplement or amendment to the Official Statement and the State shall refuse (1) to provide such amendment or supplement or (2) to pay for such amendment or supplement; (iii) Bond Counsel does not deliver an opinion on the Forward Settlement Date substantially in the form and to the effect forth in **Appendix I-B** to this Official Statement; (iv) there shall have occurred a suspension of trading on the New York Stock Exchange on the Forward Settlement Date which prevents settlement or trading of the Bonds through DTC; (v) a general banking moratorium shall have been declared by the United States of America, New York or Connecticut state authorities on the Forward Settlement Date which prevents settlement or trading of the Bonds through DTC; or (vi) the ratings on the Bonds shall have been withdrawn or reduced to below "Baa3" by Moody's and withdrawn or reduced to below "BBB-" by S&P, Fitch and Kroll (i.e. failure to maintain at least one "investment grade" rating on the Bonds) (each rating agency defined hereafter).

If, on the Forward Settlement Date, the State is unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series E Bonds as set forth in the Forward Delivery Bond Purchase Agreement, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Series E Bonds are terminated for any reason described in clauses (i) through (vi) above (the "Settlement Termination Events"), the Forward Delivery Bond Purchase Agreement will terminate and neither the Underwriters nor the State will be under any further obligation under the Forward Delivery Bond Purchase Agreement.

A "*Change in Law*" is any of the following that occurs at any time after the Initial Closing and on or prior to the Forward Settlement Date: (i) any change in or addition to applicable federal or State law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or State agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Forward Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Forward Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the Series E Bonds or selling the Series E Bonds or beneficial ownership interests therein to the public, or (B) as to the State, make the issuance, sale or delivery of the Series E Bonds illegal (or have the retroactive effect of making such issuance, sale or

delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of any of the opinions referenced in the Forward Delivery Bond Purchase Agreement; provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of this Official Statement.

If the Change in Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income taxes purposes of, interest payable on "state or local bonds," the State may, nonetheless, be able to satisfy the requirements for delivery of the Series E Bonds under the Forward Delivery Bond Purchase Agreement. In such event, the Underwriters would be obligated to purchase the Series E Bonds from the State and each purchaser of the Series E Bonds would be required to accept delivery of its purchased Series E Bonds from the Underwriters in accordance with terms of its Delayed Delivery Contract.

The Underwriters have advised the State that the Series E Bonds will be sold only to purchasers who execute a Delayed Delivery Contract in the form attached hereto as **Appendix I-D**. The State will not be a party to any Delayed Delivery Contract and the State is not in any way responsible for the performance thereof or any representations or warranties contained therein. The rights and obligations of the State and the Underwriters under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Subsequent to the Initial Closing, the Underwriters may not refuse to purchase the Series E Bonds from the State except as expressly described above and the purchasers may not refuse to purchase the Series E Bonds from the Underwriters except as expressly permitted in the Delayed Delivery Contract.

The Underwriters (and, in turn, the purchasers of the Series E Bonds from the Underwriters) may not refuse to purchase the Series E Bonds by reason of "general market or credit changes," including, but not limited to, (i) changes in the ratings assigned to the Series E Bonds on or prior to the Initial Closing other than as set forth above, (ii) changes in the financial condition, operations, performance, properties or prospects of the State after the Initial Closing and prior to the Forward Settlement Date, (iii) changes in the general level of interest rates or changes in the value of the Series E Bonds for any reason other than the full elimination of the tax exemption of interest on the Series E Bonds, or (iv) for any other reason other than as described in above.

By placing an order with the Underwriters for the purchase of the Series E Bonds, each investor confirms that it has reviewed this Official Statement, has considered the risks associated with purchasing the Series E Bonds and is duly authorized to purchase the Series E Bonds. Each investor acknowledges and agrees that the Series E Bonds are being sold on a "forward delivery" basis and that the investor will purchase and agree to accept delivery of such Series E Bonds from the Underwriters on or about the Forward Settlement Date, pursuant to the Forward Delivery Bond Purchase Agreement.

Additional Risks Related to Forward Delivery

In addition to the risks set forth above, purchasers of the Series E Bonds are subject to certain additional risks, some of which are described below and which will not constitute grounds for purchasers to refuse to accept delivery of and pay for the Series E Bonds. Prospective purchasers should consult their investment advisors before making any decision as to the purchase of the Series E Bonds. The following discussion, while not setting forth all of the factors that should be considered, contains some of the factors that should be considered, in addition to the other information in this Official Statement, prior to purchasing the Series E Bonds. This section is not meant to be comprehensive or definitive, and there may be other risk factors that may be material.

Change in Law / Tax Law Risk

During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Bond Counsel from rendering their opinions or otherwise affect the substance of such opinions or prohibiting the Underwriters from lawfully purchasing or selling the Series E Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion of interest on the Series E Bonds for purposes of Federal income taxation, Bond Counsel may still be able to satisfy the opinion requirements for the delivery of the Series E Bonds. In such event, the Underwriters would be required to accept delivery of the Series E Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

Ratings Risk

Ratings have been assigned to the Series E Bonds as described under "**RATINGS**" herein. No assurances can be given that the ratings assigned to the Series E Bonds on the Forward Settlement Date will not be different from those currently assigned to the Series E Bonds. Issuance of the Series E Bonds and the obligations of the Underwriters under the Forward Delivery Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings for the Series E Bonds (other than an investment grade rating from at least one rating agency) or the maintenance of the initial ratings of the Series E Bonds.

Market Value Risk

The market value of the Series E Bonds as of the Forward Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the Series E Bonds, the financial condition and operations of the State, and federal and State income tax and other laws. The market value of the Series E Bonds as of the Forward Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series E Bonds and that difference could be substantial. The Underwriters will nevertheless be obligated to take delivery of and pay for the Series E Bonds if the conditions in the Forward Delivery Bond Purchase Agreement are satisfied on the Forward Settlement Date. **Neither the State nor the Underwriters make any representation as to the expected market prices of the Series E Bonds as of the Forward Settlement Date.** Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Series E Bonds as of the Forward Settlement Date or thereafter or not have a materially adverse impact on any secondary market for the Series E Bonds.

Secondary Market Risk

The Underwriters are not obligated to make a secondary market in the Series E Bonds, and no assurances can be given that a secondary market will exist for the Series E Bonds during the Forward Delivery Period. Purchasers of the Series E Bonds should assume that the Series E Bonds will be illiquid throughout the Forward Delivery Period.

Nature of Connecticut's General Obligation

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

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

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

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

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

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

Book-Entry-Only System

The Depository Trust Company will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered Bond certificates will be issued for each maturity and interest rate of

a given series of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchasers may own beneficial interests in the Bonds through DTC, Clearstream Banking, S.A. ("Clearstream") or Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear").

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

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

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

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

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

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

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

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

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

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

Global Clearance Procedures

Euroclear and Clearstream. Euroclear and Clearstream have advised the State as follows:

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its

established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The State will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the State on the date of delivery of the Bonds.

Secondary Market Trading. Secondary market trades in the Bonds will be settled by transfer of title to book- entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book- entry interests in the Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

General. Neither Euroclear nor Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the State nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this subsection concerning DTC, Euroclear and Clearstream has been obtained from sources that the State and the Underwriters believe to be reliable, but none of the State or the Underwriters take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Series C	Series D	Series E	Taxable
Par Amount of Bonds	$800,000,000.00	$209,070,000.00	$134,060,000.00	$300,000,000.00
Net Original Issue Premium	39,299,750.00	12,706,815.20	3,139,410.65	1,085,400.00
Total Sources	$839,299,750.00	$221,776,815.20	$137,199,410.65	$301,085,400.00
Uses:				
Project Fund Deposit	$800,000,000.00	--	--	$300,000,000.00
Escrow Fund Deposit	--		$136,888,750.00	--
Redemption of Refunded Bonds		$220,965,060.97		
Other Monies Available to State[1]	36,143,325.82	--	--	--
Costs of Issuance	614,220.74	174,976.87	114,024.32	311,051.99
Underwriters' Discount	2,542,203.44	636,777.36	196,636.33	774,348.01
Total Uses	$839,299,750.00	$221,776,815.20	$137,199,410.65	$301,085,400.00

[1]Funds to be used to pay capitalized interest.

LEGALITY FOR INVESTMENT

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

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

RATINGS

Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P"), Fitch Ratings ("Fitch") and Kroll Bond Rating Agency ("Kroll") have assigned their municipal bond ratings of Aa2, AA-, AA and AA+, respectively, to the Bonds. Moody's, Fitch and Kroll have each assigned a "stable" credit outlook on the State's general obligation debt. S&P has assigned a "positive" credit outlook on the State's general obligation debt. Each such rating and credit outlook reflects only the views of the respective rating agency, and an explanation of the significance of such rating and credit outlook may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency if in the judgment of such rating agency circumstances so warrant. A downward revision or withdrawal of any such rating may have an adverse effect on the market prices of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Terminus Analytics, LLC (the "Verification Agent"), will deliver to the State and the Underwriters on or before the date of delivery of each of the Series D Bonds and Series E Bonds its verification report indicating that it has verified, in accordance with the standards established by the American Institute of Certified Public Accountants, (i) the principal of and interest and redemption premiums, if any, on the bonds being refunded with the proceeds of the Series D Bonds and (ii) the mathematical accuracy of certain computations showing the adequacy of the cash and the maturing principal of and interest on certain investments deposited with the Escrow Trustee, as such term is defined in **Appendix I-A**, to provide for the payment when due of the principal of and interest and redemption premiums, if any, on the bonds being refunded with the proceeds of the Series E Bonds . Such verifications will be used by Bond Counsel and Tax Counsel in their determination that the interest on the Series D Bonds and Series E Bonds is excluded from gross income for federal income tax purposes, as a condition to the delivery of the Series D Bonds and Series E Bonds. The verification report will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

TAX EXEMPTION OF THE TAX-EXEMPT BONDS

Opinion of Bond Counsel and Tax Counsel - Federal Tax Exemption

In the opinion of Bond Counsel and Tax Counsel, under existing law, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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

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

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

For a discussion of tax law risks related to the forward delivery of the Series E Bonds, see **THE BONDS – Forward Delivery of the Series E Bonds – *Risks Related to Forward Delivery* – Change in Law / Tax Law Risk** herein.

Original Issue Discount

The initial public offering prices of certain maturities of the Tax-Exempt Bonds are less than their stated principal amounts (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices set forth on the inside front cover pages of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excluded from gross income for federal income tax purposes if interest on the OID Bonds is excluded from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

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

Original Issue Premium

The initial public offering prices of certain maturities of the Tax-Exempt Bonds are more than their stated principal amounts (the "OIP Bonds"). An owner who purchases an OIP Bond must amortize bond premium as provided in applicable Treasury Regulations,

and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters

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

State Taxes

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Tax-Exempt Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

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

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

General

The opinions of Bond Counsel and Tax Counsel are rendered as of their dates and Bond Counsel and Tax Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the dates of their opinions.

For a discussion of tax law risks related to the forward delivery of the Series E Bonds, see **THE BONDS – Forward Delivery of the Series E Bonds –** ***Risks Related to Forward Delivery*** **– Change in Law / Tax Law Risk** herein.

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

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

TAX STATUS OF THE TAXABLE BONDS

Federal Income Taxes

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

United States Tax Consequences

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

United States Holders

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

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

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

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

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

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

Medicare Tax Affecting United States Holders. For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder's "net investment income" for the taxable year and (2) the excess of the United States Holder's modified adjusted gross income for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

Information Reporting

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

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

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

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

State Taxes

In the opinion of Bond Counsel and Tax Counsel, under existing statutes, interest on the Taxable Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

General

The opinions of Bond Counsel and Tax Counsel are rendered as of their date and Bond Counsel and Tax Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Taxable Bond. Prospective owners of the Taxable Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Taxable Bonds.

CONTINUING DISCLOSURE AGREEMENT

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

To its knowledge, in the last five years the State has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the State, except for a failure to make a timely provision to the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board (the "MSRB") its audited financial statements comprising its basic financial statements prepared in accordance with generally accepted accounting principles ("GAAP") and certain operating data comparing operating results and unreserved fund balances on a budgetary and GAAP basis for the fiscal years ending June 30, 2023 and June 30, 2024 by February 29, 2024 and February 28, 2025, respectively, as required under the State's various continuing disclosure agreements. The State filed a timely notice of each such failure. Thereafter, the State filed with the MSRB such audited financial statements and operating results after they became available. Prior to the respective deadlines, the State filed the other annual financial information and operating data required under the State's various continuing disclosure agreements with the MSRB.

In connection with the June 30, 2023 audited financial statements, the division within the Office of the State Comptroller that prepares financial statements experienced employee retirements and turnover in Fiscal Year 2023, some of them in key roles, and did not maintain a formal task schedule with targeted completion dates to allow supervisors to monitor delays and provide timely assistance. The division has addressed its staffing issues through hiring experienced staff to fill key roles and providing relevant training. In addition, the Office of the State Comptroller was in the process of implementing financial reporting software that did not progress as effectively as expected.

In connection with the June 30, 2024 audited financial statements, the Office of the State Comptroller did not have personnel resources with sufficient training and experience in financial statement presentation dedicated to the financial closing process to detect material errors and make timely corrections. Further, the Office of the State Comptroller, which prepares the financial statements, relies on information and data from various State agencies and component units. Among other factors for the delay, the

Office of the State Comptroller experienced delays in receiving complete information from some such agencies and units. Many such agencies and units suffered from retirements and departures among their most senior and expert personnel. This was particularly the case with the financial statements of the Connecticut State Colleges and Universities ("CSCU"), which are separately audited, and which, because of the confluence of the community college consolidation from 12 entities to one entity and a one-time change in the allocation of employee retirement benefit expenses back to the State itself, caused misstatements and delay. CSCU also relies on its controller to address this process, but the position was vacant for an extended period during the annual financial closing process. The audited financial statements of the Connecticut State Universities (a component of CSCU), were, however, completed and filed with the MSRB prior to the deadlines established under their separate filing obligations. Finally, the Office of the State Comptroller was also transitioning back from new software involved in the production of the financial statements and the related annual comprehensive financial report, which software was determined to not meet the needs of the State.

The Office of the State Comptroller has committed to the following steps to address the causes of the late filings. It has engaged in additional training for various State agencies and component units. It has enhanced relevant training and guidance to staff involved with preparing the State's financial statements to strengthen their knowledge in government accounting and ensure the preparation of accurate financial statements in a timely manner. It has also developed updated internal quality control checklists for staff and reviewers to use while preparing and reviewing the State's financial statements. This serves as an additional control over the preparation of the financial statements and helps identify and correct errors during preparation. Additionally, the Office of the State Comptroller has improved guidance to agencies and component units through instruction, informational memos, and documentation, as well as trainings. The Office of the State Comptroller developed and distributed a survey to accounting and finance staff at the various agencies and units that helped identify common questions, areas of confusion, and other difficulties to focus its training efforts. In addition, quality control checklists have been developed and incorporated into the requirements for agencies and component units to help ensure that the information being reported is complete and accurate and to help detect errors in data before the data is incorporated into the financial statements. Finally, the Connecticut State Colleges and University system has filled the controller position and is planning to add personnel to the controller's team and has engaged an outside accounting firm to augment its internal resources.

The State's Fiscal Year 2025 audited financial statements were filed on time with the MSRB through EMMA.

Certain prior annual reports of the State and other required reports are available from EMMA or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digit) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers assigned to the State's obligations. The State has ascertained that certain required filings were not associated with a 2025 Connecticut Higher Education Supplemental Loan Authority bond issue. These filings have now been correctly associated with such issue. The State does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

State Treasurer's Certificate

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

Absence of Litigation

Upon each delivery of the Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the applicable Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of monies to the payment of the Bonds. In

addition, such certificate shall state that, except as disclosed in this Official Statement, there is no controversy or litigation of any nature now pending by or against the State which, in the opinion of the Attorney General, will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially adversely affect its financial condition or the power of the State to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds.

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

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

(a) Pullman & Comley, LLC with respect to the $94,100,000 General Obligation Bonds (2026 Series C-1);

(b) Robinson & Cole LLP with respect to the $188,510,000 General Obligation Bonds (2026 Series C-2);

(c) Shipman & Goodwin LLP with respect to the $441,390,000 General Obligation Bonds (2026 Series C-3); and

(d) Squire Patton Boggs (US) LLP with respect to the $76,000,000 General Obligation Bonds (2026 Series C-4).

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

(a) Hardwick Law Firm, LLC with respect to the $61,610,000 General Obligation Refunding Bonds (2026 Series D-1);

(b) Pullman & Comley, LLC with respect to the $53,060,000 General Obligation Refunding Bonds (2026 Series D-2); and

(c) Shipman & Goodwin LLP with respect to the $94,400,000 General Obligation Refunding Bonds (2026 Series D-3).

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

(a) Shipman & Goodwin LLP with respect to the $134,060,000 General Obligation Refunding Bonds (2026 Series E-1).

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

(a) Bryant Rabbino LLP with respect to the $10,000,000 Taxable General Obligation Bonds (2026 Series B-1);

(b) Pullman & Comley, LLC with respect to the $140,705,000 Taxable General Obligation Bonds (2026 Series B-2);

(c) Robinson & Cole LLP with respect to the $98,585,000 Taxable General Obligation Bonds (2026 Series B-3); and

(d) Squire Patton Boggs (US) LLP with respect to the $50,710,000 Taxable General Obligation Bonds (2026 Series B-4).

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

Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP of Hartford, Connecticut. In addition, the firm of Law Office of Ernest M. Lorimer, LLC of Westport, Connecticut serves as Co-Disclosure Counsel.

Certain legal matters will be passed upon for the State by its Tax Counsel, Robinson & Cole LLP of Hartford, Connecticut.

Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. of Boston, Massachusetts.

MUNICIPAL ADVISORS

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

UNDERWRITING

The aggregate initial offering price of the Series C Bonds to the public is $839,299,750.00 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Series C Bonds from the State at an aggregate purchase price of $836,757,546.56, reflecting an underwriters' discount of $2,542,203.44.

The aggregate initial offering price of the Series D Bonds to the public is $221,776,815.20 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Series D Bonds from the State at an aggregate purchase price of $221,140,037.84, reflecting an underwriters' discount of $636,777.36.

The aggregate initial offering price of the Series E Bonds to the public is $137,199,410.65 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Series E Bonds from the State at an aggregate purchase price of $137,002,774.32, reflecting an underwriters' discount of $196,636.33.

The aggregate initial offering price of the Taxable Bonds to the public is $301,085,400.00 plus accrued interest, if any. The Underwriters have jointly and severally agreed, subject to certain conditions precedent to closing, to purchase the Taxable Bonds from the State at an aggregate purchase price of $300,311,051.99, reflecting an underwriters' discount of $774,348.01.

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

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

The Underwriters have advised the State that they and their affiliates are full-service financial institutions engaged in a broad range of financial services and investment activities. In the ordinary course of business, they may provide services to the State or its agencies or instrumentalities, hold or trade securities or other financial instruments of such entities for their own accounts or the accounts of customers, and publish research or express investment views concerning such securities or instruments. The Underwriters and their affiliates have received, and may in the future receive, customary compensation for these activities, which may give rise to actual or potential conflicts of interest. Certain Underwriters or their affiliates may also have creditor or other commercial relationships with the State or its agencies or instrumentalities arising from such activities.

ADDITIONAL INFORMATION

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

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

STATE OF CONNECTICUT

Dated at Hartford, Connecticut
This 7th day of October, 2026

/s/ Erick Russell
Erick Russell
State Treasurer

Appendix I-A

TABLE OF STATUTORY AUTHORIZATIONS – SERIES C BONDS

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

A. $ 94,100,000.00 General Obligation Bonds (2026 Series C-1)

1. $ 1,100,000.00 Agricultural Land Use Bonds (1978 Act, Series CC) authorized by Public Act No. 78-232 of the General Assembly of the State of Connecticut, as amended.

2. $ 45,000,000.00 Community Conservation Development Bonds (1979 Act, Section 21(b), Series GGG) authorized by Section 21(b) of Public Act No. 79-607 of the General Assembly of the State of Connecticut, as amended.

3. $ 30,000.00 Housing Bonds (2017 Act, Sections 403 through 406), Series K) authorized by Sections 403 through 406 of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

4. $ 25,000,000.00 Crumbling Foundations Assistance Fund Bonds (2017 Act, Section 553, Series G) authorized by Section 553 of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

5. $ 17,970,000.00 Flexible Housing Bonds (2021 Act, Sections 27 through 30, Series C) authorized by Sections 27 through 30 of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

6. $ 5,000,000.00 Time-To-Own Capital Improvement Bonds (2023 Act, Section 100, Series A) authorized by Section 100 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

B. $ 188,510,000.00 General Obligation Bonds (2026 Series C-2)

1. $ 17,000,000.00 General State Purposes Bonds (2001 Special Session Act, Section 19, Series G) authorized by Section 19 of Public Act No. 01-7 of the General Assembly of the State of Connecticut, June 2001 Special Session, as amended.

2. $ 630,350.00 General State Purposes Bonds (2013 Act, subsections 2(a) through 2(g), 2(i) through 2(j) and 2(m) through 2(o), Series R) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(g), 2(i) through 2(j) and 2(m) through 2(o) of Public Act No. 13-239 of the General Assembly of the State of Connecticut, January 2013 Session, as amended.

3. $ 5,400,000.00 General State Purposes Bonds (2015 Special Session Act, subsections 21(a) through 21(i) and 21(o) through 21(q), Series J) authorized by Sections 20 through 26 and more particularly subsections 21(a) through 21(i) and 21(o) through 21(q) of Public Act No. 15-1 of the General Assembly of the State of Connecticut, June 2015 Special Session, as amended.

4. $ 1,000,000.00 General State Purposes Bonds (2017 Special Session Act, subsections 389(a) through 389(e) and 389(h) through 389(k), Series J) authorized by Sections 388 through 395 and more particularly subsections 389(a) through 389(e) and 389(h) through 389(k) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

5.	$	2,213,990.00	General State Purposes Bonds (2017 Special Session Act, subsections 408(a) through 408(d) and 408(g) through 408(j), Series I) authorized by Sections 407 through 414 and more particularly subsections 408(a) through 408(d) and 408(g) through 408(j) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.
6.	$	33,846,735.00	General State Purposes Bonds (2020 Act, subsections 32(a) through 32(d), 32(g) through 32(i) and 32(k), Series E) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(d), 32(g) through 32(i) and 32(k) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.
7.	$	541,332.00	General State Purposes Bonds (2020 Act, Section 45, Series D) authorized by Section 45 of Public Act No. 20-1 of the General Assembly of the State of Connecticut, July 2020 Special Session, as amended.
8.	$	260,455.00	General State Purposes Bonds (2021 Act, subsections 13(a) through 13(c), 13(e) and 13(g) through 13(h), Series G) authorized by Sections 12 through 19 and more particularly subsections 13(a) through 13(c), 13(e) and 13(g) through 13(h) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.
9.	$	7,000,000.00	General State Purposes Bonds (2021 Act, subsections 32(a) through 32(d), Series H) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(d) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.
10.	$	31,789,275.00	General State Purposes Bonds (2023 Act, subsections 13(a), 13(c) through 13(e) and 13(h), Series B) authorized by Sections 12 through 19 and more particularly subsections 13(a), 13(c) through 13(e) and 13(h) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
11.	$	29,000,000.00	General State Purposes Bonds (2023 Act, subsections 32(a) through 32(c) and 32(g), Series B) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(c) and 32(g) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
12.	$	20,194,734.82	General State Purposes Bonds (2023 Act, Section 55, Series D) authorized by Section 55 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
13.	$	5,149,456.00	General State Purposes Bonds (2025 Act, subsections 2(a) through 2(h), 2(j) through 2(m) and 2(q) through 2(s), Series A) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(h), 2(j) through 2(m) and 2(q) through 2(s) of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.
14.	$	34,483,672.18	General State Purposes Bonds (2025 Act, subsections 13(a) through 13(c), 13(f) and 13(h) through 13(i), Series B) authorized by Sections 12 through 19 and more particularly subsections 13(a) through 13(c), 13(f) and 13(h) through 13(i) of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.

C. $ 441,390,000.00 General Obligation Bonds (2026 Series C-3)

1. $ 16,890,271.00 General State Purposes Bonds (Section 10-66jj, Series C) authorized by Section 10-66jj of the General Statutes of Connecticut, as amended.

2. $ 379,646,267.00 School Construction Bonds (Series PPPPP) authorized by Chapter 173 of the General Statutes of the State of Connecticut, as amended.

3. $ 5,000,000.00 General State Purposes Bonds (2023 Act, Section 32(f), Series A) authorized by Section 32(f) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

4. $ 9,853,462.00 General State Purposes Bonds (2025 Act, Section 2(n), Series B) authorized by Section 2(n) of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.

5. $ 30,000,000.00 General State Purposes Bonds (2025 Act, Section 131, Series A) authorized by Section 131 of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.

D. $ 76,000,000.00 General Obligation Bonds (2026 Series C-4)

1. $ 26,000,000.00 State Equipment Purchase Bonds (1987 Act, Section 2, Series II) authorized by Section 2 of Public Act No. 87-361 of the General Assembly of the State of Connecticut, as amended.

2. $ 40,000,000.00 Local Capital Improvement Fund Bonds (1987 Act, Sections 11 through 14, Series SSS) authorized by Sections 11 through 14 of Public Act No. 87-584 of the General Assembly of the State of Connecticut, January 1987 Session, as amended.

3. $ 3,000,000.00 General State Purposes Bonds (2020 Act, Section 32(f)(2), Series B) authorized by Section 32(f)(2) of Public Act No. 20-1 of the General Assembly of the State of Connecticut, February 2020 Session, as amended.

4. $ 5,000,000.00 General State Purposes Bonds (2021 Act, Section 102(a), Series B) authorized by Section 102(a) of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

5. $ 2,000,000.00 General State Purposes Bonds (2023 Act, Section 32(h)(1), Series B) authorized by Section 32(h)(1) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

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PLAN OF REFUNDING – SERIES D BONDS

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

Series	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP[1]
2016 Series E	10/15/2027	32,500,000	5.000	10/28/2026	100.0	20772J3W0
2016 Series E	10/15/2028	32,500,000	5.000	10/28/2026	100.0	20772J3X8
2016 Series E	10/15/2029	32,500,000	5.000	10/28/2026	100.0	20772J3Y6
2016 Series E	10/15/2033	27,395,000	5.000	10/28/2026	100.0	20772J4M1
2016 Series E	10/15/2034	30,675,000	5.000	10/28/2026	100.0	20772J4N9
2016 Series F	10/15/2030	8,835,000	4.000	10/28/2026	100.0	20772J4S8
2016 Series F	10/15/2030	23,665,000	5.000	10/28/2026	100.0	20772J4R0
2016 Series F	10/15/2031	32,500,000	5.000	10/28/2026	100.0	20772J4Q2

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

Appendix I-A

PLAN OF REFUNDING – SERIES E BONDS

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

Series	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP[1]
2017 Series A	04/15/2029	26,710,000	5.000	04/15/2027	100.0	20772J6Q0
2017 Series A	04/15/2032	26,710,000	5.000	04/15/2027	100.0	20772J6S6
2017 Series A	04/15/2033	26,710,000	5.000	04/15/2027	100.0	20772J6T4
2017 Series A	04/15/2034	26,710,000	5.000	04/15/2027	100.0	20772J6U1
2017 Series A	04/15/2035	26,710,000	5.000	04/15/2027	100.0	20772J6V9

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

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

Appendix I-A

TABLE OF STATUTORY AUTHORIZATIONS – TAXABLE BONDS

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

A. $ 10,000,000.00 Taxable General Obligation Bonds (2026 Series B-1)

1. $ 10,000,000.00 General State Purposes Bonds (2021 Act, Sections 134, Series A) authorized by Section 134 of Public Act No. 21-1 of the General Assembly of the State of Connecticut, June 2021 Special Session, as amended.

B. $ 140,705,000.00 Taxable General Obligation Bonds (2026 Series B-2)

1. $ 15,075,000.00 Economic Development and Manufacturing Assistance Bonds (1990 Act, Section 33, Series PPP) authorized by Section 33 of Public Act No. 90-270 of the General Assembly of the State of Connecticut.

2. $ 23,005,000.00 Housing Trust Fund Bonds (2005 Act, Sections 16 through 22, Series X) authorized by Sections 16 through 22 of Public Act No. 05-5 of the General Assembly of State of Connecticut, June 2005 Special Session, as amended.

3. $ 3,227,530.00 Flexible Housing Bonds (2021 Act, Sections 27 through 30, Series D) authorized by Sections 27 through 30 of Public Act No. 21-111 of the General Assembly of the State of Connecticut, January 2021 Session, as amended.

4. $ 80,861,718.80 Flexible Housing Bonds (2023 Act, Sections 8 through 11, Series B) authorized by Sections 8 through 11 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

5. $ 6,910,751.20 Flexible Housing Bonds (2023 Act, Sections 27 through 30, Series A) authorized by Sections 27 through 30 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

6. $ 10,000,000.00 Time-To-Own Program Bonds (2023 Act, Section 89, Series D) authorized by Section 89 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

7. $ 1,625,000.00 Supportive Housing Bonds (2023 Act, Section 97, Series B) authorized by Section 97 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

C. $ 98,585,000.00 Taxable General Obligation Bonds (2026 Series B-3)

1. $ 825,000.00 General State Purposes Bonds (2011 Special Session Act, Section 25, Series F) authorized by Section 25 of Public Act No. 11-1 of the General Assembly of the State of Connecticut, October 2011 Special Session, as amended.

2. $ 350,000.00 General State Purposes Bonds (2013 Act, subsections 21(a) through 21(g), 21(i) through 21(j) and 21(m) through 21(o), Series L) authorized by Sections 20 through 26 and more particularly subsections 21(a) through 21(g), 21(i) through 21(j) and 21(m) through 21(o) of Public Act No. 13-239 of the General Assembly of the State of Connecticut, January 2013 Session, as amended.

3. $ 1,450,000.00 General State Purposes Bonds (2014 Act, subsections 2(a) through 2(h) and 2(j) through 2(k), Series I) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(h) and 2(j) through 2(k) of Public Act No. 14-98 of the General Assembly of the State of Connecticut, February 2014 Session, as amended.

4. $ 1,198,500.00 General State Purposes Bonds (2015 Special Session Act, subsections 2(a) through 2(j), 2(l) through 2(m) and 2(o) through 2(p), Series K) authorized by Sections 1 through 7 and more particularly subsections 2(a) through 2(j), 2(l) through 2(m) and 2(o) through 2(p) of Public Act No. 15-1 of the General Assembly of the State of Connecticut, June 2015 Special Session, as amended.

5. $ 750,000.00 General State Purposes Bonds (2017 Special Session Act, subsections 397(a) through 397(d), 397(f) through 397(g), and 397(i) through 397(j), Series F) authorized by Sections 396 to 402 and more particularly subsections 397(a) through 397(d), 397(f) through 397(g), and 397(i) through 397(j) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

6. $ 6,000,000.00 General State Purposes Bonds (2023 Act, subsections 13(a), 13(c) through 13(e) and 13(h), Series C) authorized by Sections 12 through 19 and more particularly subsections 13(a), 13(c) through 13(e) and 13(h) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

7. $ 6,000,000.00 General State Purposes Bonds (2023 Act, subsections 32(a) through 32(c) and 32(g), Series C) authorized by Sections 31 through 38 and more particularly subsections 32(a) through 32(c) and 32(g) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

8. $ 76,011,500.00 General State Purposes Bonds (2023 Act, Section 55, Series E) authorized by Section 55 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.

9. $ 6,000,000.00 General State Purposes Bonds (2025 Act, subsections 13(a) through 13(c), 13(f) and 13(h) through 13(i), Series C) authorized by Sections 12 through 19 and more particularly subsections 13(a) through 13(c), 13(f) and 13(h) through 13(i) of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.

D. $ 50,710,000.00 Taxable General Obligation Bonds (2026 Series B-4)

1. $ 201,500.00 General State Purposes Bonds (2015 Special Session Act, Section 2(k), Series D) authorized by Section 2(k) of Public Act No. 15-1 of the General Assembly of the State of Connecticut, June 2015 Special Session, as amended.

2. $ 900,000.00 General State Purposes Bonds (2017 Special Session Act, Section 378(f)(1), Series F) authorized by Section 378(f)(1) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.

3. $ 1,500,000.00 General State Purposes Bonds (2017 Special Session Act, Section 397(e)(1), Series A) authorized by Section 397(e)(1) of Public Act No. 17-2 of the

			General Assembly of the State of Connecticut, June 2017 Special Session, as amended.
4.	$	1,750,000.00	General State Purposes Bonds (2017 Special Session Act, Section 397(e)(2), Series A) authorized by Section 397(e)(2) of Public Act No. 17-2 of the General Assembly of the State of Connecticut, June 2017 Special Session, as amended.
5.	$	16,998,500.00	General State Purposes Bonds (2023 Act, Section 21(g)(1), Series A) authorized by Section 21(g)(1) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
6.	$	5,000,000.00	General State Purposes Bonds (2023 Act, Section 21(g)(2), Series A) authorized by Section 21(g)(2) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
7.	$	4,000,000.00	General State Purposes Bonds (2023 Act, Section 32(h)(1), Series C) authorized by Section 32(h)(1) of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
8.	$	19,360,000.00	General State Purposes Bonds (2023 Act, Section 92, Series C) authorized by Section 92 of Public Act No. 23-205 of the General Assembly of the State of Connecticut, January 2023 Session, as amended.
9.	$	1,000,000.00	General State Purposes Bonds (2025 Act, Section 2(i)(1), Series B) authorized by Section 2(i)(1) of Public Act No. 25-174 of the General Assembly of the State of Connecticut, January 2025 Session, as amended.

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Appendix I-B

FORM OF BOND COUNSEL OPINION – SERIES C BONDS

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

The Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to the State of Connecticut (the "State"), in connection with the issuance of $_____ General Obligation Bonds (2026 Series C-_) of the State (the "Bonds"). In such capacity we have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary to give the opinions expressed below.

The Bonds are issued contemporaneously with other general obligation bonds of the State of the same series in the aggregate principal amount of $800,000,000 and are comprised of the issues of bonds identified within the Bonds which were authorized by the statutory provisions identified therein and have been consolidated as a single issue. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, resolutions adopted by the State Bond Commission and proceedings taken in conformity therewith, including a Certificate of Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission, a Tax Certificate and a Tax Compliance Agreement.

In rendering our opinions herein, we have relied upon, without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, (i) the certified proceedings and other certifications of public officials furnished to us; (ii) with regards to our opinion on the federal income tax treatment of interest on the Bonds, the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of facts set forth in the Tax Certificate and the Tax Compliance Agreement; and (iii) the opinions of bond counsel with respect to the other general obligation bonds of the State of Connecticut issued as part of the same issue for federal tax purposes as the Bonds as to the validity and legality of such bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for federal income tax purposes.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized by the State and are valid and binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged.

2. The State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon.

3. The Tax Certificate and the Tax Compliance Agreement were duly authorized by the State and the Tax Compliance Agreement is a valid and binding agreement of the State.

4. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however

such interest is taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations. The Code establishes certain requirements that must be satisfied at, and subsequent to, the issuance and delivery of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The opinions set forth in this paragraph are subject to the condition that the State complies with all such requirements of the Code. The State has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. The opinions herein are rendered as of the date hereof and are based on the existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that come to our attention, or reflect any changes in law that may hereafter occur or become effective.

Respectfully yours,

Appendix I-B

FORM OF BOND COUNSEL OPINION – SERIES D BONDS

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

The Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to the State of Connecticut (the "State"), in connection with the issuance of $_____ General Obligation Refunding Bonds (2026 Series D-_) of the State (the "Bonds"). In such capacity we have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary to give the opinions expressed below.

The Bonds are issued contemporaneously with other general obligation bonds of the State of the same series in the aggregate principal amount of $209,070,000 and are refunding bonds authorized by Section 3-20(i) of the General Statutes of Connecticut, Revision of 1958, as amended. The Bonds are being issued for the purposes of refunding the issues of bonds identified within the Bonds. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, a Bond Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission, a Tax Certificate and a Tax Compliance Agreement.

In rendering our opinions herein, we have relied upon, without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, (i) the certified proceedings and other certifications of public officials furnished to us; (ii) with regards to our opinion on the federal income tax treatment of interest on the Bonds, the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of facts set forth in the Tax Certificate and the Tax Compliance Agreement; and (iii) the opinions of bond counsel with respect to the other general obligation bonds of the State of Connecticut issued as part of the same issue for federal tax purposes as the Bonds as to the validity and legality of such bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for federal income tax purposes.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized by the State and are valid and binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged.

2. The State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon.

3. The Tax Certificate and the Tax Compliance Agreement were duly authorized by the State and the Tax Compliance Agreement is a valid and binding agreement of the State.

4. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however such interest is taken into account for purposes of computing the federal alternative minimum

tax imposed on certain corporations. The Code establishes certain requirements that must be satisfied at, and subsequent to, the issuance and delivery of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The opinions set forth in this paragraph are subject to the condition that the State complies with all such requirements of the Code. The State has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. The opinions herein are rendered as of the date hereof and are based on the existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that come to our attention, or reflect any changes in law that may hereafter occur or become effective.

Respectfully yours,

Appendix I-B

FORM OF BOND COUNSEL OPINION – SERIES E BONDS

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

Purchasers of the Series E Bonds are subject to certain additional risks, including changes in law, including changes in Federal income tax laws. For a discussion of such risks, see **THE BONDS – Forward Delivery of the Series E Bonds –** ***Risks Related to Forward Delivery***.

The Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to the State of Connecticut (the "State"), in connection with the issuance of $_____ General Obligation Refunding Bonds (2026 Series E-_) of the State (the "Bonds"). In such capacity we have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary to give the opinions expressed below.

The Bonds are issued contemporaneously with other general obligation bonds of the State of the same series in the aggregate principal amount of $134,060,000 and are refunding bonds authorized by Section 3-20(i) of the General Statutes of Connecticut, Revision of 1958, as amended. The Bonds are being issued for the purposes of refunding the issues of bonds identified within the Bonds. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, a Bond Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission, a Tax Certificate and a Tax Compliance Agreement.

In rendering our opinions herein, we have relied upon, without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, (i) the certified proceedings and other certifications of public officials furnished to us; (ii) with regards to our opinion on the federal income tax treatment of interest on the Bonds, the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of facts set forth in the Tax Certificate and the Tax Compliance Agreement; and (iii) the opinions of bond counsel with respect to the other general obligation bonds of the State of Connecticut issued as part of the same issue for federal tax purposes as the Bonds as to the validity and legality of such bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for federal income tax purposes.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized by the State and are valid and binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged.

2. The State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon.

3. The Tax Certificate and the Tax Compliance Agreement were duly authorized by the State and the Tax Compliance Agreement is a valid and binding agreement of the State.

4. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax; however such interest is taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations. The Code establishes certain requirements that must be satisfied at, and subsequent to, the issuance and delivery of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The opinions set forth in this paragraph are subject to the condition that the State complies with all such requirements of the Code. The State has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. The opinions herein are rendered as of the date hereof and are based on the existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that come to our attention, or reflect any changes in law that may hereafter occur or become effective.

Respectfully yours,

Appendix I-B

FORM OF BOND COUNSEL OPINION – TAXABLE BONDS

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

The Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as bond counsel to the State of Connecticut (the "State"), in connection with the issuance of $_____ Taxable General Obligation Bonds (2026 Series B-_) of the State (the "Bonds"). In such capacity we have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary to give the opinions expressed below.

The Bonds are issued contemporaneously with other taxable general obligation bonds of the State of the same series in the aggregate principal amount of $300,000,000 and are comprised of the issues of bonds identified within the Bonds which were authorized by the statutory provisions identified therein and have been consolidated as a single issue. The Bonds are issued under and pursuant to proceedings taken in accordance with Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended, resolutions adopted by the State Bond Commission and proceedings taken in conformity therewith, including a Certificate of Determination executed by the State Treasurer and filed with the Secretary of the State Bond Commission and a Tax Regulatory Agreement.

In rendering our opinions herein, we have relied upon, without undertaking to verify the same by independent investigation, but have no knowledge of any inaccuracies, the certified proceedings and other certifications of public officials furnished to us.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized by the State and are valid and binding general obligations of the State for the payment of the principal of and interest on which the full faith and credit of the State are pledged.

2. The State, acting through the General Assembly, has the power to levy ad valorem taxes upon all taxable property within the State without limitation as to rate or amount to pay the principal of and interest thereon.

3. Interest on the Bonds is includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

4. Interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, and the exercise of judicial discretion, whether considered at law or in equity. The opinions herein are rendered as of the date hereof and are based on the existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that come to our attention, or reflect any changes in law that may hereafter occur or become effective.

Respectfully yours,

FORM OF CONTINUING DISCLOSURE AGREEMENTS

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

Continuing Disclosure Agreement

This Continuing Disclosure Agreement ("Agreement") is made as of the [28th day of October, 2026] [20th day of January, 2027] by the State of Connecticut (the "State") acting by its undersigned officer, duly authorized, in connection with the issuance by the State of [$800,000,000 General Obligation Bonds (2026 Series C), $209,070,000 General Obligation Refunding Bonds (2026 Series D) and $300,000,000 Taxable General Obligation Bonds (2026 Series B) (collectively, the "Bonds")] [$134,060,000 General Obligation Refunding Bonds (2026 Series E) (Forward Delivery) (the "Bonds")], for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the State dated October 7, 2026 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026) as follows:

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

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final

Official Statement); provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports:

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

    a. General Fund - Summary of Operating Results - Statutory Basis (for most recent fiscal year).

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

    c. General Fund - Unreserved Fund Balance - Statutory Basis (as of the end of the most recent fiscal year).

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Notice of Certain Events.

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the State shall fail to perform

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

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

Section 8. Miscellaneous.

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

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

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

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

STATE OF CONNECTICUT

By _____
Erick Russell
Treasurer

FORM OF DELAYED DELIVERY CONTRACT

The information contained in this Appendix I-D has been obtained from the Underwriters and the State takes no responsibility for the accuracy thereof. Such information has not been independently verified by the State and the State makes no representation as to the accuracy or completeness of such information.

$134,060,000
STATE OF CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS
(2026 SERIES E)
(FORWARD DELIVERY)

DELAYED DELIVERY CONTRACT

1. The purchaser designated below and executing this instrument (the "Purchaser") hereby agrees to purchase from Jefferies LLC, as a representative of itself and the other Underwriters set forth in the Purchase Agreement (defined below) (in such capacity, "Jefferies"), when, as and if issued and delivered by the State of Connecticut (the "State") to the Underwriters, and Jefferies agrees to sell to the Purchaser, the following bonds (collectively, the "Purchased Bonds") of the above-captioned issue (the "Bonds"):

State of Connecticut

General Obligation Refunding Bonds (2026 Series E) (Forward Delivery)

Maturity Date	Principal Amount	Interest Rate	Yield/Price	CUSIP

on the terms and conditions set forth in this Delayed Delivery Contract (this "Delayed Delivery Contract"), at the purchase price and with the maturity dates, principal amounts, interest rates and yields shown above. The Purchased Bonds have been offered pursuant to the Preliminary Official Statement, dated September 25, 2026 and as supplemented on October 2, 2026 (the "Preliminary Official Statement"), related to the Bonds and final Official Statement (the "Official Statement") related to the Bonds.

The Bonds are being purchased by the Underwriters pursuant to a Forward Delivery Contract of Purchase, dated October 7, 2026 (the "Purchase Agreement"), between Jefferies, as representative acting on behalf of itself and the other underwriters listed in Appendix A thereto (collectively, the "Underwriters"), and the State. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Preliminary Official Statement.

2. The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and will review the Official Statement (in each case, including, but not limited to, the section therein entitled "THE BONDS – Forward Delivery of Series E Bonds"), has considered the risks associated with purchasing the Purchased Bonds, and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a "forward" or "delayed delivery" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriters on or about January 20, 2027 (the "Settlement Date").

3. Payment for the Purchased Bonds shall be made to Jefferies or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the State does not, for any reason, issue and deliver the Purchased Bonds. The Purchaser acknowledges and agrees that the State is

not a party to this Delayed Delivery Contract and that this Delayed Delivery Contract creates no contractual obligation or liability of the State to the Purchaser. The Purchaser shall have no right to enforce this Delayed Delivery Contract or the Purchase Agreement against the State.

4. Upon issuance of the Bonds and purchase thereof by the Underwriters on the Settlement Date, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional, except as described herein.

The Purchaser may terminate its obligation to purchase the Purchased Bonds in the event that between the date of this Delayed Delivery Contract and the Settlement Date, one of the Settlement Termination Events (as defined under "THE BONDS – Forward Delivery of Series E Bonds" in the Official Statement) has occurred.

The Purchaser acknowledges and agrees that the Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless the Underwriters terminate the Purchase Agreement following the occurrence of a Settlement Termination Event or the Purchaser terminates its obligation to purchase the Purchased Bonds as described herein. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that (i) it must give written notice of termination of this Delayed Delivery Contract to Jefferies before the Settlement Date, (ii) no termination of the obligation of the Purchaser may occur on or after the Settlement Date and (iii) the Purchaser is not a third party beneficiary under the Purchase Agreement and has no rights to enforce, or cause the Underwriters to enforce, any of the terms thereof. No assurances can be given that the ratings assigned to the Bonds on the Settlement Date will not be different from those initially assigned to the Bonds. Issuance of the Bonds and the Purchaser's obligations under this Delayed Delivery Contract are not conditioned upon the assignment of any particular ratings for the Bonds (except as set forth in the Settlement Termination Events) or the maintenance of the initial ratings of the Bonds.

5. The Purchaser acknowledges and agrees that it will not be able to withdraw its order except as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Purchased Bonds between the date of this Delayed Delivery Contract and the Settlement Date (except as explicitly set forth in Section 4 above) or changes in the credit associated with the Purchased Bonds generally, or (b) changes in the financial condition, operations, performance, properties or prospects of the State from the date of this Delayed Delivery Contract to the Settlement Date. The Purchaser further acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell any of the Purchased Bonds following the date hereof, unless the Purchaser sells such Purchased Bonds to another institution with the prior written consent of Jefferies and such institution provides a written acknowledgement of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

6. The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

7. The Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other party.

8. This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument under the laws of the State of Connecticut.

9. It is understood that the acceptance by Jefferies of any delayed delivery contract (including this Delayed Delivery Contract) with respect to the Bonds is in the sole discretion of Jefferies and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to Jefferies, it is requested that Jefferies sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This

Delayed Delivery Contract will become a binding contract between Jefferies and the Purchaser when such counterpart is so mailed or delivered by Jefferies. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

10. This Delayed Delivery Contract shall be construed and administered under the laws of the State of Connecticut.

[Purchaser]
Purchaser Address
Telephone

By:_____
Name:
Title:

Accepted:
Jefferies LLC, on behalf of the Underwriters

By: _____
Name:
Title:

[INTENTIONALLY LEFT BLANK]

INFORMATION STATEMENT OF THE
STATE OF CONNECTICUT

FEBRUARY 15, 2026

This Information Statement of the State of Connecticut (the "State") contains information through February 15, 2026 and includes the State's audited financial statements of the State for the fiscal year ended June 30, 2025 prepared using the guidance of Generally Accepted Accounting Principles in the United States ("GAAP") and as prescribed by the Government Accounting Standards Board ("GASB") and conforming changes. The State expects to include this Information Statement in its Official Statements for securities offerings as a "Part II" and has numbered the pages accordingly.

Information of interest to investors may also be posted on the State's investor relations website at www.buyctbonds.gov. Reference to such website is presented herein for informational purposes only. Such website and the information or links contained therein are not incorporated herein.

This Information Statement, as amended hereby, is updated as of October 7, 2026 to replace certain stale information with new information that has been provided and to add supplementary information, but except as expressly noted all information is as of February 15, 2026. The updates are indicated by shading such information as exemplified by this paragraph. Information not highlighted continues to speak as of February 15, 2026. Updates may include certain interim financial information prepared on a statutory basis but are not expected to include interim financial information prepared in accordance with GAAP.

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

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

Constitutional Elected Officers

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

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FORWARD-LOOKING INFORMATION AND BONDHOLDER CONSIDERATIONS

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

INTRODUCTION

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

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

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

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

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

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

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

Climate Change and Environmental Matters describes the impact of climate change on the State and the actions the State is taking to improve sustainability and resiliency to deal with climate impacts and per- and polyfluoroalkyl substances (PFAS).

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

Other Matters includes additional matters that do not fall within the other headings.

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

The State's fiscal year begins on July 1 and ends on June 30. References to "Fiscal Year" throughout this Information Statement refer to the referenced fiscal year ending June 30. For example, Fiscal Year 2026 refers to the fiscal year beginning July 1, 2025 and ending June 30, 2026.

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

FINANCIAL PROCEDURES

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

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

The Budgetary Process

Balanced Budget Requirement, Spending Cap and Revenue Cap. The State Constitution provides that the amount of general budget expenditures authorized for any fiscal year may not exceed the estimated amount of revenue for such fiscal year. The Constitution also precludes the General Assembly from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage that exceeds the greater of the percentage increase in personal income or the percentage increase in inflation. This limit may be overridden if the Governor declares an emergency or the existence of extraordinary circumstances and at least three fifths of the members of each house of the General Assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The constitutional limitation on general budget expenditures does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There is no statutory or constitutional prohibition against bonding for general budget expenditures.

In addition to the exclusion of debt service from the budget cap, by statute there are also excluded expenditures of any federal funds granted to the State or its agencies; expenditures to implement federal mandates and court orders in the first fiscal year in which such expenditures are authorized; expenditures for federal programs in which the State is participating for which the State received federal matching funds in the first fiscal year in which such expenditures are authorized; and for Fiscal Years 2018 through 2026, payments for a portion of the teachers' pension contributions. In addition, a base year adjustment is made in any fiscal year in which an expenditure item is moved on or off budget.

In addition to the above limitations on the authorization of general budget expenditures, the General Assembly is prohibited from authorizing General Fund and Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed 98.75% of the estimated revenues included in a budget act. The General Assembly may, however, authorize appropriations exceeding such percentage if (i) the Governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the General Assembly vote to exceed such percentage for the purposes of such emergency or extraordinary circumstances and such appropriation is for the fiscal year in progress only or (ii) if each house of the General Assembly approves by majority vote any such appropriation for purposes of an adjusted appropriation and revenue plan. This is referred to as the "revenue cap". See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Biennium Budget. The State's fiscal year begins on July 1 and ends on June 30. The CGS require that the budgetary process be on a biennium basis. The Governor is required to transmit a budget document to the General Assembly in February of each odd-numbered year setting forth the financial program for the ensuing biennium with a separate budget for each of the two fiscal years and a report that sets forth estimated revenues and expenditures for the three fiscal years after the biennium to which the budget document relates. In each even-numbered year, the Governor must prepare a report on the status of the budget enacted in the previous year with any recommendations for adjustments and revisions, and a report, with revisions, if any, that sets forth estimated revenues and expenditures for the three fiscal years after the biennium in progress.

Preparation of the Budget. Formulation of the budget document commences with the preparation of estimates of expenditure requirements for each fiscal year of the next biennium by the administrative head of each budgeted agency. These estimates are submitted on or before September 1 of each even-numbered year to the Office of Policy and Management ("OPM") and to the joint legislative standing committee on appropriations and the committee having cognizance of matters relating to such budgeted agency. On or before September 1 of each odd-numbered year, each agency submits its recommended adjustments or revisions of such estimates. A detailed statement showing revenue and estimated revenue for the current fiscal year and estimated revenue for the next fiscal year, and in the even-numbered year, for the next biennium, must also be submitted by such agency heads to OPM on or before September 1 and to the joint legislative standing committee on finance, revenue and bonding on or before November 15. Upon receipt of such agency reports, it is OPM's practice to prepare a preliminary budget report that forms the basis of the Governor's budget document.

Budget Document. The Governor's budget document is published and transmitted to the General Assembly in February of each odd-numbered year. In even-numbered years, on the day the General Assembly first convenes, the Governor submits a report summarizing recommended adjustments or revisions to the budget document. By statute, the budget document must contain the Governor's budget message, the Governor's program for meeting the expenditure needs of the State, as well as financial statements detailing the condition of State debt, the financial position of all major State operating funds, recommended appropriations and State revenues on an actual basis for the last completed fiscal year and on an estimated basis for the fiscal year in progress and the fiscal years to which the budget relates. The Governor also will recommend the manner in which any deficit will be addressed or any surplus used.

Adoption of the Budget. Following publication and presentation of the budget document to the General Assembly, the Governor or a representative then appears before the appropriate committee of the General Assembly to explain and address questions concerning the budget document or related reports. Prior to June 30 of each odd-numbered year, the General Assembly enacts legislation making appropriations for the next two fiscal years and setting forth revenue estimates for those years.

Line-Item Veto. Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill. The General Assembly may separately reconsider and repass such disapproved appropriation items by a two-thirds vote of each house.

Statutory Debt Limit. In addition to the biennial budget, the General Assembly also authorizes a variety of types of debt. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. However, in computing the aggregate amount of indebtedness at any time, there are certain statutory exclusions and deductions. In addition, the Treasurer may not issue general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments in ensuing fiscal years, and the State Bond Commission may not authorize bond issuances or credit revenue bond issuances of more than $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments in ensuing fiscal years. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

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

Fiscal Accountability Report. By statute, by November 20 annually, the Secretary of OPM and the Director of OFA each submit the following to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of State agencies and to finance, revenue and bonding: (1) for the current biennium and the next ensuing three fiscal years, an estimate of State revenues, the level of expenditure change from current year expenditures allowable by consensus revenue estimates in each fund, any changes to current year expenditures necessitated by fixed cost drivers and an estimate of material and likely changes to nonfixed costs; (2) the projected tax credits to be used in the current biennium and the next ensuing three fiscal years and the assumptions on which such projections are based; (3) a summary of any estimated

deficiencies in the current fiscal year, the reasons for such deficiencies and the assumptions upon which such estimates are based; (4) the projected balance in the Budget Reserve Fund at the end of each uncompleted fiscal year of the current biennium and the next ensuing three fiscal years; (5) the projected bond authorizations, allocations and issuances in each of the next ensuing five fiscal years and their impact on the debt service of the major funds of the State; (6) an analysis of revenue and expenditure trends and of the major cost drivers affecting State spending, including identification of any areas of concern and efforts undertaken to address such areas, including efforts to obtain federal funds; and (7) an analysis of the State's preparedness for plausible recession scenarios, including estimates of the size of multiyear budget deficits that may result from revenue declines and other contingencies, and an assessment of the sufficiency of the Budget Reserve Fund and other State resources to address such budget deficits. By December 15 annually, the legislative committees then meet with the Secretary of OPM and the Director of OFA to consider the submitted reports.

Financial Controls

Expenditures. The financial control procedures utilized by the State are described below and may be generally summarized as follows: the legislature must appropriate funds for a particular purpose; such funds must then be allotted for such purpose by the Governor; and thereafter such funds are encumbered by the Comptroller upon the request of the responsible State agency. Once this appropriation, allotment and encumbrance procedure (which may be modified as described below) has been completed, State funds are paid by the Treasurer upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. Certain receivables from the federal government or other sources do not require allotment by the Governor.

Governor's Role in Expenditure Control. Before an appropriation for a budgeted agency becomes available for expenditure, the agency must submit to the Governor not less than 20 days before the beginning of the fiscal year for which the appropriation is made, a requisition for the allotment of funds needed for each quarter of the fiscal year. Appropriations for capital outlays may be allotted in any manner the Governor deems advisable. The Governor may reduce the budget allotment request by not more than three percent of the total appropriation from any fund or not more than five percent of any appropriation under certain circumstances. Such allotments are subject to further modification by the Governor throughout the course of the fiscal year if conditions warrant.

If the cumulative monthly financial statement issued by the Comptroller indicates a projected General Fund deficit greater than 1% of the total of General Fund appropriations, the Governor is required, within thirty days of such statement date, to file a report with the joint standing committees of the General Assembly on appropriations and on finance, revenue and bonding. The report must include a plan to be implemented by the Governor to modify agency allotments to the extent necessary to prevent a deficit. The Governor is not authorized to reduce allotment requisitions or allotments in force concerning aid to municipalities or any budgeted agency of the legislative or judicial branch, except that the Governor may propose an aggregate allotment reduction of a specified amount for the legislative or judicial branch.

In addition, the Governor shall not approve allotment requisitions that would result in the issuance of general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments for ensuing fiscal years.

Comptroller's Role in Expenditure Control. The Comptroller is responsible for keeping an account in connection with each appropriation. No warrant, draft or order may be issued by the Comptroller in excess of the available balance of the applicable account unless the General Assembly has passed a deficiency bill for the purpose or unless such appropriation has been increased by the Governor in the limited circumstances of emergency expenditures or allotment modifications. The Comptroller is required to issue cumulative monthly financial reports concerning the State General Fund to the Governor on or before the first day of the following month. OPM provides estimates to the Comptroller by the twentieth day of each month of the revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report.

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

Use of Appropriations; Unexpended Appropriations. No appropriation or part thereof may be used for any purpose other than for the purpose for which it was made, except with respect to certain transfers and revisions of appropriations permitted to be made by the Governor with the concurrence of the Finance Advisory Committee, composed of members of the executive and legislative departments. All unexpended balances of appropriations for each fiscal year lapse on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except for certain continuing appropriations.

Volatility Transfer; Unappropriated Surplus – Budget Reserve Fund. The State Constitution provides that any unappropriated surplus shall be used to fund a Budget Reserve Fund, to reduce bonded indebtedness or for any other purpose authorized by at least three-fifths of each house of the General Assembly. CGS Section 4-30a is the statutory provision that implements this constitutional provision. In 2017 and again in 2023, the General Assembly, by a three-fifths vote of each house, restructured the funding and use of the Budget Reserve Fund. All revenue in excess of $3.15 billion threshold received by the State each fiscal year from estimated and final payments of the personal income tax imposed under Chapter 229 of the CGS and from the pass-through entity tax, also known as the volatility cap, is to be transferred by the Treasurer to the Budget Reserve Fund. After Fiscal Year 2017, the $3.15 billion amount has been subject to annual adjustment by the compound annual growth rate of personal income in the State over the preceding five calendar years. Such amount is further subject to amendment by a vote of at least three-fifths of the members of each house of the General Assembly due to changes in State or federal tax law or policy or significant adjustments to economic growth or tax collections. In 2025, the volatility cap threshold amount was amended for Fiscal Year 2025 to be $4.079 billion and for Fiscal Year 2026 to be $4.729 billion, and thereafter subject to annual adjustment based on the compound annual growth rate of personal income in the State as set forth above.

Until Fiscal Year 2025, the Treasurer was also required to transfer any unappropriated surplus in the General Fund to the Budget Reserve Fund, unless otherwise directed by law. For Fiscal Year 2025, up to $300 million of the estimated unappropriated surplus was directed to be transferred to a new Early Childhood Education Endowment prior to the end of the fiscal year. The unappropriated surplus was in excess of $300 million prior to June 30, 2025, so the maximum $300 million was transferred to the Early Childhood Education Endowment. For Fiscal Year 2026 and each fiscal year thereafter, any unappropriated surplus for a fiscal year, as estimated by the Secretary of OPM between June 15 and June 30, is to be used to first fill the Budget Reserve Fund to the statutory maximum of 18% of the net General Fund appropriations for the next fiscal year and any remaining amount of the estimated unappropriated surplus is required to be transferred to the Early Childhood Education Endowment prior to June 30. If a deficit exists as a result of audited financials for such fiscal year, any amount of the transfer to the Early Childhood Education Endowment may be recouped in an amount equal to such deficit. If a deficit still exists, the Budget Reserve Fund is drawn down pursuant to CGS Section 4-30a(f)(1) to fund such deficit. If audited financials result in additional unappropriated surplus beyond what was already transferred to the Early Childhood Education Endowment for said fiscal year, such amount is transferred to the Budget Reserve Fund until it reaches the maximum level of 18% of the net General Fund appropriations for the next fiscal year.

Prior to July 1, 2024, amounts in the Budget Reserve Fund in excess of 15% of the net General Fund appropriations for a fiscal year were transferred in varying amounts to the State Employees' Retirement System and the Teachers' Retirement System. On and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 18% of the net General Fund appropriations for the current fiscal year, no further transfers shall be made by the Treasurer to the Budget Reserve Fund and the amount of such funds in excess of that transferred to said fund shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the State, to (i) the State Employees Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, but not exceeding 5% of the unfunded past service liability of the State Employees Retirement System as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (ii) the

Teachers' Retirement Fund, in addition to the payments required pursuant to CGS Section 10-183z, but not exceeding 5% of the unfunded past service liability of the Teachers' Retirement System as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board. For management and accounting purposes, the State treats funds that would be transferred to the Budget Reserve Fund but for the cap, as being transferred to the Budget Reserve Fund and then withdrawn after the end of the fiscal year and applied as per the statute.

The Budget Reserve Fund is at its statutory maximum of 18% of net General Fund appropriations. Revenues for Fiscal Year 2025 subject to the volatility transfer were such that, given the funding level of the Budget Reserve Fund, substantially all of the volatility transfer amount would have been used to make additional transfers to the State's major pension funds or to reduce other State indebtedness. As discussed under **STATE DEBT – Statutory Provisions – *Bond Covenant***, the above provisions may be altered under certain circumstances determined by the Governor to constitute an emergency if adopted by a three-fifths vote from each chamber of the General Assembly. Pursuant to these provisions, following the necessary declaration by the Governor, $500 million of the Fiscal Year 2025 volatility transfer that otherwise would have been transferred to the State's pension funds or applied to reduce other State indebtedness was retained in the Budget Reserve Fund, notwithstanding the 18% statutory limit, for the purpose of mitigating certain reductions in federal funding due to the fiscal impact of Public Law 119-21 and the federal government shutdown during Fiscal Year 2026. These additional funds could be encumbered by the Governor, with the legislature's approval, prior to February 4, 2026; and after said date, any unencumbered balance of the appropriation was required to lapse and remain in the Budget Reserve Fund. The Governor encumbered $169.2 million of such appropriation under his authority by February 4, 2026, leaving $330.8 million of unencumbered funds. On February 4, 2026, the Governor issued a new emergency declaration of extraordinary circumstances supporting the continued reservation and use of the remaining $330.8 million through June 30, 2027. Thereafter, the General Assembly, by the necessary three-fifths vote of each chamber, enacted Special Act No. 1, which established the Federal Cuts Response Fund and directed the transfer of $330.8 million from the Budget Reserve Fund to the Federal Cuts Response Fund. Subsequently, Public Act No. 26-68 directed the transfer and appropriation of an additional $50.0 million to the Federal Cuts Response Fund. As of July 29, 2026, approximately $263.2 million remained available in the Federal Cuts Response Fund. After the accounts of the Federal Cuts Response Fund are closed for the fiscal year ending June 30, 2027, any unexpended balance will be transferred to the Budget Reserve Fund, subject to the statutory provisions governing the application of amounts at or above the 18% limit to the State Employees' Retirement System, the Teachers' Retirement System or other outstanding State indebtedness. See **STATE GENERAL FUND – Adopted Budget for Fiscal Years 2026 and 2027 – *Budgetary Adjustments with Respect to Fiscal Guardrails***.

Whenever the amount in the Budget Reserve Fund equals or exceeds 5% of the net General Fund appropriations for the current fiscal year, the General Assembly may transfer funds in excess of the 5% threshold from the Budget Reserve Fund, for the purpose of paying unfunded past service liability of the State Employees' Retirement Fund or the Teachers' Retirement Fund, as the General Assembly, in consultation with the Treasurer, determines to be in the best interests of the State.

Whenever in any fiscal year the Comptroller has determined that there is a deficit with respect to the immediately preceding fiscal year, to the extent necessary, funds credited to the Budget Reserve Fund shall be deemed to be appropriated for purposes of funding such deficit.

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

appropriations for the current year. Any such transfer shall be made in the fiscal year for which such deficit is projected.

The balance in the Budget Reserve Fund as of June 30, 2026 is estimated to be $4,477.4 million. The balance in the Budget Reserve Fund for the last five fiscal years and the application of excess are shown below:

Budget Reserve Fund
(In Millions)

Fiscal Year	**2022**	**2023**	**2024**	**2025**	**2026 (Projected)[d]**
Budget Reserve Fund Beginning Balance	$ 3,112.0	$ 3,313.4	$ 3,315.8	$ 4,105.1	$ 4,826.5
Plus Surplus	1,261.3	555.3	401.0	110.2	525.8
Plus Volatility Cap Excess	3,047.5	1,321.8	1,321.3	2,098.7	1,454.9
Total	$ 7,420.8	$ 5,190.5	$ 5,038.2	$ 6,314.0	$ 6,807.2
Application of Excess Above Cap:					
Transfer to Early Childhood Education Endowment	--	--	--	--	(411.7)
Transfer to General Fund[a]	--	--	--	--	(169.2)
Transfer to Federal Cuts Response Fund[b]	--	--	--	--	(330.8)
State Employees' Retirement Fund	(3,203.8)	(1,046.7)	(514.0)	(894.7)	(745.1)
Teachers' Retirement System	(903.6)	(828.0)	(419.2)	(592.8)	(673.0)
Budget Reserve Fund Ending Balance	$ 3,313.4	$ 3,315.8	$ 4,105.1	$ 4,826.5[c]	$4,477.4
BRF Net Increase / (Decrease)	$ 201.4	$ 2.4	$ 789.2	$ 721.5	$ 150.9
BRF Balance as a % of Ensuing Fiscal Year Appropriations	15.0%	15.0%	18.0%	20.1%[c]	18.0%

(a) Pursuant to Special Act No. 25-1 of the November Special Session.
(b) Pursuant to Special Act No. 26-1.
(c) Reflects $500 million volatility cap transfer to the Budget Reserve Fund above the 18% statutory limit pursuant to Special Act No. 25-1 of the 2025 November Special Session.
(d) These represent estimated amounts and their expected application.

NOTE: Totals may not add due to rounding

Bond Covenant. The Treasurer was required to include a covenant in general obligation bonds and credit revenue bonds issued on or after July 1, 2023, and prior to July 1, 2025 requiring the State to comply with various statutory provisions. See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Accounting Procedures

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

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

While not required by statute to prepare financial statements in accordance with GAAP, since 1988 the State has issued annual comprehensive financial reports in accordance with the guidelines established by GASB. These

reports include audited annual financial statements prepared using the guidance of GAAP. The State does not prepare GAAP statements on an interim basis.

The Comptroller prepares financial statements annually on a statutory basis for submission to the Governor by September 30 of each year, unless extended by State law. The State's Auditors of Public Accounts must audit the books and accounts of the Treasurer and the Comptroller at least annually and have discretion to audit them at more frequent intervals.

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

The State's continuing disclosure agreements obligate it to file audited financial statements for each fiscal year using the guidance of GAAP by the end of February of the following year. Fiscal Year 2023 and 2024 financial statements were not available in time to meet this deadline. The conditions that led to these late filings were enumerated in the State Auditors' report for Fiscal Year 2024. With regards to Fiscal Year 2025 and not related to the lateness of the financial statements, the State Auditors, in their report on internal control over financial reporting, based on their audit work for the Fiscal Year 2025 financial statements, identified two significant deficiencies.

- The auditors determined that the State did not sufficiently plan for changes in accounting principles in connection with the adequate reconciliations and reasonableness checks on its compensated absences report to ensure the completeness and accuracy of all data.

- There were errors in the GAAP closing forms submitted by State agencies due to new fiscal staff unfamiliar with the reporting requirements, ineffective supervisory review, and failure to follow instructions given by the Comptroller.

The second deficiency has been repeated for several years. The Comptroller has committed to a number of measures to correct these matters and did correct several matters previously identified in the State Auditors' Fiscal Year 2024 report. These matters did not affect the audited statutory basis financial statements.

The audited financial statements for Fiscal Year 2025, prepared using the guidance of GAAP and as prescribed in pronouncements of GASB appear in **Appendix II-C** and the audited statutory basis financial statements for Fiscal Years 2022 through 2025 and the unaudited statutory basis financial statements for Fiscal Year 2026 appear in **Appendix II-D**. No assurances can be given that subsequent adjustments by OPM, the Comptroller or other State agencies or audit will not reflect changes in the final result of Fiscal Year 2026 operations of the General Fund.

GAAP Based Budgeting. Since Fiscal Year 2014, the State budget has been required to be prepared in accordance with GAAP, commonly referred to as GAAP budgeting. While GASB does not recognize a concept

of GAAP budgeting or prescribe standards for GAAP budgeting, the State interprets the policy objectives of the GAAP budgeting requirement as a requirement to authorize expenditures in line with the accrual of the expenditures and to estimate revenues in line with the accrual of revenues.

Cash Management and Investment

The Treasurer has the investment responsibility for all funds of the State and functions as the trustee of all State pension, retirement and trust funds. The Treasurer is authorized to invest funds under the control of the Treasurer in a variety of investments allowed by statute, subject to certain conditions, including in certain circumstances the approval of the Investment Advisory Council.

Cash Management. The cash management system and the investment by the Treasurer of State monies, other than monies invested on a longer-term basis, including pension and certain trust funds, are based on the concept of available cash. Available cash consists of the State's common cash pool and funds invested in certain accounts in the Short-Term Investment Fund ("STIF"), including proceeds of various State bonding programs and miscellaneous other STIF accounts. The common cash pool is comprised of the operating cash of most State funds, including the General Fund and the Budget Reserve Fund, and is held or invested in bank deposits, STIF, and other short-term investments. It is the State's practice to permit temporary inter-fund transfers to the common cash pool as needed to address mismatches in the timing of receipts and disbursements. This cash management policy is intended to provide flexibility for expenditures to occur when they are needed without the need to resort to short-term financing mechanisms that could impose additional costs on the State. Cash transferred pursuant to these temporary inter-fund transfers is returned as cash pool balances allow. The State's available cash varies from day to day. The week-ending balances of available cash for Fiscal Year 2026 averaged $9.8 billion.

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

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

Short-Term Investment Fund. STIF is a combined investment pool of high quality, short-term money market instruments, and is an investment vehicle for the temporary surplus cash of all funds for which the Treasurer is custodian and/or trustee, except certain bond funds, State pension funds and selected trust funds. All agencies, instrumentalities and political subdivisions of the State are permitted to invest in STIF. The State is responsible to these governmental entities to manage their deposits and accumulated earnings in a prudent manner. Individual participants in STIF can add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow needs, while seeking to earn competitive yields. STIF is managed in accordance with the investment guidelines established by the Treasurer and the investment restrictions of CGS Section 3-27d. These investment guidelines prohibit investment in derivative securities other than floating rate securities that vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements to amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution. STIF is rated "AAAm" by S&P Global Ratings.

Other Funds. Other State monies are held in certain other funds. Up to $300 million of the State's operating cash may be invested in certificates of deposit of community banks and credit unions, pursuant to CGS Section 3-24k. In addition, investments may be made in individual securities pursuant to CGS Section 3-31a. Allowable investments under CGS Section 3-31a include United States government and agency obligations, shares or interests in an investment company or investment trust registered under the Investment Company Act of 1940, whose portfolio is limited to obligations of the United States, its agencies or instrumentalities, or repurchase

agreements collateralized by such obligations, certificates of deposit, commercial paper, savings accounts, and bank acceptances. The Treasurer has adopted guidelines for investments made under CGS Section 3-31a that specify credit and diversification standards, and limit individual security maturities to three years and the total amount invested to $10.0 billion, subject to increases with the approval of the Treasurer. Pursuant to CGS Section 3-28a and guidelines adopted by the Treasurer, the Treasurer is authorized to invest funds of the Medium-Term Investment Fund in obligations of the United States government and its agencies and instrumentalities, certificates of deposit, commercial paper, corporate debt securities, savings accounts and bankers acceptances, repurchase agreements collateralized by such securities and investment funds or pools comprised of securities in which the Medium-Term Investment Fund may directly invest.

Investment and Payment of Bond Proceeds. Proceeds of bonds are accounted for in various bond funds. Generally, all invested assets of the bond funds are invested in STIF. Bond proceeds are expended in accordance with the authorization and allotment procedure of the State Bond Commission and the Governor. Assets of the bond funds may from time to time be transferred temporarily to the common cash pool in accordance with the State's overall cash flow needs. Under the State's accounting system, transfer of the assets of the bond funds to the common cash pool is reflected in the accounts of the bond funds as an uninvested cash balance. That accounting balance can be reduced only when an approved payment for an expenditure is charged to the bond funds. In no case does the temporary transfer of bond fund assets to the common cash pool alter the timing or the extent of expenditures for the purposes for which the bonds were issued.

Investment of Pension and Trust Funds. The below listed composite asset classes, also known as Combined Investment Funds ("CIFs"), are separate pooled investment funds that were created by the Treasurer pursuant to CGS Section 3-31b. The CIFs are open-end portfolios that represent individual asset classes or sub-asset classes in the plan or trust. The pension retirement and trust funds acquire units, in varying proportions depending on the asset allocations set forth in the applicable investment policy statement.

By statute no more than 60% of any of the State's trust funds may be invested in common stock and if market fluctuations cause this limit to be exceeded, after six months no more than 65% of the State's trust funds may remain invested in common stock. Other than these limits, the statutes of the State permit investment in securities under the "Prudent Investor" rule. Pursuant to an Investment Policy Statement (the "IPS") adopted in September 2022, the investment of such pension, retirement and trust funds will shift to the asset classes in the below table over the ensuing three to five years. The long-term policy targets for the State Employees' Retirement Fund and Teachers' Retirement Fund, the bulk of the State's investment funds, are noted below; other pension, retirement and trust funds have different targets.

[INTENTIONALLY LEFT BLANK]

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

[1] Deviations from approved asset allocation targets may occur from time to time as a result of market movements or other unanticipated events.
[2] Global Equity is comprised of Domestic Equity, Developed Markets Equity and Emerging Markets Equity Fund.
[*] Consumer Price Index, All Urban Consumers, All Items, Not Seasonally Adjusted as reported by the U.S. Bureau of Labor Statistics.

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

Investment Advisory Council. The Investment Advisory Council (the "IAC") acts as an advisory and oversight body to the Treasurer with respect to investments of the Connecticut Retirement Plans and Trust Funds (the "CRPTF") assets. The IAC consists of the Treasurer and the Secretary of the Office of Policy and Management (as ex-officio members); five public members, all of whom shall be experienced in matters relating to investments, appointed by the Governor and legislative leadership; and up to three representatives of the State teachers' unions and up to two representatives of the State employees' unions, nominated by their respective unions and appointed by the Governor.

The IAC is within the Office of the Treasurer for administrative purposes only. Pursuant to CGS Section 3-13b, the IAC reviews, recommends changes to and approves the IPS and any amendments adopted by the Treasurer. The IPS outlines the standards governing investment of the CRPTF assets by the Treasurer. The IAC advises and consents to the appointment by the Treasurer of investment and other personnel to assist with investing funds of the CRPTF, whose compensation shall be within the salary ranges established by the Treasurer in consultation with the IAC.

STATE GENERAL FUND

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

GAAP based audited financial statements for certain funds including the General Fund of the State for Fiscal Year 2025 are included as **Appendix II-C**. Statutory basis audited financial statements for the General Fund for Fiscal Years 2022 through 2025 and unaudited financial statements for the General Fund for Fiscal Year 2026 are included in **Appendix II-D**. The adopted budget and audited financial statutory basis results for Fiscal Year 2025, the adopted budgets for Fiscal Years 2026 and 2027 and the unaudited financial results for Fiscal Year 2026 are included as **Appendix II-E**. Unless otherwise stated, amounts set forth in the discussion that follows under this caption **STATE GENERAL FUND** refer to such amounts as calculated on the statutory basis of accounting. The projections discussed herein are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates or adjustments by OPM, the Comptroller or other State agencies will not reflect changes in the estimated or final results of Fiscal Year 2026 operations of the General Fund. Financial information presented herein for Fiscal Year 2026 and later is unaudited and subject to change.

General Fund Revenues

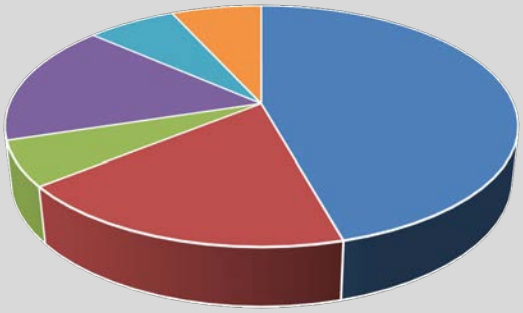
Procedure For Forecasting Revenues. Revenues are forecast by the legislature in adopting a budget and by the executive branch in proposing a budget and tracking performance through the year and for other planning purposes. Revenue forecasting incorporates a blend of econometric modeling and economic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

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

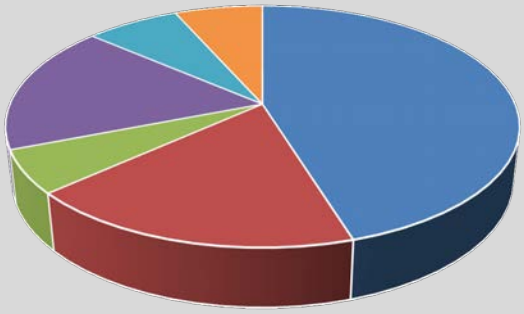
Fiscal Year 2026 and 2027 Adopted Revenues. General Fund revenues were forecasted by the legislature at the adoption of the budgets for Fiscal Years 2026 and 2027 ("Adopted Revenues") and are reflected in Appendix II-E. General Fund revenues are derived primarily from the collection of State taxes, including the personal income tax, the sales and use tax and the corporation business tax. The State, as of the forecast date, expected to derive approximately 70.2% and 69.2% of its General Fund revenues from these taxes during Fiscal Year 2026 and Fiscal Year 2027, respectively. A summary of anticipated General Fund revenue sources, based on the Adopted Revenues for Fiscal Years 2026 and 2027, is set forth below:

Adopted General Fund Revenues (In Millions)

Adopted Revenues
Fiscal Year 2026
$24,345.4[a]



Adopted Revenues
Fiscal Year 2027
$25,334.2[a]



Fiscal Year 2026

Personal Income Tax	$ 12,630.9	45.7%
Sales and Use Tax	5,103.1	18.5%
Corporate Business Tax	1,659.5	6.0%
Other Taxes[b]	4,515.5	16.3%
Unrestricted Federal Grants	1,853.2	6.7%
Other Non-Tax Revenues[c]	1,876.7	6.8%

Fiscal Year 2027

Personal Income Tax	$ 13,962.3	48.2%
Sales and Use Tax	5,436.5	18.7%
Corporate Business Tax	1,352.6	4.7%
Other Taxes[b]	4,173.2	14.4%
Unrestricted Federal Grants	2,211.8	7.6%
Other Non-Tax Revenues[c]	1,860.9	6.4%

(a) The pie charts reflect the total of the listed tax and revenue amounts of $27,638.9 million for Fiscal Year 2026 and $28,997.3 million for Fiscal Year 2027, while the amounts in the title of the pie charts reflect reductions resulting from tax refunds, earned income tax, R&D Credit Exchange, refunds of payments, transfers to/from other funds, volatility cap adjustments and revenue cap deductions of $3,293.5 million for Fiscal Year 2026 and $3,663.1 million for Fiscal Year 2027. Fiscal Year 2026 reflects Public Act No. 25-168 and Fiscal Year 2027 reflects Public Act 26-68. See **Appendix II-E** for detail.

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

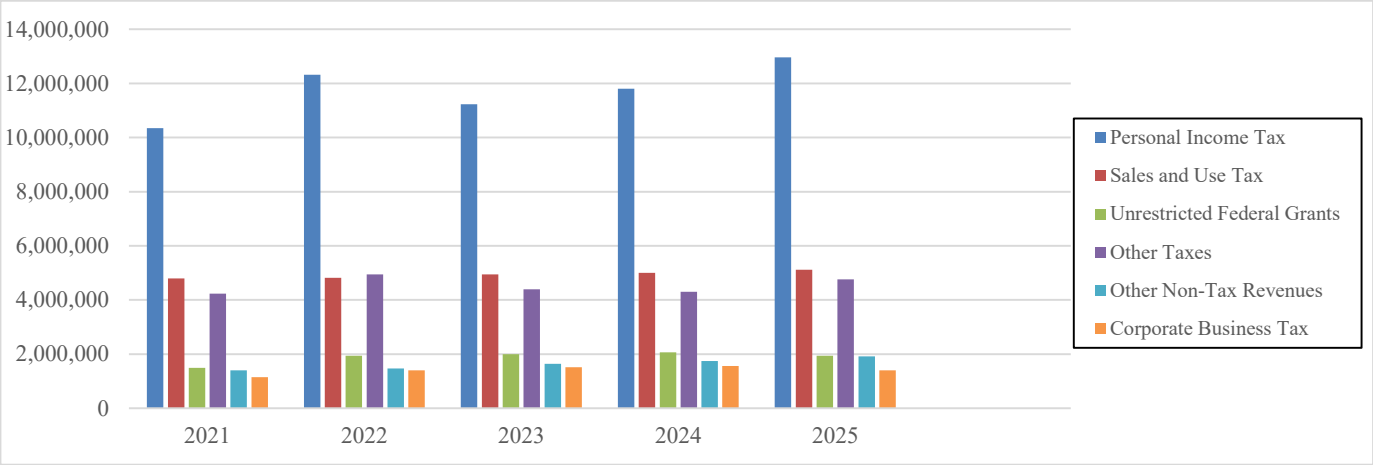
(c) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues; and designated Tobacco Settlement Revenues. See **Appendix II-E**.

SOURCE: Public Act No. 25-168 and Public Act No. 26-68

Historical General Fund Revenues

Actual General Fund revenues for Fiscal Years 2022 through 2025 (audited) and Fiscal Year 2026 (unaudited) are set forth in **Appendix II-D**. A summary of the composition of General Fund gross revenues for Fiscal Years 2021-2025 is illustrated below:

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



	2021	2022	2023	2024	2025
Taxes:					
Personal Income Tax	$ 10,340,437[b]	$ 12,131,800[b]	$ 11,223,390[b]	$ 11,803,047[b]	$ 12,963,930
Sales Tax	4,792,675	4,818,083	4,944,772	5,003,036	5,120,521
Corporate Business Tax	1,153,079	1,401,153	1,516,588	1,555,553	1,402,569
Other Taxes[c]	4,229,834	4,947,333	4,391,202	4,300,735	4,757,253
Subtotal	$ 20,516,024	$ 23,298,369	$ 22,075,952	$ 22,662,371	$ 24,244,273
R & D Credit Exchange	(7,093)	(5,756)	(6,061)	(9,028)	(6,449)
Refunds of Taxes	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)	(2,099,984)
Total Net Taxes	$ 18,651,419	$ 21,481,411	$ 20,079,787	$ 20,496,631	$ 22,137,841
Other Revenue:					
Federal Grants (Unrestricted)	$ 1,496,315	$ 1,934,869	$ 1,997,837	$ 2,060,692	$ 1,935,142
Other Non-Tax Revenues[d]	1,397,789	1,474,531	1,645,647	1,738,878	1,916,973
Transfers to Other Funds[e]	(1,128,604)	(3,026,155)	(1,012,878)	(1,679,260)	(2,098,709)
Transfers from Other Funds	114,500	126,200	112,500	99,190	--
Total Other Revenues	$ 1,880,000	$ 509,445	$ 2,743,106	$ 2,219,499	$ 1,753,406
Total Revenues	$ 20,531,419	$ 21,990,857	$ 22,822,894	$ 22,716,130	$ 23,891,247

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

(b) Personal Income Tax total in Fiscal Years 2021 through 2025 are comprised of $7,243.8 million, $7,886.2 million, $8,317.2 million, $8,666.4 million and $9,153.0 million respectively, in the withholding portion of Personal Income Tax and $3,096.6 million, $4,245.6 million, $2,906.2 million, $3,136.6 million and $3,811.0 million, respectively, in the estimated and finals portion of Personal Income Tax.

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

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

(e) Includes transfers from the resources of the General Fund, transfers to the Budget Reserve Fund for the volatility adjustment and transfers to the Pequot/Mohegan Fund.

NOTE: Totals may not add due to rounding.

SOURCE: 2021, 2022, 2023, 2024 and 2025 Annual Reports of the State Comptroller.

Components of Revenue

Personal Income Tax. The State imposes a Personal Income Tax on the income of residents of the State (including resident trusts and estates), part-year residents and certain non-residents who have taxable income derived from or connected with sources within Connecticut. The current tax is imposed on a graduated scale, with a maximum rate of 6.99% on Connecticut taxable income. Connecticut taxable income is determined starting with federal adjusted gross income, with further adjustments. Depending on federal income tax filing status, the taxable year and Connecticut adjusted gross income, personal exemptions are available to taxpayers, ranging from $15,000 to $24,000. In addition, tax credits ranging from 1% to 75% of a taxpayer's Connecticut tax liability are also available depending upon federal income tax filing status, the taxable year and Connecticut adjusted gross income. Such exemptions and tax credits are phased out at higher income levels. Under the current structure, the first $20,000 of taxable income for a joint filer and the first $10,000 of taxable income for a single filer are taxed at the 2% rate, rising thereafter, on a graduated scale, to 6.99%. Lower rates are phased out for all filers who exceed certain income thresholds. There is an income tax credit available to certain filers for property taxes paid of $300 per filer for tax years beginning on or after January 1, 2022. Taxpayers also are subject to a Connecticut minimum tax, based on their liability, if any, for payment of the federal alternative minimum tax. Neither the personal exemption nor the tax credits described above are available to trusts or estates.

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

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

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

The State limits corporation credits from reducing tax liability by more than 50.01% for most credits. The State imposed a corporation business tax surcharge of 10% for income years 2018 through 2028 for businesses with over $100 million in federal adjusted gross income which is phased out completely for income year 2029.

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

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

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

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

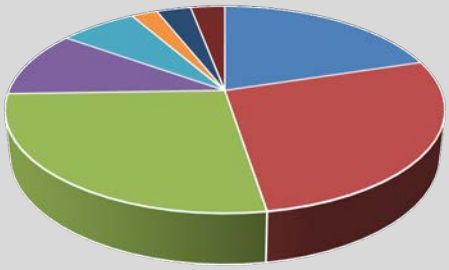
General Fund Expenditures

Fiscal Year 2026 and 2027 Appropriated Expenditures. State expenditures are categorized for budget and appropriation purposes under the following ten functional headings, with expenditures by agency generally shown as subheadings: Human Services; Education, Libraries and Museums; Non-Functional (debt service and miscellaneous expenditures including fringe benefits); Health and Hospitals; Corrections; General Government; Judicial; Regulation and Protection; Conservation and Development; and Legislative. State expenditures for Department of Transportation functions are generally paid from the Special Transportation Fund, although minor expenditures for transportation related expenditures are occasionally paid from the General Fund. See **OTHER FUNDS, DEBT AND LIABILITIES** -- ***Special Transportation Fund and Debt*** herein.

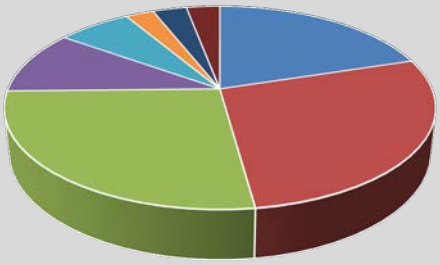
The adopted budgets for Fiscal Year 2026 and 2027 are included as **Appendix II-E**. A summary of appropriated General Fund expenditures for Fiscal Years 2026 and 2027 is set forth below.

Appropriated General Fund Expenditures (In Millions)

Appropriated Expenditures
Fiscal Year 2026
$24,036.4[(a)]



Appropriated Expenditures
Fiscal Year 2027
$24,874.5[(a)]



Fiscal Year 2026

Human Services	$5,079.1	21.0%
Education, Libraries and Museums	6,935.4	28.7%
Non-Functional	6,018.7	24.9%
Health and Hospitals	2,441.7	10.1%
Corrections	1,570.5	6.5%
General Government	626.1	2.6%
Judicial	740.3	3.1%
Other Expenditures[(b)]	718.9	3.0%

Fiscal Year 2027

Human Services	$4,760.9	19.1%
Education, Libraries and Museums	7,022.4	28.1%
Non-Functional	6,706.9	26.9%
Health and Hospitals	2,534.1	10.1%
Corrections	1,623.1	6.5%
General Government	759.0	3.0%
Judicial	771.7	3.1%
Other Expenditures[(b)]	790.2	3.2%

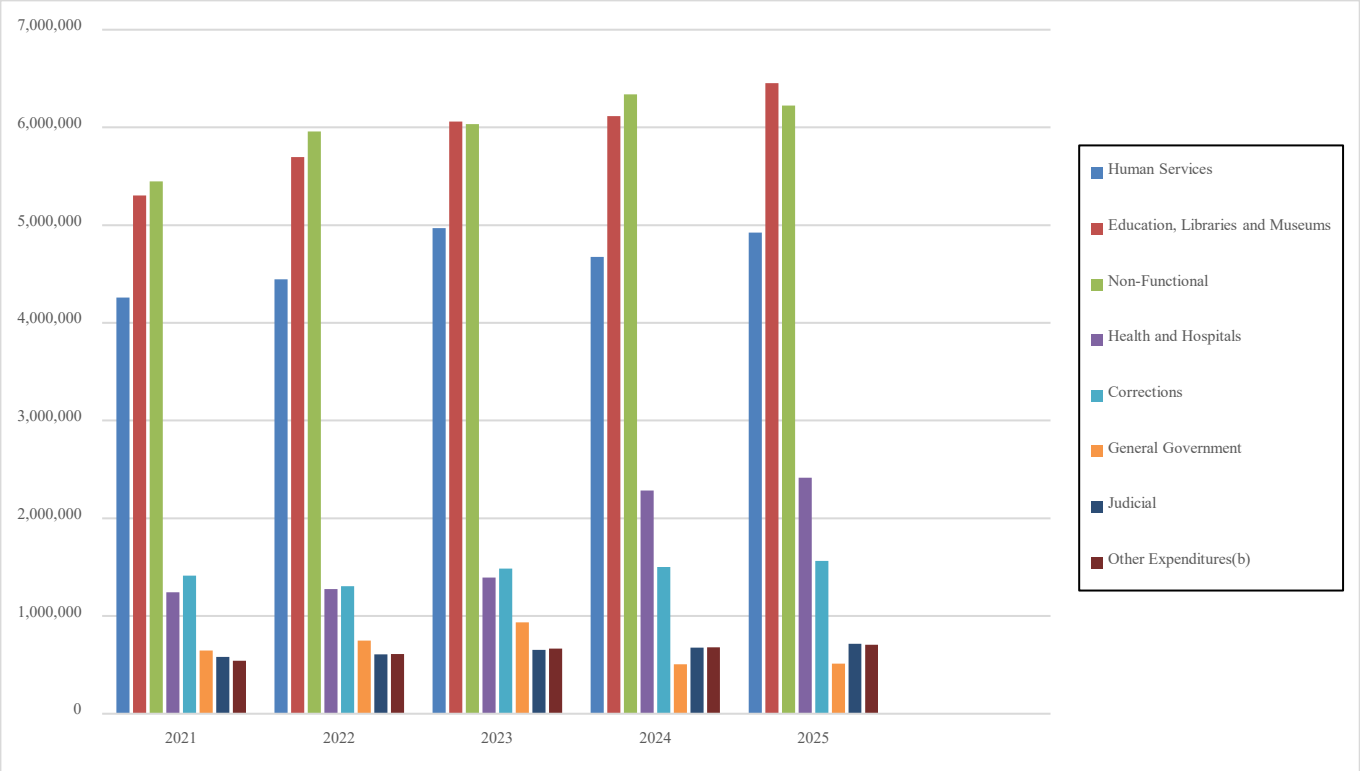
(a) The pie charts reflect the total appropriated expenditures of $24,130.6 million for Fiscal Year 2026 and $24,968.2 million for Fiscal Year 2027, while the references in the title of the pie charts reflect adjustments for unallocated lapses of $94.2 million for Fiscal Year 2026 and $93.7 million for Fiscal Year 2027. Fiscal Year 2026 reflects Public Act No. 25-168 and Fiscal Year 2027 reflects Public Act No. 26-68. See **Appendix II-E** for details.
(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

NOTE: Totals may not add due to rounding.
SOURCE: Public Act No. 25-168 and Public Act No. 26-68.

Historical General Fund Expenditures

Actual General Fund expenditures for Fiscal Years 2022 through 2025 (audited) and Fiscal Year 2026 (unaudited) are set forth in **Appendix II-D**. A summary of the composition of General Fund expenditures for Fiscal Years 2021-2025 is illustrated below:

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



	2021	2022	2023	2024	2025
Human Services	$ 4,257,971	$ 4,444,984	$ 4,969,383	$ 4,675,936	$ 4,925,367
Education, Libraries and Museums	5,303,846	5,697,620	6,060,110	6,114,126	6,454,608
Non-Functional	5,447,513	5,958,694	6,034,660	6,339,354	6,222,986
Health and Hospitals	1,243,572	1,276,373	1,395,142	2,285,272	2,416,348
Corrections	1,412,659	1,305,228	1,485,572	1,502,814	1,564,002
General Government	646,356	749,700	934,447	506,828	511,148
Judicial	580,979	606,544	653,109	675,221	717,260
Other Expenditures[b]	543,308	612,359	666,478	679,889	705,771
Totals	$ 19,436,204	$ 20,651,502	$ 22,198,901	$ 22,779,439	$ 23,517,490

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

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

NOTE: Totals may not add due to rounding.

SOURCE: 2021, 2022, 2023, 2024 and 2025 Annual Reports of the State Comptroller, as adjusted by OPM to exclude expenditures of appropriations carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year.

Components of Expenditures

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

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

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

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

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

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

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

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

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

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

Expenditures by Type

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

Fixed costs consist largely of payments for State employee and teacher benefits including pension contributions, retiree health benefits, entitlement programs such as Medicaid, and payments of debt service. For Fiscal Year 2022, Fiscal Year 2023, Fiscal Year 2024 and Fiscal Year 2025 fixed costs amount to approximately 51.2%,

51.1%, 51.6%, 53.9% and 53.1%, respectively, of total General Fund expenditures. A summary of non-fixed and fixed costs for the General Fund is shown below.

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Total Non-Fixed Costs	**$ 9,492.1**	**$ 10,097.0**	**$ 10,748.0**	**$ 10,511.1**	**$ 11,035.1**
Fixed Costs:					
Debt Service	2,275.8	2,383.6	2,560.5	2,760.0	2,496.9
Teachers' Pensions	1,249.8	1,443.7	1,578.0	1,554.5	1,601.4
State Employees' Retirement System	1,315.6	1,460.6	1,567.8	1,640.7	1,634.2
Other State Pensions	49.2	53.3	59.1	134.3	132.1
State and Teachers' OPEB	779.0	758.4	759.2	714.7	798.4
Medicaid	2,444.1	2,548.6	2,926.4	3,380.7	3,606.0
All Other Entitlement Accounts[(b)]	1,830.6	1,906.4	2,000.0	2,083.4	2,213.4
Total Fixed Costs	**$ 9,944.1**	**$ 10,554.6**	**$ 11,451.0**	**$ 12,268.4**	**$12,482.4**
Fixed Cost Percent of Total Expenditures	**51.2%**	**51.1%**	**51.6%**	**53.9%**	**53.1%**

(a) Table 1 includes actual audited expenditures for Fiscal Years 2021-2025.

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

NOTE: Totals may not add due to rounding.

SOURCE: OPM

Forecasted Operations

Consensus Revenue Estimates. Pursuant to CGS Section 2-36c, on April 30, 2026, OPM and OFA issued their consensus revision to their January 15, 2026 consensus revenue estimate for the current biennium and the next three ensuing fiscal years as follows:

General Fund Consensus Revenue Estimate
(in Millions)

Fiscal Year:	2026	2027	2028	2029	2030
Revenue Estimate January 15, 2026	$24,465.0	$26,038.4	$26,663.9	$27,388.6	$28,246.8
Revenue Estimate April 30, 2026	$24,309.6	$26,097.7	$26,557.9	$27,279.7	$28,126.6
Increase/(Decrease) in Revenue Estimate	$ (155.4)	$ 59.3	$ (106.0)	$ (108.9)	$ (120.2)

The next consensus revision will be issued on or about November 10, 2026. The projections in the consensus revenue estimates are only estimates and no assurances can be given that future events will materialize as estimated or that subsequent estimates, adjustments or actions of the State will not indicate changes in the final results of the fiscal years reported.

Fiscal Accountability Reports. Fiscal accountability reports were released by OPM and OFA on November 20, 2025 pursuant to CGS Section 2-36b, as amended in 2025. The reports show, for the current biennium and the three succeeding fiscal years, the level of expenditure change from current year expenditures allowable by consensus revenue estimates in the General Fund, the changes to current year expenditures necessitated by fixed cost drivers which include, generally, pension and other retiree costs, debt service, Medicaid and certain other costs for the Department of Social Services and the Department of Children and Families, and an estimate of material and likely changes to nonfixed costs.

Both reports estimated revenue in the General Fund exceeding expenditures for Fiscal Year 2026, resulting in a projected surplus of $164.4 million by OPM and $95.2 million by OFA; this is less than the adopted budgeted balance of $308.9 million.

OFA projected a General Fund surplus of $312.4 million, $62.6 million, $21.7 million and $101.9 million in each of Fiscal Years 2027 to 2030, respectively. OFA advised that the revenue estimates incorporate the November 2025 consensus revenue estimates. The OFA report also compared revenue growth to expenditure to expenditure growth. OFA projected an annualized growth rate of 2.8% in revenue growth and 3.0% in expenditure growth during the period of Fiscal Year 2028 through 2030 with an average annual growth in revenue of $749.6 million compared to an annual average of $805.9 million for expenditures for such period, with negative structural balances of $134.2 million in Fiscal Year 2028 and $43.8 million in Fiscal Year 2029 and a small positive structural balance of $9/2 million in Fiscal Year 2030.

The OPM report compared projected General Fund revenue growth to likely growth in both fixed and non-fixed costs as follows:

Year-Over-Year Growth Rates

	Fiscal Year 2026 -2027	Fiscal Year 2027-2028	Fiscal Year 2028 -2029	Fiscal Year 2029 -2030
Total Revenue Growth Rate	**6.6%**	**2.4%**	**2.7%**	**3.1%**
Fixed Cost Growth Rate	4.3%	3.8%	3.4%	3.0%
Non-Fixed Cost Growth Rate	6.7%	1.9%	1.4%	1.9%
Total Expenditure Growth Rate	**5.4%**	**2.9%**	**2.5%**	**2.5%**

Fiscal Year 2027 expenditures exclude continuing appropriations and reflect the Fiscal Year 2027 budgeted appropriations, adjusted to reflect updated estimates of spending requirements. The three outyears have been developed based on the current services level for Fiscal Year adjusted by certain inflation factors.

The OPM report projected the State's spending cap would allow growth in capped expenditures of approximately 5.94% in Fiscal Year 2027 over Fiscal Year 2026, 5.33% in Fiscal Year 2028 over Fiscal Year 2027, 5.33% in Fiscal Year 2029 over Fiscal Year 2028 and 4.82% in Fiscal Year 2030 over Fiscal Year 2029.

The OPM report further discussed the long-term liabilities facing the State that total approximately $79.6 billion, down $15.8 billion from the level reported in the November 2021 Fiscal Accountability Report. The table below details the components of these long-term liabilities:

Long-Term Obligations
(In Billions)

Bonded Indebtedness – As of 6/30/2025	$ 25.6
State Employee Pensions – Unfunded as of 6/30/2025	17.6
Teachers' Pension – Unfunded as of 6/30/2025	15.9
State Employee Post-retirement Health and Life – Net Liability as of 6/30/2024	16.2
Teachers' Post-Retirement Health and Life – Net Liability as of 6/30/2024	3.2
Cumulative GAAP Deficit – As of 6/30/2024	1.1
Total	**$ 79.6**

The reports also estimated general obligation bond authorizations, allocations, issuance and debt service for the current fiscal year and succeeding four fiscal years. The reports estimated fairly stable general obligation bond issuances over the five-year period of $1.9 billion to $2.0 billion in each year with the expenditure on general fund debt service estimated between $2.5 billion and $3.0 billion in each year. In addition, OPM projected the State's aggregate debt subject to the debt limit to range from 79.46% to 86.38% of the debt limit for Fiscal Years 2026 to 2030.

The next fiscal accountability reports will be delivered on or about November 20, 2026. The projections of OPM and OFA are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates, adjustments, or actions of the State will not reflect changes in the operations of the General Fund or in the estimated or final results of such fiscal years. In addition, the State has a balanced budget requirement, a revenue cap and a spending cap as discussed in the **Financial Procedures** section under the heading **The Budgetary Process – *Balanced Budget Requirement***. As such, budgets adopted for future fiscal years will need to comply with those requirements. As a result, the figures included in the report do not represent a projection of the actual financial results that might be expected, but instead serve as a planning tool.

Adopted Budget for Fiscal Year 2025

The General Assembly passed a biennial budget bill which the Governor signed into law on June 12, 2023 (the "2023 Budget Act"). Per OFA's fiscal note, the 2023 Budget Act projected revenue of $23,103.7 million in Fiscal Year 2025. The budget made net General Fund appropriations of $22,805.9 million in Fiscal Year 2025 with a projected surplus of $9.0 million in Fiscal Year 2025. This projected surplus did not take into account the revenue cap deduction, which limits Fiscal Year 2025 appropriations to 98.75% of projected revenues. Taking into account the revenue cap deduction resulted in an additional $288.8 million of budgeted surplus funds in Fiscal Year 2025. Two budget related acts were subsequently passed and signed into law by the Governor impacting the Fiscal Year 2025 budget. **STATE GENERAL FUND – Adopted Budget for Fiscal Years 2026 and 2027 - *Budgetary Adjustments with Respect to Fiscal Guardrails***.

Fiscal Year 2025 Operations

Pursuant to the Comptroller's audited statutory based financial report dated November 28, 2025, General Fund revenues were $23,891.2 million, General Fund expenditures and net miscellaneous adjustments and reservations (including net appropriations continued and estimated lapses) were $23,481.0 million and the General Fund operating surplus for Fiscal Year 2025 was $410.2 million, of which $300.0 million was reserved for statutory transfer to the Early Childhood Education Endowment and $110.2 million was reserved for statutory transfer pursuant to CGS Section 4-30a (Budget Reserve Fund). See **FINANCIAL PROCEDURES – Financial Controls – *Unappropriated Surplus – Budget Reserve Fund***.

Adopted Budget for Fiscal Years 2026 and 2027

The General Assembly passed a biennial budget bill which the Governor signed into law on June 30, 2025 (the "2025 Budget Act"). The 2025 Budget Act projects revenue of $24,345.4 million in Fiscal Year 2026 and $25,913.7 million in Fiscal Year 2027. The budget makes net General Fund appropriations of $24,036.4 million in Fiscal Year 2026, which represents 5.4% growth over originally adopted Fiscal Year 2025 appropriations, and $25,361.9 million in Fiscal Year 2027, which represents 5.5% growth over Fiscal Year 2026 appropriations. The projected surplus is $4.8 million in Fiscal Year 2026 and $227.9 million in Fiscal Year 2027. This projected surplus does not take into account the revenue cap deduction, which limits Fiscal Year 2026 and Fiscal Year 2027 appropriations to 98.75% of projected revenues. Taking into account the revenue cap deduction results in an additional $304.3 million in budgeted surplus funds in Fiscal Year 2026 and an additional $323.9 million of budgeted surplus funds in Fiscal Year 2027.

The 2025 Budget Act also included an increase of $150 million to the existing volatility cap threshold in Fiscal Year 2025 (from $3,929.3 million to $4,079.3 million). This revision allowed an additional $150 million of revenue from the Estimates and Finals component of the Personal Income Tax and the Pass-through Entity Tax to be utilized in the General Fund which was ultimately used to transfer revenue from Fiscal Year 2025 to Fiscal Year 2026 to make an additional payment to the Teachers' Retirement System. See **FINANCIAL PROCEDURES – Financial Controls – *Unappropriated Surplus – Budget Reserve Fund.***

The 2025 Budget Act includes a net $562.5 million in revenue increases in Fiscal Year 2026 and a net $1,473.8 million in revenue increases in Fiscal Year 2027. The significant revenue changes include:

- Increasing the existing volatility cap threshold in Fiscal Year 2026 by $600 million. The revision allows an additional $600 million of revenue from the Estimates and Finals component of the Personal Income Tax and the Pass-through Entity Tax to be utilized in the General Fund. The revised threshold will grow annually by the compound annual growth rate of personal income in the State over the preceding five calendar years, resulting in an increase of $632.2 million for Fiscal Year 2027.
- Eliminating the $2.5 million cap on combined unitary reporting under the Corporation Business Tax. This is effective for income years commencing on and after January 1, 2025 and is estimated to generate revenues of approximately $133.1 million in Fiscal Year 2026 and $83.2 million in Fiscal Year 2027.
- Rebasing the hospital user fee from federal fiscal year 2016 hospital revenues to federal fiscal year 2024 beginning in State Fiscal Year 2027. The rebasing is estimated to generate revenues of $375 million in State Fiscal Year 2027. In addition, an expenditure item that would reinvest $210 million of revenue into the hospital system via supplemental payments to hospitals is estimated to generate $140.7 million of federal reimbursement revenue in State Fiscal Year 2027.
- Transferring $244.0 million of Fiscal Year 2026 resources for use in Fiscal Year 2027.
- Transferring $101.0 million of General Fund revenue to the Municipal Revenue Sharing Fund in Fiscal Year 2026 and another $90.0 million in Fiscal Year 2027.

The notable expenditure changes as compared to current services include:

- Establishing the Early Childhood Education Endowment that is funded in Fiscal Year 2026 with $300 million of Fiscal Year 2025 unappropriated surplus. In Fiscal Year 2026 and annually thereafter, the endowment will be funded by the estimated unappropriated surplus determined prior to June 30 of the current fiscal year, if any. The endowment is designed as a savings account to fund investments in early childhood education, with the goal of increasing access to affordable childcare that will grow over time.
- Increasing supplemental payments to hospitals by $210 million in Fiscal Year 2027 over Fiscal Year 2026 levels which also results in additional federal reimbursement revenue for the State. This is paired with the rebasing of the hospital use fee that is expected to result in increased revenue collections from the hospitals.
- Providing private providers with $50 million in Fiscal Year 2026 to annualize Fiscal Year 2025 increases with another $126 million in Fiscal Year 2027 to fund a 3% increase and an additional $30 million for non-Department of Developmental Service providers.

CGS Section 2-33a sets out the State's general budget expenditure cap. The adopted budget is $0.7 million below the expenditure cap for Fiscal Year 2026 and $69.8 million below the expenditure cap for Fiscal Year 2027.

CGS Section 4-30a sets out the State's volatility cap. The volatility cap diverts excess revenue above a specified threshold from the Pass-Through Entity Tax and excess revenue from the Estimates and Finals portion of the Personal Income Tax from the General Fund to the Budget Reserve Fund or to the pay down of long-term liabilities in accordance with the formula set out in such statute. The 2025 Budget Act projects a volatility cap transfer of $730.4 million in Fiscal Year 2026 and $622.7 million in Fiscal Year 2027, taking into account the increase in the threshold discussed above.

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

- *General Obligation* – a net increase in general obligation bond authorizations totaling $3,042.2 million in Fiscal Year 2026 and $3,200.4 million in Fiscal Year 2027, not including existing authorizations of $393.5 million in Fiscal Year 2026 and $622.7 million in Fiscal Year 2027 including:
  - *Department of Housing* -- $525.5 million in Fiscal Year 2026 and $543.5 million in Fiscal Year 2027;
  - *School Construction* -- $550.0 million in each year of the biennium; and
  - *Department of Economic and Community Development* -- $351 million in general obligation bond authorizations in Fiscal Year 2026 and $376.3 million in Fiscal Year 2027;
- *Clean Water Fund* -- $50.0 million in additional clean water revenue bond authorizations in Fiscal Year 2026 and $500.0 million in Fiscal Year 2027;
- *Special Transportation Obligation* -- $1,574.7 million in new special transportation obligation bond authorizations in Fiscal Year 2026 and $1,580.9 million in Fiscal Year 2027.

Budgetary Adjustments with Respect to Fiscal Guardrails. The State's obligation to comply with the Fiscal Guardrails themselves cannot be altered except in certain circumstances. Certain components of the Fiscal Guardrails themselves permit alterations subject to certain conditions (see **STATE DEBT-Statutory Provisions-*Bond Covenant***).

For Fiscal Year 2025, the guardrail limiting expenditures in excess of the general budget expenditure cap (the "spending cap") was altered. On May 19, 2025, the Governor declared the existence of extraordinary circumstances for the purpose of addressing the Department of Social Services' projection of a deficiency in the amount of approximately $284 million in the Medicaid program for Fiscal Year 2025 due to expenses exceeding appropriated amounts. Pursuant to Article XXVIII of the Amendments to the Constitution of the State and CGS Section 2-33a, at least three-fifths of the members of each house of the State's General Assembly voted to approve the $284 million additional appropriation for Medicaid in furtherance of the Governor's declaration.

As described above, the 2025 Budget Act also includes an increase to the existing volatility cap threshold beginning in Fiscal Year 2025, allowing for more revenues to go to the General Fund instead of to the State's Budget Reserve Fund or, if the Budget Reserve Fund is at its statutory maximum amount, then to pay down certain long-term liabilities of the State. The 2025 Budget Act provided for an increase of $150 million in the volatility cap threshold in Fiscal Year 2025 and an increase of $600.1 million above the projected volatility cap threshold in Fiscal Year 2026 and thereafter adjusted annually based on the compound annual growth rate of personal income in the State over the preceding five calendar years.

For fiscal years prior to 2025, the unappropriated surplus determined after the end of the fiscal year is used to first fill the Budget Reserve Fund to the statutory maximum of 18%, and then used to pay down long term obligations. Public Act No. 25-93 established an Early Childhood Education Endowment for early childhood education. $300 million of the Fiscal Year 2025 unappropriated surplus was transferred to such endowment before June 30, 2025. For Fiscal Year 2026 and each fiscal year thereafter, any projected unappropriated surplus for a fiscal year is to be used prior to the end of the fiscal year to first fill the Budget Reserve Fund and to mitigate any potential deficit as a result of audited financials for such fiscal year with all remaining unappropriated surplus then being dedicated to the Early Childhood Education Endowment. Expenditures from the Early Childhood Education Endowment are authorized by the Governor and are not subject to legislative appropriation and are not counted towards the State's spending cap.

Special Act No. 25-1 of the November 2025 Special Session directed $500 million of the Fiscal Year 2025 volatility cap transfer to the Budget Reserve Fund for deposit to the Federal Cuts Response Fund, notwithstanding the 18% statutory limit, for the purpose of mitigating certain reduction in federal funding due to the fiscal impact of the One Big Beautiful Bill Act of 2025 ("OBBBA" or "Public Law 119-21") and the federal government shutdown during Fiscal Year 2026. Any unspent amount of the $500 million by June 30, 2026, was to be transferred to reduce the unfunded liabilities of the State Employees' Retirement System and/or

the Teachers' Retirement System if the Budget Reserve is funded at the 18% statutory limit. Special Act No. 26-1, however, carried forward the remaining funds of such $500 million to June 30, 2027 for response to federal cuts. These changes required invoking the provision allowing changes in the Fiscal Guardrails generally, and accordingly, in each such case, the Governor declared an emergency due to extraordinary circumstances and the General Assembly passed the legislation by the necessary margin. Any unspent amount of the $500 million in the Federal Cuts Response Fund by June 30, 2027, will be transferred to reduce the unfunded liabilities of the State Employees' Retirement System and/or the Teachers' Retirement System if the Budget Reserve is funded at the 18% statutory limit. The Revised Budget Act (defined hereafter) increased the amount to be transferred to the Federal Cuts Response Fund to $550 million. See **Midterm Budget Revisions for Fiscal Years 2026 and 2027** below.

OPM is currently conducting an analysis of the fiscal impact of the One Big Beautiful Bill Act of 2025 ("OBBBA") on the State's finances. For a majority of the provisions, initial estimates appear to be more limited compared to the estimated impacts in the outyears. Some areas where OPM believes the State may experience a fiscal impact include required changes to the Department of Social Services eligibility and claims payment systems, eligibility changes to the supplemental nutrition assistance program, the loss of health exchange subsidies and advanced premium tax credits related to the federal Affordable Care Act and the CoveredCT Program.

Regarding OBBBA and the various tax changes within it, OPM estimates a majority of the fiscal impact of those provisions to be minimal. OBBBA provisions regarding tips, overtime, car loan interest, and seniors aged 65 and older will not impact State tax collections, as they do not adjust federal adjusted gross income, which is the starting point for the State's income tax. For the State's Corporation Business Tax, OPM believes there will be a timing shift of revenue for provisions related to domestic research and experimental expensing provisions as well as to bonus depreciation for qualified production property provisions. The April 2026 consensus revenue forecast adjusted Corporation Business Tax revenues for these federal changes and such changes are reflected in the monthly letter to the State Comptroller. OPM believes federal restrictions on health provider taxes will not negatively impact the State based on the structure of the State's tax, pending final rules and regulations from the Centers for Medicare & Medicaid Services. However, certain hospital tax rates will need to be adjusted to remain in compliance with these federal changes. Regarding the increased limit on SALT deductions from $10,000 to $40,000 in OBBBA, OPM believes most Connecticut filers who claim this exemption will receive the full, uncapped benefit of the deduction. In general, OPM believes taxpayers with federal adjusted gross incomes of $500,000 or less will receive the full benefit of the deduction (87% of filers who claimed the state and local tax deduction in income year 2022 fall into this category). In addition, the final version of OBBBA did not eliminate the States' ability to utilize Pass-through Entity Tax workarounds to reduce taxpayers' federal liability.

Fiscal Year 2026 Operations

Pursuant to the Comptroller's unaudited statutory based financial report provided on September 30, 2026, as of June 30, 2026, General Fund revenues were $25,232.9 million, General Fund expenditures and net miscellaneous adjustments and reservation (including net appropriations continued and estimated lapses) were $24,703.1 million and the General fund surplus for Fiscal Year 2026 was $529.8 million of which $411.7 million was transferred to the Early Childhood Education Endowment and $118.0 million was reserved for statutory transfers. See **FINANCIAL PROCEDURES – Financial Controls – *Unappropriated Surplus – Budget Reserve Fund.*** No assurances can be given that the subsequent audit will not result in changes in the final result of Fiscal Year 2026 operations of the General Fund.

Governor's Midterm Budget Revisions

Per CGS Section 4-71, the Governor is required to submit a status report in each even year to the General Assembly on the biennial budget enacted in the previous year. The status report shall include any recommendations for adjustments and revisions to the enacted budget. On February 4, 2026, the Governor

presented to the General Assembly a status report including detailed projections of expenditures and revenues and proposed midterm budget revisions for Fiscal Year 2027. General Fund revenues were projected at $25,795.8 million and expenditures totaling $25,469.6 million were proposed, resulting in a surplus of $326.2 million prior to the application of the revenue cap ($3.8 million after application of the revenue cap). The Governor's proposed budget for Fiscal Year 2027 would be $1.1 million below the expenditure cap.

The Governor also proposed an increase of $308.1 million in general obligation bond authorizations for Fiscal Year 2027.

Midterm Budget Revisions for Fiscal Years 2026 and 2027

On May 2, 2026, instead of adopting the Governor's proposed midterm budget adjustments, the General Assembly passed a budget bill containing revised appropriations for Fiscal Year 2027 along with deficiency appropriations for Fiscal Year 2026 (the "Revised Budget Act"). The Revised Budget Act projects General Fund revenue of $25,242.1 million in Fiscal Year 2027 and makes net General Fund appropriations of $24,874.5 million. The projected operating surplus would be $52.1 million, not taking into account the revenue cap deduction, which limits Fiscal Year 2027 appropriations to 98.75% of projected revenues. Taking into account the revenue cap deduction results in an additional $315.5 million in budgeted surplus funds in Fiscal Year 2027. The Revised Budget Act was signed into law by the Governor on May 26, 2026.

One of the largest changes in the Revised Budget Act is both a reduction in the Hospital Provider Tax and a simultaneous shifting of such revenue and related expenses to an off-budget Hospital Supplemental Payment Account beginning in Fiscal Year 2027. Grants to municipalities also received significant increases.

CGS Section 2-33a sets out the State's general budget expenditure cap. This cap can be exceeded if the governor declares an emergency and three-fifths of the members of each house of the General Assembly agree. As part of the Revised Budget Act, the Governor issued an emergency declaration to exceed the Fiscal Year 2026 expenditure cap by $413.0 million for purposes of funding additional municipal aid, addressing the Medicaid deficiency, and providing additional funds to the Federal Cuts Response Fund. The Revised Budget Act passed by the requisite three-fifths members of each house of the General Assembly thereby affirming the Governor's declaration. The revised budget is $0.2 million below the revised expenditure cap for Fiscal Year 2026 and $0.6 million below the revised expenditure cap for Fiscal Year 2027.

CGS Section 4-30a sets out the State's volatility threshold and transfer. With the April 30, 2026, consensus revenue forecast, the projected transfer to the Budget Reserve Fund was projected to be $2,097.9 million, an increase of $287.5 million over the previous consensus revenue forecast. The Revised Budget Act increases the Fiscal Year 2026 volatility cap threshold by a one-time $813.7 million thereby reducing the projected Fiscal Year 2026 transfer to the Budget Reserve Fund to $1,284.2 million. The General Assembly passed this one-time increase in the volatility cap threshold by the requisite three-fifths members of each house of the General Assembly. In order to maintain the current 18% Budget Reserve Fund statutory requirement, $150.9 million will be retained in the Budget Reserve Fund with the remaining $1,133.3 million projected to deposited into the State's pension funds as determined by the State Treasurer.

The Revised Budget Act also increases General Obligation bond authorizations by $30 million in Fiscal Year 2026 and by $618.8 million in Fiscal Year 2027.

Fiscal Year 2027 Operations

Pursuant to CGS Section 4-66, by the twentieth day of each month, OPM provides projected estimates to the Comptroller of revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report to the Governor. By statute, the State's fiscal position is reported on or before the first day of each month by the Comptroller. The following summarizes OPM's and the Comptroller's estimates of General Fund revenues; expenditures and miscellaneous adjustments (including net appropriations continued

and estimated lapses); and surplus/(deficit) balance in the General Fund for Fiscal Year 2027 as of the referenced ending period in accordance with specific budgetary basis accounting standards set forth by statute, which incorporate new budgeted expenditure accruals consistent with specific statutory reporting requirements:

OPM and Comptroller Estimates Fiscal Year 2027
(in Millions)

	OPM Report			Comptroller Report		
Period Ending[a]	**Revenues**	**Expenditures[b]**	**Surplus/ (deficit)**	**Revenues**	**Expenditures[b]**	**Surplus/ (Deficit)**
July 31, 2026	$25,397.8	$24,946.0	$451.8	$25,397.8	$24,946.0	$451.8
August 31, 2026	$25,397.8	$25,017.8	$380.0	$25,397.8	$25,017.8	$380.0

(a) Estimates reflect projections as of the period ending date for full Fiscal Year 2027.
(b) Expenditures include net appropriations, continued and estimated lapses and miscellaneous adjustments.

In OPM's September 18, 2026 letter, as of August 31, 2026, prior to taking into account the limit on transfers into the Budget Reserve Fund, the Secretary of OPM anticipated transfers into the Budget Reserve Fund to total $1.53 billion from the volatility cap transfer and estimated the General Fund surplus to be $380.0 million which surplus is expected to be transferred to the Early Childhood Education Endowment prior to June 30, 2027. The Secretary forecasted the balance in the Budget Reserve Fund as of the end of Fiscal Year 2027 to be approximately $6.0 billion, or 24.2% of total Fiscal Year 2027 General Fund appropriations contained in Public Act No. 26-68. It is anticipated that this balance is expected to exceed the statutory 18% cap for the Budget Reserve Fund next fiscal year and additional transfers to the State Employees' Retirement Fund and/or the Teachers' Retirement Fund are expected during the close-out period for Fiscal Year 2027.

The next report of OPM is expected on or about October 20, 2026 and the next monthly report of the Comptroller is expected on or about November 7, 2026. The projections discussed above are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates or adjustments by OPM, the Comptroller or other State agencies will not reflect changes in the estimated or final result of Fiscal Year 2027 operations of the General Fund. In addition, adjustments or audit or actions of the State may also result in changes in the final result of Fiscal Year 2027 operations of the General Fund.

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General Fund Budget History

The table below summarizes the results of operation of the General Fund on a statutory basis. Summaries of actual revenues and expenditures on the statutory basis for Fiscal Years 2022 through 2025 (audited) and Fiscal Year 2026 (unaudited) are set forth in **Appendix II-D**.

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

Fiscal Year	2021	2022	2023	2024	2025
Total General Fund Revenues[a]	$ 20,531.4	$ 21,990.9	$ 22,822.9	$ 22,716.1	$ 23,891.2
Net Appropriations/Expenditures[b]	20,055.6	20,729.6	22,267.6	22,315.1	23,481.0
Operating Surplus/(Deficit) [c]	$ 475.9	$ 1,261.3	$ 555.3	$ 401.0	$ 410.2

(a) Does not include Restricted Accounts and Federal and Other Grants. See **Appendix II-D**.

(b) Does not include expenditures for Restricted Accounts and Federal and Other Grants. Includes Amounts Reserved for Prior Year Appropriations Less Appropriations Carried Forward and Other Adjustments. See **Appendix II-D**.

(c) In accordance with State statute, because the Budget Reserve Fund had reached the statutory limit, (i) for Fiscal Years 2021 and 2022, the Treasurer determined it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund, (ii) for Fiscal Year 2023, per statute, it was determined to be in the best interest of the State to transfer the surplus as an additional contribution to the Teachers' Retirement System (iii) for Fiscal Year 2024, the Treasurer determined it was in the best interest of the State to transfer the remaining $324.9 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $145.9 million as an additional contribution to the Teachers' Retirement System and (iv) for Fiscal Year 2025, $300.0 million was reserved for statutory transfer to the Early Childhood Education Endowment prior to the end of the fiscal year and $110.2 was reserved for statutory transfer pursuant to CGS Section 4-30a to the Budget Reserve Fund.

NOTE: Totals may not add due to rounding.

SOURCE: Comptroller's Office

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The table below shows the reconciliation of the actual operations surplus (deficit) under the statutory basis to the GAAP basis of accounting for the last five fiscal years. Audited GAAP based financial statements for Fiscal Year 2025 are included in **Appendix II-C**.

TABLE 3
General Fund
Summary of Operating Results — Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2021	2022	2023	2024	2025
Statutory Basis Operating Surplus/ (Deficit)	$ 475.9	$ 1,261.3	$ 555.3	$ 400.9	$ 410.2
Volatility Deposit Budget Reserve Fund.....	1,241.5	3,047.5	1,321.8	1,320.0	2,100.0
Change in Statutory Surplus Reserve	(144.4)	208.2	2.4	205.0	245.0
Amortization Payment on GAAP Bonds	--	--	--	--	--
Adjustments:					
Increases (decreases) in revenue accruals:					
Governmental Receivables	262.8	(106.8)	158.9	149.8	(69.1)
Other Receivables.....	775.6	402.9	593.5	2,480.5	(443.7)
(Increases) decreases in expenditure accruals:					
Accounts Payable and Other Liabilities.....	(2,196.4)	(2,937.6)	1,953.9	(2,100.2)	(1,281.5)
Salaries and Fringe Benefits Payable.....	17.7	77.5	(96.3)	70.4	15.0
Increase (decrease) in Continuing Appropriations.....	619.3	75.8	(143.2)	(252.5)	(36.6)
Transfer of Prior Year Surplus and BRF Excess	(61.6)	(1,618.3)	(4,107.4)	(1,878.1)	(933.2)
GAAP Based Operating Surplus/(Deficit).....	$ 990.4	$ 410.5	$ 238.8	$ 395.8	$ 6.1

SOURCE: Comptroller's Office

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

TABLE 4
General Fund Unreserved Fund Balance — Statutory Basis
(In Millions)

Fiscal Year	2021	2022	2023	2024	2025
Operating Surplus/(Deficit)	$ 475.9	$ 1,261.3	$ 555.3	$ 401.0	$ 410.2
Fund Transfers and Reserves					
Transfers to Budget Reserve Fund.....	0.0	0.0	0.0	76.0	110.2
Transfers from Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0
Transfers to Early Childhood Education Endowment.....	0.0	0.0	0.0	0.0	300.0
Transfers to SERF/TRS[(a)].....	475.9	1,261.3	555.3	325.0	0.0
Total Transfers/Reserves.....	$ (475.9)	$ (1,261.3)	$ (555.3)	$ (401.0)	$ (410.2)
Unappropriated Surplus/(Deficit)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	0.0

(a) In accordance with State statute, because the Budget Reserve Fund has reached the statutory limit (i) for Fiscal Years 2021 and 2022 the Treasurer determined it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund, (ii) for Fiscal Year 2023 per statute, it was determined to be in the best interest of the State to transfer the surplus as an additional contribution to the Teachers' Retirement System and (iii) for Fiscal Year 2024, the Treasurer determined it was in the best interest of the State to transfer the remaining $325.0 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $146.0 million as an additional contribution to the Teachers' Retirement System.

SOURCE: Comptroller's Office

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

TABLE 5
General Fund Unreserved Fund Balance — Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2021	2022	2023	2024	2025
Fund Balance (Deficit) Related to Statutory GAAP Budgeting	$ 191.8	$ 191.8	$ 191.8	$ 191.8	$ 191.8
GAAP Based Adjustments					
Additional Assets					
Taxes Receivable					
Income Tax Accrual Reduction	(579.2)	(605.9)	(510.3)	(625.9)	(749.5)
Eliminate Corporation Accrual	(37.0)	(23.6)	(35.1)	(43.8)	(39.7)
Additional Taxes Receivable	5.0	12.5	15.2	29.2	22.3
Net Increase (Decrease) Taxes	(611.2)	(617.0)	(530.3)	(640.5)	(766.9)
Net Accounts Receivable	744.4	595.7	530.5	963.7	854.0
Federal and Other Grants Receivable[a]	296.2	189.5	348.3	46.9	36.0
Due From Other Funds	56.2	63.8	68.7	24.9	88.2
GAAP Conversion Bonds	--	--	--	(258.3)[b]	--
Total Additional Assets	$ 485.6	$ 232.0	$ 417.3	$ 136.7	$ 211.3
Additional Liabilities					
Salaries and Fringe Payable	141.1	218.7	122.3	75.1	89.4
Accounts Payable—Dept. of Social Services	--	--	--	--	--
Accounts Payable—Trade & Other	(718.5)	(782.1)	(952.1)	(1,083.4)	(1,420.1)
Payable to Federal Government	(679.9)	(495.0)	(379.1)	(352.5)	(501.3)
Due to Other Funds	(80.8)	(117.6)	(44.2)	(58.1)	(36.0)
Total Additional Liabilities	$(1,338.1)	$(1,176.0)	$ (1,253.0)	$ (1,418.9)	$ (1,867.9)
Unreserved Fund Balance (Deficit) GAAP Basis	$ (660.7)	$ (752.2)	$ (643.9)	$ (1,090.4)	$ (1,464.8)

(a) Primarily reimbursement for additional liabilities accrued to federal grant accounts or programs with federal participation, e.g., Medicaid.
(b) This amount was included in Accounts Payable in previous years.

SOURCE: Comptroller's Office

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

TABLE 6
General Fund Fund Balances — GAAP Basis
(In Millions)

Fiscal Year	2021	2022	2023	2024	2025
Reserved:					
Budget Reserve	$ 3,112.0	$ 3,313.4	$ 3,315.8	$ 4,105.0	$ 4,826.5
Future Budget Years	-	208.2	211.7	418.4	150.0
Loans & Advances to Other Funds	56.3	72.9	72.9	72.9	72.9
Inventories	20.8	21.7	26.3	24.2	8.2
Continuing Appropriations	758.4	834.3	691.1	511.9	439.4
Total	$ 3,947.5	$ 4,450.5	$ 4,317.8	$ 5,132.4	$ 5,497.0
Unreserved:	(660.7)	(752.2)	(643.9)	(1,090.4)	(1,464.8)
Total Fund Balance	$ 3,286.8	$ 3,698.3	$ 3,673.9	$ 4,042.0	$ 4,032.2

SOURCE: Comptroller's Office

STATE DEBT

Constitutional Provisions

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

Statutory Provisions

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

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

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

Statutory Debt Limit. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or

other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. Credit revenue bonds issued pursuant to CGS Section 3-20j shall be considered as payable from General Fund tax receipts of the State for purposes of the debt limit. However, in computing the aggregate amount of indebtedness at any time, there shall be excluded or deducted:

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

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

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

In addition, the Treasurer may not issue general obligation bonds or notes pursuant to the Act or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.60 billion in Fiscal Year 2026, subject to

prescribed inflationary adjustments in ensuing fiscal years, excluding bonds issued for the Connecticut State Colleges and Universities 2020 Program as defined in CGS Section 10a-91c(3) ("CSCU 2020") and UConn 2000 as defined in CGS Section 10a-109c(25), refunding bonds and revenue anticipation bonds.

Further, the Governor may not approve allotment requisitions that would exceed the foregoing issuance limit.

The total tax receipts for Fiscal Year 2026, as last estimated by the General Assembly's joint standing committee on finance, revenue and bonding, the calculation of the debt limit, the aggregate amount of outstanding debt and of authorized but unissued debt subject to such limit, and the debt incurring margin, all as of February 1, 2026, are described in the following table.

TABLE 7
Statutory Debt Limit
As of September 1, 2026

Total General Fund Tax Receipts	$22,595,500	
Multiplier	1.6	
Debt Limit		$36,152,800,000
Outstanding Debt[(a)]	$13,600,160,000	
Guaranteed Debt[(b)]	$ 1,952,044,240	
Authorized Debt[(c)]	$14,534,833,205	
Total Subject to Debt Limit		$30,087,037,445
Aggregate Net Debt		$30,087,037,445
Debt Incurring Margin[(d)]		$ 6,065,762,555

(a) Excludes Pension Obligation Bonds, UConn 2000 Bonds, tax increment financings, CRDA Bonds, CHFA Supportive Housing Bonds, CHFA Emergency Mortgage Assistance Program Bonds, CHEFA Child Care Facilities Bonds and lease financings other than the Juvenile Training School and the Energy Leases.

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

(c) Includes UConn 2000 Bonds secured by the State's debt service commitment that are authorized but unissued under the statutory cap for Fiscal Year 2026.

(d) State debt as a percentage of the statutory debt limit is 83.2%. State debt as a percentage of the statutory debt limit for prior dates were as follows: 2/1/2022 – 80.0%; 2/1/2023 – 72.3%; 2/1/2024 – 74.8%; 2/1/2025 – 77.2%.

SOURCE: State Treasurer's Office

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

- Upon authorization, the principal amount of bonds so authorized is deemed to be appropriated for such purpose or project and, subject to allotment thereof by the Governor, contracts may be awarded and obligations incurred with respect to the project or purpose in amounts not exceeding the authorized principal amount. Such contracts and obligations may at any particular time exceed the amount of the bond proceeds received by the State up to that time. The Commission also determines the terms and conditions of the bonds authorized or delegates such determination to the Treasurer. The Commission is scheduled to meet monthly and has the authority to call special meetings. The Commission may not

authorize bond issuances or credit revenue bond issuances of greater than $2.60 billion in the aggregate in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments in ensuing fiscal years.

Bond Covenant. Pursuant to CGS Section 3-20(bb), the State was required to include a covenant (the "Bond Covenant") in its general obligation bonds and credit revenue bonds issued on and after July 1, 2023 and prior to July 1, 2025 (the "Covenant Bonds"), that the State will comply with the following provisions and that no public act or special act of the general assembly taking effect during the time the covenant is in place, shall alter the obligation of the State to comply with the following provisions (collectively, the "Fiscal Guardrails"):

- CGS Section 4-30a (funding of the Budget Reserve Fund and permissible expenditures therefrom)
- CGS Section 2-33a (spending cap)
- CGS Section 2-33c (revenue cap of 98.75% of estimated revenues on General Fund and Special Transportation fund aggregate appropriations)
- CGS Section 3-20(d) and (g) (limitation on the authorization of bonds by the Commission in any fiscal year and general Commission provisions)
- CGS Section 3-21 (the debt limit, including the limitation on the issuance by the State of general obligation bonds pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j to $2.4 billion in each fiscal year subject to certain exclusions and inflation adjustments).

Alterations of the foregoing requirements are permissible (i) if and when adequate provision is made by law for the protection of the holders of the bonds, or (ii) (1) if and when the Governor declares an emergency or the existence of extraordinary circumstances, (2) at least three-fifths of the members of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (3) any such alteration is for the fiscal year in progress only. While the Covenant Bonds are outstanding, the Bond Covenant will be applicable through June 30, 2033 unless a resolution of the General Assembly is adopted on or after January 1, 2028 and prior to July 1, 2028 to not continue it beyond June 30, 2028.

Types of Direct General Obligation Debt

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

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

Credit Revenue Bond Program. The State may issue credit revenue bonds secured by a statutory gross pledge of the State's withholding tax receipts to fund its capital projects. These receipts will be paid into segregated pledged accounts from which the trustee for the credit revenue bonds will withdraw amounts to be set aside for debt service on the credit revenue bonds. Withholding tax revenues withdrawn to be set aside for debt service

on the credit revenue bonds will not be available to pay debt service on general obligation bonds. Amounts in the segregated pledged accounts in excess of the amounts withdrawn for debt service will be swept daily into other accounts of the State, free of the credit revenue bond lien and available for all purposes of the General Fund, including payment of debt service on the State's general obligation bonds. The credit revenue bonds will have no claim on any other revenues of the State and will not be subject to acceleration. The credit revenue bonds may be issued for any purpose for which general obligation bonds are authorized, including refunding bonds, and, if issued, would be in lieu of general obligation bonds. Credit revenue bonds will be authorized in the same manner as general obligation bonds, and accounted for within the State's General Fund. The credit revenue bonds will be treated as general obligation bonds for purposes of the State bond cap, and therefore do not represent an avenue for additional bond issuance. Issuance of credit revenue bonds is subject to an additional bonds test requiring a debt service coverage ratio of three times. As of February 1, 2026, no credit revenue bonds have been issued and the State has no current plans to issue such bonds.

Teachers' Retirement Fund Pension Obligation Bonds. In April 2008 the State issued $2.29 billion of bonds to fund up to $2 billion of the unfunded accrued liability in the Teachers' Retirement Fund plus capitalized interest and issuance costs. As of February 1, 2026, $1.78 billion of such bonds were outstanding. The bonds are general obligations of the State, but are excluded from the calculation of the statutory debt limit.

UConn 2000 Financing Program. The University of Connecticut ("University") is a separate corporate entity and instrumentality of the State empowered to issue bonds and construct certain infrastructure improvements at the University's various campuses. Known as "UConn 2000", the infrastructure improvement program now is estimated to cost $5,651.3 million to be financed over a thirty-six year period, beginning in Fiscal Year 1996. The UConn 2000 program contemplates total issuance of $5,314.9 million general obligation bonds of the University secured by the State's debt service commitment, which is an annual amount for any debt service requirements when due and payable. Under the enabling legislation, appropriations of all amounts of the State's debt service commitment are made out of the resources of the State's General Fund and the Treasurer is obligated to make such payments. For this reason, general obligation borrowings by the University that are secured by the State's debt service commitment are treated as part of the State's general obligation debt and are reflected in Tables 8 through 14. The amount of the University's bonds secured by the State's debt service commitment is capped for each fiscal year, but any amount not used may be carried forward to future fiscal years. As of February 1, 2026, $4,738.7 million of such debt secured by the State's debt service commitment had been issued (including refunding bonds), of which $1,443.8 million remain outstanding, with a remaining authorization of $1,270.9 million, of which $582.9 million is allocated. It is anticipated that additional authorizations will become effective in future fiscal years. The University expects to issue approximately $600.0 million (including refunding bonds) of bonds secured by the State's debt service commitment in March of 2026.

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

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

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

most often in circumstances where the lease is an operating lease or the State is not a participant in the securitization of rental payments under the lease.

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

Supportive Housing Financing. The Connecticut Housing Finance Authority ("CHFA") in conjunction with other state agencies developed a collaborative plan to create affordable housing and support services for specified eligible persons. The program is to be funded in part through mortgages, tax credits and grants from CHFA and the Department of Economic and Community Development. CHFA is authorized to issue bonds in support of the program and the Commission has authorized the Treasurer and OPM to enter into a contract to provide State assistance and pay debt service on the bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and other similar bond-related expenses. Bonds supported by such State assistance may not exceed $105 million in the aggregate. As of February 1, 2026, $19.4 million of such bonds were outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

Emergency Mortgage Assistance Program. CHFA is authorized to issue up to $50 million of bonds to fund an Emergency Mortgage Assistance Program and the Treasurer and OPM are required to enter into a contract to provide State assistance to pay debt service on such bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and similar bond-related expenses. As of February 1, 2026, the entire $50 million had been issued, of which $18.3 million is outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

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

Municipal Contract Assistance. The Municipal Accountability Advisory Board ("MARB") supervises distressed municipalities in the State. The State, acting through the Treasurer and the Secretary of OPM, is authorized to enter into contract assistance agreements with municipalities operating as "Tier III" or "Tier IV" municipalities under the MARB. Such contract assistance may provide for payment by the State of all or a portion of annual debt service on refunding bonds issued to refund outstanding indebtedness of such a municipality, plus costs of issuance. The State is also authorized to provide alternate forms of credit support, provided the alternate support is not in excess of the amount of contract assistance otherwise available. The contract assistance would be deemed appropriated, and would constitute the full faith and credit obligation of the State. In March 2018, the State and the City of Hartford, then a "Tier III" municipality, entered into an agreement that obligates the State to make payments equal to principal and interest, when due, on all of Hartford's then outstanding general obligation bonds, with the State retaining the right to restructure the outstanding debt in the future. As of February 1, 2026, Hartford's outstanding debt subject to this agreement is approximately $276.8 million. This contract assistance program is in addition to, but not in duplication of, assistance available to municipalities and described under **OTHER FUNDS – *Assistance to Municipalities***.

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

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

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

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

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

TABLE 8
Direct General Obligation Indebtedness[a]
Principal Amount Outstanding As of September 1, 2026
(In Millions)

General Obligation Bonds	$ 13,403.3
Pension Obligation Bonds	1,619.2
UConn 2000 Bonds	1,695.6
Other[b]	235.7
Long-Term General Obligation Debt Total	16,953.8
Short-Term General Obligation Debt Total	-0-
Gross Direct General Obligation Debt	16,953.8
Net Direct General Obligation Debt	$16,953.8

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

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

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

TABLE 9
Outstanding Long-Term General Obligation Debt Ratios

Fiscal Year	2021	2022	2023	2024	2025
Gross Direct Debt (In Millions)[a]	$18,799.7	$18,596.0	$17,840.8	$17,136.1	$16,906.0
Ratio of Debt to Personal Income[b]	63.4%	60.2%	54.3%	49.0%	48.4%
Ratio of Debt to Estimated Full Value of Equalized Grand List[c]	32.1%	28.7%	24.7%	21.6%	19.7%
Per Capita Debt[d]	$5,212	$5,136	$4,892	$4,660	$4,584

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

(b) See **Appendix II-B, Table B-2**. Personal Income: 2021 - $296.3 billion; 2022 - $309.0 billion; 2023 - $328.7 billion; and 2024 - $349.4 billion. The 2025 ratio uses 2024 data.

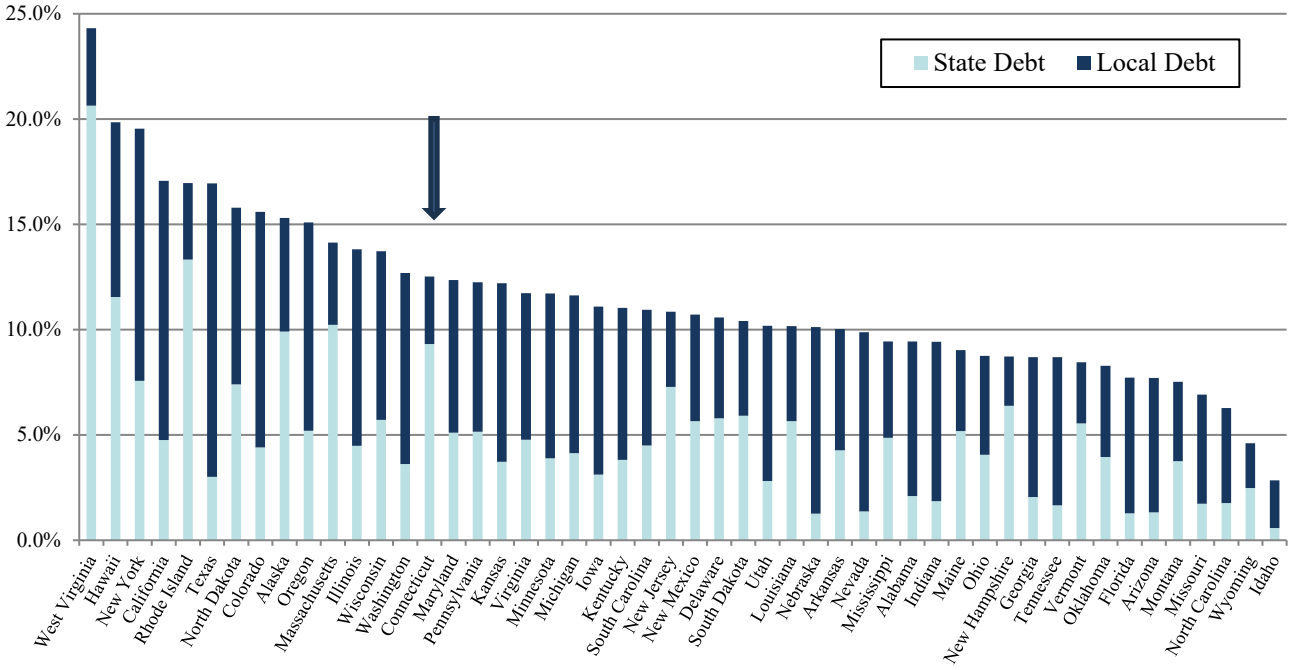
(c) Full value estimated by OPM. Uses final equalized net grand lists: 2019 - $586.0 billion; 2020 - $647.0 billion; 2021 - $723.1 billion; 2022 - $792.5 billion and 2023 - $857.6 billion. Property is assessed as of October 1 in each year for the tax levy effective the following July 1. The 2021 ratio uses 2019 data; 2022 ratio uses 2020 data; 2023 ratio uses 2021 data; 2024 ratio uses 2022 data and 2025 ratio uses 2023 data.

(d) See **Appendix II-B, Table B-1**. State population in thousands: 2021 - 3,607; 2022 - 3,621; 2023 - 3,647; 2024 - 3,677; and 2025 – 3,688.

Aggregate State and Local Debt. The following table sets forth the per capita aggregate debt level of each state, including debt issued at both the state and local levels, compared to per capita personal income within the state. As the chart shows, the State of Connecticut is 36th among all states in a ranking of states with the least aggregate debt per capita as a percentage of per capita personal income. The chart below also indicates that the State has the sixth lowest ratio of per capita local debt to per capita personal income and second lowest ratio of local debt to aggregate debt. This is due in part to the State's practice of financing school construction primarily at the state level and the absence of county-level government in the State.

TABLE 9a[(a)(b)]

Combined State and Local Debt Compared to State Personal Income



(a) The percentages along the vertical axis are calculated by dividing per capita aggregate debt over per capita personal income. Population figures used in the underlying calculations are the population estimates as of July 1, 2024 from the U.S. Census Bureau, Population Division. State and local debt figures used in the underlying calculations are from the U.S. Census Bureau, 2023 Annual Surveys of State and Local Finances. Per capita income figures used in the underlying calculations are from the Bureau of Economic Analysis as of calendar year 2024.

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

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

Debt Service Schedule. The following table sets forth the principal, sinking fund and interest payments required on all outstanding long-term direct general obligation debt of the State, as of September 1, 2026. Although not specifically reflected as a result of combining all outstanding long-term direct debt, the State generally issues general obligation bonds maturing within twenty years. The exceptions include refunding bonds, thirty-year Rental Housing Term Bonds and certain other bonds with maturities of less than twenty years where required by statute or in instances where the expected period of usefulness of the project or purpose financed does not warrant a maturity of twenty years.

TABLE 10
Summary of Principal, Mandatory Sinking Fund Payments,
and Interest on Long-Term Direct General Obligation Debt[(a)]
As of September 1, 2026
(In Millions)

Fiscal Year	Principal Payments	Interest Payments[(b)]	Total Debt Service
2027	$ 1,585.3	$ 638.7	$ 2,224.0
2028	1,767.7	705.0	2,472.6
2029	1,715.3	621.0	2,336.3
2030	1,673.6	539.8	2,213.4
2031	1,621.4	460.9	2,082.3
2032	1,531.3	383.6	1,914.9
2033	1,088.0	309.0	1,397.0
2034	991.4	259.9	1,251.2
2035	899.3	214.6	1,113.8
2036	777.7	174.5	952.1
2037	625.0	143.0	768.0
2038	521.9	116.5	638.4
2039	455.6	93.6	549.3
2040	409.4	73.6	483.0
2041	354.4	55.3	409.7
2042	291.4	40.0	331.4
2043	232.5	26.8	259.3
2044	195.0	17.1	212.1
2045	141.3	8.3	149.6
2046	76.3	2.2	78.5
Totals	$ 16,953.8	$ 4,883.2	$ 21,837.0

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

Year Issued	Amount Issued (In Millions)	Amount Outstanding (In Millions)	Maturities	Assumed Average Interest Rate
2016	$ 300.0	$ 182.9	2027-2034	5.25%
2017	300.0	199.5	2027-2037	5.25%
Totals:	$ 600.0	$ 382.4		

SOURCE: State Treasurer's Office

Outstanding Long-Term Direct General Obligation Debt. The following table sets forth the total long-term direct general obligation debt outstanding at the end of each of the last ten fiscal years.

TABLE 11
Outstanding Long-Term Direct General Obligation Debt
As of June 30
(In Millions)

Fiscal Year	Gross Debt
2017	$18,534.5
2018	18,723.9
2019	18,705.3
2020	18,773.7
2021	18,799.7
2022	18,596.0
2023	17,840.8
2024	17,136.1
2025	16,906.0
2026	17,342.2

SOURCE: State Treasurer's Office

Future Issuance of Direct General Obligation Debt. The General Assembly has empowered the Commission to authorize direct general obligation bonds pursuant to certain bond acts. The table below shows, as of September 1, 2026, the amount of bonds authorized by the legislature, the amounts allocated by the Commission, the amount of bonds issued and applicable remaining amounts. The table also shows the same information for UConn 2000 bonds secured by the State's debt service commitment authorized to be issued under the cap through June 30, 2026.

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TABLE 12
Authorized but Unissued Direct General Obligation Debt
As of September 1, 2026
(In Millions)

	State Direct Debt[a]	Pension Obligation Bonds	UCONN 2000[b]	Tax Increment[c]	Total
Amount Authorized by Legislature	$59,365.9	$2,276.6	$4,735.3	$74.8	$66,452.5
Amount Allocated by Commission	50,771.7	2,276.6	4,735.3	74.8	57,858.3
Available for Commission Allocation	8,594.2	0	0	0	8,594.2
Amount Authorized by Legislature	59,365.9	2,276.6	4,735.3	74.8	66,452.5
Amount Issued	45,470.7	2,276.6	4,110.6	68.0	51,926.0
Authorized by Legislature but Unissued	13,895.1	0	624.7	6.8	14,526.5
Amount Allocated by Commission	50,771.7	2,276.6	4,735.3	74.8	57,858.3
Amount Issued	45,470.7	2,276.6	4,110.6	68.0	51,926.0
Allocated by Commission but Unissued	5,300.9	0	624.7	6.8	5,932.3

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

SOURCE: State Treasurer's Office; OPM

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

TABLE 13

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

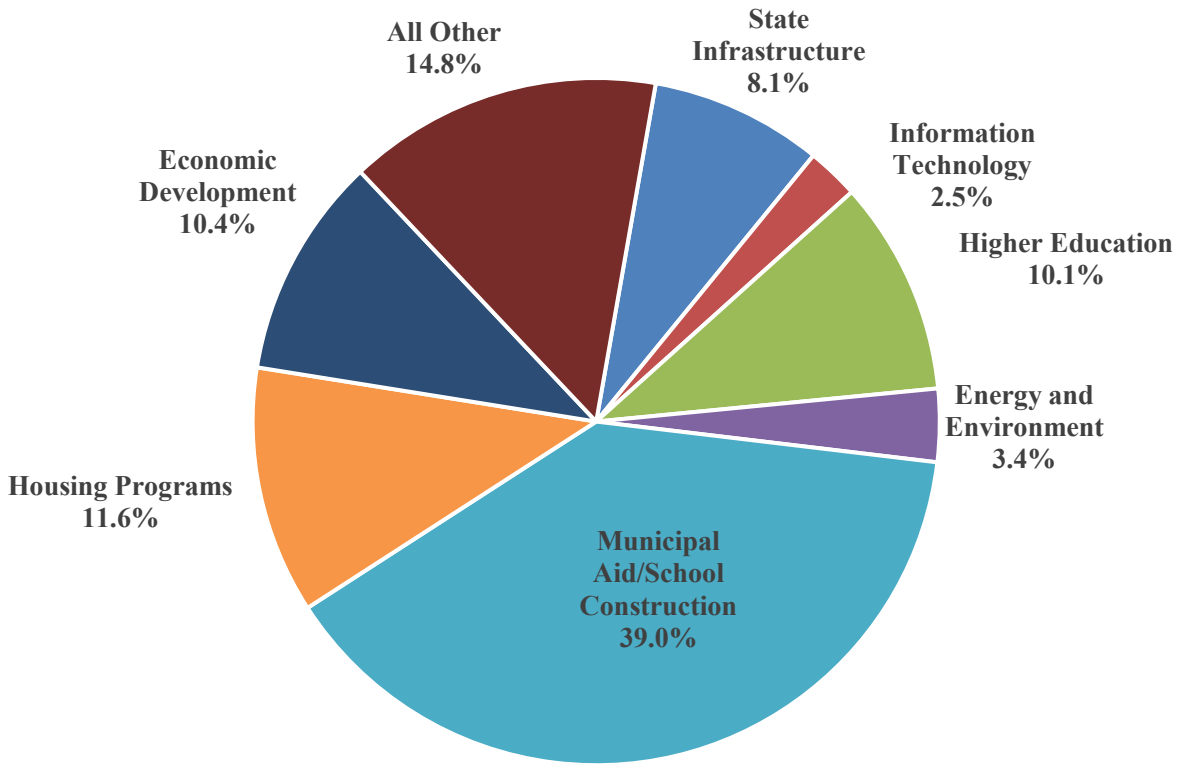
Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
New Authorizations	1,875.6	1,800.0	1,895.4	1,903.5	2,174.5	2,541.8	2,659.8	2,822.5	3,617.8	4,501.6
Reductions	(263.3)	(406.3)	(3.4)	0.0	(156.2)	(410.5)	(73.0)	(55.8)	0.0	(255.1)
Net New Authorizations	1,612.3	1,393.7	1,892.0	1,903.5	2,018.3	2,131.3	2,586.8	2,766.7	3,617.8	4,246.5

(a) Does not include Pension Obligation Bonds, Economic Recovery Notes, lease financings, tax increment or cash flow borrowings. Includes amount for UConn 2000 Bonds available under the cap for Fiscal Years 2018 through 2027, as amended, but does not include additional amounts which may exceed the cap to finance reserve funds, issuance costs and capitalized interest. Amounts are listed in the fiscal year that the bond authorizations become effective. Does not include any authorizations which take effect after Fiscal Year 2027. See **Table 14.**

Source: OPM

TABLE 14

General Obligation Bond Allocations for Fiscal Years 2021 – 2025



SOURCE: OPM

OTHER FUNDS, DEBT AND LIABILITIES

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

Special Transportation Fund and Debt

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

The cost of the Transportation Infrastructure Program for Fiscal Years 2021-2030, which will be met from federal, State and local funds, is currently estimated at $26.1 billion. The State's share of such cost, estimated at $14.5 billion, is to be funded from the proceeds of STO bonds and from transportation-related taxes, fees and revenues deposited in the Special Transportation Fund, as described below. The portion of State program costs not financed by STO bonds is estimated at $0.2 billion and includes the expenses of the transportation infrastructure program that either are not sufficiently large or do not have a long enough life expectancy to justify the issuance of long-term bonds.

It is estimated that an additional $4.5 billion of STO bonds will be issued to fund the State's share of the cost of the infrastructure program through Fiscal Year 2030. As of February 1, 2026, there are $8.0 billion of authorized but unissued STO bonds. While current appropriations are adequate to provide for expenditures through the projection period, additional appropriations, including the authorization of additional STO bonds, will be required before the end of the projection period in order to continue the multi-year planning required for expenditures beyond the end of the projection period.

The State has established the Special Transportation Fund for the purpose of budgeting and accounting for all transportation-related taxes, fees and revenues credited to such Fund and securing the STO bonds. STO bonds are payable solely from revenues of the Special Transportation Fund and other pledged receipts, funds or moneys. The aggregate of certain transportation related taxes and other transportation related revenue sources are intended to cover the cost of the State's share of the infrastructure program, including debt service requirements on STO bonds. Additional revenue will be required to issue the full amount of authorized unissued debt.

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

TABLE 15
Special Tax Obligation Bonds
As of September 8, 2026
(In Millions)

Amount Authorized by Legislature[(a)]	$ 28,067.8
Amount Allocated by the Commission	26,449.1
Available for Commission Allocation	1,618.7
Amount Authorized by Legislature[(a)]	28,067.8
Amount Issued[(b)]	18,500.2
Authorized by Legislature but Unissued	9,567.6
Amount Allocated by the Commission	26449.1
Amount Issued[(b)]	18,500.2
Allocated by the Commission but Unissued	7,948.9
Amount Outstanding	8,038.7

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

SOURCE: State Treasurer's Office

In 2015, legislation created a new statutory transportation "lock box" that established the Special Transportation Fund as a perpetual fund, the resources of which are to remain in the Special Transportation Fund and to be expended solely for transportation purposes, including the payment of debt service. All sources of moneys required by State law to be credited to the Special Transportation Fund after June 29, 2015 are to continue to be credited to such fund to the extent the State collects or receives such moneys. Further, at a referendum held November 6, 2018, the electors approved an amendment to the Constitution of the State "to ensure (1) that all moneys contained in the Special Transportation Fund shall be used solely for transportation purposes, including debts of the State incurred for transportation purposes, and (2) that sources of funds deposited in the Special Transportation Fund be deposited in said fund so long as such sources are authorized by statute to be collected or received by the state." Note that a new source of funds is not subject to the "lockbox" until it has begun to be credited, deposited or transferred to the Special Transportation Fund (the "First Receipt Date"). Until the First Receipt Date, a new law can be enacted to use the new source of funds for another purpose. In addition, nothing prevents the legislature from reducing the rate or fees of a pledged source of funds to 0% or $0.

Other Special Revenue Funds and Debt

Bradley International Airport. Bradley International Airport (the "Airport"), located in Windsor Locks, Connecticut, is owned and operated by the Connecticut Airport Authority ("CAA"), a quasi-public authority of the State. The General Assembly authorized the issuance of revenue bonds for improvements at the Airport payable from all or a portion of the revenues generated at the Airport. No such bonds are outstanding. See ***Quasi-Public Agencies - Connecticut Airport Authority ("CAA")***. Additional special obligation bonds to finance self-sustaining special facilities at the Airport payable solely from the revenues derived from such special facilities were authorized in 1993. No such bonds are currently outstanding.

State Revolving Fund ("SRF"). The General Assembly has authorized the issue of revenue bonds for the purpose of funding various State and federally mandated water pollution control and drinking water projects for up to $4,561.2 million, of which $2,466.6 million have been issued. The revenue bonds are payable solely from the revenues or other receipts, funds or moneys of the SRF. The proceeds of the revenue bonds are loaned primarily to Connecticut municipalities and public water systems to finance water pollution control and drinking water improvements, and the loan repayments by the municipalities and public water systems secure the revenue bonds. The loan obligations of the municipalities and public water systems are secured by either the full faith

and credit of each such entity, or the revenues and other funds of a municipal sewer or public water system. As of February 1, 2026, $603.0 million revenue bonds were outstanding (including refunding bonds).

Unemployment Compensation. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the Unemployment Compensation Fund may receive advances from the federal government; in addition, the State may issue revenue bonds payable solely from such sources in an aggregate amount outstanding at any time not in excess of $1.0 billion, plus amounts for certain reserves and costs of issuance. No such bonds have been issued since 1993, and no such bonds are outstanding. See **Appendix II-B – Unemployment Compensation Fund** for a description of the recent operations of the Unemployment Compensation Fund.

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

Contingent Liability Debt

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

Special Capital Reserve Funds. The primary vehicle through which the State has undertaken contingent or limited liability is the Special Capital Reserve Fund ("SCRF"). A SCRF, if established, provides additional security for certain bonds issued by a quasi-public agency, municipality or other authority. Subject to certain legislative exceptions, monies held in and credited to a SCRF are intended to be used solely for the payment of the principal of bonds secured by such SCRF, the purchase of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. The SCRF is frequently funded with bond proceeds by the issuer to a specified amount (the minimum of which is often the maximum annual principal and interest payments due on the bonds). The State undertakes the obligation to restore a SCRF to its minimum level. The method for determining such required minimum capital reserve is set out in the legislation authorizing the SCRF. If the SCRF should fall below the required minimum capital reserve amount, an official of the issuer that established the SCRF is to certify to the Secretary of OPM or the Treasurer or both the amount necessary to restore such SCRF to the required minimum capital reserve amount. On or before December 1, annually, there is deemed to be appropriated from the State's General Fund such amount as specified in the certificate, which amount shall be allotted and paid to the entity that established the SCRF. On an annual basis, the State's liability under any SCRF mechanism is limited to its obligation to restore each SCRF to its minimum capital reserve amount. The State has never been required to replenish a SCRF to the required minimum capital reserve amount.

By statute, the Capital Region Development Authority, the Connecticut Airport Authority, the Connecticut Green Bank, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Housing Finance Authority, Connecticut Innovations, Incorporated, Connecticut Municipal Development Authority, and the Connecticut Port Authority may borrow money or issue bonds or notes that are guaranteed or otherwise supported by the State or for which they can seek State supported SCRF with the approval of the Treasurer or the Deputy Treasurer, and for certain of these quasi-

public issuers, the Secretary of OPM. The approval shall be based on documentation provided by the authority that the authority anticipates receiving sufficient revenues to (1) pay the principal of and interest on the bonds and notes to be issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

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

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

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

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

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

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

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

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

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

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

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

Connecticut Innovations, Incorporated ("CI"). Under its General Obligation Bond Program, CI may issue bonds secured by a SCRF to finance eligible economic development and information technology projects. As of February 1, 2026, no such bonds are outstanding. Although there remains legislative authority for the issuance of bonds secured by SCRFs under the Umbrella Bond Program, no loans have been initiated under that program since 1985, and CI does not anticipate a resumption of any lending activity under that program.

Connecticut Municipal Development Authority ("CMDA"). CMDA was established for the purpose of, among others, stimulating economic and transit-oriented development, encouraging residential housing development, stimulating new investments, and assisting municipalities in development and redevelopment efforts. CMDA is authorized to issue bonds, notes and other obligations in such amounts as in the opinion of the board are necessary to provide sufficient funds for carrying out its purposes which shall be general obligations of CMDA. The amount of bonds of CMDA secured by a SCRF, however, shall not exceed $50.0 million in the aggregate.

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

UConn 2000 Special Obligation Financing. The University of Connecticut may issue special obligation bonds that may be secured by a SCRF. The University may also issue special obligation bonds that are not secured by such a SCRF. As of February 1, 2026, the University has outstanding $248.8 million special obligation student fee revenue bonds that are not secured by such a SCRF.

Assistance to Municipalities and Others

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

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

Outstanding Special Capital Reserve Fund Debt

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

TABLE 16
Special Capital Reserve Fund Debt
As of February 1, 2026
(In Millions)

Indebtedness Secured by SCRF	Authorized Debt	Outstanding Debt	Minimum SCRF Requirement
Capital Region Development Authority	$ [a]	$45.4[b][c]	$ N.A.
Connecticut Airport Authority	[a]	0.0	0.0
Connecticut Green Bank	500.0	54.8	6.9
Connecticut Health and Educational Facilities Authority			
Connecticut State University System	[a]	214.4	27.1
UConn Health Center Program	[a]	0.0	0.0
Connecticut Higher Education Supplemental Loan Authority	300.0	192.4	20.5
Connecticut Housing Finance Authority			
Housing Mortgage Finance Program[d]	[a]	6,162.8	439.4
Special Needs Housing Mortgage Finance Program	[a]	51.9	5.1
Connecticut Innovations	450.0	0.0	0.0
Connecticut Municipal Development Authority	50.0	0.0	0.0
Connecticut Port Authority	50.0	0.0	0.0
Southeastern Connecticut Water Authority	15.0	0.1[b]	N.A.
University of Connecticut	[a]	0.0	N.A.

(a) No statutory limit.
(b) Debt is secured by a non-SCRF State contract assistance agreement.
(c) As of June 30, 2026
(d) As of December 31, 2025.

Effective May 26, 2026, Public Act No. 26-68 increased the amount of authorized debt of CHESLA that may be secured by a State supported SCRF to $750.0 million.

CHESLA issued $14,670,000 of its State Supported Revenue Bonds (CHESLA Loan Program) 2026 Series B - AMT and $29,785,000 State Supported Revenue Refunding Bonds (CHESLA Loan Program) 2026 Series C - AMT in May 2026, which bonds are secured by a State supported SCRF.

Other Debt Service and Contractual Commitments

CHEFA Child Care Program. CHEFA is authorized to issue Child Care Facilities Bonds and loan the proceeds to various entities to finance child care facilities. Debt service payments are made by the State Treasurer and the State Office of Early Childhood is obligated to reimburse a portion of the debt service payments from intercepts of revenues from providers. The obligation by the State Treasurer to pay such debt service is subject to annual appropriation. As of February 1, 2026, CHEFA had approximately $28.2 million in Child Care Facilities Bonds outstanding under this program, with annual debt service of approximately $4.3 million, of which the State Office of Early Childhood is committed to reimburse approximately $0.6 million. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**. Two other Child Care Facilities programs also authorize the Commissioner of the State Office of Early Childhood to enter into guaranties of loans made to entities to finance the development of child care and child development centers or programs. CHEFA is administering this program on behalf of the State Office of Early Childhood, and is currently limiting the aggregate amount of guaranties to the balance of monies in the reserve funds for the respective programs. The State's obligations in connection with these programs are not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

Capital Region Development Authority. The Commission approved up to $122.5 million of revenue bonds and other borrowings for the Hartford convention center project. The predecessor authority to CRDA issued $110 million of its revenue bonds backed by the State's contract assistance agreement equal to annual debt service on the revenue bonds. As of June 30, 2026, $45.4 million of CRDA revenue bonds was outstanding. The State's aggregate obligation under the contract assistance agreement is limited to $9.0 million per year, and the CRDA's debt obligations are structured not to exceed this amount. An additional $12.5 million of borrowing, not backed by the contract assistance agreement, has also been incurred. Debt service on the revenue bonds is payable from debt service appropriations in the General Fund and CRDA is obligated to reimburse the State for such contract assistance payments from parking and energy fee revenues after payment of operating expenses of the parking garage and the energy facility. Through June 30, 2026, the State has paid $83.1 million of debt service with respect to such bonds which has not been reimbursed. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

While monthly office parking revenues are strong, net revenues after operating expenses remain insufficient to fully reimburse the State for debt service payments. This situation is expected to continue at least for the foreseeable future. As debt service on CRDA's revenue bonds continues to be paid under the contract assistance agreement, CRDA's reimbursement obligation will increase, and this reimbursement obligation will need to be satisfied before excess parking revenues are available to fund the operations of the convention center, which itself is partially funded by General Fund appropriations from the State to CRDA.

School Construction Grant Commitments. The State provides partial funding for public school building new construction and renovation projects to public school districts under a reimbursement grant program. For certain school projects approved by the General Assembly, districts are ranked according to their adjusted equalized net grand list per capita and, based on such rankings, a reimbursement percentage is assigned that determines the amount of grant money a town or regional school district may be eligible to receive. The State reimburses districts its share on a progress payment basis during the construction period. Each year the legislature authorizes grant commitments in varying amounts based on completed applications received. The State expects to authorize new school construction grant commitments of approximately $892 million (the total project cost of approximately $1.6 billion) that take effect in Fiscal Year 2027. It is anticipated that new school construction grant commitments of approximately $708 million may be authorized in Fiscal Year 2027. As of June 30, 2026, the Commissioner of Administrative Services estimates that current grant obligations for school construction projects are approximately $4.2 billion.

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

Connecticut Lottery Corporation. The Connecticut Lottery Corporation (the "Corporation") was created as a public instrumentality of the State to operate the State's lottery pursuant to the Connecticut Lottery Corporation Act (the "CLC Act"). The State and the Corporation purchase annuities under contracts with insurance companies that provide payments corresponding to the obligation for payments to lottery prize winners. The State has transferred to the Corporation all annuities purchased by it, and the Corporation has assumed responsibility for the collection of revenue generated from the lottery and for the payment of all lottery prizes. Under the CLC Act, the termination of the Corporation would not affect any outstanding contractual obligation of the Corporation and the State would succeed to the obligations of the Corporation under any such contract. As of June 30, 2025 the current and long-term liabilities of the Corporation total $244.2 million.

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PENSION AND RETIREMENT SYSTEMS

The discussions contained in this **PENSION AND RETIREMENT SYSTEMS** section do not take into account the anticipated deposit of $745.1 million to the State Employees' Retirement System and $673.0 million to the Teachers' Retirement System for Fiscal Year 2026 pursuant to CGS Section 4-30a.

The State sponsors several public employee retirement systems and provides other post-employment benefits. This section will describe these plans in turn. It should be noted that the characteristics of the pension plan systems, where significant assets are available to meet the State's obligations, are different than the characteristics of the systems providing other post-employment benefits which are often more volatile and sensitive to current health care contractual expenditures. Both types of plans have unfunded liabilities that represent significant financial obligations of the State, both now and in the future. In round numbers, as of June 30, 2025 the unfunded actuarial accrued liability ("UAAL") of the major pension systems aggregate approximately $33.5 billion based on the most recent actuarial valuations. Based on the most recent GASB 74 reports, the net social security and other post-employment benefits liability of the other major post-employment benefits systems aggregate approximately $18.8 billion.

The two major pension systems are funded on an actuarial basis, as described in greater detail below, in which amortization of the unfunded actuarial accrued liability is a component of the annual contribution the State is required to make. Since 2021, the State has made additional pension contributions to the plan of over $10.1 billion. These additional contributions are factored into the calculation of the necessary amortization as one way in which actual experience differs from that assumed (that is, the total contribution is more than the assumed contribution). As such, the additional contributions do not accelerate the date by which the UAAL is projected to be reduced to zero, but they do have the effect of reducing the annual amortization that is calculated each year, as compared with what would have been required in the absence of the additional contributions. The ultimate effect, year by year, depends on all the other ways in which actual experience differs from the assumptions.

Pension Systems - Overview

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

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

When both of the State's major pension plans were converted to an actuarial funding method, the original time period determined to amortize the existing unfunded accrued liability and achieve full funding was set at 40 years, a period that was subsequently extended as part of a restructuring. As described below, under the funding models in effect as of June 30, 2025, the existing unfunded accrued liability at the time of the restructuring is being amortized over a base period amortization layer, with changes in the unfunded accrued liability owing to differences between assumptions and experience being amortized over separate 25 year layers as they occur. At

the time full funding of a plan is reached, only the costs accruing in the current year will be required; current modeling as shown in Tables 19 and 22a, indicate that the ADEC for each of the major pension plans will drop by over $1 billion.

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

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

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

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

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

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

The actuarial valuation also will state an ADEC, which is the recommended payment of the State to the applicable pension plan. These recommendations are used in the next budget cycle. The ADEC consists of two components: (1) normal cost, which represents the portion of the present value of retirement benefits that are

allocable to active members' current year of service, and (2) an amortization of a portion of the UAAL. The normal cost is partially funded from active member contributions, if required under the particular plan, with the remainder funded by State contributions. The UAAL amortization component is made over the length of time chosen as the amortization period for the base and subsequent layers, and designed to eliminate the UAAL and bring the plan to the state of being fully funded. Following the full amortization of the UAAL, to maintain this full funding only the normal cost amount would need to be contributed, plus any contribution necessary due to the effect of actual experience compared to the actuarial assumptions.

One of the most significant factors in determining the annual UAAL amortization amount, and determining the point in time when the plan should be fully funded, is the remaining period over which the UAAL will be amortized. The State Employees' Retirement Fund now uses a layered amortization method in which an existing base is amortized over a closed-end period and future actuarial gains and losses are phased in over closed 25 year periods, resulting in a weighted average amortization period of 20.4 years as of June 30, 2025, as further described below. The Teachers' Retirement Fund uses layered amortization bases. The initial UAAL as of June 30, 2018 is amortized over a closed 30-year period, with 23 years remaining as of June 30, 2025. Subsequent gains and losses since June 30, 2018 have been established as new, separate amortization bases, each with a 25-year closed amortization period. As of June 30, 2025 the remaining amortization period for the separate amortization bases range from 20 to 25 years.

A second important factor in determining the UAAL is determining the amount to be amortized in each year of the remaining amortization period. Previously, both of the State plans used a "level percent of payroll" formula for this purpose, where in each year the same percent of assumed payroll for that year is calculated as the amount to be amortized. This method assumes that the amortization payments increase in future years by the assumed increase in payroll since it calculates amortization payments as a constant percentage of projected payroll over a given number of years. This makes the assumption of the rate at which payroll increases each year an important assumption. SERS phased in a "level dollar" amortization over a five year period, where the cost is amortized in equal dollar amounts to be paid over the specified number of years. This method generally results in decreasing inflation-adjusted payments over time. TRS previously used a "level percent of payroll" amortization method, and has now also transitioned to a level dollar amortization method. Both SERS and TRS now use an "Entry Age Normal" actuarial cost method to calculate the annual amortization payments needed to amortize the UAAL. The entry age normal method calculates the annual normal cost for a member as a uniform and constant rate of employer contribution that, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to contributions of the member to meet the cost of all benefits payable on behalf of the member. The actuaries have indicated that the entry age normal method is the most widely used cost method of large public sector plans and has demonstrated the highest degree of contribution stability compared to alternative methods. It also is the only method allowed under the Governmental Accounting Standards Board ("GASB") reporting standards which came into effect in 2014.

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

GASB 67 requires a determination of the Total Pension Liability ("TPL") for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability ("NPL") is then set equal to the TPL minus the plan's Fiduciary Net Position ("FNP") which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate ("SEIR"). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR to be used is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all

benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of Aa/AA or higher.

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

State Employees' Retirement Fund ("SERF")

SERF is one of the systems maintained by the State with approximately (i) 49,362 active members, consisting of 24,316 vested members and 25,046 non-vested members, (ii) 3,783 deferred vested members, and (iii) 57,652 retired members and beneficiaries as of June 30, 2025.

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

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

November 2025 SERF Actuarial Valuation. The State Employees Retirement Commission ("SER Commission") received an actuarial valuation with respect to SERF as of June 30, 2025 from Cavanaugh Macdonald Consulting, LLC dated November 18, 2025 (the "November 2025 SERF Valuation"), and subsequently approved such valuation. The November 2025 SERF Valuation reported the following results as of June 30, 2025 with respect to SERF:

Actuarial Valuation as of June 30, 2025	
Market Value of Assets	$ 26,810.1 million[(a)]
Actuarial Value of Assets	25,988.7 million[(a)]
Actuarial Accrued Liability	43,610.0 million
UAAL	17,621.4 million
Funded Ratio (based on the actuarial value of assets)	59.6%
Funded Ratio (based on the market value of assets)	61.5%

(a) Amounts include the transfer of $894,706,383 made subsequent to June 30, 2025.

The November 2025 SERF Valuation was based on the following assumptions and methodologies, among others:

- 6.90% investment return assumption (including price inflation at 2.50%)
- Entry Age Normal actuarial cost method
- Level dollar amortization method
- Projected salary increases of 3.0% to 11.5% (including wage inflation at 3.0%)
- Cost of living adjustment ("COLA") of 1.95% to 3.25%
- A COLA moratorium for employees retiring after July 1, 2022 for the first 30 months of retirement, and that the first COLA received is increased by 0.15% to reflect the possible additional COLA moratorium in the event the annualized rate of increase in the CPI-W is greater than 5.5% during the first 18 months of retirement
- Social security wage base increase of 3.5%
- The actuarial value of assets recognizes 20% of the difference between the market value of assets and the expected actuarial value of assets

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

Portion of UAAL	Year Established	Remaining Amortization Period
Statutory Base	1984	21 years [(a)]
Transitional Base	2016	21 years
2018 Base	2018	18 years
2019 Base	2019	19 years
2020 Base	2020	20 years
2021 Base	2021	21 years
2022 Base	2022	22 years
2023 Base	2023	23 years
2024 Base	2024	24 years
2025 Base	2025	25 years

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

The November 2025 SERF Valuation determined the ADEC requirement for Fiscal Year 2026 and Fiscal Year 2027, and the annual contribution rate as a percentage of payroll, as follows:

Annual Employer Contributions for:	Fiscal Year 2026		Fiscal Year 2027	
	Amount (in millions)	Percent of Payroll	Amount (in millions)	Percent of Payroll
Employer Normal Cost	$ 246.5	5.53%	$ 253.7	5.43%
Amortization of Net UAAL	$1,733.9	38.87	$1,635.7	35.00
Total Employer Contribution Requirement	$1,980.4	44.40	$1,889.4	40.43

The 2025 Budget Act and the Revised Budget Act contain appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2026 and Fiscal Year 2027, respectively.

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SERS Plan Results – Five Prior Years. Set forth in the following table are State contributions to the SERF, Federal grant programs, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025.

TABLE 17
State Employees' Retirement Fund
(In Millions)

	2021	2022	2023	2024	2025
General Fund Contributions	$ 1,377.2	$ 1,481.7[c]	$ 1,567.8[c]	$ 1,640.7[c]	$ 1,634.2
Transportation Fund Contributions	156.2	172.4	185.1	176.2	170.5
Federal and Other Reimbursements	320.5	360.2	462.4	280.3	242.1
Employee Contributions	194.8	202.2	223.1	257.8	246.3
Total Contributions[a]	$ 2,048.7	$ 2,216.5	$ 2,438.4	$ 2,355.0	$ 2,293.2
Benefits Paid[b]	$ 2,212.6	$ 2,362.0	$ 2,590.9	$ 2,633.6	$ 2,682.1
Investment Income/Net Gains (Losses)[c]	$ 150.3	$ 459.4	$ 835.2	$ 936.2	$ 554.3
Actuarially Determined Employer Contribution	$ 1,806.7	$ 1,993.2	$ 2,143.3	$ 2,040.4	$ 2,013.8
Percentage of Actuarially Determined Employer Contribution Made[d]	102.6%	101.1%	103.4%	102.8%	101.6%
Actuarial Accrued Liabilities	$ 38,344.4	$ 40,657.0	$ 41,981.1	$ 42,869.8	$ 43,610.0
Actuarial Value of Assets[e]	$ 15,946.9	$ 19,726.0	$ 21,846.7	$ 23,683.6	$ 25,988.7
Unfunded Accrued Liabilities	$ 22,397.6	$ 20,931.0	$ 20,134.4	$ 19,186.2	$ 17,621.4
Market Value of Assets[e]	$ 17,063.0	$ 18,532.1	$ 21,165.6	$ 23,890.9	$ 26,810.1
Funded Ratio (Assets Actuarial Value)	41.6%	48.5%	52.0%	55.2%	59.6%
Funded Ratio (Assets Market Value)	44.5%	45.6%	50.4%	55.7%	61.5%
Ratio of Actuarial Value of Assets to Market Value of Assets	93.5%	106.4%	103.2%	99.1%	96.9%

(a) Does not include transfers of $714.7 million, $3,203.8 million, $1,046.7 million, $514.0 million and $894.7 million made subsequent to June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025, respectively.

(b) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership.

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

(d) Does not reflect the transfers referred to in footnote (e) which would bring the percentages to 140.9%, 258.2%, 151.4%, 127.5% and 146.0% for 2021, 2022, 2023, 2024 and 2025, respectively.

(e) Includes the transfers referred to in footnote (a); such transfers are discounted back to June 30 of such respective year in the amounts of $697.0 million, $3,132.1 million, $1,028.8 million, $503.7 million and $872.1, respectively.

The November 2025 SERF Valuation breaks out the normal cost component and the amortization component associated with the several tiers of employees as determined by the valuation for Fiscal Year 2025 as set forth below:

TABLE 18
Normal Cost by Tier

Group	Number of Active Members[a]	Average Age (years)[a]	Average Service (years)[a]	Normal Cost[b]	Normal Rate (percent of payroll)
Tier I-Plan B	51	71.7	44.4	$ 312	4.47%
Tier I-Plan C	1	67.0	43.0	2	2.00
Tier II-Hazardous	91	56.5	28.1	1,743	15.01
Tier II-Hybrid	191	62.6	30.4	856	2.82
Tier II-Others	3,960	59.2	32.2	21,454	4.59
Tier IIA-Hazardous	2,797	48.9	18.3	52,488	15.37
Tier IIA-Hybrid	645	56.6	20.8	1,353	1.51
Tier IIA-Others	10,282	53.3	20.0	48,970	4.41
Tier III-Hazardous	2,163	43.0	11.6	30,927	13.54
Tier III Hybrid	484	48.7	10.9	911	1.72
Tier III-Others	6,035	48.0	11.1	23,418	4.06
Tier IV-Hazardous	3,915	36.4	4.0	33,817	10.00
Tier IV Hybrid	1,402	41.2	3.4	1,221	1.03
Tier IV-Others	17,345	40.6	3.3	36,245	2.79
Total	49,362	46.4	11.8	$ 253,718	5.43%

(a) As of June 30, 2025.
(b) In thousands.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2051. The consulting actuary for the SERF prepared a baseline open group model of future funded ratios and annual contribution requirements for the SERF through Fiscal Year 2051. The modeling presented in Table 19 is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the November 2025 SERF Valuation and includes a static active population throughout the projection period. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the SERF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

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TABLE 19
Modeling Of State Employees' Retirement Fund
Future Funded Ratios and Annual Contribution Requirements
($ In Millions)[a]

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

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2027	2025	$17,621.4	59.6%	$253.7	$1,635.7	$1,889.4
2028	2026	16,842.9	61.9	256.3	1,620.8	1,877.1
2029	2027	16,181.6	63.9	257.5	1,608.0	1,865.5
2030	2028	15,512.4	65.8	256.6	1,597.1	1,853.7
2031	2029	14,826.9	67.7	256.3	1,587.7	1,844.0
2032	2030	14,121.8	69.6	256.8	1,579.7	1,836.5
2033	2031	13,392.1	71.4	258.3	1,572.9	1,831.1
2034	2032	12,633.0	73.3	260.7	1,567.1	1,827.8
2035	2033	11,839.7	75.2	264.2	1,562.1	1,826.2
2036	2034	11,007.8	77.1	268.3	1,557.8	1,826.1
2037	2035	10,133.7	79.0	271.1	1,554.1	1,825.2
2038	2036	9,208.8	81.1	274.8	1,551.0	1,825.8
2039	2037	8,230.7	83.2	279.7	1,548.3	1,828.0
2040	2038	7,194.3	85.4	285.6	1,546.0	1,831.7
2041	2039	6,095.4	87.7	292.1	1,544.1	1,836.2
2042	2040	4,927.7	90.1	299.3	1,542.4	1,841.7
2043	2041	3,685.7	92.6	307.2	1,541.0	1,848.2
2044	2042	2,363.5	95.3	316.2	1,539.8	1,856.0
2045	2043	955.9	98.1	325.8	1,488.7	1,814.5
2046	2044	0.0	100.0	334.9	0.0	334.9
2047	2045	0.0	100.0	343.5	0.0	343.5
2048	2046	0.0	100.0	351.1	0.0	351.1
2049	2047	0.0	100.0	358.8	0.0	358.8
2050	2048	0.0	100.0	367.1	0.0	367.1
2051	2049	0.0	100.0	375.0	0.0	375.0

(a) In fiscal year ending June 30, 2046 and thereafter the annual employer contribution requirement consists only of the payment of the normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

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

Set forth in the following table are the percentages of the total State workface in each Tier of the SERS plan as of June 30, 2025, and approximate average annual benefit payable to a retired member in Fiscal Year 2025 in each Tier.

	Percentage of Total Workforce as of June 30, 2025	**Average Annual Benefit Payable to Retired Member in Fiscal Year 2025**
Tier I	0.1%	$63,223
Tier II	8.2	42,481
Tier II Hybrid	0.4	59,128
Tier IIA	26.5	30,501
Tier IIA Hybrid	1.3	31,583
Tier III	16.6	16,364
Tier III Hybrid	1.0	45,505
Tier IV	43.1	34,402
Tier IV Hybrid	2.8	N/A[(a)]
	100.0%	

(a) As of June 30, 2025, there were no retired Tier IV Hybrid members.

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

TABLE 20

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

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
Tier I - Hazardous	6% of earnings up to the Social Security Taxable Wage Base plus 7% of earnings above that level	20 years of hazardous duty credited service	50% of FAE plus 2% for each year of service in excess of 20 years
Tier I - Plan A or C	7% of earnings	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service. At age 70, greater of 2.5% of FAE times years of service (maximum 20 years) or 2.0% of FAE times years of service with a minimum benefit with 25 years of $833.34 per month
Tier I - Plan B	4% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service up to Social Security maximum age; for retirements after Social Security maximum age, 1% of FAE up to $4,800, plus 2% of FAE in excess of $4,800 times years of service, with a minimum benefit with 25 years of service of $833.34 per month; for retirements at or after age 70, the greater of 1.25% of FAE up to $4,800 plus 2.5% of FAE in excess of $4,800 times years of service (maximum 20 years) or 1.0% of FAE up to

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
			$4,800 plus 2% of FAE in excess of $4,800 times year of service. Minimum benefit with 25 years is $833.34 per month
Tier II – Hazardous	6% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier II	2% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's Breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier IIA – Hazardous	7% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier IIA	4% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier III - Hazardous	7% of earnings	25 years of hazardous duty credited service or age 50 with at least 20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier III - Hybrid Plan	7% of earnings for members with original date of hire on or after July 1, 2011 7% of earnings for members with original date of hire on or after July 1, 1997 5% of earnings for members with original date of hire prior to July 1, 1997	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service For those members with original date of hire prior, on or after July 1, 1997 but prior to July 1, 2011 eligible for the following: Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month[(b)]

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
		service or age 65 with at least 10 but less than 25 years of vesting service	
All Other Tier III	4% of earnings	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier IV-Hazardous	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	25 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier IV-Hybrid Plan	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
All other Tier IV	5% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month

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

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

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

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

TABLE 21
State Employees' Retirement Benefit Cost-Of-Living Allowances[(a)]

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

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

GASB 67 and GASB 68 Disclosure as of June 30, 2025. The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2025 and dated January 29, 2026 containing information to assist the SER Commission in meeting the requirements of GASB 67. Much of the material provided in the report is based on the data, assumptions and results of the November 2025 SERF Valuation. This report had the following results as of June 30, 2025 with respect to the SERF in accordance with GASB 67:

2025 GASB 67 Report as of June 30, 2025	
Total Pension Liability	$43,610.0 million
Fiduciary Net Position	$26,832.6 million
Net Pension Liability	$16,777.4 million
Ratio of Fiduciary Net Position to Total Pension Liability	61.53%

The GASB 67 report used a discount rate of 6.90%, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in

excess and 1% less than the SEIR used, which would decrease the NPL to $12,494.5 million or increase the NPL to $21,905.7 million, respectively.

The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report dated January 29, 2026 and prepared as of June 30, 2025 containing the pension expense and information to assist the SER Commission in meeting the requirements of GASB 68. The report indicated a Pension Expense of $1,780.8 million for the fiscal year ending June 30, 2025. Much of the material provided in the report is based on the data, assumptions and results of a valuation delivered in November 2025 SERF Valuation.

The audited financial statements for Fiscal Year 2025 which are included as **Appendix II-C** hereto, including certain notes and the Pension Plans Required Supplementary Information of the accompanying Basic Financial Statements, reflect the supplemental information reported in a December 6, 2024 GASB 67 report and a January 15, 2025 GASB 68 report. As those reports were prepared as of June 30, 2025 based on data, assumptions and results from a November 2024 actuarial valuation, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

Teachers' Retirement Fund ("TRF")

The TRF, administered by the Teachers' Retirement Board, provides benefits for any teacher, principal, supervisor, superintendent or other eligible employee in the public school systems of the State, with certain exceptions. While setting and paying salaries for teachers, municipalities do not provide contributions to the maintenance of the fund. As of June 30, 2025, there were 104,982 active and former employees and beneficiaries, consisting of (i) 51,971 active members, (ii) 2,841 inactive vested members, (iii) 10,032 inactive non-vested members, (iv) 39,936 retired members and beneficiaries, and (v) 202 members on disability allowance.

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

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

November 2025 TRF Actuarial Valuation. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC an actuarial valuation as of June 30, 2025 dated November 25, 2025 ("November 2025 TRF Valuation"). The November 2025 TRF Valuation reported the following results as of June 30, 2025 with respect to the TRF:

Actuarial Valuation as of June 30, 2025	
Market Value of Assets	$29,131.1 million
Actuarial Value of Assets	27,900.6 million
Actuarial Accrued Liability	43,815.9 million
UAAL	15,915.2 million
Funded Ratio (based on the actuarial value of assets)	63.7%
Funded Ratio (based on the market value of assets)	66.5%

The November 2025 TRF Valuation set forth the ADEC requirement for Fiscal Year 2027 and estimated the ADEC requirement for Fiscal Year 2028, and the annual contribution rate as a percentage of payroll, based on a covered payroll as of June 30, 2025 of $5,115.0 million, as follows:

Annual Employer Contributions for:	
Fiscal Year 2027	$1,780.8 million
Fiscal Year 2028 (Estimated – June 30, 2026 valuation will determine the Fiscal Year 2028 ADEC)	$1,769.9 million
Annual Employer Contribution as a Percent of Payroll as of June 30, 2025	33.6%

The November 2025 TRF Valuation was based upon the following assumptions and methodologies, among others, which incorporate the changes recommended in the latest experience study for the five-year period ending June 30, 2024:

- 6.90% earnings assumption (including inflation at 2.50%)
- Entry Age Normal actuarial cost method
- The UAAL is amortized using a level dollar method effective with the June 30, 2024 valuation. Future changes to the UAAL will be amortized utilizing layered 25-year closed amortization bases established at the end of each plan year.
- Projected salary increases of 3.00% to 6.00% (including inflation at 2.50%)
- Cost-of-living adjustments of 3.0% annually for members retired before September 1992, 2.1% for members retired on and after September 1, 1992 and hired prior to July 1, 2007 and 1.90% for members retired on and after September 1, 1992 and hired on or after July 1, 2007
- Remaining amortization period for the (i) June 30, 2018 Transitional Base is 23 years, (ii) June 30, 2020 Incremental Base is 20 years, (iii) June 30, 2022 Incremental Base is 22 years, (iv) June 30, 2023 Incremental Base is 23 years, (v) June 30, 2024 Incremental Base is 24 years and (vi) June 30, 2025 Incremental Base is 25 years
- The actuarial value of assets recognizes 25% of the difference between the market value of assets and the expected actuarial value of assets.

The 2025 Budget Act and the Revised Budget Act contain appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2026 and Fiscal Year 2027, respectively.

The November 2025 TRF Valuation recognized a $578.1 million additional deposit from the State as a receivable contribution which reflected the discounted value of the $592.8 million volatility transfer deposited November 17, 2025, after the end of Fiscal Year 2025.

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

TRF Plan Results – Five Prior Years. Set forth in the following table are State contributions to the TRF, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025.

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

	2021	2022	2023	2024	2025
General Fund Contributions	$ 1,249.8	$ 1,443.7	$ 1,578.0	$ 1,554.5	$ 1,601.4
Employee Contributions[b]	324.1	337.3	339.3	367.0	364.1
Total Contributions[c]	$ 1,573.9	$ 1,781.0	$ 1,917.3	$ 1,921.5	$ 1,965.5
Benefits Paid[d]	$ 2,114.6	$ 2,168.6	$ 2,305.0	$ 2,347.4	$ 2,417.7
Investment Income/Net Gains (Losses)[e]	$ 4,528.5	$ (1,970.3)	$ 1,830.1	$ 2,702.8	$ 2,663.9
Actuarially Determined Employer Contribution	$ 1,249.8	$ 1,443.7	$ 1,578.0	$ 1,554.5	$ 1,601.4
Percentage of Actuarially Determined Employer Contribution Made[f]	100.0%	100.0%	100.0%	100.0%	100.0%
Actuarial Accrued Liabilities	N/A	$39,860.3	$40,877.0	$42,260.0	$43,815.9
Actuarial Values of Assets[g]	N/A	$22,729.2	$24,455.0	$26,333.6	$27,900.6
Unfunded Accrued Liabilities	N/A	$17,131.1	$16,422.1	$15,926.3	$15,915.3
Market Value of Assets[h]	$23,102.1	$21,574.4	$23,763.1	$26,392.6	$29,131.1
Funded Ratio (Assets - Actuarial Value)	N/A	57.02%	59.83%	62.31%	63.68%
Funded Ratio (Assets - Market Value)	N/A	54.13%	58.13%	62.45%	66.49%
Ratio of Actuarial Value of Assets to Market Value of Assets	N/A	105.35%	102.92%	99.78%	95.78%

(a) Prior to 2022 actuarial valuations were performed every two years, so not all of the data is available for each year.
(b) Does not include employee contributions to the Teachers' Retirement Health Insurance Fund.
(c) Total contributions do not include transfers made subsequent to Fiscal Years 2021 through 2025 of $903.6 million, $903.6 million, $828.1 million, $419.2 million and $592.8 million, respectively.
(d) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership ($56.5 million, $58.4 million, $55.0 million, $58.4 million and $51.4 million, respectively for Fiscal Years 2021 through 2025).
(e) Adjusted to comply with GASB 72. Reflects investment income, net realized gain (loss) on shares redeemed and net unrealized gain (loss) on fund shares.
(f) Percentages do not include the transfers referred to in footnote (c) which would bring the percentages to 172.30%, 162.66%, 152.48%, 127.04% and 137.02% respectively for Fiscal Years 2021 through 2025.
(g) Fiscal Years 2022 through 2025 include the transfers referred to in footnote (c); such transfers are discounted back to June 30 of such respective year in the amounts of $888.7 million, $801.2 million, $411.1 million, $578.1 million, respectively.
(h) Fiscal Year 2021 includes the transfer of $903.6 million made subsequent to 2021. Fiscal Years 2022 – 2025 figures derived from actuarial valuation and include the amounts reflected in footnote (g) above.

Note: Totals may not add due to rounding.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2051. In December 2025, the consulting actuary for the TRF prepared a baseline open group model of future funded ratios and annual contribution requirements for the TRF through Fiscal Year 2051. The modeling presented in Table 22a is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the November 2025 TRF Valuation. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the TRF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

TABLE 22a

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

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

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2027	2025	$15,915.2	63.7%	$328.1	$1,403.5	$1,731.6
2028	2026	15,001.8	66.6	340.3	1,375.3	1,715.7
2029	2027	14,065.0	69.4	364.5	1,343.9	1,708.4
2030	2028	13,379.3	71.6	373.3	1,312.5	1,685.8
2031	2029	12,892.2	73.3	382.4	1,300.1	1,682.5
2032	2030	12,403.8	74.9	390.7	1,289.4	1,680.1
2033	2031	11,893.1	76.5	399.7	1,278.8	1,678.6
2034	2032	11,358.4	78.0	408.5	1,268.3	1,676.8
2035	2033	10,796.9	79.6	417.7	1,257.9	1,675.6
2036	2034	10,207.4	81.2	427.0	1,247.4	1,674.4
2037	2035	9,587.5	82.7	436.9	1,237.0	1,673.9
2038	2036	8,935.5	84.2	446.4	1,226.6	1,673.1
2039	2037	8,248.3	85.8	456.3	1,216.3	1,672.6
2040	2038	7,524.1	87.3	467.4	1,205.9	1,673.3
2041	2039	6,761.2	88.8	479.7	1,195.7	1,675.4
2042	2040	5,956.8	90.4	491.5	1,185.6	1,677.1
2043	2041	5,106.1	91.9	504.6	1,175.4	1,679.9
2044	2042	4,207.7	93.5	516.6	1,165.3	1,681.9
2045	2043	3,255.9	95.0	530.2	1,155.1	1,685.4
2046	2044	2,249.6	96.6	544.8	1,145.1	1,689.8
2047	2045	1,184.4	98.3	560.6	1,032.1	1,592.6
2048	2046	56.2	99.9	577.9	1,013.4	1,591.3
2049	2047	0.0	100.0	596.3	1,132.0	1,728.3
2050	2048	0.0	100.0	613.8	0.0	613.8
2051	2049	0.0	100.0	631.4	0.0	631.4

(a) In Fiscal Year 2050 and thereafter the annual employer contribution requirement consists only of the payment of the normal costs, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

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

Eligibility for normal retirement benefits is available at age 60 for those with 20 years of credited Connecticut service, or 35 years of credited service including at least 25 years of service in Connecticut. The normal retirement benefit is 2% of average annual salary received during three years of highest salary times years of credited service (maximum benefit is 75% of average annual salary received during three years of highest salary), subject to certain maximum dollar limits under the Internal Revenue Code of 1986, as amended. In addition, amounts derived from the accumulation of supplemental account contributions made prior to July 1, 1989 and voluntary contributions by the member are payable. Effective January 1, 1999, there is a minimum monthly retirement benefit of $1,200 to members who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement. The plan also provides reduced early retirement and pro-ratable retirement benefit, disability benefits, return with interest on certain contributions upon termination of employment, and pre-retirement death benefits for spouses and dependent children. The average annual benefit payable to a retired member in fiscal year ending June 30, 2025 was approximately $53,549.

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

TABLE 23
Teachers' Retirement Benefit Cost-Of-Living Allowances

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

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

GASB 67 and GASB 68 Disclosure as of June 30, 2025. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of the period ending June 30, 2025 and dated February 2026 containing supplemental information to assist the Board in meeting the requirements of GASB Statement No. 67. Much of the material provided in the report is based on the data, assumptions and results of the November 2025 TRF Valuation. This report reported the following results as of June 30, 2025 with respect to the TRF in accordance with GASB 67:

GASB 67 Report as of June 30, 2025	
Total Pension Liability	$43,815.9 million
Fiduciary Net Position	$29,302.6 million
Net Pension Liability	$14,513.2 million
Ratio of Fiduciary Net Position to Total Pension Liability	66.88%

The GASB 67 report used a discount rate of 6.90%, which was the rate used in the November 2025 TRF Valuation, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in excess and 1% less than the SEIR used, which would decrease the NPL to $9,892.1 million or increase the NPL to $20,068.1 million, respectively.

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2025 and dated February 2026 containing supplemental information to assist the Teachers' Retirement Board in meeting the requirements of GASB 68. This report indicates a collective Pension Expense of $976.6 million as of June 30, 2025 for Fiscal Year 2026.

The audited financial statements for Fiscal Year 2025 which are included as Appendix II-C hereto, including certain notes and the Pension Plans Required Supplementary Information of the accompanying Basic Financial Statements, reflect the supplemental information reported in a February 2025 GASB 67 report and a February 2025 GASB 68 report. As those reports were prepared as of June 30, 2024 based on data, assumptions and results of a November 2024 TRF actuarial valuation, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

SERF/TRF Sensitivity and Stress Test Analyses

Pursuant to CGS Section 4-68ee, the Secretary of OPM is required to develop and annually report to the Appropriations Committee of the General Assembly sensitivity and stress test analyses for SERS and TRF. The report is to include projections of benefit levels, pension costs, liabilities, and debt reduction under various economic and investment scenarios. The Secretary received from TrueComp a report titled Connecticut Pension Stress Test – State Employees Retirement System (SERS) and Teacher Retirement Systems (TRS) (the "2025 Stress Test Report"). The analysis is based on the results of the valuations for SERS and TRS as of June 30, 2024 and does not include the results of the November 2025 SERF Valuation or November 2025 TRF Valuation. However, the results were rolled forward one year (i) with respect SERF, to account for the actual Fiscal Year 2025 investment return of 10.13% and $894.7 million in supplemental contributions and (ii) with respect to TRS, to account for the actual Fiscal Year 2025 investment return of 10.15% and $592.8 million in supplemental contributions. The 2025 Stress Test Report concentrates on four specific scenarios: (i) investment returns above and below the assumed rate of return, (ii) a 20 percent asset shock, (iii) asset shock with contribution risk and (iv) high retiree COLAs. The results combine SERS and TRS to provide a complete, statewide assessment. The key findings from the analysis include:

- Baseline contribution requirements are projected to remain stable at approximately $3.4 billion per year for the next 20 years until the unfunded liability is paid off in Fiscal Year 2047. This combined result reflects modest contribution reductions for SERS over this time period and modest growth for TRS.

- Without the Fiscal Year 2025 supplemental payments totaling $1,487 million, the annual contribution plateau would have occurred around $3.6 billion per year and cost the State an additional $2.8 billion over the projection period.
- Funding levels will continue to improve over time even when investments underperform if the ADECs are adjusted according to the funding policy. Maintaining baseline contribution patterns in an asset shock scenario, which includes a significant asset loss in Fiscal Year 2026, instead of following the ADEC, would lead to slower funding recovery for both SERS and TRS and persistently low operating cash flow ratio for SERS.
- In the near term, the asset shock scenario causes contribution requirements to remain flat related to projected revenues over the next five years, potentially leading to budget crowd out. Increases at TRS drive this growth, increasing eight percent per year on average from Fiscal Years 2027-2030 under these scenarios.

Investment of Pension Funds

Eleven investment funds serve as the investment medium for both SERF and TRF, as listed below along with the percentage allocation of holdings for the SERF and the TRF as of June 30, 2026 in each of these funds. See also **FINANCIAL PROCEDURES** herein.

TABLE 24
Pension Fund Investment Allocations
As of June 30, 2026*

	State Employees' Retirement Fund	Teachers' Retirement Fund
Domestic Equity Fund	30.8%	30.8%
Developed Markets Equity Fund	13.4	13.4
Emerging Markets Equity Fund	6.6	6.4
Real Estate Fund	6.2	6.3
Infrastructure and Natural Resources	3.7	3.8
Core Fixed Income Fund	12.4	12.6
Non-Core Fixed Income Fund	4.3	4.3
Liquidity Fund	3.0	2.4
Private Equity Fund	11.5	11.7
Private Credit Fund	6.0	6.1
Absolute Return / Risk Mitigation Strategy	2.1	2.2
	100.0%	100.0%

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

Investment Returns

Annualized Net Returns on Investment Assets in Retirement Funds
Periods Ending June 30, 2026

	1 Year	5 Year	10 Year	15 Year	20 Year	25 Year
SERF	15.14%	7.33%	8.89%	7.83%	7.00%	6.80%
TRF	15.01%	7.17%	8.77%	7.74%	7.00%	6.82%

Other Retirement Systems

The other minor retirement systems funded by the State include the Judges, Family Support Magistrates and Compensation Commissioners Retirement System (the Judicial Retirement System), the State Attorneys' Retirement Fund and the Public Defenders' Retirement Fund. As of June 30, 2025, there were 210 active members and 346 retired members and beneficiaries of these plans.

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

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

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

Social Security. State employees and teachers are treated in various ways for purposes of federal social security. Most State employees are covered under social security, and most teachers are not. As of June 30, 2025, approximately 67,661 State employees were entitled to Social Security coverage. The following table summarizes this treatment.

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

The State appropriated $239.1 million and $249.0 million for Social Security coverage for Fiscal Years 2026 and 2027, respectively. Of such amounts, $218.3 million and $227.3 million have been appropriated from the General Fund for Fiscal Years 2026 and 2027, respectively, with the remainder appropriated from the Special Transportation Fund.

OPEB – State Employees. The State provides post-retirement health care and life insurance benefits to eligible employees who retire from State employment. For new retirees with twenty-five or more years of service, retiree group life benefits are half of the amount an employee was eligible for as an active employee at the time of retirement; the benefit is governed by CGS 5-257. Retirees with less than twenty-five years of service shall receive the proportionate amount that such years of service is to twenty-five years rounded off to the nearest hundred dollars of coverage. Retirees do not contribute to the group life premium post-retirement; 100% of the cost of retiree group life insurance premium is funded by the State through a General Fund appropriation.

Retirees' health benefits are equivalent to the benefits offered to them as an active employee at the time of their retirement. There are five distinct retiree benefit designs dependent upon date of retirement. The covered benefits

and plan offerings are equivalent across all groups with slight variations in copay costs and prescription formularies. The health plan includes a health enhancement program ("HEP") for those who retired after October 1, 2011. HEP is voluntary; members who complete age-appropriate preventive services are eligible for reduced copays, a waiver of the plan deductible, and a $100 per month reduced premium cost share. More than 90% of members are enrolled and compliant with HEP. The HEP program does not apply to Medicare Advantage enrollees, however those members receive the HEP compliant benefit design. Retirees who retired prior to July 1, 2022, receive full Medicare Part B and D premium reimbursement while those retiring after that date receive full reimbursement for the standard Part B premium, full Part D income-related premium and 50% of any Part B Income Related Monthly Adjustment Amount.

The State currently finances the cost of such benefits on a pay-as-you-go basis for life insurance benefits and on a pay-as-you-go basis through a transfer of an appropriation from the General Fund to a trust fund (the "OPEB Trust") established for the payment of post-retirement health care benefits, and for the accumulation of assets with which to pay post-retirement health care benefits to future retirees. Health care costs for current retirees are funded by retiree premiums and General Fund appropriations. Such expenses are paid out of a Retiree Funds Awaiting Distribution Account administered by the Office of the State Comptroller. Such account is separate and distinct from the OPEB Trust described above. As of June 30, 2025, the fair market value of the net assets within the OPEB Trust totaled $3.40 billion, adjusted to comply with GASB 72, invested in the Combined Investment Funds. The State will need to make significant General Fund appropriations for post-retirement health care and life insurance benefits in upcoming fiscal years. Because the plan is being funded on a pay-as-you-go basis, the amounts are much less than the annual required employer contribution payment calculated for the plan, which includes a component to amortize the UAAL.

Beginning on July 1, 2009 new hires and employees with fewer than five years of service were required to contribute 3% of salary for ten years, to be deposited into the trust. In 2011, an agreement with the State Employees' Bargaining Agent Coalition required all current employees to contribute 3% of compensation to the trust for ten years and a subsequent agreement in 2017 extended the requirement of trust contributions for a period of fifteen (15) years to all State employees hired on or after July 1, 2017. The State's contribution to the OPEB Trust to match State employee contributions consists of a combination of General Fund and Transportation Fund appropriations, and OPEB fringe benefit recoveries through the application of fringe benefit rates for the SERS and Alternative Retirement Plans.

The OPEB liability is determined using future health care cost trend rates that are based on the anticipated overall rate at which health plan costs are expected to increase in future years. While short term trend rates may reflect known contractual changes (increases and decreases), the long-term trend rates reflect the overall expectations for health care costs. OPEB liability can be very volatile; in recent years the State has seen significant swings in its OPEB liability as a result of decreases and increases in its Medicare Advantage premiums that were below or above projected amounts. Future health care costs are an unknown variable and are the primary driver of future projected OPEB liability.

Because of rising health care trends in the State's Medicare Advantage population and changes in federal reimbursements to Medicare Advantage plans, the State currently expects significant increases in Medicare Advantage rates for calendar years 2026 and 2027. Increased rates will result in a significant increase in projected Net OPEB liability from the liability presented in the 2025 SERS OPEB GASB 74 Report (as defined and discussed below).

OPEB Reporting Pursuant to GASB Statement Nos. 74 and 75. In June 2015, GASB released new accounting standards for public sector plans providing post-employment benefits other than pensions ("OPEB") and sponsoring employees, including GASB Statement No. 74 ("GASB 74"), effective for Fiscal Year 2017, and GASB Statement No. 75 ("GASB 75"), effective for Fiscal Year 2018. GASB 74 requires a determination of the Total OPEB Liability ("TOL") for a plan using the Entry Age Normal actuarial funding method. The Net OPEB Liability ("NOL") is then set equal to the TOL minus the plan's FNP which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a

SEIR, which is determined in the same manner as provided by GASB 67 for pension plans. GASB 75 requires, among other things, that OPEB Expense ("OE") be calculated and a proportionate share of NOL and OE be recognized in the employer's financial reporting. OE is calculated in a manner similar to the manner provided by GASB 68 for the calculation of TOL for pension plans. OE should not be considered a proxy for funding or contribution levels.

SERS OPEB Valuation and GASB 74 Report as of June 30, 2025. The State received from The Segal Group ("Segal") a report prepared as of June 30, 2024 and dated February 5, 2025 ("2025 SERS OPEB GASB 74 Report") containing supplemental information to assist the State in meeting the requirements GASB 74 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS.

The 2025 SERS OPEB GASB 74 Report indicated the following as of June 30, 2024:

SERS OPEB GASB 74 Report as of June 30, 2024	
Total OPEB Liability	$19,277.6 million
Fiduciary Net Position	$ 3,126.1 million
Net OPEB Liability ("NOL")	$16,151.5 million
Ratio of Fiduciary Net Position to Total OPEB Liability	16.22%
ADEC (Fiscal Year 2024)	$ 1,725.9 million

In Fiscal Year 2024, the State's contribution was 44.6% of the ADEC. There has been no actuarial determinations of the ADEC or Annual OPEB Expense applicable to the Plan for Fiscal Year 2025.

The 2025 SERS OPEB GASB 74 Report uses (i) the characteristics of the members and beneficiaries as of June 30, 2023 and (ii) assets of the plan as of June 30, 2024, each as provided by the Office of the State Comptroller. In addition, the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2023 using the following actuarial assumption, applied to all period included in the measurement, unless otherwise specified, among others:

- An entry age normal actuarial cost method
- An expected long-term rate of return on Plan assets of 6.90%
- Salary increases of 3.00% to 11.5%, vary by service and retirement system, including inflation
- A discount rate used to measure Total OPEB Liability was 6.90% as of June 30, 2024 for contributory members and 3.9% for non-contributory members
- A payroll growth rate of 3.00%
- Medical and prescription drug cost trend rates of 43.03%, 60.47%, 24.36% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year
- Dental trend rate of 2.60%, 4.45% then an ultimate level of 3.0% per year
- Part B trend rate of 4.5%

The tables below present the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2024 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and rate that is 1% lower or higher than the current discount rate, as set out in the 2025 SERS OPEB GASB 74 Report:

Net SERS OPEB Liability Sensitivity

Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Decrease	Current	1% Increase
Net OPEB Liability	$13,808.6	$16,151.5	$19,038.5

Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease	Current	1% Increase
Net OPEB Liability	$18,788.8	$16,151.5	$13,988.9

For Fiscal Years 2021 through 2025, the State paid $749.5 million, $735.5 million, $737.7 million, $693.0 million and $764.9 million, respectively, for retirees' health care costs. While not a part of post-employment costs, for Fiscal Years 2021 through 2025, the State paid $674.9 million, $672.9 million, $716.5 million, $627.7 million and $652.6 million, respectively, for General Fund eligible employees' health care costs. For Fiscal Year 2026, the projected General Fund expenditure for retirees' health care costs is $829.9 million. For Fiscal Years 2021 through 2025, General Fund expenditures on life insurance benefits were $8.7 million, $9.9 million, $10.5 million, $9.3 million and $9.3 million, respectively. For Fiscal Year 2026, the projected General Fund expenditure on life insurance benefits is $9.1 million.

SERS OPEB GASB 75 Report as of June 30, 2025. The State received from The Segal Group a report measured as of June 30, 2024 and dated May 12, 2025 for purposes of reporting as of June 30, 2025 ("2025 SERS OPEB GASB 75 Report") containing supplemental information to assist the State in meeting the requirements of GASB 75 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS. The report used economic assumptions regarding future salary increases and investment earnings adopted by the State described in the 2025 SERS OPEB GASB 74 Report and other actuarial assumptions including regarding employee terminations, retirement and death, and determined the Annual OPEB Expense to be $23.3 million as of June 30, 2024. In addition, the 2025 SERS OPEB GASB 75 Report reported a Total OPEB Liability of $19,277.6 million and a Net OPEB Liability of $16,151.5 million, each measured as of June 30, 2024 measurement date. Consistent with the provisions of GASB 75, the assets and liabilities measured as of June 30, 2024 are not adjusted or rolled forward to the June 30, 2025 reporting date.

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

TABLE 25
State Employee Retirees Health Care and Life Insurance Benefits

	2021	2022	2023	2024	2025
Retirees Eligible to Receive Benefits	54,437	56,633	61,069	60,408	59,544
Retirees Receiving Health Care Benefits	52,990	53,481	57,696	57,217	57,098
Retirees Receiving Life Insurance Benefits	28,341	29,151	30,040	29,450	29,232
General Fund Appropriations for Retiree Health Care and Life Insurance Benefits (in millions) [(a)]	$ 758.2	$ 745.4	$ 743.8	$ 701.5	$ 767.4

(a) Expenditures on life insurance are less than 10% of the overall appropriation.

OPEB – Teachers. The State is required to make General Fund appropriations to the Teachers' Retirement Board to cover one-third of retiree health insurance costs (one-quarter for Fiscal Year 2026) plus any portion of the balance of such costs that is not funded from the amounts available in the Teachers' Retirement Health Insurance Fund ("TRHIF"), and certain other subsidies. **TABLE 26** provides the State contributions to the TRHIF for the past five fiscal years. The 2025 Budget Act includes $29.5 million for Fiscal Year 2026 and $44.4 million for Fiscal Year 2027 to subsidize the TRHIF.

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

The TRHIF is invested in the Short Term Investment Fund. See also **FINANCIAL PROCEDURES** herein. Fund assets do not constitute plan assets for purposes of GASB Statements Nos. 43 and 45, and for actuarial valuation purposes fund assets are not treated as valuation assets available to offset the accrued liability of the plan.

*TRHIP OPEB GASB 74 and Valuation Report***.** The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC, GASB Statement No. 74 Report for the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRHIP") dated February 4, 2026 ("February 2026 TRHIP GASB 74 Report"). The February 2026 TRHIP GASB 74 Report was prepared as of June 30, 2025 based on a valuation date of June 30, 2024. The Teachers' Retirement Board previously received from Cavanaugh Macdonald Consulting, LLC a Funding and Plan Accounting Report for the plan prepared as of February 2025 representing the actuarial valuation of the TRHIP (the "February 2025 TRHIP Valuation Report") with respect to the plan.

All GASB 74 assumptions were selected for the measurement of the plan's benefit obligations as of June 30, 2025 based on the June 30, 2024 valuation date and reflect best estimates of anticipated experience. Other than the discount rate required under GASB 74, Cavanaugh Macdonald, LLC believes that those assumptions selected for TRHIP funding and financial accounting purposes as of June 30, 2025 are reasonable for the purposes of preparing the measurements.

The February 2025 TRHIP Valuation Report and the February 2026 TRHIP GASB 74 Report indicated the following:

February 2025 TRHIP Valuation Report as of June 30, 2024	
Actuarial Accrued Liability	$4,143.3 million
Actuarial Value of Assets	$ 258.4 million
Unfunded Actuarial Liability	$3,884.9 million
Ratio of Actuarial Value of Assets to Unfunded Actuarial Liability	6.24%
ADEC (Fiscal Year 2026)	$ 242.0 million
Annual Employer Contribution as a Percentage of Payroll	4.66%
February 2026 TRHIP GASB 74 Report as of June 30, 2025	
Total OPEB Liability	$2,953.7 million
Fiduciary Net Position	$ 292.1 million
Net OPEB Liability ("NOL")	$2,661.6 million
Ratio of Fiduciary Net Position to Total OPEB Liability	9.89%
NOL as a Percentage of Covered Compensation	52.66%

The February 2025 TRHIP Valuation Report was based upon the following assumptions and methodologies among others:

- An individual entry-age actuarial cost method
- Level percent-of-payroll contributions over an open 30-year amortization period
- An expected long-term rate of return on Plan assets of 3.0%
- Price inflation rate of 2.50%
- Real wage growth of 0.50%
- Wage inflation rate of 3.00%
- A discount rate of 3.93% for accounting purposes
- Payroll growth rate of 3.00%
- Projected salary increases, including wage inflation, of 3.00% to 6.50%
- Health care cost trend rates of 6.25% for 2024 decreasing to an ultimate rate of 4.50% by 2031

The February 2026 TRHIP GASB 74 Report was based upon the above assumptions and methodologies other than the discount rate, which used 5.19% rather than 3.93%. The February 2026 TRHIP GASB 74 Report also reported the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2025 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and a SEIR that is 1% lower or higher than the current SEIR, as set forth in the following table:

Net TRHIP OPEB Liability Sensitivity to Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Lower Trend Rate	Current Trend Rates	1% Higher Trend Rate
Net OPEB Liability	$2,204.6	$2,661.6	$3,270.3

Net TRHIP OPEB Liability Sensitivity to Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease (4.19%)	Current (5.19%)	1% Increase (6.19%)
Net OPEB Liability	$3,196.1	$2,661.6	$2,238.2

TRHIP OPEB GASB 75 Report. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting LLC a report dated February 4, 2026, prepared as of the June 30, 2025 measurement date for financial reporting as of June 30, 2026, and containing information to assist the Board in meeting the requirements of GASB 75 with respect to the TRHIP. The report indicates a collective OPEB Expense of $111.6 million for the fiscal year ending June 30 2025 measurement period.

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

TABLE 26
Teachers' Retirement Health Insurance Fund
(In Thousands)

	Fiscal Year				
	2021	2022	2023	2024	2025
General Fund Contribution Attributable To Post Retirement Retiree Medicare Health Insurance	$ 24,405.4	$ 17,798.9	$ 12,116.2	$ 13,557.1	$ 25,609.9
General Fund Contribution Attributable To Non-Board Health Insurance Cost Subsidy	5,006.0	5,044.1	9,357.5	8,208.2	7,890.9
Total General Fund Contributions	$ 29,411.4	$ 22,843.0	$ 21,473.7	$ 21,765.3	$ 33,500.7
Teacher Contributions (Active and Retired)	106,974.2	103,540.3	101,940.4	105,291.0	119,782.3
Investment Income	90.8	450.4	7,568.8	12,911.3	13,151.2
Total Receipts	$ 136,476.4	$126,833.8	$130,983.0	$ 139,967.6	$166,434.2
Fund Expenditures	$ (92,804.7)	$ (75,931.9)	$ (82,433.0)	$ (97,333.5)	$(142,149.3)
Fund Balance as of June 30	$ 115,906.9	$ 166,808.7	$ 217,819.5	$ 260,453.6	$ 284,738.5

Additional Information

The audited financial statements for Fiscal Year 2025 included as **Appendix II-C** hereto , and in particular notes 10 through 14 and note 16 and the Pension Plans and Other Postemployment Benefit Plans Required Supplementary Information of the accompanying Basic Financial Statements, provide additional information about the foregoing retirement systems and their funding.

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

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CLIMATE CHANGE AND ENVIRONMENTAL MATTERS

Climate change refers to the effect that a warming and changing climate has on the environment, humans and infrastructure. Among the impacts of climate change are rising sea surface temperatures and sea levels and more frequent extreme weather events. In general, the State has been getting warmer and wetter. The effect of climate change extends to potential impacts on ecological habitats, species, agricultural products, air quality and diseases which are not all discussed here. Climate change is already impacting the State; the State is planning for these changes using locally-scaled approaches, while investing in clean and renewable energy to mitigate the State's Greenhouse Gas ("GHG") emissions. The State has endeavored to take a proactive and informed approach to ensure that the State's environment and economy continue to be sustainable. The State has experienced significant but unmeasurable losses from extreme weather events over the years and such events in the future could impose additional costs on residents, businesses and government that can adversely affect local, state and regional economies. These events impose recovery costs, often reimbursed by the federal government through emergency declarations, which can be further offset by investment in resiliency and sustainability. Rising sea levels increase the impact of these events and also require investment in adaptation.

Climate Impacts

Rising Sea Levels. While the State is less susceptible to flooding and rising sea levels than some other coastal states, it has 618 miles of coastline along Long Island Sound and Fishers Island Sound, with direct proximity to, but partially protected from, the Atlantic Ocean. The effects of rising sea levels are expected to be experienced in the next three decades primarily in the low-lying neighborhoods and natural areas that are in floodplains along the coastline and in tidal riverine areas. Rising sea levels are expected to result in increased tidal flooding, conversion of tidal wetlands to open water and increased rates of coastal erosion. Neighborhoods and roads that experienced infrequent flooding today and, in the past, could be challenged by flooding on a regular basis unless elevated.

The current sea level rise planning scenario adopted by the State's Department of Energy and Environmental Protection ("DEEP") projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 national tidal datum by 2050. It is estimated that approximately four inches of this maximum rise occurred by 2016. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. As one example, in the portions of coastal eastern Connecticut where the annual risk of coastal flooding has been 10% (or 1 event every 10 years), a rise in sea level of 20 inches would increase that risk to 50% (or 1 event every 2 years). CIRCA reassessed this data in 2025 and concluded that the projection of 20 inches by 2050 is still accurate.

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding, depending on land elevation. The lowest lying areas which could be affected by increased frequency of tidal flooding, particularly urban areas, may require extensive renovation to harden construction in these areas, elevate properties, and increase resiliency, as well as protect fresh water supplies from saltwater intrusion. Higher water levels may also alter floodplain maps, resulting in higher insurance and building costs for new construction, reconstruction and renovation, and recovery from weather events. Higher water levels may also require future rebuilding of public roads, railroads and other infrastructure in these lower lying areas to account for the rise. These relatively slow-moving effects are continually studied and addressed at the state and local level, with many coastal communities conducting planning to evaluate risks and identify options to increase resilience.

Extreme Heat, Drought and Precipitation. The State is susceptible to heat waves, drought and increased precipitation. According to CIRCA, climate change is expected to increase average temperature by five degrees Fahrenheit by 2050. Average annual precipitation is expected to increase four inches by 2050 and the number of heat wave days from four to 48. The State also experiences abnormally dry or drought conditions. Indices of hot weather, summer drought, and extreme precipitation events (rain or snow) are all expected to increase by 2050 with a decrease in summer water availability. Extreme heat events pose a significant threat to public health in the State. The Connecticut Water Council adopted the most recent drought preparedness and response plan in

2022, which lays out protocols for how the State prepares for and responds to drought conditions. Under the plan, all eight counties in the State were designated as a Stage 2 Drought in 2024. It is the second of five levels under the Connecticut Drought Preparedness and Response Plan, with Stage 1 being the lowest and Stage 5 the most extreme. This designation is no longer in effect.

Extreme Storms. Like other New England states, the State is susceptible to storms, including blizzards, nor'easters and hurricanes. Wet weather events can cause river flooding, drainage problems and increased groundwater tables and can overwhelm sewer systems, especially with events that far exceed infrastructure design. These events are not limited to large storm systems such as nor'easters and hurricanes. These types of events also can be from localized "rain bomb" events that drop large amounts of rain in a short period of time, similar to what portions of the State experienced in 2024. As noted in the most recent report of the State's Governor's Council on Climate Change ("GC3"), though it is unclear whether the frequency or intensity of storms in Connecticut will change, they will likely bring higher winds and more precipitation during the event. In addition, infrastructure throughout the State has generally been designed on 25, 50 or 100 year storm specifications and existing flood plain and coastal area management designations. These may not fully capture all of the adaptation requirements required by climate change, which could lead to costly damage or destruction of infrastructure.

Wind events and ice storms also present threats due to downed trees and tree limbs blocking roads and bringing down power lines. Most of the State's power grid is above ground and exposed to such hazards. Like other states, in recent years, the State has had extensive damage and power outages due to storms. The State's Division of Emergency Management and Homeland Security ("DEMHS") works with municipalities and utilities on a regular basis to enhance preparation for, response to, and recovery from severe storms, including a Make Safe Protocol and improved communications among local, state, and private sector partners.

Wildfires. The State is not particularly vulnerable to wildfires except during times of drought, and has not itself experienced wildfire events of the magnitude experienced recently in Canada and California, with the concomitant effects on health, safety, and property damage. However, wide-scale wildfire events elsewhere, most particularly in Canada recently, have demonstrated the continental and perhaps transcontinental reach of such events, impacting the health of Connecticut residents. In the Fall of 2024, the State did experience an unprecedented period of unusually warm and dry weather that resulted in multiple extreme fire weather warnings. This period resulted in the most wildfires in the State's history, with 227 fires and more than 400 acres burned. The scale of these fires, while unprecedented in Connecticut, was extremely small compared to the major fires out west. As a result of after-action reviews, the State is reassessing its preparedness and readiness along with several statutory reviews to improve policies, procedures, and assessing available resources and training. While it is recognized there was widespread success preventing large conflagrations, the State is using this opportunity to identify areas for improvement.

State Actions to Improve Sustainability and Resiliency

Flood Control. The State through the DEEP is the owner and non-federal sponsor of flood control systems throughout the State. The State manages these flood control systems under agreements with the Army Corps of Engineers or the United States Department of Agriculture, Natural Resources Conversation Service. Several municipalities in the State are also the non-federal sponsor of flood control systems in partnership with the Army Corp of Engineers. These systems were constructed from 1940 to 1980 and have provided flood protection for many major urban areas in the State. Current maintenance has kept existing flood control structures meeting the minimum for certification by the Federal Emergency Management Agency ("FEMA"). There is a recognized need for continued investment in the operations and maintenance of these flood control systems.

Climate Resilience Fund. To further protect areas of the State from the impacts of climate change, DEEP created the Climate Resilience Fund to serve as seed money to help Connecticut communities begin planning for climate change impacts and then propel those who have already completed planning into developing projects that are eligible for federal resilience grant funding competitions, with the goal of bringing federal funding for construction. In 2024 DEEP launched a new Office of Planning and Resilience in the DEEP's Bureau of Water

Protection and Land Reuse to oversee all of the resilience investments and improve the agency's coordination and integration of climate resilience across the agency. In 2025, DEEP issued two calls for proposals for the Climate Resilience Fund, including a targeted approach for providing communities with matching funds to support federal grant applications, and a broader call with a re-tooled and expanded program.

State Parks Climate Vulnerability Assessment. DEEP's Bureau of Outdoor Recreation is embarking on a climate vulnerability assessment for the 110 state parks properties. This assessment, which is expected to begin in summer 2026, will develop a screening level data assessments for the park system, develop a prioritization for the properties that have the most risk and vulnerability, and ultimately provide park managers with climate risk data to help them inform infrastructure and services siting and operation. This assessment is anticipated to take up to three years to develop.

Storm Water Infrastructure. Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the federal Clean Water Act of 1972 and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are operating under consent orders with the State and the federal Environmental Protection Agency requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm water infrastructure. As the State sees more frequent heavy rainfall events there is also more regular stormwater flooding in streets and at times those floodwaters back up into private residences and businesses.

Natural Hazard Mitigation. DEMHS includes a Hazard Mitigation and Resiliency Unit, led by the State Hazard Mitigation Officer, who administers a number of federal hazard mitigation grant programs, including the FEMA disaster assistance Hazard Mitigation Grant Program and the Building Resilient Infrastructure and Communities Program. DEMHS solicits projects from state and local agencies to be funded by these and other programs. The State Hazard Mitigation Plan was recently revised to include a climate vulnerability assessment of critical facilities. DEMHS also coordinates the filing of local natural hazard mitigation plans with FEMA, as well as required revisions to the State Natural Hazard Mitigation Plan. These plans are prerequisites to federal funding.

Grid Resiliency. With respect to the power grid, the State and local municipalities have worked with the two main electric distribution companies in the State (Eversource and United Illuminating) to develop coordinated recovery plans. Hospitals, nursing homes and municipal water and sewerage systems are required to have auxiliary power. The State and the electric distribution companies have engaged in extensive tree removal and trimming efforts to increase the resilience of the grid system and mitigate extended power outages. DEEP administers a microgrid grant program to support local distributed energy generation to ensure critical facilities remain powered during outages and federal funding to support grid resilience. The Connecticut Public Utilities Regulatory Authority ("PURA") has authorized funding for substation flood mitigation and other storm hardening initiatives. Recent legislation holds the State's electric distribution companies accountable for any extended power outages and expands the microgrid program to cover resilience projects that prioritize the protection of vulnerable communities disproportionately impacted by climate change. Under a PURA order, Eversource and United Illuminating are conducting a Climate Change Vulnerability Study that considers the effect of extreme weather due to climate change on their respective operations, planning and infrastructure. United Illuminating completed its study in October 2024. Eversource is scheduled to complete its study in 2026.

Department of Transportation Resilience Improvement Plan. The Connecticut Department of Transportation Resilience Improvement Plan ("RIP") was accepted by the Federal Highway Administration on December 29, 2025. This plan was developed using federal funds from the U.S. Department of Transportation ("USDOT"). The RIP helped identify climate-related vulnerabilities and provided resilience strategies for current and mid-century extreme weather conditions. The RIP is anticipated to continue to support the State's economic resilience for operational readiness and the rapid recovery of surface transportation systems affected by major weather events and other identified natural hazards. By developing the RIP and incorporating the plan into the

State's long-range transportation plan, Connecticut will be eligible to reduce its federal/state cost share on identified transportation projects funded by the USDOT.

Resilience Planning Legislation. The Connecticut legislature passed a bill in 2025 addressing numerous resilience planning actions to help the State and its residents better prepare for the effects of climate change. Public Act No. 25-33 added new and better-clarified climate resilience planning requirements for municipalities, requires municipalities and councils of government to map culverts which will improve flood modeling data sets and support capital improvement planning, and also provides flood disclosure requirements for homeowners and other hazard insurance policies and for real estate transactions. Additionally, the legislation allows communities to work together to transfer development rights from risky areas to less flood-prone areas, and allows communities to create resilience improvement districts that use tax increment financing mechanisms to support paying for resilience-related infrastructure.

Connecticut Green Bank. Established by the Connecticut General Assembly in 2011, the Connecticut Green Bank supports the Governor's and legislature's energy strategy to achieve cleaner, less expensive, and more reliable sources of energy while creating jobs and supporting the local economic development. In 2021, the Green Bank's statutory mandate was expanded to include environmental infrastructure investment, extending its original clean energy mission to financing projects that address climate adaptation and resilience, land conservation, parks and recreation, agriculture, waste and recycling, water, and environmental markets (e.g., carbon offsets and ecosystem services) infrastructure critical to confronting the effects of climate change and building more resilient communities.

Resilience Opportunity Areas. CIRCA continues to work with communities across the State through its Resilient Connecticut initiative that uses the institute's vulnerability assessment tools to identify Resilience Opportunity Areas. These areas are expected to experience moderate to high impacts of climate change, have identified regional significance, and meet additional local, regional or State policy goals (such as housing, transportation, ecology, etc.) These areas are slated for consideration for additional technical assistance, planning, or funding. CIRCA published a resilience roadmap in July 2024 with recommendations for enhancing the State's climate resilience using lessons learned since the institute was created 10 years ago.

PFAS. The State continues to work to implement the recommendations of the 2019 Connecticut per- and polyfluoroalkyl substances ("PFAS") Action Plan. The State passed Public Act No. 21-191 banning the use of PFAS-containing firefighting foam and prohibiting the use of PFAS in food packaging. DEEP and DESPP have coordinated to collect and dispose of thousands of gallons of PFAS-containing firefighting foam and to support the efforts of fire departments to transition apparatus, including the state-owned network of regional firefighting foam trailers, to PFAS-free foam systems. Public Act No. 24-59 outlined the State's plan to implement a phased ban on the use of PFAS in numerous other consumer products. Because so many of these PFAS-containing products end up being disposed of down the drain or in municipal waste streams, studies have been completed or are underway to evaluate PFAS releases from municipal and State-owned wastewater treatment plants and landfills. Public Act No. 24-59 also banned the sale and land application of certain products derived from biosolids. Bond funding continues to support State efforts, led by DEEP and the Department of Public Health, to test private residential drinking water wells for PFAS, and, where needed to provide bottled water and install water treatment systems on impacted homes. DEEP and the Department of Economic and Community Development are working together, with the federal United States Geological Survey, to determine "anthropogenic background" concentrations of PFAS in soil and groundwater across the state. DEEP Permitting programs are also being revised to require monitoring of PFAS by those industrial sectors most likely to use PFAS containing products. These background studies and permit-related monitoring efforts will provide the information necessary to guide future regulatory efforts.

State Response to Reduce Its Contribution to Climate Change

The State has taken a number of actions to reduce its own contribution to GHG emissions pursuant to several Executive Orders, legislation and the recommendations of various studies and initiatives. The discussion that follows outlines a few of these actions.

Climate Mitigation and Energy Affordability Legislation. In 2025, Connecticut passed two large bills addressing climate mitigation. Public Act No. 25-125 updates Global Warming Solutions Act emissions reduction targets to include a new interim target of 65% below 2001 levels by 2040 and net zero by 2050, provided the State also reduces GHG emissions by at least 80% below 2001 levels. The law enables continued development of renewable energy sources and associated job sectors. Public Act No. 25-173 provides funding, policy and multiple plans and studies to improve energy affordability while also increasing reliability and facilitating decarbonization, including new bond authorizations for up to $250 million to reduce costs of hardship protection measures charged to electric customers as system benefits charges and up to $50 million to support the State's electric vehicle charging program. These two bills built upon the passage of the 2022 Connecticut Clean Air Act that set new goals for reducing emissions and air pollution from cars, transit buses, school buses and trucks through the deployment of zero emission vehicles, expanded electric vehicle charging, and expanded rebates for e-bikes.

Climate and Energy Executive Orders. In 2021, Governor Lamont, in his first Executive Order on GreenerGov and Lead by Example, set a goal for the executive branch of the State government to achieve a 45% reduction in GHG emissions below 2001 levels by 2030, a 25% reduction in waste disposal by 2030 from a 2020 statewide baseline, and a 10% reduction in water consumption by 2030 from a 2020 statewide baseline. The order establishes a steering committee of State agencies to develop a strategy to achieve a 70% reduction in GHG emissions from 2016 levels by 2040, and zero emissions by 2050. Because data prior to Fiscal Year 2019 is limited, GreenerGov uses an additional baseline to reduce executive branch emissions 32.53% below Fiscal 2019 levels by 2030. As of Fiscal Year 2024, executive branch GHG emissions are down 28.3% from the Fiscal Year 2019 baseline. GreenerGov indicates that its 138 bond-funded projects since 2012 have saved an estimated 2 million MMBtus and $10 million annually with a 17-year average project payback timescale. In Executive Order No. 3, the Governor reconvened the GC3 and charged the Council to "monitor and report on the State's progress on the implementation of carbon mitigation strategies, and on the development and implementation of adaptation strategies to assess and prepare for the impacts of climate change in areas such as infrastructure, agriculture, natural resources and public health." In 2021 the Council issued a report with 61 policy recommendations. In January 2026, the Council convened to review Connecticut's Climate Progress Report prepared by DEEP pursuant to CGS Section 22a-200a(d). In Executive Order No. 21-3 the Governor directed further planning for decarbonizing State buildings and the State fleet as part of 23 actions under that order implementing recommendations of the GC3.

Greenhouse Gas Inventory. DEEP provides a report card on over 30 years of greenhouse gas emissions in the State and tracks progress toward the State's statutory greenhouse gas emission-reduction targets. The latest GHG inventory showed that the transportation and commercial and residential building sectors are Connecticut's most carbon intensive. In 2023, the most recent year for which data is available, Connecticut continued to keep GHG emissions below pre-pandemic levels and to meet the 2020 target even as economy-wide GHG emissions increased slightly over 2022 levels. For the first time, GHG emissions in the transportation sector decreased, despite vehicle miles traveled increasing, demonstrating that more fuel efficient cars and trucks on the road may be overcoming the offset from increased driving. GHG emissions also decreased in the buildings sector due to a milder winter and the state's investment in energy efficiency measures.

Climate Change Mitigation Actions. The State continues to look for opportunities to drive down GHG emissions in all sectors, particularly for the electric, buildings, and transportation sectors. In 2025, the State continues to implement programs funded by hundreds of millions in federal funds through federal programs funded through the Bipartisan Infrastructure Law ("BIL") and the Inflation Reduction Act ("IRA") to improve energy affordability, reduce GHG emissions and air pollution, and make the grid more resilient. The State has received funds to, among other actions, increase the deployment of energy efficient heat pumps for building heating and cooling; to build electric vehicle charging infrastructure for commercial zero-emission medium- and heavy-duty vehicles; and to provide new and upgraded points of interconnection for up to 4800 MW of offshore wind and a multi-day energy storage system. In July 2025, President Trump signed H.R. 1 which repeals many of the tax credits available under the BIL and IRA for electric vehicles and energy efficiency. On February 12, 2026, the U.S. Environmental Protection Agency ("EPA") announced their decision to repeal the 2009 endangerment finding that GHGs endanger public health and welfare and therefore may be regulated under the federal Clean

Air Act. This finding serves as the legal foundation for federal GHG standards for motor vehicles and other mobile sources that are the largest source of GHG emissions in Connecticut and the United States. In a statement opposing the announcement with the Governor and the Commissioners of DEEP and DPH, the State Attorney General announced his intention to take the EPA to court over the decision. Despite decreased support at the federal level, Connecticut continues to provide programmatic and funding support for energy efficiency, renewable energy and the adoption of electric vehicles in the State. DEEP's current climate mitigation planning efforts emphasize these programs and prioritize pathways that will decrease GHG emissions while also improving energy affordability and climate resilience.

LITIGATION

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

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

American Indian Tribes. It is possible that land claims could be brought by American Indian groups who have petitioned or do petition the Federal Government for federal acknowledgement. In any of the land claims matters, irrespective of whether federal acknowledgement is granted, denied or upheld, a particular group could institute or renew land claims against the State or others, or press the claims it has already asserted. The federal Bureau of Indian Affairs ("BIA") has adopted new regulations for the federal acknowledgement of tribes under relaxed standards. In addition, the BIA announced a Final Rule effective March 21, 2025 that lifted the prior ban against re-petitioning and created a conditional time-limited opportunity for previously denied petitioners to re-petition for federal acknowledgment. On December 23, 2025, the Attorney General was notified that the Office of Federal Acknowledgment has docketed a request for authorization to re-petition by the Schaghticoke Tribal Nation ("STN"). The State is preparing comments for the April 29, 2026 deadline. These regulatory changes could also result in re-petitions by other previously denied petitioners such as the Golden Hill Paugussett Tribe and the Eastern Pequot Tribal Nation.

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

D.J. v. Conn. State Board of Education is a federal court case brought by a special education student and a purported class of similarly situated special education students seeking compensatory education for the class. The class is made up of all special education students deprived of special education services after reaching the age of 21 for the two years before the action was filed and during the pendency of the case. The parties are trying to reach a final settlement with the expectation that the settlement will be less than $2.5 million.

OTHER MATTERS

Hospital Dispute

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

Information Technology, Cybersecurity and Related Matters

Strategic Plan. The State's Information Technology strategic plan for Fiscal Year 2026 focused on four goals: (i) to optimize IT services across executive branch agencies for improved flexibility and efficiency; (ii) to grow digital government services, which will increase online services to residents and businesses; (iii) to improve cybersecurity statewide and (iv) to harness and appropriately manage the power of artificial intelligence ("AI") technology. To account for the increased cyber risk that is being experienced across all industries, the State authorized a total of $11.8 million to reduce cybersecurity risks. This investment to date has been used to improve security monitoring and vulnerability response capabilities and to upgrade State government endpoint and E-Mail security. The State, through the Division of Emergency Management and Homeland Security ("DMHS") has been the recipient and subgrantor for the State and Local Cybersecurity Grant Program. This program provides federal Department of Homeland Security funding to state (20% of funds) and local (80% of funds) government entities to improve cybersecurity practices and reduce cybersecurity risks. There have been no cybersecurity incidents of note within the State as a result of these investments and ongoing organizational discipline.

The State recognized that resident demands for online services have continued to grow in recent years. Technology is being applied to make more transactions available to the public on a 24x7 basis. Recent additions include the State's business portal, Business.CT.gov, new tax system, new business registry system and improvements to the unemployment insurance system. This continued growth in online services creates a more responsive government for those that choose to work in that way with the State.

The State operates information technology systems critical to its operations. The State develops and publishes an annual IT strategic plan that outlines critical technology activities. To improve the efficiency and effectiveness of information technology within the State, the Department of Administrative Services undertook a reorganization of Executive Branch agency technology resources. In January 2022, the State began operation of the Department of Administrative Services / Bureau of Information Technology Solutions ("DAS/BITS"). This wide-ranging shared service includes infrastructure, applications, and user supports.

Systems. In accordance with these plans and prior initiatives, the State continues to make progress in improvements to its systems. Since 2015, the State's shared systems have been primarily operated through two data centers which allows infrastructure continuity through duplication at the two facilities. The two data centers operate in an "active/passive" mode, whereby the overall system load is handled by one of the two centers, and the applications and datasets are replicated in each. If one data center is offline, the entire load would shift to the other data center. Depending on the application criticality, some manual intervention may be required to return to operation. One data center is located in Groton, Connecticut and the other in Springfield, Massachusetts. The datasets are regularly verified for integrity, and backed up incrementally in stages covering approximately six months. Some of these backups are maintained externally to the datacenters. DAS/BITS has systems in place to monitor and protect against malicious events. The datacenters of the State have procedures in place to protect against unauthorized physical access, against misconduct or risks associated by personnel with physical access and similar risks, on a level comparable to the other parties collocated with it in the datacenters. Since these centers were put in operation, the State has been incrementally moving agency computing from older, location-based technology to a shared private cloud infrastructure. The State intends to vacate the Groton data center before 2029 and in the 2023 calendar year began substantive planning for the next iteration of computing.

The State has also embraced a measured approach to cloud computing when the benefits of the cloud outweigh the costs. Significant cloud migrations include the Microsoft 365 collaboration suite and, more recently, the migration of the State's enterprise resource planning system, Core-CT, to the Oracle Cloud in November 2023.

The State maintains an application portfolio of over 1,300 applications. Many of the State's critical administrative systems have undergone replacement of modernization in the last 5 years, including unemployment insurance, revenue and taxation, child welfare and Core-CT. Several other system modernizations are underway including Medicaid claims management, child support, teachers' retirement and others. The State continues to support and modernize systems where appropriate and financially advantageous, migrating them to internal or external cloud solutions. Agencies using these applications may utilize internal or outside consulting assistance for improvements and maintenance of these systems.

The State maintains a State-wide fiber-optic networking system for its Connecticut Education Network ("CEN") and its Public Safety Data Network ("PSDN"). This network had been stable, seeing incremental expansion as schools, towns, libraries, State agencies, first responders and others were connected. The State's E911 system operates on this network, with microwave radio backup for the State police systems. Because of the critical nature of these systems, DAS/BITS has taken steps to ensure the continuity of the systems for natural events, the continuity of the systems for malicious events, and safeguarding the information maintained against theft and misuse. The systems are regularly monitored, evaluated, tested, and improved. Major equipment upgrades for both CEN and PSDN are currently underway that improve capacity, supportability and resilience. Individual offices of the State access the systems through internet facilities maintained by third parties, and those offices have varied levels of backup power and redundancy. No individual office is believed to be critical to the integrity of the overall systems; however far reaching events such as snowstorms, flooding, fire and other hazards may affect the ability of the State to deliver services as contemplated.

Cybersecurity. In calendar year 2023 steps continued to be taken to significantly harden the State's operations against cybersecurity threats. The State released the second statewide cybersecurity strategy, with input from federal, state and local partners, in March of 2022. This document outlines the critical importance of protecting all the digital assets in the State. The State has obtained the first and second year funding of a four-year Department of Homeland Security grant to address a "whole of state" approach to cybersecurity that factors in both state and local government entities through the Department of Emergency Services and Public Protection, Division of Emergency Management and Homeland Security ("DEMHS"), CT Intelligence Center and DAS/BITS. That funding was successfully distributed to the State and local municipalities to improve security fundamentals across the recipients. In 2025, the State began efforts to prioritize the 2023 year state and local cybersecurity grant program grant and application process, focusing on security fundamentals. The DEMHS Training and Exercise Unit includes a cybersecurity trainer to provide training to the State and local partners, as well as the public. The State convenes a monthly cybersecurity working group with local, state, federal, and

private sector partners to raise awareness of current threats and to share best practices, gather statewide feedback and help prioritize initiatives. The State also operates under a State Cyber Disruption Response Plan and a Cyber Incident Response Plan, which was updated in January 2024.

Generally, the State's centralized systems were also protected by methods limiting access of users to relevant portions of the system. Malware infection introduced by one user may therefore be limited to the portions of the system accessible by that user. The State runs an incident response team and utilizes commercial software and solutions, and in the past five years, no malware incidents have materially affected State data or operations. In 2022, the State completed the rollout of Endpoint Detection and Response capabilities for servers and endpoints to provide advanced protections from constantly evolving threats. The State experienced an outage, along with many global entities related to the CrowdStrike incident in July 2024. Critical capabilities were restored within a couple of hours, all primary systems were restored within a few hours and all systems by the end of the first business day. This activity demonstrated the State's resilience and also the activation of the State's Cyber Disruption Response Plan. While technically not a cyber incident, the team responded with efficiency. The State is currently going through initial efforts to upgrade its security monitoring and event management system to provide modernized capabilities in protecting in-scope systems against modern attacks. Over the last year, the State has experienced no material cybersecurity incidents. Additional protections have developed and been put in place to continue addressing an evolving threat landscape, including working with GovRamp to streamline the ongoing assessments of the technology supply chain of government focused solutions and payment card industry data security standard compliance initiatives in support of agencies' business goals.

The State's systems contain significant amounts of personally identifiable and non-public information. This includes social security identification numbers, credit card information, criminal and arrest records, medical records, driving records, educational records, information made available from the federal government and other states. The State limits misuse of this information by compartmentalizing access and endeavoring to design systems such that such information is encrypted, segmented and otherwise not available to unauthorized individuals gaining access to some portion of the State's systems. This information is nevertheless vulnerable to misuse by persons with authorized access to such information, persons with unauthorized access to such information (such as through phishing or other social engineering attack vectors), persons inadvertently granting access, and other means. The consequences of any such potential misuse, to the persons involved and to the State, cannot be predicted. To date the State has uncovered no such material unauthorized access, and continues to actively monitor its security posture and controls. The State endeavors to further mitigate any such potential misuse with thorough training of its users to recognize, and be able to effectively respond to common attack vectors.

Artificial Intelligence. Artificial Intelligence has quickly emerged as a critical topic for the State. Significant actions have been taken to ensure responsible use of the technology that also holds the promise to improve many government interactions. The State (i) developed an internal AI working group with expertise from several agencies, (ii) inventoried applications that area using AI and published that information to the States Open Data Portal; (iii) created the first draft of the Artificial Intelligence Policy; (iv) began the development of the procedures to ensure the technology is used in a continually equitable manner. The State has published an internal website for all State employees to learn more about ongoing AI use cases and to explore the use of these technologies. An AI enablement lab is used to provide a safe environment to explore these technologies. The State continues to take an open and cautious approach to AI to ensure efforts and costs are aligned with benefits.

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APPENDIX –II-A

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APPENDIX II-A

GOVERNMENTAL ORGANIZATION AND SERVICES

Introduction

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

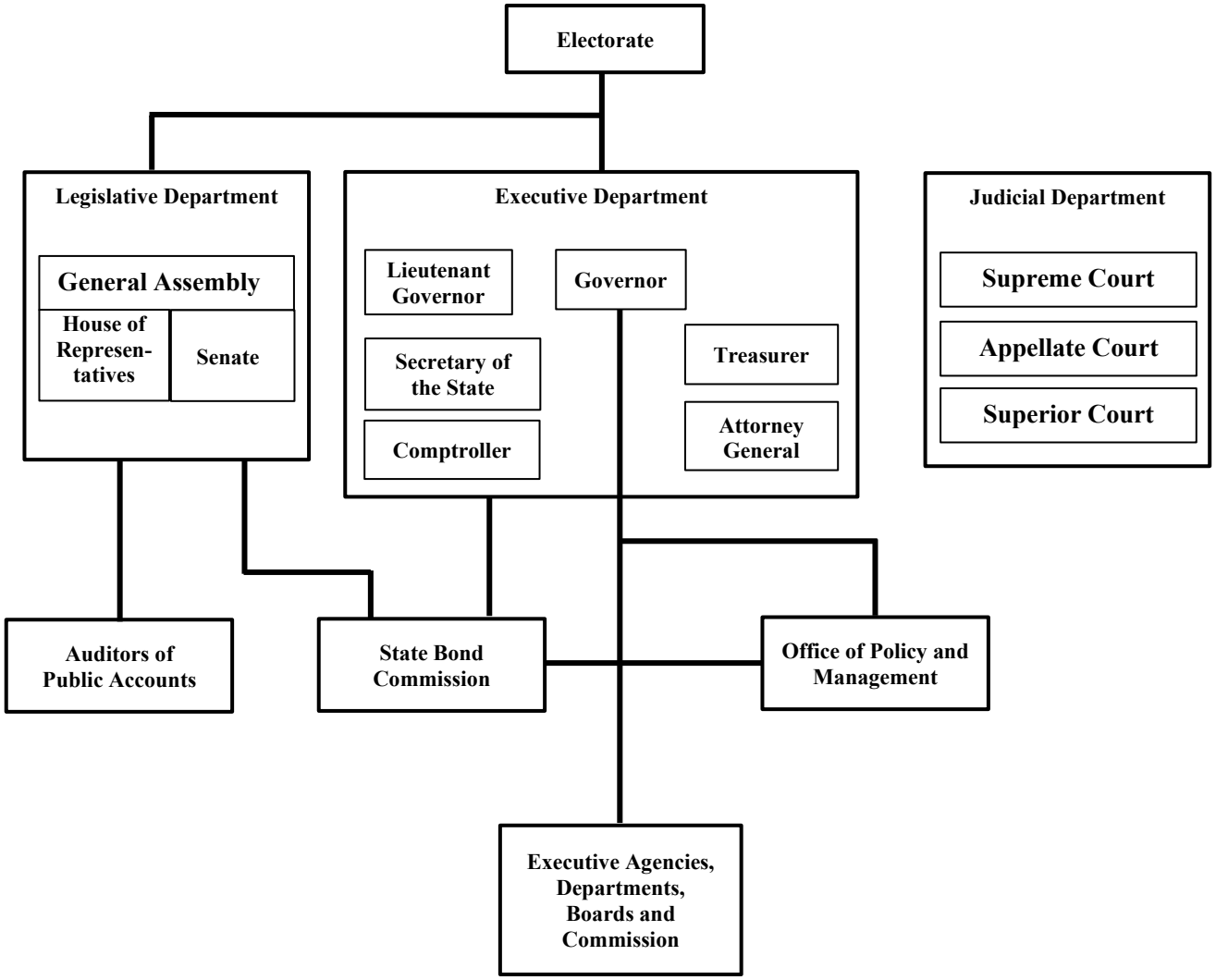
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute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

State Government Organization

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

TABLE A-1

Structure of State Government



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

General Assembly members are elected biennially at the general election in November in even numbered years and take office in the January following their election. Elections for the General Assembly were held in November 2022, and the new members took office in January 2023.

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

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

Executive Department. The Governor, Lieutenant Governor, Secretary of the State, Treasurer, Comptroller and Attorney General, whose offices are mandated by the State's Constitution, were elected at the general election in November 2022 for terms beginning in January 2023. Elections for all of these offices are held every four years. The Governor and Lieutenant Governor are elected as a unit.

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

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

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

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

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

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

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

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

The Superior Court is vested with original trial court jurisdiction over all civil and criminal matters. By statute, there are 201 authorized Superior Court judges, with approximately 165 sitting judges as of February 1, 2026, each nominated by the Governor and appointed by the General Assembly to eight-year terms. There are currently 20 vacant Superior Court judge positions.

The Appellate Court hears appeals from decisions of the Superior Court except for certain matters which are directly appealable to the Supreme Court. There are nine Appellate Court judges nominated by the Governor and appointed by the General Assembly to eight-year terms.

The Connecticut Supreme Court reviews decisions of the Appellate Court and, in certain cases, of the Superior Court. Except in cases where original jurisdiction exists in the Supreme Court, there is no right of review in the Supreme Court unless specifically provided by statute. The Supreme Court consists of seven Justices (one Chief

Justice and six Associate Justices) nominated by the Governor and appointed by the General Assembly to eight-year terms.

In addition to the principal trial and appellate courts, there is a Court of Probate in each of 54 probate districts situated throughout the State.

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

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

State Employees

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

TABLE A-2
State Employees As of April 30, 2025[(a)]
By Function of Government

Function Headings[(b)]	2021	2022	2023	2024	2025
Legislative	533	535	561	565	583
General Government	2,749	2,971	3,159	3,350	3,337
Regulation and Protection	3,757	3,740	3,710	3,844	3,909
Conservation and Development	1,398	1,354	1,335	1,479	1,567
Health and Hospitals	5,529	5,402	5,539	6,046	6,261
Transportation	4,477	4,505	4,557	4,594	4,718
Human Services	2,082	1,992	2,048	2,200	2,205
Education	16,144	16,324	15,101	17,181	17,508
Corrections	8,405	8,204	8,179	8,345	8,267
Judicial	3,965	4,060	4,154	4,218	4,260
Total	49,039	49,087	48,343	51,822	52,687

(a) Table shows count of employees by fund category and function of government. Employees working in multiple government functions are counted multiple times.
(b) A breakdown of the budgeted agencies, boards, commissions and similar bodies included in each of the listed government function headings is shown in **Table A-5**.

SOURCE: OPM

TABLE A-3
State Employees As of April 30, 2025[(a)(b)]
By Function of Government and Fund Categories

Function Headings	General Fund	Special Transportation Fund	Other Appropriated Funds	Special Funds – Non-Appropriated	Federal Funds	TOTALS
Legislative	583					583
General Government	3,022	31	27	103	154	3,337
Regulation and Protection	2,086	556	471	446	350	3,909
Conservation and Development	785	48	148	93	493	1,567
Health and Hospitals	5,740		34		487	6,261
Transportation		3,136		660	922	4,718
Human Services	1,872		5		328	2,205
Education	3,347			13,901	332	17,580
Corrections	8,175			78	14	8,267
Judicial	4,223		10	21	6	4,260
Total	**29,833**	**3,771**	**695**	**15,302**	**3,086**	**52,687**

(a) Table shows a count of paid employees by fund category. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.
(b) Reflects funding source based on Core-CT chart of accounts coding.

SOURCE: OPM

Collective Bargaining Units and Process. The General Statutes guarantee State employees, other than elected or appointed officials and certain management employees and others with access to confidential information used in collective bargaining, the right to organize and participate in collective bargaining units. There are presently 48 such bargaining units representing State employees. The General Statutes establish the general parameters of the collective bargaining process with respect to bargaining units representing State employees. At any given point in time, there are generally a number of collective bargaining units with agreements under negotiation. All collective bargaining agreements require approval of the General Assembly. The General Assembly may approve any such agreement as a whole by a majority vote of each house or may reject any such agreement as a whole by a majority vote of either house. An arbitration award may be rejected in whole by a two-thirds vote of either house of the General Assembly upon a determination that there are insufficient funds for full implementation of the award.

If an agreement is rejected, the matter shall be returned to the parties who shall initiate arbitration. The parties may submit any award issued pursuant to such arbitration to the General Assembly in the same manner as the rejected agreement. If the arbitration award is rejected by the General Assembly, the matter shall be returned again to the parties for further arbitration. Any award issued pursuant to such further arbitration shall be deemed approved by the General Assembly.

The General Statutes deny State employees the right to strike. Questions concerning employment or bargaining practices prohibited by the sections of the General Statutes governing collective bargaining with regard to State employees may generally be brought before the State Board of Labor Relations.

Information regarding employees participating in collective bargaining units and employees not covered by collective bargaining is shown in the following table:

TABLE A-4
Full-Time Work Force
Collective Bargaining Units and Those Not Covered by Collective Bargaining

Bargaining Unit/Status Group	Percentage of State Employees Represented[(a)]	Contract Status, if any[(b)]
Covered by Collective Bargaining		
Administrative and Residual (P-5)	6.57	Contract in place through 6/30/2029
Administrative Clerical (NP-3)	4.99	Contract in place through 6/30/2029
American Federation of School Administrators	0.14	Contract in place through 6/30/2029
Assistant Attorneys General (P-6)	0.38	Contract in place through 6/30/2029
Assistant Attorney General Dept. Heads (P-7)	0.03	Contract in place through 6/30/2029
Board for State Academic Awards Prof	0.15	Contract in place through 6/30/2029
Community College Administration - AFSCME	0.20	Contract in place through 6/30/2029
Community College Administration – CCCC	2.06	Contract in place through 6/30/2029
Community College AFT – Counselors/Librarians	0.02	Contract in place through 6/30/2029
Community College Faculty – AFT	0.44	Contract in place through 6/30/2029
Community College Faculty – CCCC	1.32	Contract in place through 6/30/2029
Connecticut Association of Prosecutors	0.40	Contract in place through 6/30/2029
Connecticut Innovations Inc.	0.19	Contract in place through 6/30/2029
Correctional Officers (NP-4)	8.09	Contract in place through 6/30/2029
Correctional Supervisor (NP-8)	0.94	Contract in place through 6/30/2029
Criminal Justice Inspectors	0.14	Contract in place through 6/30/2029
Criminal Justice Residual	0.26	Contract in place through 6/30/2029
DCF Program Supervisors - AFSCME	0.19	Contract in place through 6/30/2029
DPDS Asst Public Defenders	0.44	Contract in place through 6/30/2029
DPDS Supervising Attorneys - AFSCME	0.04	Contract in place through 6/30/2029
Education Administrative (P-3A)	0.45	Contract in place through 6/30/2029
Education Technical (P-3B)	1.12	Contract in place through 6/30/2029
Engineering, Scientific and Technical (P-4)	5.36	Contract in place through 6/30/2029
GEU-UAW Graduate Empl Union	0.41	Contract in place through 6/30/2029
Health Care Unit-Non-Professional (NP-6)	6.89	Contract in place through 6/30/2029
Health Care Unit-Professional (P-1)	6.51	Contract in place through 6/30/2029
Higher Education – Professional Employees	0.00	Contract in place through 6/30/2029
Judicial - Judicial Marshals	0.99	Contract in place through 6/30/2029
Judicial – Law Clerks	0.11	Contract in place through 6/30/2029
Judicial – Non-Professional	2.93	Contract in place through 6/30/2029
Judicial – Professional	2.39	Contract in place through 6/30/2029
Judicial – Professional B	0.36	Contract in place through 6/30/2029
Judicial - Supervising Judicial Marshals	0.11	Contract in place through 6/30/2029
Judicial – Professional Appellate	0.04	Contract in place through 6/30/2029
Protective Services (NP-5)	1.67	Contract in place through 6/30/2029
Service/Maintenance (NP-2)	7.07	Contract in place through 6/30/2029
Social and Human Services (P-2)	7.25	Contract in place through 6/30/2029
State Vocational Federation of Teachers	2.82	Contract in place through 6/30/2029
State Police (NP-1)	1.70	Contract in place through 6/30/2026
State Police Lieutenants and Captains (NP-9)	0.07	Contract in place through 6/30/2029
State University-Faculty	4.19	Contract in place through 6/30/2029
State University- Non-Faculty Professional	1.97	Contract in place through 6/30/2029
UCHC – Faculty	0.07	Contract in place through 6/30/2029
UCHC – Faculty AAUP	0.11	Contract in place through 6/30/2029
UCHC University Health Professionals	0.30	Contract in place through 6/30/2029
UConn – Faculty	3.89	Contract in place through 6/30/2029
UConn – Law School Faculty	0.08	Contract in place through 6/30/2029
UConn - Non-Faculty	4.22	Contract in place through 6/30/2029
UConn – UAW Postdoc	0.25	Contract in place through 6/30/2029
Total Covered by Collective Bargaining	90.28	
Not Covered by Collective Bargaining		
Auditors of Public Accounts	0.24	Not Applicable
Other Employees	9.48	Not Applicable
Total Not Covered by Collective Bargaining	9.72	
Total Full-Time Work Force	100.00	

(a) Percentage expressed reflects approximately 52,061 filled full-time positions as of September 1, 2026.
(b) The State is currently in negotiations with the collective bargaining units regarding successor contracts expiring in 2026.

SOURCE: OPM

Governmental Services

Services provided by the State or financed by State appropriations are classified under one of ten major government function headings or are classified as "non-functional". These function headings are used for the State's General Fund and for other funds of the State used to account for appropriated moneys. State agencies, boards, commissions and other bodies are each assigned to one of the function headings for budgeting purposes. The following table shows a breakdown of the government function headings according to the major agencies, boards, commissions and other bodies assigned to them.

TABLE A-5

Function of Government Headings[(a)(b)]

Conservation and Development
Department of Agriculture
Department of Energy and Environmental Protection
Department of Economic and Community Development
Department of Housing
Agricultural Experiment Station

Corrections
Department of Corrections
Department of Children and Families

Education, Libraries and Museums
Department of Education
State Library
Office of Early Childhood
University of Connecticut
University of Connecticut Health Center
Connecticut State Colleges and Universities
Office of Higher Education
Teachers' Retirement Board

General Government
Governor's Office
Lieutenant Governor's Office
Secretary of the State
Office of Governmental Accountability
State Treasurer
State Comptroller
Department of Revenue Services
Office of Policy and Management
Department of Veterans Affairs
Department of Administrative Services
Attorney General
Division of Criminal Justice

Health and Hospitals
Department of Public Health
Office of Health Strategy
Office of the Chief Medical Examiner
Department of Developmental Services
Department of Mental Health and Addiction Services
Psychiatric Security Review Board

Human Services
Department of Social Services
Department of Rehabilitation Services

Judicial
Judicial Department
Public Defender Services Commission

Legislative
Legislative Management
Auditors of Public Accounts
Commission on Women, Children Seniors, Equity and Opportunity

Regulation and Protection
Department of Emergency Services and Public Protection
Department of Motor Vehicles
Military Department
Department of Banking
Insurance Department
Office of Consumer Counsel
Office of the Health Care Advocate
Office of the Behavioral Health Advocate
Department of Consumer Protection
Department of Labor
Commission on Human Rights and Opportunities
Workers' Compensation Commission

Transportation
Department of Transportation

(a) In addition to the ten listed government function headings, the State also employs a "non-functional" heading under which are grouped various miscellaneous accounts including debt service and State employee fringe benefit accounts.
(b) Listing of agencies, boards, commissions and similar bodies is as of July 1, 2025.

SOURCE: OPM

In addition to services provided directly by the State, various State-wide and regional quasi-public agencies, authorities and similar bodies also provide services. Such entities principally assist in the financing of various types of facilities and projects. In addition to their own budgetary resources and the proceeds of their borrowings, a number of such entities have received substantial funding from the State, which the entities generally use to provide financial assistance to the general public and the private and nonprofit sectors.

Because Connecticut does not have an intermediate county level of government between State and local government, local entities provide all governmental services not provided by the State and quasi-public agencies. Such services are financed principally from property tax revenues, State funding of various types and federal funding.

Department of Emergency Services and Public Protection. The Department of Emergency Services and Public Protection (DESPP) is responsible for providing a coordinated, integrated program for the protection of life and property and for state-wide emergency management and homeland security. Through the Division of Emergency Management and Homeland Security (DEMHS), the Department is responsible for the preparation of a comprehensive civil preparedness plan and program, including integration and coordination with planning and activities of the federal government, other states, and municipalities and tribal nations within the State. The State's plans include the State Response Framework and the State Disaster Recovery Framework and the State Natural Hazard Mitigation Plan, which includes consideration of how climate change is and will continue to affect the frequency, intensity, and distribution of specific hazards. For planning purposes, the preparedness priorities for DEMHS include the following potential scenarios: (i) a severe weather event in or affecting Connecticut; (ii) a terrorist attack in or affecting Connecticut (cyber and/or physical), and (iii) a release of contamination from the Millstone Power Plant or other major chemical, biological radiological, nuclear or explosive release. Although these three events remain priority disasters, it is clear that response to a major pandemic disaster or a major incident affecting critical infrastructure can also be a priority in the State. The State responds to all disasters by following the all-hazards State Response Framework and operating the Emergency Operations Center in person and virtually. Recent disasters include historic flooding in August 2024 and the outbreak of wildfires in the Fall of 2024 during which such response was successfully implemented.

Current planning activities at the State level include multiple cyber security initiatives, including a State Cyber Security Strategy and Action Plan, Cyber Incident Response Plan, and Cyber Disruption Response Plan, which is an annex to the State Response Framework. DESPP/DEMHS also operates the State's fusion center – the Connecticut Intelligence Center (CTIC) – which is a multi-agency, multi-jurisdictional entity which collects, analyzes and disseminates intelligence information to law enforcement and other groups as appropriate. CTIC staff includes a cyber intelligence analyst and DEMHS has a cyber trainer. DESPP/CSP operates the Connecticut State Police Cyber Crimes Investigative Unit. DEMHS includes a Radiological Emergency Preparedness Unit, which, among other things, conducts regular exercises evaluated by the Federal Emergency Management Agency (FEMA). DESPP/DEMHS is also actively involved in both school security planning and the State school security grant program, as well as program management of many other grant programs, including FEMA mitigation and disaster grants and state and federal non-profit security grants. In 2025, DEMHS coordinated the creation of the first ever statewide strategy to address Targeted Violence and Terrorism Prevention (TVTP) in the State, as well as developing statutorily mandated standards for municipal TVTP strategies. The TVTP strategy involves multiple divisions at DESPP, as well as other state, local, tribal, federal and non-profit partners, and incudes planning, training, and outreach. In 2025, DEMHS also prepared a statutorily mandated mass shooting annex to the State Response Framework.

Pursuant to the Connecticut General Statutes, the DESPP Commissioner is required to file an annual report each January to the joint standing committee of the General Assembly having cognizance of matters relating to public safety, which report specifies and evaluates statewide emergency management and homeland security activities during the preceding calendar year. In April 2015, the State received accreditation for its emergency management and homeland security activities from the nationally recognized Emergency Management Accreditation Program (EMAP). DEMHS received full re-accreditation in 2020 and again in 2025. The EMAP process involves subject matter expert reviews by peers from around the country on 73 detailed and comprehensive standards.

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APPENDIX II-B

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APPENDIX II-B

STATE ECONOMY

Connecticut is a highly developed and urbanized state. It is situated directly between the financial centers of Boston and New York. Connecticut is located on the northeast coast and is the southernmost of the New England States. It is bordered by the Long Island Sound, New York, Massachusetts and Rhode Island. Over one quarter of the total population of the United States and more than 50% of the Canadian population live within a 500-mile radius of the State.

Economic Resources

Population Characteristics. The State's population growth rate, which exceeded the United States' rate of population growth during the period from 1940 to 1970, slowed substantially and trailed the national average markedly during the past five decades. The following table presents the population trends of Connecticut, New England, and the United States since 1940. Connecticut's population increased 2.2% from 2016 to 2025 versus an increase of 3.4% in New England and 5.4% for the nation. The mid-2025 population in Connecticut was estimated at 3,688 million, a 0.3% change from a year ago, compared to an increase of 0.4% for New England and an increase of 0.6% for the United States. From 2016 to 2025, within New England, Massachusetts (3.7%), New Hampshire (4.7%), Maine (5.0%) and Rhode Island (3.2%) all experienced population growth higher than Connecticut (2.2%).

TABLE B-1

Population
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Total	% Change	Total	% Change	Total	% Change
1940 Census	1,709		8,437		132,165	
1950 Census	2,007	17.4%	9,314	10.4%	151,326	14.5%
1960 Census	2,535	26.3	10,509	12.8	179,323	18.5
1970 Census	3,032	19.6	11,847	12.7	203,302	13.4
1980 Census	3,108	2.5	12,349	4.2	226,542	11.4
1990 Census	3,287	5.8	13,207	6.9	248,710	9.8
2000 Census	3,406	3.6	13,923	5.4	281,422	13.2
2010 Census	3,574	4.9	14,445	3.7	308,746	9.7
2020 Census	3,606	0.9	15,116	4.6	331,449	7.4
2016	3,608	(0.1)	14,937	0.4	324,860	0.8
2017	3,608	0.0	15,002	0.4	327,076	0.7
2018	3,610	0.1	15,057	0.4	328,978	0.6
2019	3,607	(0.1)	15,096	0.3	330,661	0.5
2020	3,588	(0.5)	15,075	(0.1)	331,813	0.3
2021	3,607	0.5	15,124	0.3	332,579	0.2
2022	3,621	0.4	15,186	0.4	334,599	0.6
2023	3,647	0.7	15,279	0.6	337,492	0.9
2024	3,677	0.8	15,397	0.8	340,634	0.9
2025	3,688	0.3	15,451	0.4	342,550	0.6

NOTE: 1940-2020, April 1 Census. Figures are for census comparison purposes.
2016-2025 Mid-year estimates. Estimates for New England include the sum of six states – Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine and Vermont.

SOURCE: United States Census Bureau

The State is highly urbanized with a 2025 population density of 761.6 persons per square mile, as compared with 97.0 for the United States as a whole. Of the eight counties in the State, according to the U.S. Bureau of Census for the 2020 Census count, 75.5% of the population resides within Fairfield (26.6%), Hartford (25.0%), and New Haven (24.0%) counties.

Education. In 2024 Connecticut ranked 7th in the nation with 42.6% of the State population over the age of 25 holding a bachelor's degree or higher.

Connecticut is home to over 45 colleges and universities, including, among others: Yale University, Wesleyan University, Trinity College, Connecticut College, University of Connecticut, Southern Connecticut State University, Central Connecticut State University, Eastern Connecticut State University, Western Connecticut State University, Fairfield University, Quinnipiac University, Hartford Seminary, Coast Guard Academy, University of New Haven, University of Hartford, and Sacred Heart University.

Industry Landscape. Connecticut is home to some of the country's leading companies, including, but not limited to the following 15 members of the 2025 Fortune 500: Cigna, Charter Communications, Philip Morris International, Hartford Financial Services, Synchrony Financial, XPO Logistics, Booking Holdings, Stanley Black & Decker, Amphenol, EMCOR Group, United Rentals, Otis Worldwide Corporation, GXO Logistics, W.R. Berkley, and Interactive Brokers Group. The historical presence of the insurance industry in the State, and especially in its capital city of Hartford, has caused it to be referred to as the "insurance capital of the world".

Transportation. Connecticut has an extensive network of expressways and major arterial highways which provide easy access to local and regional markets. Connecticut is home to Bradley International Airport ("Bradley") in Windsor Locks, which is accessible from all areas of the State and western Massachusetts via the highway network and public transportation system. In 2025, Bradley handled approximately 170 commercial flights every day to over 40 non-stop destinations and was served by virtually all major passenger and cargo air carriers. Bradley served nearly 6.7 million passengers in 2025, which represented a slight increase over 2024 passenger levels.

The Connecticut Department of Transportation funds and oversees the operation of rail, bus, paratransit and ferry services throughout the State. In 2025, the New Haven Line (including the Waterbury, Danbury and New Canaan branch lines), Shore Line East, and Hartford Line served approximately 34.9 million passengers and statewide bus and paratransit services served approximately 33.8 million passengers. The overall bus transit program includes State-funded CT*transit* bus services in 8 urbanized areas and CT*fastrak* bus rapid transit services in the greater Hartford area, as well as urban and rural transit and paratransit services provided by 12 independent, locally-governed and operated transit districts. The State also operates two historic passenger and vehicular ferries, linking communities on the Connecticut River.

Railroad freight service is provided to most major towns and cities in the State, and connections are provided with major eastern railroads, as well as direct access to Canadian markets. Positioned between the ports of New York and Boston, with access to European and South American markets, the State's deep draft harbors at Bridgeport, New Haven, and New London offer similar direct access to international markets and U.S. ports.

Utility Services. The power grid that supplies electricity to the entire State is owned and operated by both private and municipal electric companies. Transmission lines connect Connecticut with New York, Massachusetts and Rhode Island. These interconnections allow the companies serving Connecticut to meet large or unexpected electric load requirements from resources located outside of Connecticut's boundaries. All electric utilities in the State are members of the New England Power Pool and operate as part of the regional bulk power system, run by the independent system operator and regional transmission organization, ISO New England, Inc.

Investor-owned electric distribution companies in Connecticut (Eversource Energy and The United Illuminating Company) deliver electricity to consumers through the infrastructure they own and operate and are regulated by the Public Utilities Regulatory Authority ("PURA"). Consumers of these companies can choose an independent

electric supplier as their provider of electricity. Consumers that do not choose an independent electric supplier will automatically be placed on the distribution company's standard service for their electricity supply. Electric suppliers are not subject to rate regulation by PURA, but must receive a license issued by PURA before commencing service to consumers. In general, Connecticut consumers located in a municipally owned electric service territory can continue to purchase and receive their electrical needs from the municipal electric company.

Legislation enacted in 2011 merged PURA under a new Department of Energy and Environmental Protection ("DEEP") structure. Effective October 1, 2025, PURA is now within DEEP for administrative purposes only, and it continues its mandates to ensure safe, reliable, and affordable utility service. Additionally, PURA also supports policy goals articulated in DEEP's Integrated Resource Plan and Comprehensive Energy Strategy. These include a focus on clean energy, creating jobs and building a state energy economy. PURA is the successor to the former Department of Public Utility Control.

The electric distribution companies work with PURA and the Office of Consumer Counsel staff to procure electric generation services and related wholesale electricity market products on behalf of customers. This offering is known as standard service, or last resort service in the case of large commercial and industrial customers. The statutory principles guiding these procurements are to reduce the average cost of standard service while maintaining cost volatility within reasonable levels that do not deviate overtly from the wholesale market. In 2025, the legislature directed PURA to update the procurement plan to incorporate wholesale market purchases in a way that balances risk and ratepayer benefits.

The 2011 legislation also created a quasi-public authority, the Connecticut Green Bank to administer the Clean Energy Fund which is partially funded by a charge on consumer's electric bills and an Environmental Infrastructure Fund. Subsequently, Green Bank's scope was expanded to include financing of more types of clean energy sources and environmental infrastructure projects.

Natural gas is delivered to Connecticut through pipelines that traverse the State. Natural gas pipeline supplies are generally shipped to Connecticut from Pennsylvania, Canada and the Gulf of Mexico area. Connecticut also receives natural gas through the interstate pipelines from a terminal located in Boston, Massachusetts which is supplied by tanker ships. Natural gas service is provided to parts of the State through one municipal and three private gas distribution companies, including Eversource Energy, Connecticut Natural Gas Corporation, and Southern Connecticut Gas Company. UIL Holdings Corp., an Orange, Connecticut-based utility holding company, acquired both Connecticut Natural Gas and Southern Connecticut Gas and is the parent company of The United Illuminating Company, the electric distribution company.

Since 1996, PURA has allowed some competitive market forces to enter the natural gas industry in Connecticut. Commercial and industrial gas consumers can choose non-regulated suppliers for their natural gas requirements. The gas is delivered to the consumer using the local distribution company's mains and pipelines. This competitive market is not currently available to the residential consumer.

In addition to the electricity supply market and supply of natural gas, telecommunications services are also largely competitive in Connecticut. Local exchange telephone service is provided in the State by incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). One ILEC currently offers local telephone services in Connecticut - Verizon New York, Inc. Connecticut also has over 100 CLECs certified to provide local exchange services including Comcast Phone of Connecticut, Inc., Cox Connecticut Telecommunication, LLC and Connecticut Telephone and Communications Systems, Inc.

Connecticut is dependent upon oil, including imported oil, for a portion of its energy requirements. This dependence is greatest in the transportation sector. Connecticut also relies on heating oils in both the residential and commercial sectors and is reliant on residual oils and diesel fuels for the production of electricity, particularly during cold periods. This petroleum dependence can make Connecticut particularly affected by developments in the oil commodity markets. Events that affect the international or domestic production of oil, the domestic and

international refining capabilities, or the transportation of petroleum products within the United States or into the New England region can affect Connecticut's local oil markets.

Although Connecticut is heavily dependent upon petroleum, the State is ranked one of the most efficient states for energy consumption. According to the most recent available data from the Energy Information Administration, an independent agency within the U.S. Department of Energy that collects and analyzes energy data, Connecticut consumed 2.40 thousand British Thermal Units (BTU) per 2017 chained dollar of Gross State Product in 2023, the latest available data, ranking it the 6th most efficient state among the 50 states plus the District of Columbia and 41.8% less than the national average of 4.13 thousand BTUs. When compared to the national per person average, Connecticut residents use a moderate amount of energy. Connecticut consumed 189.1 million BTU's of energy per person in 2023, ranking it 45th among the 50 states plus the District of Columbia and 31.9% less than the national average of 277.8 million BTU per capita.

The State's water is an essential natural resource that must be carefully maintained and distributed in order to ensure long-term, safe, available, and affordable water service. Within the State boundaries are over 6,000 miles of rivers and streams, at least 2,000 lakes and reservoirs, and groundwater resources that supply Connecticut residents with water. These public water systems and resources are jointly regulated by PURA, DEEP, and the Department of Public Health ("DPH"). DEEP is responsible for administering the Aquifer Protection Area Program, establishing land use regulations and standards, and monitoring, assessing, and reporting water quality. DPH oversees the safe and adequate supply of drinking water for the State's population by regulating the purity of all public water systems, while PURA regulates the costs, rates, infrastructure, conservation mechanisms and business operations of Connecticut's investor-owned water utilities.

Economic Performance

Personal Income. Connecticut has a high level of personal income. Historically, the State's average per capita income has been among the highest in the nation. The high per capita income is due to the State's concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance, and real estate, as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. In calendar year 2024, per capita personal income in Connecticut equaled $95,007, the highest of any state in the nation with Massachusetts trailing at $93,520. This high level of personal income is not concentrated in a single county, but is widely distributed throughout the State. County-level data from the United States Department of Commerce, Bureau of Economic Analysis for calendar year 2023 indicates that if they were states, four of the State's eight counties would each rank within the top ten of all states in the nation for state per capita personal income. The following table shows total and per capita personal income for Connecticut residents during the period from 2015 to 2024 and compares Connecticut per capita personal income as a percentage of both New England and the United States.

TABLE B-2

Connecticut Personal Income by Place of Residence

Calendar Year	Connecticut Total (Millions of Dollars)	Connecticut Per Capita (Dollars)	Connecticut Per Capita as Percent of New England	Connecticut Per Capita as Percent of United States
2015	239,185	66,233	112.7	138.0
2016	243,699	67,546	112.1	138.1
2017	249,451	69,134	110.8	135.7
2018	260,582	72,179	110.7	135.5
2019	267,564	74,179	109.1	133.6
2020	275,030	76,661	106.3	129.6
2021	296,291	82,133	105.4	127.1
2022	309,011	85,336	106.9	128.9
2023	328,730	90,134	107.1	129.0
2024	349,377	95,067	107.9	129.9

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the annual growth rate of personal income, on a current and constant dollar basis, for Connecticut, New England and the United States.

TABLE B-3

Annual Growth Rates in Personal Income By Place of Residence

Calendar Year	Connecticut (Current)	New England (Current)	U.S. (Current)	Connecticut (Constant)	New England (Constant)	U.S. (Constant)
2015	2.6	4.8	4.7	1.9	3.7	4.5
2016	1.9	3.0	2.7	1.0	0.4	1.6
2017	2.4	4.0	4.9	0.9	2.5	3.1
2018	4.5	4.8	5.2	5.4	3.7	3.1
2019	2.7	4.6	4.8	1.3	3.3	3.3
2020	2.8	5.9	6.9	0.6	3.2	5.7
2021	7.7	8.4	9.5	5.8	6.3	5.2
2022	4.3	2.9	3.0	(5.3)	(6.3)	(3.3)
2023	6.4	6.1	6.5	5.0	4.3	2.6
2024	6.3	5.5	5.6	4.4	3.6	2.9

Note — Real dollars are adjusted for inflation using the national personal consumption expenditures price index and regional price parities.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the sources of personal income by place of residence for Connecticut and the United States in 2024.

TABLE B-4

Sources of Personal Income By Place of Residence
Calendar Year 2024

	Connecticut[a]	Percent of Total	U.S.[a]	Percent of Total
Wages in Non-manufacturing	159.8	45.7	11,280.8	45.3
Property Income (Div., Rents & Int.)	78.4	22.4	5,223.4	21.0
Wages in Manufacturing	18.4	5.3	1,107.1	4.4
Transfer Payments less Social Insurance Paid	23.5	6.7	2,632.2	10.6
Other Labor Income	36.7	10.5	2,639.3	10.6
Proprietor's Income	32.7	9.4	2,023.1	8.1
Personal Income — Total	349.4	100.0	24,905.9	100.0

(a) In billions of dollars.

Note - Columns may not add due to rounding.
SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Gross State Product. The State's and the region's economic vitality are evidenced in the rate of growth of their respective Gross State Products. The State's Gross State Product is the current market value of all final goods and services produced by labor and property located within the State.

In 2024, the State produced $356.8 billion worth of goods and services and $286.2 billion worth of goods and services in 2017 chained dollars.

The following table shows the Gross State Product in current dollars for Connecticut, New England, and the United States.

TABLE B-5

Gross State Product

Calendar Year	Connecticut $[c]	Connecticut Percent Growth	New England[a] $[c]	New England Percent Growth	United States[b] $[c]	United States Percent Growth
2015	260,648.6	5.5	982,313.5	5.4	18,295,019.0	3.9
2016	264,760.4	1.6	1,009,275.1	2.7	18,804,913.3	2.8
2017	273,875.1	3.4	1,039,545.6	3.0	19,612,102.5	4.3
2018	280,535.4	2.4	1,083,763.3	4.3	20,656,515.5	5.3
2019	286,451.9	2.1	1,129,673.3	4.2	21,539,981.5	4.3
2020	278,747.9	(2.7)	1,129,507.9	0.0	21,375,281.5	(0.8)
2021	297,366.0	6.7	1,230,866.4	9.0	23,725,645.5	11.0
2022	321,625.2	8.2	1,324,272.9	7.6	26,054,614.3	9.8
2023	341,851.8	6.3	1,408,136.0	6.3	27,811,517.0	6.7
2024	356,835.0	4.4	1,480,526.4	5.1	29,298,012.8	5.3

(a) Sum of the New England States' Gross State Products.
(b) Denotes the Gross Domestic Product, which is the total market value of all final goods and services produced in the U.S.
(c) In millions.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table shows the Gross State Product in 2017 chained dollars.

TABLE B-6

Gross State Product

Calendar Year	Connecticut $[a]	Connecticut Percent Growth	New England $[a]	New England Percent Growth	United States $[a]	United States Percent Growth
2015	268,869.8	3.2	1,013,576.4	3.1	18,799,622.0	2.9
2016	268,196.2	(0.3)	1,023,573.5	1.0	19,141,672.3	1.8
2017	273,875.1	2.1	1,039,545.4	1.6	19,612,102.5	2.5
2018	274,582.8	0.3	1,062,486.4	2.2	20,193,895.3	3.0
2019	275,225.4	0.2	1,086,241.8	2.2	20,715,671.5	2.6
2020	261,737.1	(4.9)	1,063,980.4	(2.0)	20,284,500.0	(2.1)
2021	270,779.8	3.5	1,124,034.4	5.6	21,532,407.0	6.2
2022	279,348.5	3.2	1,147,720.9	2.1	22,075,931.3	2.5
2023	283,228.5	1.4	1,164,658.9	1.5	22,723,718.8	2.9
2024	286,160.1	1.0	1,187,381.5	2.0	23,358,434.8	2.8

(a) In millions of 2017 chained dollars which are calculated as the product of the chain-type quantity index and the 2017 current-dollar value of the corresponding series, divided by 100. Figures for the United States represent Gross Domestic Product.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The table below shows the contribution to Connecticut's Gross State Product of the manufacturing and non-manufacturing sectors in the State's economy. The table shows that in 2024 Connecticut's production was concentrated in four areas: finance, insurance and real estate (FIRE), services, manufacturing and government. Production in these four industries accounted for 76.3% of total production in Connecticut in 2024 compared to 70.6% for the nation in 2024.

The output contribution of manufacturing, however, has remained relatively flat as the contributions of services has been increasing. The share of production from the manufacturing sector was 10.4% in 2017 compared to 11.7% in 2024. Historically, the share of production from the manufacturing sector was declining, however, that trend ended as defense-related production has been stable to increasing. The broadly defined services in the private sector, which excludes industries in agriculture and construction, wholesale and retail trades, but includes industries in information, professional and technical services, health care and education, FIRE, and other services, have decreased slightly to 60.7% of the total GSP in 2024 from 62.3% in 2017. A stable service sector may help smooth the business cycle, reducing the span and depth of recessions and prolonging the length of expansions. Normally, activities in service sectors relative to manufacturing are less susceptible to pent-up demand, less subject to inventory-induced swings, less intensive in capital requirements, and somewhat less vulnerable to foreign competition. Therefore, this shift to the service sectors may serve to smooth output fluctuations.

TABLE B-7

Gross State Product by Industry in Connecticut[a]

Calendar Year	2017	2018	2019	2020	2021	2022	2023	2024
Sector								
Manufacturing	28,374	31,694	33,958	32,643	35,949	37,522	40,568	41,607
Construction[b]	7,705	7,873	8,244	8,117	8,340	9,160	10,125	10,793
Agriculture[c]	397	363	353	316	394	532	436	391
Utilities[d]	9,921	10,122	10,261	9,755	11,534	12,513	13,263	13,749
Wholesale Trade	14,667	14,715	14,873	14,894	15,993	18,280	18,900	19,532
Retail Trade	14,634	15,233	15,510	15,638	17,945	19,050	21,077	21,717
Information	14,114	14,661	16,301	15,677	16,794	17,272	18,260	18,443
Finance[e]	81,940	81,390	79,661	79,888	79,231	86,547	89,537	93,494
Services[f]	74,528	76,854	79,916	74,194	82,939	91,188	98,490	104,700
Government	27,594	27,629	27,375	27,627	28,248	29,560	31,195	32,408
Total GSP	273,875	280,535	286,452	278,748	297,366	321,625	341,852	356,835

Note—Columns may not add due to rounding.
(a) In millions of dollars.
(b) Includes mining.
(c) Includes forestry and fisheries.
(d) Includes transportation, communications, electric, gas, and sanitary services.
(e) Includes finance, insurance and real estate.
(f) Covers a variety of activities, including professional, business, education, health care and personal services.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Employment

Non-agricultural employment includes all persons employed except federal military personnel, the self-employed, proprietors, unpaid workers, and farm and household domestic workers. The following table compares non-agricultural establishment employment for Connecticut, New England, and the United States between 2015 and 2024. Connecticut's nonagricultural employment reached a high in March 2008 of 1,720,900 persons employed, but began declining with the onset of the 2008 recession falling to 1,601,000 jobs by January 2010. After the 2008 recession, employment reached a peak of 1,701,700 jobs in January 2020 before the onset of the COVID-19 pandemic-related recession. Employment then fell 102,200 jobs to 1,599,500 jobs in April 2020. In January 2024, the State had regained all of the jobs that were lost as a result of the pandemic, reaching a new employment level high since January 2020. As of September 2025, the State stands at 1,714,100 jobs, approximately 12,400 jobs above the January 2020 levels.

TABLE B-8

Non-agricultural Employment[a]

Calendar Year	Connecticut Employment[b]	Connecticut Percent Growth	New England[a] Employment[b]	New England[a] Percent Growth	United States[b] Employment[b]	United States[b] Percent Growth
2015	1,686.8	0.8	7,253.5	1.5	141,801.3	2.1
2016	1,692.5	0.3	7,351.6	1.4	144,332.4	1.8
2017	1,696.2	0.2	7,421.5	0.9	146,610.5	1.6
2018	1,699.1	0.2	7,480.2	0.8	148,893.7	1.6
2019	1,696.0	(0.2)	7,548.5	0.9	150,905.6	1.4
2020	1,570.5	(7.4)	6,957.5	(7.8)	142,161.4	(5.8)
2021	1,616.8	2.9	7,208.4	3.6	146,277.1	2.9
2022	1,668.4	3.2	7,466.3	3.6	152,535.8	4.3
2023	1,694.8	1.6	7,576.1	1.5	155,879.1	2.2
2024	1,708.7	0.8	7,615.5	0.5	157,960.4	1.3

(a) Non-agricultural employment excludes agricultural workers, proprietors, self-employed individuals, domestic workers, family workers and members of the armed forces.
(b) In thousands.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

In an effort to provide a broader employment picture, the following table, based on residential employment, was developed. Total residential employment is estimated based on household surveys which include individuals excluded from establishment employment figures such as self-employed and workers in the agricultural sector. By this measure, residential employment in 2024 increased by approximately 29,800 jobs. The level of establishment employment based on the survey response increased by approximately 13,900 jobs in 2024. Both measurements were significantly impacted by COVID.

TABLE B-8a

Connecticut Survey Employment Comparisons[a]

Calendar Year	Establishment Employment	Percent Growth	Residential Employment	Percent Growth
2015	1,686.8	0.8	1,796.6	1.3
2016	1,692.5	0.3	1,814.0	1.0
2017	1,696.2	0.2	1,833.5	1.1
2018	1,699.1	0.2	1,845.1	0.6
2019	1,696.0	(0.2)	1,864.6	1.1
2020	1,570.5	(7.4)	1,727.5	(7.4)
2021	1,616.8	2.9	1,731.2	0.2
2022	1,668.4	3.2	1,847.8	6.7
2023	1,694.8	1.6	1,852.1	0.2
2024	1,708.7	0.8	1,881.9	1.6

(a) In thousands

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Composition of Employment. The following table shows the distribution of non-agricultural employment in Connecticut and the United States in 2024. The table shows that Connecticut has a larger share of employment in services, manufacturing, and finance than the nation as a whole.

TABLE B-9

Connecticut Non-agricultural Employment
Calendar Year 2024

	Connecticut		United States	
	Total[a]	Percent	Total[a]	Percent
Services[b]	806.9	47.2	72,522.2	45.9
Trade[c]	298.9	17.5	28,919.6	18.3
Manufacturing	156.0	9.1	12,817.7	8.1
Government	235.2	13.8	23,375.8	14.8
Finance[d]	117.9	6.9	9,169.8	5.8
Information[e]	30.8	1.8	2,944.4	1.9
Construction[f]	63.1	3.7	8,211.0	5.2
Total[g]	1,708.7	100.0	157,960.4	100.0

(a) In thousands.
(b) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(c) Includes wholesale and retail trade, transportation, and utilities.
(d) Includes finance, insurance, and real estate.
(e) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(f) Includes natural resources and mining.
(g) Totals may not equal sum of individual categories due to rounding and seasonal statistical data adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Recent trends in the State's non-agricultural employment are reflected in the following table. Throughout the last five decades, while manufacturing employment in Connecticut has been steadily declining, employment in the services industries has surged. In calendar year 2024, approximately 90.9% of the State's workforce was employed in non-manufacturing jobs, up from roughly 50% in the early 1950s.

TABLE B-10

Connecticut Non-agricultural Employment[a]

Calendar Year	Manufacturing	Trade[b]	Services[c]	Government	Finance[d]	Information[e]	Construction[f]	Total Non-agricultural Employment[g]
2015	156.9	296.4	769.2	243.7	130.1	32.5	57.9	1,686.8
2016	156.5	297.3	776.7	241.0	129.5	32.4	59.1	1,692.5
2017	158.7	296.9	784.4	238.5	127.8	31.6	58.3	1,696.2
2018	160.7	296.4	789.7	236.4	125.4	31.7	58.8	1,699.1
2019	161.9	292.5	790.5	236.1	123.7	31.6	59.7	1,696.0
2020	153.9	277.6	708.1	224.6	120.1	29.3	57.0	1,570.5
2021	153.0	290.6	741.5	224.1	118.0	30.1	59.5	1,616.8
2022	157.1	298.1	774.9	227.4	118.6	31.3	61.1	1,668.4
2023	157.8	298.7	794.2	232.6	118.3	31.3	62.0	1,694.8
2024	156.0	298.9	806.9	235.2	117.9	30.8	63.1	1,708.7

(a) Annual averages in thousands.
(b) Includes wholesale and retail trade, transportation, and utilities.
(c) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(d) Includes finance, insurance, and real estate.
(e) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(f) Includes natural resources and mining.
(g) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut Labor Department

Manufacturing

The manufacturing industry, despite its continuing downward employment trend over the past five decades, has traditionally served as an economic base industry and has been of prime economic importance to Connecticut. Based on the number of jobs derived from this sector, Connecticut ranked 22nd in the nation for manufacturing employment as a percentage of total employment in calendar year 2024. The following table provides a ten-year historical picture of manufacturing employment in Connecticut, the New England region, and the United States. This downward movement in manufacturing employment levels is also reflected in the New England region and the nation. The transformation in the State's manufacturing base confirms that the State's employment share in the manufacturing sector is converging to the national average. In calendar year 2024 approximately 9.1% of the State's workforce, versus 8.1% for the nation, was employed in the manufacturing sector.

TABLE B-11

Manufacturing Employment

Calendar Year	Connecticut Number[a]	Connecticut Percent Growth	New England Number[a]	New England Percent Growth	United States Number[a]	United States Percent Growth
2015	156.9	(0.2)	592.9	0.1	12,307.8	1.2
2016	156.5	(0.3)	588.8	(0.7)	12,323.5	0.1
2017	158.7	1.4	590.9	0.4	12,406.4	0.7
2018	160.7	1.2	596.0	0.9	12,652.9	2.0
2019	161.9	0.7	600.9	0.8	12,778.8	1.0
2020	153.9	(4.9)	567.3	(5.6)	12,125.0	(5.1)
2021	153.0	(0.6)	575.8	1.5	12,311.8	1.5
2022	157.1	2.7	590.0	2.5	12,768.2	3.7
2023	157.8	0.4	587.7	(0.4)	12,872.8	0.8
2024	156.0	(1.1)	575.4	(2.1)	12,817.7	(0.4)

(a) In thousands.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut State Labor Department

Connecticut has a diverse manufacturing sector, with the construction of transportation equipment (primarily aircraft engines and submarines) being the dominant industry. The State is also a leading producer of military and civilian helicopters. Employment in the transportation equipment sector is followed by fabricated metals, machinery, and computer and electronics for the total number employed in 2024.

TABLE B-12

Manufacturing Employment By Industry[a]

Calendar Year	Transportation Equipment	Fabricated Metals	Computer & Electronics	Machinery	Other[b]	Total Manufacturing Employment[c]
2015	40.7	29.2	12.3	14.1	60.6	156.9
2016	41.7	29.2	11.6	13.6	60.4	156.5
2017	44.0	29.4	11.2	13.3	60.8	158.7
2018	45.6	29.8	10.9	13.1	61.3	160.7
2019	47.0	29.8	10.9	13.2	61.1	161.9
2020	45.9	27.8	10.3	12.9	57.0	153.9
2021	44.7	27.6	10.1	12.9	57.7	153.0
2022	45.3	28.0	10.4	13.5	59.9	157.1
2023	46.7	27.4	10.3	13.7	59.6	157.8
2024	47.6	26.9	10.1	13.2	58.3	156.0

(a) In thousands.
(b) Includes other industries such as wood products, furniture, glass/stone, primary metals, and instruments in the durable sector, as well as all industries such as chemicals, paper, and plastics in the nondurable sector.
(c) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

During the past ten years, Connecticut's manufacturing employment was at its highest in 2019 at just under 162,000 workers. Over the last ten years, employment in manufacturing has remained relatively stable with the exception of 2020 and 2021 levels which were influenced by the pandemic induced recession. Total manufacturing jobs in Connecticut in 2024 decreased by approximately 1,800 jobs or 1.1% over 2023 levels to 156,020 jobs. Connecticut experienced the largest increase in manufacturing jobs in the State since before 2000 in 2022, registering growth of 2.7% or an additional 4,100 jobs over 2021 levels. However, manufacturing jobs in the State remain approximately 3.6% below levels attained before the pandemic in 2019.

Exports. In Connecticut, the export sector of manufacturing is an important component of the overall economy. According to figures published by the United States Census Bureau Foreign Trade Division, compiled by the World Institute for Strategic Economic Research, exports of manufacturing products registered at $17.4 billion in 2024, accounting for 4.9% of Gross State Product. From 2019 to 2024, the State's export of goods increased at a compound annual rate of 5.9% compared to 6.4% growth for the Gross State Product. The following table shows the growth in exports of manufacturing products.

TABLE B-13

Exports Originating in Connecticut

	Calendar Year					Percent of 2024	Compound Annual Growth Rate
	2020	2021	2022	2023	2024	Total	2020-2024
A. Manufacturing Products							
Paper	124.9	161.0	196.8	171.9	169.8	1.0%	8.0%
Chemicals	1,303.3	1,350.7	1,268.9	986.5	1,066.3	6.1%	(4.9%)
Plastics and Rubber	256.8	290.8	343.5	333.9	349.3	2.0%	8.0%
Primary Metal	211.7	318.4	286.9	302.5	363.9	2.1%	14.5%
Fabricated Metal	888.5	870.1	941.9	1,024.7	1,103.8	6.3%	5.6%
Machinery, exc. Elec.	2,134.6	2,221.2	2,703.3	3,188.0	3,341.9	19.2%	11.9%
Comp. & Electronic	1,032.5	1,128.6	1,158.2	1,202.3	1,257.6	7.2%	5.1%
Electrical Equipment	946.5	979.1	914.3	1,044.5	1,172.9	6.7%	5.5%
Transportation Equip.	4,883.3	5,130.0	5,236.4	5,464.4	6,195.1	35.6%	6.1%
Misc. MFG	426.9	504.1	483.7	477.9	503.6	2.9%	4.2%
Other	1,618.1	1,594.4	1,823.3	1,755.4	1,894.6	10.9%	4.0%
Total	13,827.2	14,548.4	15,357.3	15,952.0	17,418.9	100.0%	5.9%
Percent Growth	-14.8%	5.2%	5.6%	3.9%	9.2%		
B. Gross State Product[(a)]	278,747.9	297,366.0	321,625.2	341,851.8	356,835.0		6.4%
Mfg Exports as a % of GSP	5.0%	4.9%	4.8%	4.7%	4.9%		5.0%

(a) In millions of dollars.

SOURCE: United States Census Bureau Foreign Trade Division
World Institute for Strategic Economic Research

Defense Industry. One important component of the manufacturing sector in Connecticut is the defense industry. Approximately one quarter of the State's manufacturing employees are employed in defense related business. Nonetheless, this sector's significance in the State's economy has declined considerably since the early 1980s. Connecticut had witnessed a marked reduction in the amount of federal spending earmarked for defense related industries in the State; however, these amounts have been climbing most years since Federal Fiscal Year 2002. In Federal Fiscal Year 2024 Connecticut received $16.1 billion of prime contract awards. These total awards accounted for 5.2% of national total awards and ranked 5th in total defense dollars awarded and 1st in per capita

dollars awarded among the 50 states. In Federal Fiscal Year 2024, Connecticut had $4,378 in per capita defense awards, compared to the national average of $913. As measured by a three-year moving average of defense contract awards as a percent of Gross State Product, awards to Connecticut-based firms were 4.4% of Gross State Product in Fiscal Year 2024.

Connecticut is a leading producer of aircraft engines and parts, submarines, and helicopters. The largest employers in these industries are Raytheon Technologies Corporation, including its Pratt and Whitney Aircraft Division with headquarters in East Hartford, Lockheed Martin with its Sikorsky Division in Stratford, and General Dynamics Corporation's Electric Boat Division in Groton.

The following table provides a historical perspective of defense contract awards for the past ten fiscal years. Defense contracts are awarded in their entirety and multi-year awards are credited in the year they are awarded, thus giving rise to some of the fluctuation.

TABLE B-14

Defense Contract Awards

Federal Fiscal Year	Connecticut Total Contract Award (Millions)	Connecticut Rank Among States Total Awards	Percent Change from Prior Year	
			Connecticut	U.S.
2015	$12,147	5th	(8.0)	(2.8)
2016	14,132	4th	16.3	10.1
2017	11,647	7th	(17.6)	7.7
2018	14,696	6th	26.2	11.8
2019	18,358	5th	24.9	7.1
2020	22,356	4th	21.8	11.1
2021	16,966	4th	(24.1)	(30.1)
2022	17,262	5th	1.7	12.5
2023	18,190	4th	5.4	(11.7)
2024	16,071	5th	(11.7)	11.6

SOURCE: United States Department of Defense

Non-manufacturing. The non-manufacturing sector is comprised of industries that primarily provide services. Services differ significantly from manufactured goods in that the output is generally intangible, it is produced and consumed concurrently, and it cannot be inventoried. Consumer demand for services is not as postponable as the purchase of goods, making the flow of demand for services more stable. An economy will therefore generally become more stable as it becomes more service oriented. Over the past several decades the non-manufacturing sector of the State's economy has risen in economic importance, from just over 50% of total State employment in 1950 to approximately 90.2% by 2024. This trend has diluted the State's dependence on manufacturing. From 2015 to 2024, Connecticut gained 21,900 jobs in non-agricultural employment. During this period total non-manufacturing jobs increased by 22,800, while manufacturing jobs decreased by 900 jobs.

The table below provides a ten year profile of non-manufacturing employment in Connecticut, New England and the United States.

TABLE B-15

Non-manufacturing Employment
(In Thousands)

Calendar Year	Connecticut Number[a]	Connecticut Percent Growth	New England Number[a]	New England Percent Growth	United States Number[a]	United States Percent Growth
2015	1,529.9	0.9	6,660.6	1.6	129,493.6	2.2
2016	1,536.0	0.4	6,762.8	1.5	132,008.7	1.9
2017	1,537.5	0.1	6,830.5	1.0	134,204.1	1.7
2018	1,538.4	0.1	6,884.1	0.8	136,240.8	1.5
2019	1,534.1	(0.3)	6,947.6	0.9	138,126.8	1.4
2020	1,416.5	(7.7)	6,390.2	(8.0)	130,036.4	(5.9)
2021	1,463.7	3.3	6,632.6	3.8	133,965.3	3.0
2022	1,511.4	3.3	6,876.2	3.7	139,767.7	4.3
2023	1,537.0	1.7	6,988.4	1.6	143,006.3	2.3
2024	1,552.7	1.0	7,040.1	0.7	145,142.8	1.5

(a) In thousands.

SOURCE: United States Department of Labor, Bureau of Labor Statistics Connecticut State Labor Department

Services, as well as finance, insurance, and real estate (FIRE), collectively comprise approximately 59.5% of the State's employment in the non-manufacturing sector. Connecticut non-manufacturing employment for 2015, 2023 and 2024 is shown in the table below. Total non-manufacturing employment has been broken down by industry. Percent changes over the year and over the decade are also provided. Between 2015 and 2024, employment in the non-manufacturing sector grew by 22,800 workers driven primarily by the growth in services offset somewhat by a decline in FIRE, State and Local Government, and Information-related employment.

TABLE B-16

Connecticut Non-manufacturing Employment By Industry

Industry	Calendar Year 2015	Calendar Year 2023	Calendar Year 2024	Percent Change 2023-2024	Percent Change 2015-2024
Construction[a]	58.5	62.5	63.6	1.7	8.7
Information	32.5	31.3	30.8	(1.8)	(5.5)
Trade[b]	296.4	298.7	298.9	0.1	0.8
Finance, Insurance & Real Estate	130.1	118.3	117.9	(0.3)	(9.4)
Services[c]	768.7	793.7	806.4	1.6	4.9
Federal Government	17.7	18.6	18.5	(0.4)	4.7
State and Local Government	226.0	214.0	216.7	1.3	(4.1)
Total Non-manufacturing Employment[d]	1,529.9	1,537.0	1,552.7	1.0	1.5

(a) In thousands.
(b) Includes natural resources and mining.
(c) Includes wholesale & retail trade, transportation, and utilities.
(d) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(e) Totals may not agree with detail due to rounding and seasonal statistical data adjustments.

SOURCE: Connecticut State Labor Department

Retail Trade. Personal spending on goods and services generally accounts for over two-thirds of the Gross Domestic Product. Approximately half of personal spending is generally done through retail stores. At the State level, retail trade therefore constitutes approximately one third of the State's economic activity, measured by Gross State Product. During the last decade, variations in retail trade closely matched variations in Gross State Product growth, making retail trade an important barometer of economic health.

The following table shows the major group in each North American Industry Classification System (NAICS) code as well as the State's retail trade history for Fiscal Years 2020-2024. Connecticut retail trade in Fiscal Year 2024 totaled $83.6 billion, an increase of 2.6% from Fiscal Year 2023. Sales in the durable goods category, which are typically most sensitive to changes in economic conditions, increased slightly in Fiscal Year 2024. Durable goods are mostly big ticket items such as appliances, furnishings, and automobiles.

Retail Trade In Connecticut

NAICS		Fiscal Year 2020[a]	Percent of Fiscal Year 2020 Total	Fiscal Year 2021[a]	Percent of Fiscal Year 2021 Total	Fiscal Year 2022[a]	Percent of Fiscal Year 2022 Total	Fiscal Year 2023[a]	Percent of Fiscal Year 2023 Total	Fiscal Year 2024[a]	Percent Of Fiscal Year 2024 Total	Compound Annual Growth Rate 2020-2024
441	Motor Vehicle and Parts Dealers	$11,068.4	17.8%	$13,592.5	18.7%	$13,755	17.7%	14,318	17.6 %	$14,677	17.6%	2.9%
442	Furniture and Home Furnishings Stores	1,902.1	3.1	2,390.7	3.3	2,404	3.1	2,337	2.9	2,133	2.6	(2.1)
443	Electronics and Appliance Stores	1,744.0	2.8	1,974.1	2.7	1,688	2.2	1,639	2.0	1,602	1.9	6.6
444	Building Material and Garden Supply Stores	3,488.3	5.6	4,147.3	5.7	4,520	5.8	4,617	5.7	4,505	5.4	4.3
445	Food and Beverage Stores[b]	11,663.8	18.7	12,234.1	16.9	12,706	16.3	13,279	16.3	13,794	16.5	10.4
446	Health and Personal Care Stores	4,346.7	7.0	4,944.6	6.8	5,462	7.0	6,015	7.4	6,454	7.7	9.2
447	Gasoline Stations	3,261.4	5.2	3,305.5	4.6	4,597	5.9	4,749	5.8	4,636	5.5	9.2
448	Clothing and Clothing Accessories Stores	2,723.8	4.4	3,210.6	4.4	3,700	4.8	3,819	4.7	3,866	4.6	4.8
451	Sporting Goods, Hobby, Book and Music Stores	856.9	1.4	1,028.0	1.4	1,044	1.3	1,055	1.3	1,035	1.2	7.5
452	General Merchandise Stores	5,625.1	9.0	6,132.4	8.5	6,651	8.5	7,126	8.8	7,523	9.0	3.6
453	Miscellaneous Store Retailers	8,025.6	12.9	8,967.9	12.4	9,295	11.9	9,382	11.5	9,249	11.1	16.9
454	Nonstore Retailers	7,568.9	12.2	10,614.4	14.6	12,027	15.4	13,101	16.1	14,115	16.9	7.6
	Total[a]	$62,274.9	100.0%	$72,542.1	100.0%	$77,848	100.0%	$81,436	100.0%	$83,590	100.0%	100.0%
Durables (NAICS 441, 442, 443, 444)		$18,202.8	29.2%	$22,104.6	30.5%	$22,367	28.7%	$22,910	28.1%	$22,917	27.4	5.9%
Non Durables (all other NAICS)		$44,072.1	70.8%	$50,437.5	69.5%	$55,482	71.3%	$58,526	71.9%	$60,673	72.6	8.3%

(a) In millions.
(b) Totals may not agree with detail due to rounding.

SOURCE: Connecticut Department of Revenue Services

Unemployment Rates.

The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. Unemployment rates tend to be high during economic slowdowns and low when the economy is expanding. The rate is widely utilized as a proxy for consumer confidence. In general, when the unemployment rate is high consumer spending is lower and vice versa.

Just before the COVID-19 pandemic struck the State, Connecticut was experiencing low unemployment rates. In March 2020, Connecticut experienced an unemployment rate of 3.9%. Likewise, both the New England and the Nation were also experiencing low unemployment rates. New England saw a rate of 3.1% in January 2020 and the United States was experiencing a low unemployment rate of 3.5% in January 2020. At the height of unemployment during the pandemic, Connecticut's peak unemployment rate reached 11.7% in May of 2020, New England reached 14.0% in April 2020, and the nation reached 14.7% in April 2020. As of July 2025, Connecticut's unemployment rate was 4.2% whereas it was 3.8% in New England, and 3.4% for the United States.

The following table compares the unemployment rate averages of Connecticut, New England, and the United States for the calendar years 2016 through 2025.

TABLE B-18
Unemployment Rate

Calendar Year	Unemployment Rate		
	Connecticut	New England	United States
2016	4.9%	4.1%	4.9%
2017	4.4	3.8	4.4
2018	3.9	3.5	3.9
2019	3.6	3.1	3.7
2020	8.0	8.3	8.1
2021	6.5	5.3	5.4
2022	4.0	3.5	3.6
2023	3.2	3.1	3.6
2024	3.2	3.6	4.0
2025	4.0	4.1	4.3

(a) On a preliminary basis, Connecticut's unemployment rate was estimated at 5.1% for August 2026 compared to a national average of 4.1%. No assurances can be provided that such rates will not change.

SOURCE: Connecticut State Labor Department; Federal Reserve Bank of Boston; United States Department of Labor, Bureau of Labor Statistics

Unemployment Compensation Fund. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the Unemployment Compensation Fund may receive advances from the federal government. At the end of August 2020, the Unemployment Compensation Fund began borrowing funds from the United States Department of Labor in order to pay Unemployment Insurance ("UI") benefits to unemployed workers. Generally, federal loans carry interest immediately, but the federal government waived interest on UI trust fund loans until September 6, 2021. After the interest free borrowing expired, the first special assessment payment of $1.085 million was due on September 30, 2021 and was authorized to be paid by the Governor using funds from the Coronavirus Aid, Relief, and Economic Stabilization Act. The Governor has authorized $30 million in funds available through the American Rescue Plan Act of 2021 to cover interest payments due, beginning August 2022 through end of 2026. Principal payments are made by employers through increased Federal Unemployment Tax Act tax payments and through the Connecticut Department of Labor UI Trust Fund when such fund begin to have a surplus. Currently, the Unemployment Compensation Fund does not have a loan balance. There is expected to be a need to borrow at the end of February through the first week of May 2026.

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APPENDIX II-C

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APPENDIX II-C

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SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

February 27, 2026

The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT. 06106

Dear Treasurer Russell,

I have reviewed the accompanying general purpose financial statements of the State of Connecticut for the Fiscal Year ended June 30, 2025.

The statements and the subsequent Independent Auditors' Report are incorporated within the Annual Comprehensive Financial Report of the State of Connecticut, which is prepared by my office using the guidance of generally accepted accounting principles.

Sincerely,

DocuSigned by:

Sean Scanlon
State Comptroller

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

The Honorable Ned Lamont, Governor
Members of the General Assembly

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State of Connecticut's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities and funds:

		Percentage of Opinion Unit's Total	
Opinion Unit	Fund/Entity	Assets	Revenues/ Additions
Governmental Activities	Special Transportation Fund, Transportation Special Tax Obligations Fund, and Transportation Restricted Grants Fund	7%	10%

		Percentage of Opinion Unit's Total	
Opinion Unit	Fund/Entity	Assets	Revenues/ Additions
Business-Type Activities	John Dempsey Hospital, UConn Medical Group and Finance Corp within the University of Connecticut and Health Center, Connecticut State Universities, Connecticut State Community College, Clean Water Fund Federal Account, and Drinking Water Fund Federal Account	55%	36%
Aggregate Discretely Presented Component Units	Connecticut Housing Finance Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, MIRA Dissolution Authority, Connecticut Health and Educational Facilities Authority, Connecticut Innovation Incorporated, Capital Region Development Authority, UConn Foundation, Connecticut Green Bank, and Connecticut Port Authority	100%	100%
Transportation Fund	Special Transportation Fund	100%	98%
Debt Service Fund	Transportation Special Tax Obligations Fund	100%	100%
Restricted Grants and Accounts Fund	Transportation Restricted Grants Fund	12%	14%
Aggregate Remaining Fund Information	Connecticut Paid Family and Medical Leave Insurance Authority	1%	3%

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the University of Connecticut, the UConn Health, the Connecticut State Universities, Connecticut State Community College, and the University of Connecticut Foundation were audited in accordance with GAAS but not in accordance *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the State of Connecticut adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, during the fiscal year ended June 30, 2025. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension plan, and other postemployment benefits schedules and information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026,

on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut's internal control over financial reporting and compliance.

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

February 27, 2026
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2025. The information provided here should be read in conjunction with the letter of transmittal in the front of this report and with the State's financial statements, which follow this section.

HIGHLIGHTS

Government-wide Financial Statements

The State's total net position (deficit) decreased $1.3 billion (or 3.2 percent) as a result of this year's operations. Net position (deficit) of governmental activities decreased by $1.0 billion (or 2.2 percent) and net position of business-type activities increased by $247.4 million (or 3.3 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative ($46.0) billion and $7.8 billion, respectively.

Component units reported net position of $3.4 billion, an increase of $165.3 million (or 5.0 percent) from the previous year.

Fund Financial Statements

The governmental funds reported combined ending fund balance of $9.3 billion, a decrease of ($1.3) billion in comparison with the prior year. Of this total fund balance, $222.5 million represents nonspendable fund balance, $4.8 billion represents restricted fund balance, $5.3 billion represents committed fund balance, and $356.8 million represents assigned fund balance. A negative ($1.5) billion unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which increased by $374.4 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Fund (Rainy Day Fund) ended the fiscal year with a balance of $4.8 billion compared to the prior year's balance of $4.1 billion. The primary reason for the increase in the current fiscal year, as in the prior fiscal year, was that significant progress has been made toward building the balance of the Budget Reserve Fund. This was mainly due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2025, the cap was just over $4.7 billion for estimated and final income tax payments and revenue from the pass-through entity tax. At year-end, a volatility transfer of $2.1 billion was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2025, the balance in the Budget Reserve Fund was just over $4.1 billion. Adding the $2.1 billion volatility transfer brought the Budget Reserve Fund total to $6.2 billion, or 25.8 percent of net General Fund appropriations for fiscal year 2026. As a result, the Budget Reserve Fund was $1.5 billion above the statutory 18.0 percent cap. According to CGS Section 4-30a (c)(1)(C), the State Treasurer must transfer the balance above the 18.0 percent threshold as additional contributions to the State Employees' Retirement Fund (SERF) and the Teachers' Retirement System (TRS). Connecticut H.B. 8003, which was passed during the November 2025 Special Session, allows an additional $500.0 million above the 18.0 percent threshold to help stabilize the State's budget in response to any reduction or loss of federal funding caused by action or inaction of the federal government. At fiscal year-end, $1.37 billion was transferred to reduce the unfunded pension liability of SERF and TRS.

In addition, Public Act 25-93 established the Early Childhood Education Endowment to transform access to affordable, high-quality childcare and early education across the State. The endowment was initially funded in July 2025 with $300.0 million of the General Fund's anticipated surplus. With the completion of the audit of fiscal year 2025 operations confirming the General Fund surplus of $410.2 million, the remaining balance of $110.2 million was transferred to SERF and TRS to further reduce unfunded past service liability.

Tax revenues in the governmental funds increased $1.5 billion or 6.5 percent. General Fund tax revenues increased $997.7 million (or 4.8 percent). The Pass-Through Entity Tax was a strong performer, and receipts ended the year $489.7 million (or 26.1 percent) above the budget plan. Income tax collections finished well above the budgeted plan, $1.7 billion (or 15.4 percent) over target. This was partly offset by the underperformance of corporation tax as well as sales and use tax, which came in below budgeted targets by ($123.9) million (or (8.1) percent and ($307.7) million (or (5.7) percent), respectively.

The Enterprise funds reported net position of $7.8 billion at year-end, an increase of $247.4 million during the year, substantially all of which was invested in capital assets or restricted for specific purposes.

Long–Term Debt

Total long-term debt was $83.7 billion for governmental activities at year-end, of which $27.3 billion was bonded debt. Total long-term debt was $2.0 billion for business-type activities at year-end, of which $1.2 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements. The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required and other supplementary information to provide additional support to the basic financial statements.

Government-wide Financial Statements – Reporting the State as a Whole
The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements. These financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

The statement of net position presents information on all of the State's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them reported as net position. Net position is displayed in three components – net investment in capital assets; restricted; and unrestricted.

The statement of activities presents information showing how the State's net position changed during fiscal year 2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

- **Governmental Activities** – The State's basic services fall under this activity including legislative, general government, regulation and protection, conservation and development, health and hospital, transportation, human services, education, corrections, and judicial. Taxes and intergovernmental revenues are major funding sources for these programs.

- **Business-type Activities** – The State operates certain activities much like private-sector companies by charging fees to cover all or most of the costs of providing goods and services. The major business-type activities of the State include the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Connecticut Community College), Employment Security Fund, and Clean Water Fund.

- **Discretely Presented Component Units** – A number of entities are legally separate from the State, yet the State remains financially accountable for them. The major component units of the State are Connecticut Housing Finance Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, and Connecticut Health and Educational Facilities Authority.

Fund Financial Statements – Report the State's Most Significant Funds
The fund financial statements provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds –** Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

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

The State reports five individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Debt Service Fund, Transportation Fund, Restricted Grants and Accounts Fund, and Grants and Loan Programs Fund, all of which are considered major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements immediately following the required supplementary information.

- **Proprietary Funds** – Proprietary funds include enterprise funds and internal service funds and account for activities that operate more like private-sector businesses and use the full accrual basis of accounting. Enterprise funds charge fees for services provided to outside customers. Enterprise funds are reported as business-type activities on the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

  The State reports four individual enterprise funds. Information is presented separately in the proprietary fund statements for the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Connecticut Community College), Employment Security, and Clean Water, all of which are considered major funds. Data from the other enterprise funds is combined into a single, aggregated presentation. Individual fund data for all nonmajor proprietary funds is provided in the combining statements immediately following the required supplementary information.

- **Fiduciary Funds –** Fiduciary funds account for resources held by the State in a trustee or custodial capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

- **Component Units –** The government-wide financial statements report information for all component units into a single, aggregated presentation. Information is provided separately in the component unit fund statements for the Connecticut Housing Finance Authority, Connecticut Lottery, Connecticut Airport Authority, and Connecticut Health and Educational Facilities Authority. Data from the other component units is combined into a single, aggregated presentation. Individual fund data for all other nonmajor component units is provided in the combining statements immediately following the required supplementary information.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules that reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements.

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Net Pension Liability and Net OPEB Liability are included on the government-wide statements but are not reported on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred inflows of resource on the governmental fund statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information (RSI)

Following the basic financial statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, within the RSI there is a reconciliation schedule for Budgetary vs. GAAP basis of accounting. The RSI also includes information regarding employer contributions for pension and other postemployment benefits, change in employers' net pension liability and OPEB liability, and investment return for the State's pension and OPEB plans.

Supplementary Information
The combining financial statements for the State's nonmajor governmental, nonmajor enterprise, nonmajor fiduciary funds, and nonmajor discretely presented component units.

Statistical Section
This section provides up to ten years of financial, economic, and demographic information.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Position
The combined net position (deficit) of the State decreased $1.5 billion (or 3.9 percent). In comparison, last year the combined net position (deficit) decreased $1.8 billion (or 4.4 percent). The net position (deficit) of the State's governmental activities decreased $1.2 billion (or 2.6 percent) to ($46.0) billion during the current fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024*	2025	2024*	2025	2024*
ASSETS						
Current and Other Assets	$ 14,711	$ 15,096	$ 2,753	$ 2,526	$ 17,464	$ 17,622
Noncurrent Assets	22,177	20,932	7,557	7,562	29,734	28,494
Total Assets	$ 36,888	$ 36,028	$ 10,310	$ 10,088	$ 47,198	$ 46,116
Deferred Outflows of Resources	$ 11,706	$ 12,624	$ 5	$ 6	$ 11,711	$ 12,630
LIABILITIES						
Current Liabilities	$ 7,509	$ 6,596	$ 808	$ 774	$ 8,317	$ 7,370
Long-term Liabilities	81,209	81,907	1,719	1,850	82,928	83,757
Total Liabilities	$ 88,718	$ 88,503	$ 2,527	$ 2,624	$ 91,245	$ 91,127
Deferred Inflows of Resources	$ 5,837	$ 7,335	$ 18	$ 7	$ 5,855	$ 7,342
NET POSITION						
Net Investment in Capital Assets	$ 8,234	$ 7,125	$ 3,194	$ 3,255	$ 11,428	$ 10,380
Restricted	4,438	5,843	2,436	2,241	6,874	8,084
Unrestricted	(58,633)	(60,154)	2,140	1,967	(56,493)	(58,187)
Total Net Position (Deficit)	$ (45,961)	$ (47,186)	$ 7,770	$ 7,463	$ (38,191)	$ (39,723)

** Restated for Implementation of GASB 101.*

Total investment in capital assets net of related debt was $8.2 billion (buildings, roads, bridges, etc.); and $4.4 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of ($58.6) billion for governmental activities. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds outstanding of $16.7 billion to finance various municipal grant programs (e.g., school construction) and $1.8 billion issued to finance a contribution to a pension trust fund; and b) other long-term obligations in the amount of $57.2 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB liabilities and compensated absences).

Net position of the State's business-type activities increased $247.4 million (or 3.3 percent) to $7.8 billion during the current fiscal year. Of this amount, $3.2 billion was invested in capital assets and $2.4 billion was restricted for specific purposes, resulting in unrestricted net position of $2.1 billion. These resources are not available to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

Changes in net position for the years ended June 30, 2025 and 2024 were as follows:

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2025	2024	2025	2024	2025	2024	25 - 24
REVENUES							
Program Revenues							
Charges for Services	$ 2,029	$ 2,349	$ 3,913	$ 3,592	$ 5,942	$ 5,941	0.0%
Operating Grants and Contributions	10,988	10,570	867	773	11,855	11,343	4.5%
Capital Grants and Contributions	1,379	1,272	5	54	1,384	1,326	4.4%
General Revenues							
Taxes	24,136	23,267	-	-	24,136	23,267	3.7%
Casino Gaming Payments	333	306	-	-	333	306	8.8%
Lottery Tickets	350	376	-	-	350	376	-6.9%
Other	621	687	105	111	726	798	-9.0%
Total Revenues	39,836	38,827	4,890	4,530	44,726	43,357	3.2%
EXPENSES							
Legislative	137	127	-	-	137	127	7.9%
General Government	4,281	3,665	-	-	4,281	3,665	16.8%
Regulation and Protection	1,041	1,183	-	-	1,041	1,183	-12.0%
Conservation and Development	1,493	1,350	-	-	1,493	1,350	10.6%
Health and Hospital	3,593	3,348	-	-	3,593	3,348	7.3%
Transportation	2,446	3,036	-	-	2,446	3,036	-19.4%
Human Services	11,804	11,368	-	-	11,804	11,368	3.8%
Education, Libraries, and Museums	7,500	7,110	-	-	7,500	7,110	5.5%
Corrections	2,393	2,345	-	-	2,393	2,345	2.0%
Judicial	1,203	1,175	-	-	1,203	1,175	2.4%
Interest and Fiscal Charges	1,519	964	-	-	1,519	964	57.6%
University of Connecticut & Health Center	-	-	3,150	2,923	3,150	2,923	7.8%
Board of Regents	-	-	1,360	1,268	1,360	1,268	7.3%
Employment Security	-	-	896	892	896	892	0.4%
Clean Water	-	-	56	38	56	38	47.4%
Other	-	-	59	49	59	49	20.4%
Total Expenses	37,410	35,671	5,521	5,170	42,931	40,841	5.1%
Excess (Deficiency) Before Transfers	2,426	3,156	(631)	(640)	1,795	2,516	-28.7%
Transfers Out	(300)	(412)	-	-	(300)	(412)	-27.2%
Transfers - Internal Activities	(901)	(1,130)	901	1,130	-	-	0.0%
Change in Net Position	1,225	1,614	270	490	1,495	2,104	-28.9%
*Net Position (Deficit) - Beginning (Restated)**	(47,186)	(48,800)	7,500	7,033	(39,686)	(41,767)	-5.0%
Net Position (Deficit) - Ending	$ (45,961)	$ (47,186)	$ 7,770	$ 7,523	$ (38,191)	$ (39,663)	-3.7%

** See Basic Financial Statements and Notes*

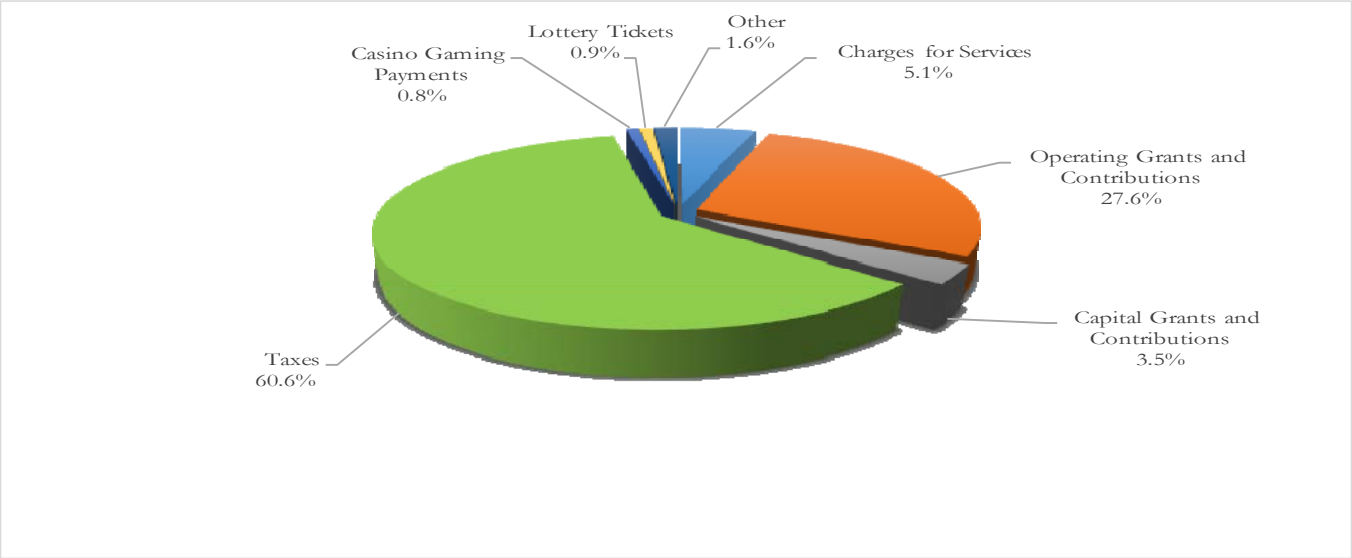
Changes in Net Position

This year the State's governmental activities received 60.6 percent of its revenue from taxes and 31.0 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 59.9 percent and grants and contributions were 30.5 percent of total revenues. Charges for services such as licenses, permits, and fees, rents and fines, and other miscellaneous collections comprised 8.4 percent of total revenue in fiscal year 2025, compared to 9.6 percent in fiscal year 2024.

Governmental Activities

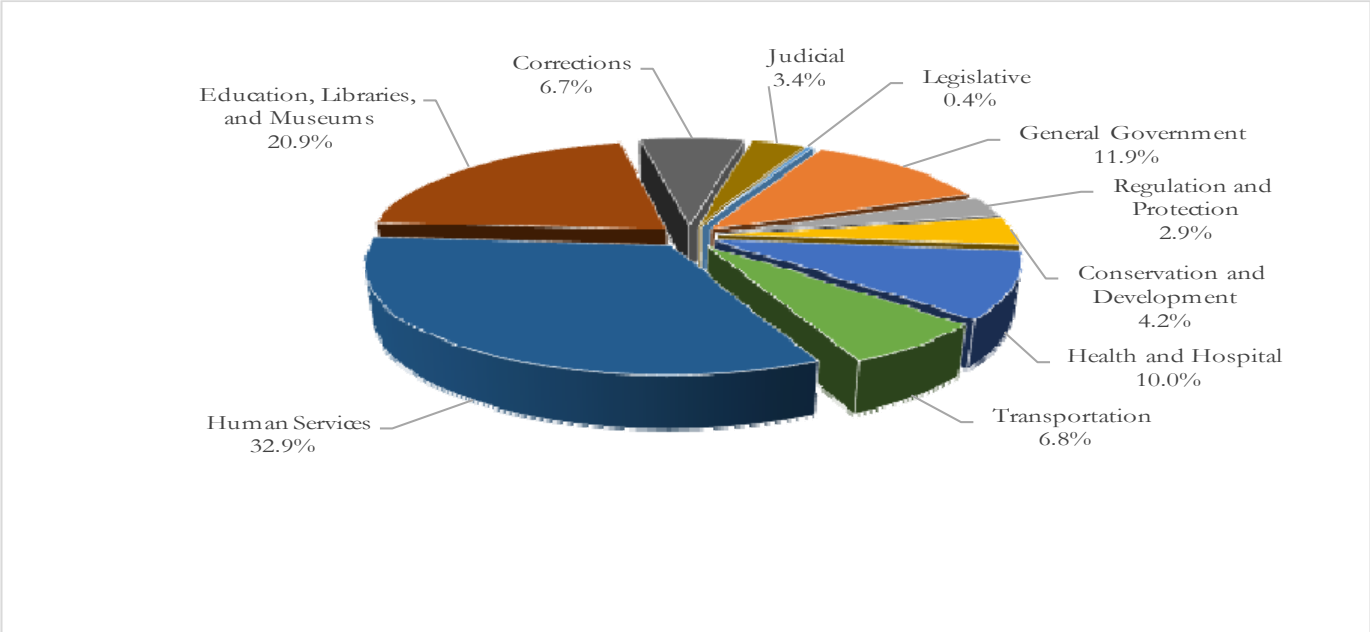
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $1.0 billion (or 2.6 percent). This increase was primarily due to an increase in taxes as well as operating grants and contributions of $869.0 million and $418.0 million, respectively. These increases were partially offset by a decrease in charges for services of ($320.0) million.

Revenue by Source – Governmental Funds
Fiscal Year 2025



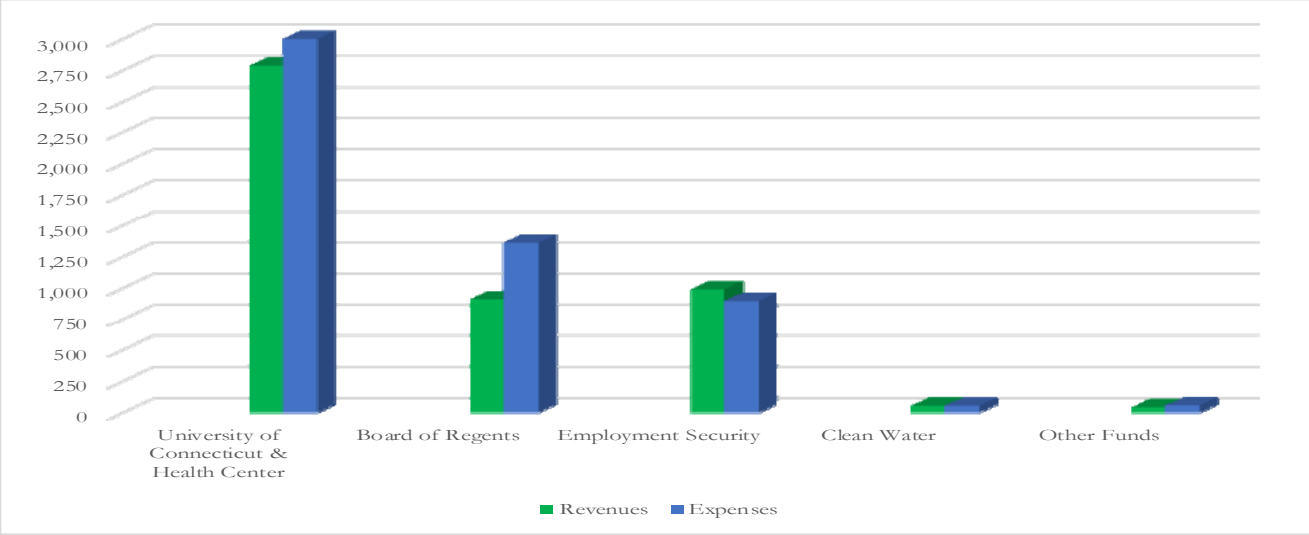
The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by $1.7 billion, or 4.9 percent.

Expenses by Type – Governmental Funds
Fiscal Year 2025



Business-Type Activities
Net position of business-type activities increased by $247.0 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.

Business-Type Activities
Program Revenues and Expenses
For the Fiscal Year June 30, 2025
(Amounts in Millions)



During the year, total revenues of business-type activities increased $360.0 million (or 7.9 percent), and total expenses increased $351.0 million (or 6.8 percent). In comparison, last year total revenues increased $327.0 million (or 7.8 percent), while total expenses decreased ($212.0) million (or (3.9) percent). The increase in total expenses of $351.0 million was driven by increases in salaries, wages, and administrative costs of $93.4 million within the institutes of higher education, as well as a $211.8 million increase in other expenses within the University of Connecticut and Health Center. Although total expenses exceeded total revenues by $631.0 million, this deficiency was reduced by transfers of $901.0 million, resulting in an increase in net position of $270.0 million.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

As of the end of the fiscal year, the State's governmental funds had fund balances of $9.3 billion, a decrease of ($1.3) billion over the prior year's ending fund balances. Of the total governmental fund balances, $4.8 billion represents fund balance that is considered restricted for specific purposes by external constrains or enabling legislation; $222.5 million represents fund balance that is nonspendable and $5.7 billion represents fund balance that is committed or assigned for specific purposes. A negative ($1.5) billion unassigned fund balance offsets these amounts.

General Fund
The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance of $4.0 billion, a decrease of ($9.9) million in comparison with the prior year. Of this total fund balance, $5.5 billion represents nonspendable fund balance, committed, or assigned for specific purposes, leaving a deficit of ($1.5) billion in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Nonspendable fund balance decreased by ($16.0) million or (16.5) percent.
- Committed fund balance increased by $435.5 million or 9.0 percent. The primary reason for the increase, as in the prior fiscal years, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund.
- Assigned fund balance decreased by ($55.0) million.
- Unassigned fund balance deficit increased by $374.4 million.

At the end of fiscal year 2025, General Fund revenues were $989.5 million (or 3.9 percent) higher than fiscal year 2024 revenues. This change was primarily attributed to increases in taxes ($997.7 million), federal grants ($48.6 million), assessments ($0.8 million), and licenses, permits and fees ($56.8 million). These increases were slightly offset by decreases in miscellaneous (($97.2) million), lottery tickets (($25.7) million), and fines, forfeits, and rents (($62.8) million).

At the end of fiscal year 2025, General Fund expenditures were $1.5 billion (or 6.3 percent) higher than fiscal year 2024. This was primarily attributable to increases in health and hospitals ($193.0 million), education, libraries, and museums ($580.7 million), general government ($512.3 million) and human services ($264.6 million).

Debt Service Fund
At the end of fiscal year 2025, the Debt Service Fund had a fund balance of $1.3 billion, all of which was restricted, a decrease of ($31.3) million in comparison with the prior year.

Transportation Fund
The State's Transportation Fund had a fund balance of $745.8 million at the end of fiscal 2025. Of this amount, $36.1 million was in nonspendable form and $569.7 million was restricted or committed for specific purposes. Fund balance decreased by ($431.4) million during the current fiscal year.

At the end of fiscal year 2025, Transportation Fund revenues decreased by ($12.0) million (or (0.5) percent) and expenditures increased by $224.2 million (or 18.2 percent). The increase in revenue was primarily due to a decrease in taxes.

Restricted Grants and Accounts Fund
At the end of fiscal year 2025, the Restricted Grants and Accounts Fund had a fund balance of $1.1 billion, all of which was restricted for specific purposes, a decrease of ($865.1) million in comparison with the prior year.

Total revenues were $304.1 million (or 3.1 percent) higher than in fiscal year 2024. Overall, total expenditures were $476.7 million (or 4.5 percent) higher than fiscal year 2024.

Grant and Loan Programs
As of June 30, 2025, the Grant and Loan Programs Fund had a fund balance of $387.5 million, all of which was restricted or assigned for specific purposes, a decrease of ($163.3) million in comparison with the prior year.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Proprietary funds report activities of the State that are similar to for-profit business. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds is provided in that section.

FINANCIAL ANALYSIS OF THE STATE'S FIDUCIARY FUNDS

The State maintains fiduciary funds for the assets of Pension and Other Employee Benefit (OPEB) Trust Funds, a Fiduciary Component Unit, an Investment Trust Fund, Private-Purpose Trust Funds, and Custodial Funds. The net positions of the State's fiduciary funds totaled $70.9 billion, an increase of $7.2 billion (or 11.4 percent) when compared to the prior fiscal year ending net position.

BUDGET HIGHLIGHTS – GENERAL AND SPECIAL TRANSPORTATION FUNDS

The State budget is formulated during odd-numbered years; the General Assembly generates a two-year (biennial) budget. The process begins with the Executive Branch when the governor asks the commissioner of each state agency to prepare draft budgets for the following biennium. Over several months the governor's budget office, the Office of Policy and Management (OPM), compiles this information, makes changes as it sees fit, and then works to match the agencies' spending projections with revenue estimates for the same period.

The results referred to as the 'governor's budget,' will be delivered to the General Assembly in a formal address by the governor in early February. The annual budget address often includes policy initiatives, spending proposals, and vehicles through which additional revenue may be generated. In the address, the governor identifies his priorities for the biennium.

Thereafter, the legislature goes through a similar process to determine spending priorities and corresponding revenue requirements. Later in the session, the Appropriations and Finance Committees approve a budget, which is often different from the governor's proposal. Negotiations with the governor's office reconcile the two versions and determine the final budget language and the state's fiscal path for the following two years. Lastly, the budget must be voted on and passed by both the House and Senate and signed into law by the governor.

In fiscal year 2025, for the eighth consecutive year, progress was made toward building the balance in the Budget Reserve Fund (BRF). This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For fiscal year 2025, the cap was just over $4.7 billion for estimated and final income tax payments and revenue from the pass-through entity tax. At year-end, a volatility transfer of $2.1 billion was made to the BRF.

Prior to the close of fiscal year 2025, the balance of the BRF was just over $4.1 billion. Adding the $2.1 billion volatility transfer brought the BRF total to $6.2 billion (or 25.8 percent) of net General Fund appropriations for fiscal year 2025. As a result, the BRF was roughly $1.5 billion above the statutory 18.0 percent cap. According to CGS Section 4-30a (c)(1)(C), the State Treasurer must transfer the balance above the 18.0 percent threshold as additional contributions to the State Employees' Retirement Fund (SERF) and the Teachers' Retirement System (TRS). Connecticut H.B. 8003, which was passed during the November 2025 Special Session, allows an additional $500.0 million above the 18.0 percent threshold to help stabilize the State's budget in response to any reduction or loss of federal funding caused by action or inaction of the federal government. At fiscal year-end, $1.37 billion was transferred to reduce the unfunded pension liability of SERF and TRS.

Achieving and surpassing the 18.0 percent threshold represents an important benchmark for Connecticut. Due to continued fiscal discipline and hard work, the State is on stronger financial footing, making it possible to provide critical services to those in need, adapt to challenges and uncertainties at the federal level, and hold steady through any future economic downturns.

The fiscal year 2025 budget plan as initially formulated included a built-in General Fund surplus of $297.8 million. Surplus estimates declined from the original budget plan early in the year due to higher than budgeted spending projections, especially related to Medicaid and a change in the accounting treatment of certain state employee fringe benefits. From mid-year to spring, the revenue outlook improved primarily due to increased personal income and pass-through entity tax revenues, raising the projected surplus above initial expectations. Heading into the end of the fiscal year, the surplus was projected at $480.3 million, which was $182.5 million higher than initially budgeted. The projected surplus was reduced by Public Act No. 25-168, the fiscal year 2026 budget bill. Certain provisions of that Act affected fiscal year 2025, including a transfer of General Fund revenues of $150.0 million from fiscal year 2025 to fiscal year 2026. General Fund revenues finished the year higher than anticipated, partially offsetting the additional expenditures. After accounting for continued appropriations, this resulted in a General Fund surplus of $410.2 million, $112.4 million higher than budgeted. Pursuant to Public Act No. 25-93, $300.0 million of the surplus was transferred into the State's new Early Childhood Education Endowment established to transform access to affordable, high-quality childcare and early education across the State. The remaining balance of $110.2 million was transferred to SERF and TRS to further reduce unfunded past service liability.

In fiscal year 2025 General Fund expenditures totaled $23.5 billion on the statutory basis of accounting. This represented an increase of $738.1 million (or 3.2 percent) above fiscal year 2024 spending levels. Several appropriations saw large spending increases that accounted for much of the growth in fiscal year 2025. The largest were contributions to state pension plans. The employer contribution to the Teacher's Retirement Fund increased by $639.6 million (or 41.1 percent) over fiscal year 2024. The General Fund employer contribution to the State Employee Retirement Fund increased by $330.5 million (or 12.7 percent) over fiscal year 2024, primarily due to an increase in payments toward unfunded pension liability.

On the statutory basis of accounting, realized revenues totaled $23.9 billion, which represented an increase of $787.5 million (or 3.4 percent) above the fiscal year 2025 budget plan. The strongest performer was Estimated and Final Income Tax collections, which finished the year $1.1 billion (or 41.0 percent) over target. Withholding finished $622.6 million (or 7.3 percent) over its budget target. A strong stock market, continued job growth, and increased wages contributed to increased collections. Pass-Through Entity Tax (PET), which is levied on Partnerships and S-Corporations, ended the year $489.7 million (or 26.1 percent) above the budget plan. Due in part to weaker than anticipated consumer demand and easing inflation, the Sales and Use Tax came in ($307.7) million (or (5.7) percent) below the budget plan. The Health Provider tax also came in under budget by ($45.4) million (or 4.7 percent).

On a statutory basis of accounting, Special Transportation Fund (STF) spending totaled $2.3 billion in fiscal year 2025, an increase of $220.9 million (or 10.8 percent) compared with the prior fiscal year. The largest increases occurred within Bus Operations and Rail Operations, which grew by $128.9 million (or 78.9 percent) and $51.9 million (or 22.5 percent) above fiscal year 2024 levels. These increases were directly correlated with an acceleration of infrastructure improvements and expansion of transit services in the State. GAAP-based budgeting accruals, mostly salary and wages, resulted in a decrease of ($7.3) million. The STF employer contribution to SERF decreased by ($6.6) million (or (4.2) percent) over fiscal year 2024. Personal Services, the primary account for salaries, increased by $28.6 million (or 11.3 percent).

The Special Transportation Fund had revenue of $2.2 billion on the statutory basis of accounting, which was ($133.5) million (or (5.7) percent) below the budget plan for fiscal year 2025. The Highway Use Tax and Oil Companies Tax underperformed budget targets by ($34.2) million (or 36.3 percent) and ($59.2) million (or (16.6) percent), respectively.

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, 2025, totaled $25.3 billion (net of accumulated depreciation/amortization). This investment in capital assets includes land, art and historical collections, buildings, improvements other than buildings, equipment, right-to-use assets, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was $1.2 billion.

Major capital asset events for governmental activities during the fiscal year include additions to land, art and historical collections, right-to-use assets, infrastructure, and construction in progress of $1.7 billion and depreciation/amortization expense of $762.5 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		Percent Change
	2025	2024	2025	2024	2025	2024	25 - 24
Land	$ 2,050	$ 2,020	$ 78	$ 78	$ 2,128	$ 2,098	1.4%
Art & Historical Collections	225	225	72	71	297	296	0.3%
Construction in Progress	8,113	7,542	223	416	8,336	7,958	4.7%
Buildings	1,456	1,483	4,216	4,046	5,672	5,529	2.6%
Improvements Other than Buildings	160	167	404	420	564	587	-3.9%
Equipment	1,137	851	211	215	1,348	1,066	26.5%
Intangible Assets	30	29	32	36	62	65	-4.6%
Right-to-use Assets	71	87	255	261	326	348	-6.3%
Infrastructure	6,558	6,143	-	-	6,558	6,143	6.8%
Total	$ 19,800	$ 18,547	$ 5,491	$ 5,543	$ 25,291	$ 24,090	5.0%

Additional information on the State's capital assets can be found in Note 9 of this report.

Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of $28.5 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the enterprise funds).

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$ 16,716	$ 16,932	$ -	$ -	$ 16,716	$ 16,932
Direct Borrowings & Direct Placement	215	231	-	-	215	231
Transportation Related Bonds	7,784	7,860	-	-	7,784	7,860
Revenue Bonds	-	-	1,114	1,198	1,114	1,198
Premiums and Deferred Amounts	2,583	2,497	110	122	2,693	2,619
Total	$ 27,298	$ 27,520	$ 1,224	$ 1,320	$ 28,522	$ 28,840

The State's total bonded debt decreased by ($318.0) million (or 1.1 percent) during the current fiscal year. This decrease resulted mainly from an decrease in General Obligation bonds of ($216.0) 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 the date of this report, the State had a debt incurring margin of $7.0 billion.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024*	2025	2024*	2025	2024*
Net Pension Liability	$ 34,786	$ 37,849	$ -	$ -	$ 34,786	$ 37,849
Net OPEB Liability	19,167	16,973	-	-	19,167	16,973
Compensated Absences	1,219	792	274	260	1,493	1,052
Workers Compensation	813	807	-	-	813	807
Lease Liabilities	49	58	209	207	258	265
Subscription Liabilities	23	31	50	53	73	84
Non-exchange Financial Guarantees	301	337	-	-	301	337
Federal Loan	-	-	4	4	4	4
Other	58	55	203	225	261	280
Total	$ 56,416	$ 56,902	$ 740	$ 749	$ 57,156	$ 57,651

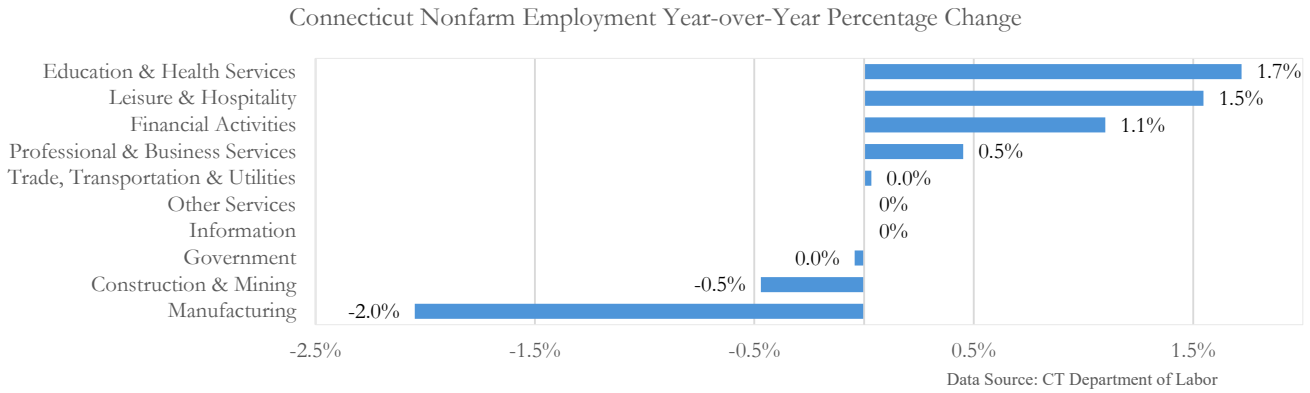
**Restated for Implementation of GASB 101*

The State's other long-term obligations decreased by ($495.0) million (or 0.9 percent) during the fiscal year. This decrease was due mainly to a decrease in the Net Pension Liability and Net OPEB Liability (Governmental activities) of ($869.0) million (or 1.6 percent). Additional information on the State's long-term debt can be found in Notes 16 and 17 of this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Connecticut's budget results are ultimately dependent upon the performance of the national and state economies. Overall, the U.S. economy performed well in FY 2025, a year that included moderate economic growth in late 2024 and significant policy shifts under a new presidential administration in 2025. The Federal Reserve reduced the federal funds target rate by one full percentage point between September 2024 and December 2024 to 4.25-4.5 percent, making monetary policy less restrictive as the labor market showed signs of cooling. U.S. unemployment remained low and steady between 4.0 percent and 4.2 percent all fiscal year.

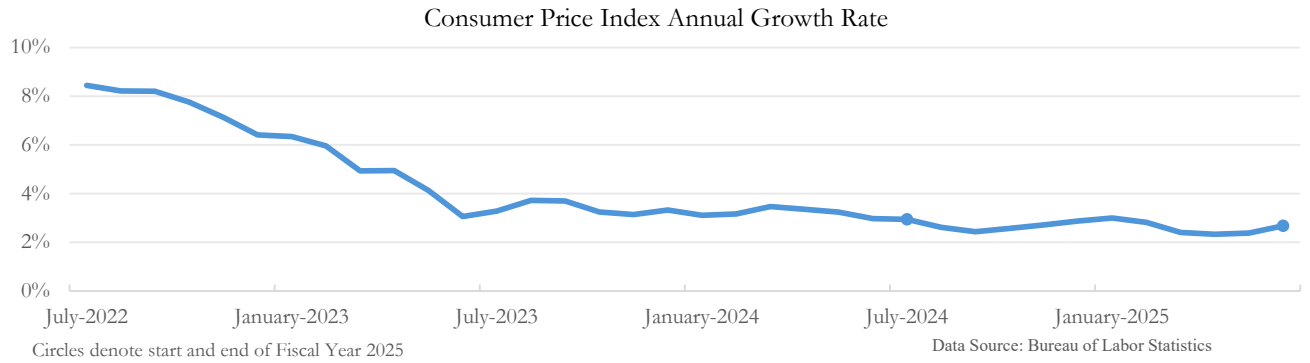
In 2025, the new presidential administration imposed a frequently changing schedule of double-digit tariffs on imports from around the world, a fundamental change to U.S. trade policy. Additional immigration enforcement action and cuts to the federal workforce and previously allocated federal funding also contributed to economic uncertainty. Investment in new artificial intelligence technology drove stock market gains in 2024, which continued in the first half of 2025.



Connecticut added 7,500 (0.4 percent) new payroll jobs in FY 2025, and private industry employment reached a new all-time high in January. The state's civilian labor force, those working or actively looking for work, expanded by 13,545 workers (0.7 percent), and reached an all-time high of 1,960,219 workers in May 2025. Total payroll employment was 1,718,500 in June 2025, the highest since March 2008. While reaching new highs, employment gains slowed in both Connecticut and the U.S. in FY 2025 as labor markets settled into a more sustainable pattern following large pandemic recovery gains in prior years. Connecticut's unemployment rate rose from 3.1 percent in June 2024 to 3.8 percent in June 2025, as the pool of available workers grew faster than employment. An unemployment rate of 3.8 percent is very low by historical standards and indicates that the state's job market remained tighter than the U.S. overall.

Looking at Connecticut net employment changes by major industry sector, four industries experienced growth year-over-year as of June 2025, three sectors experienced declines, and two had no change. Private Education and Health Services made the largest gain (+6,300), while Leisure and Hospitality (+2,400) and Financial Activities (+1,300) sectors also had notable growth. Following national trends, the Manufacturing sector experienced the greatest employment reduction (decreasing by 3,200 jobs).

The U.S. economy added 1.5 million (1.0 percent) net payroll jobs from June 2024 to June 2025, according to official estimates available in December 2025, an average of approximately 127,000 per month. The labor force expanded by 1.4 percent. The Private Education and Health Services sector led job growth (3.3 percent), followed by Leisure and Hospitality (1.4 percent) and Government (1.0 percent). Job growth was sluggish in the summer of 2024 and even more so entering the summer of 2025. The U.S. economy added only 19,000 positions in May and -13,000 in June. While hiring slowed, company layoffs remained limited, making it a better labor market for those who already had jobs than for those who were searching. Low unemployment supported continued growth in consumer spending, which accounts for approximately two thirds of U.S. economic activity.



Following three successive interest rate cuts in September, November and December 2024 in response to the cooling labor market, the Federal Reserve held the federal funds rate steady at 4.25-4.5 percent for the remainder of the fiscal year. While inflation according to the Consumer Price Index (CPI) was much lower than its recent high of 9 percent in June 2022, progress bringing inflation to the central bank's 2.0 percent target stalled. CPI annual inflation was 2.9 percent in July 2024 and 2.7 percent in June 2025. Low unemployment allowed policy makers to wait for additional data on how new tariff policies would impact inflation before proceeding with additional cuts. Through June, there was limited tariff impact on consumer prices as many firms drew down pre-tariff inventories and absorbed cost increases rather than pass increased costs onto price-conscious consumers. Tariff-related inflation became more apparent later in 2025.

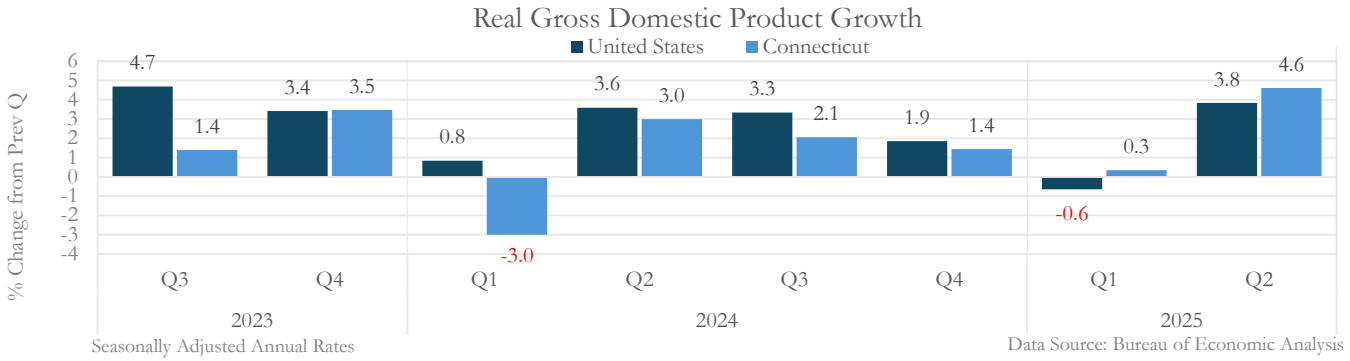
Connecticut's housing market continues to be impacted by relatively high interest rates and an inventory of homes to buy that is 75 percent smaller than in FY 2019. Home prices are up 8.4 percent according to the U.S. Federal Housing Finance Agency (FHFA) All-Transactions Home Price Index, increasing homeowner wealth but reducing affordability for new buyers. The average rate for a 30-year mortgage ranged between 6.1 percent and 7 percent, according to Freddie Mac, down slightly from the prior year but still much higher than the sub-5 percent rate on 72.5 percent of Connecticut outstanding mortgages in the first quarter of 2025.

Yet FY 2025 marked a housing market turning point. Average monthly listings grew by 11.8 percent, and the number of sales increased 2.7 percent year-over-year according to Realtor.com and the Warren Group, respectively. Connecticut's housing market is expected to remain tight as demand continues to exceed supply. Renters experienced a slowdown in asking rent growth over the year, with asking rents growing 3.7 percent year-over-year in the second quarter of 2024 but only 2.0 percent in the second quarter of 2025 according to the CoStar Group. However, Connecticut's rental market remains tighter than the national average, and higher housing cost growth is contributing to higher regional inflation.

Major stock market indices performed well in 2024 for the second year in a row, as shares of the companies at the center of the artificial intelligence boom drove markets higher. The S&P 500 Index ended 2024 at 5,881.6, a rise of 23.3 percent for the calendar year following the 24.2 percent gain in 2023. The tech heavy NASDAQ Composite Index was up 28.6 percent, and the Dow Jones Industrial Average rose 12.9 percent. Despite markets plunging in early April following the President's announcement of steep new tariffs, major U.S. stock indices were moderately up year-to-date through June 30th, 2025, and reached new record highs in late 2025.

Connecticut saw growth in inflation-adjusted Gross Domestic Product (GDP) in all quarters of Fiscal Year 2025, while U.S. real GDP contracted in the January to March period. A surge of pre-tariff imports and inventory buildup led the national economy to contract in the first quarter (because imports count negatively in GDP). That effect was reversed in the second quarter, when fewer imports boosted growth. U.S. and Connecticut real GDP grew 2.1 percent overall from 2024 Q2 to 2025 Q2. Connecticut was among the top ten fastest growing state

economies in the second quarter of 2025.



Connecticut has traditionally ranked among the wealthiest states in the nation. BEA reported that in 2024, Connecticut had a per capita personal income (PCPI) of $95,067. This PCPI ranked first in the United States and was 129.9 percent of the national average of $73,204. The United States 2024 PCPI reflected an increase of 4.6 percent from 2023, while Connecticut's increase was higher at 5.4 percent. Connecticut's income growth in the previous decade was slower than the national average. In 2014, the PCPI of Connecticut was $64,484 and ranked first in the United States. However, the state's 2014-2024 compound annual growth rate of PCPI was 4.0 percent compared with 4.7 percent for the nation.

Connecticut's high level of income and quality of life can be attributed to the educational achievement of its residents, as well as the innovation and productivity of its workforce. According to the U.S. Census Bureau, 42.6 percent of Connecticut's population age 25 and over has a bachelor's degree or higher, compared to 36.8 percent nationally, and 91.7 percent of Connecticut residents are a High School graduate or higher. Connecticut ranked first for preschool enrollment, third for pre-k through 12 education and fourth in college readiness according to U.S. News and World Report. Connecticut also has the second-best overall school system in the country and third-best community college system according to WalletHub.

Connecticut also achieves high rankings on other quality of life measures:

- Connecticut ranked as the second-best state for working moms and dads according to WalletHub.
- Connecticut ranked third best state overall in healthcare access, quality, and public health by U.S. News and World Report.
- Connecticut ranked fifth for public safety by U.S. News and World Report.
- Connecticut ranked second for access to high-speed internet according to U.S. News and World Report.
- Connecticut ranked first in top company headquarters per capita according to U.S. News and World Report.
- Connecticut ranked fifth in business environment by U.S. News and World Report.
- Connecticut is home to more than 32 top colleges and universities.

Connecticut also continues to be a leader in the field of high-tech manufacturing, producing submarines, helicopters, jet engines and parts, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military and the outlook for Connecticut's defense industry remains strong. According to the U.S. Department of Defense for federal fiscal year 2023-2024 (FY 2024), Connecticut ranked seventh overall in total defense spending, sixth in defense spending as a percentage of state gross domestic product (GDP), and fourth in defense spending per capita among states. Contracts awarded to Connecticut defense manufacturers fell in FY 2024 to $18.7 billion, following an all-time high of $24.2 billion in FY 2023; however major new awards announced for FY 2025 and beyond ensure defense manufacturing activity will continue. For FY 2024, General Dynamics' Electric Boat was the largest recipient of DoD obligations in the state at $8.1 billion, followed by RTX Corporation, which makes the F135 engines for F-35 Joint Strike Fighter jets, at $5.2 billion. Electric Boat is the prime contractor and lead shipyard for all Navy nuclear-powered submarine programs, including the Virginia-class attack submarine and Columbia-class ballistic-missile submarine.

Halfway through FY 2026, Connecticut's economic outlook is mixed. The 43-day federal government shutdown in fall 2025 delayed key government reports on economic growth, employment and inflation, obscuring the current situation as of this writing in December 2025. Major private investment in artificial intelligence (AI) technology and infrastructure is expected to continue supporting U.S. economic growth and has fueled significant equity market expansion, with major stock indices up strongly for the third year in a row. A range of significant federal defense contract announcements ensure continued strong demand for the state's transportation equipment manufacturing sector. Affluent households, benefiting from higher home values and stock market gains, have been increasingly responsible for consumer spending, and could continue to spend freely in Connecticut in early 2026, barring any major changes, supported by higher tax refunds under the major federal tax reform and spending bill signed in July. Higher-income households in Connecticut will especially benefit from the increased amount

($40,000 rather than $10,000) of state and local taxes (SALT) that can be deducted on federal income taxes.

On the other hand, available labor market information points to continued weakening in both Connecticut and the United States overall, with renewed inflation from tariffs creating another drag on growth. Policy uncertainty, less immigration, federal actions, and an aging workforce are all headwinds likely to slow Connecticut job growth in the year ahead. Connecticut's unemployment rate remained low and steady at 3.8 percent, as of September, while the U.S. rate ticked up to 4.4 percent; however, the Connecticut labor force—those working or looking for work—declined by about 12,000 people (0.6 percent) between June and September. Annual inflation according to the Consumer Price Index was 3.0 percent in September, putting the Federal Reserve's two mandates—to maximize employment and keep prices steady—in conflict. Despite stubborn inflation, the Federal Reserve reduced its key interest rate by 0.25 percentage points at each of the September, October, and December 2025 meetings, putting the federal funds rate target range at 3.5-3.75 percent to end the year. The outlook for more rate cuts in 2026 is uncertain, as policymakers balance the competing risks of rising unemployment and rising inflation. The degree to which artificial intelligence technologies will impact productivity and employment in the years ahead also remains uncertain.

The most recent consensus revenue forecast for FY 2026 on November 10 showed considerably higher expectations for the estimates and finals portions of the personal income tax as well as the pass-through entity tax, as those volatile revenue sources typically increase with strong stock market growth, and previous revenue estimates were made just following the steep sell off in spring 2025. However, all projected increases in those collections will result in a larger volatility adjustment transfer to the Budget Reserve Fund, rather than additional General Fund revenue. Both the withholding portion of the personal income tax and the sales and use tax are also on track to outperform, thanks to low unemployment, continued wage gains, and resilient spending. Conversely, the corporation tax is anticipated to underperform the budget due primarily to a federal tax law change to which the state automatically conforms, as well as continued weakness in collections. Current forecasts, as of December, show the General Fund is on track to end FY 2026 with a surplus of $164.4 million. This positive fiscal position is a tribute to smart long-term planning, the resilience of Connecticut's people, and the strength of its economy. However, Connecticut continues to face challenges as spending on entitlements, debt service, and other fixed costs related to state pension and retirement healthcare systems represent a growing share of the state budget. It remains critical to exercise fiscal restraint, execute responsible long-term planning, and support economic growth to maintain future budget stability.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at (860) 702-3352.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2025

(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 8,708,946	$ 1,558,496	$ 10,267,442	$ 368,723
Deposits with U.S. Treasury	-	165,514	165,514	-
Investments	143,656	25,122	168,778	829,530
Receivables, (Net of Allowances)	5,770,545	784,099	6,554,644	139,515
Due from Primary Government	-	-	-	5,743
Inventories	51,959	24,361	76,320	-
Restricted Assets	-	158,770	158,770	2,348,677
Leases Receivable	-	1,556	1,556	11,897
Internal Balances	(1,386)	1,386	-	-
Other Current Assets	37,543	34,319	71,862	35,611
Total Current Assets	14,711,263	2,753,623	17,464,886	3,739,696
Noncurrent Assets:				
Cash and Cash Equivalents	-	633,760	633,760	-
Due From Component Units	77,550	-	77,550	-
Investments	-	53,248	53,248	287,901
Receivables, (Net of Allowances)	962,796	1,058,715	2,021,511	579,602
Restricted Assets	1,336,925	290,592	1,627,517	6,106,866
Capital Assets, (Net of Accumulated Depreciation)	19,800,039	5,491,351	25,291,390	1,474,755
Other Noncurrent Assets	13	29,319	29,332	17,486
Total Noncurrent Assets	22,177,323	7,556,985	29,734,308	8,466,610
Total Assets	$ 36,888,586	$ 10,310,608	$ 47,199,194	$ 12,206,306
Deferred Outflows of Resources				
Unamortized Losses on Bond Refundings	$ 101,909	$ 1,587	$ 103,496	$ 46,725
Related to Pensions & Other Postemployment Benefits	11,604,277	-	11,604,277	120,268
Other Deferred Outflows	-	3,469	3,469	1,920
Total Deferred Outflows of Resources	$ 11,706,186	$ 5,056	$ 11,711,242	$ 168,913
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 2,764,371	$ 385,747	$ 3,150,118	$ 559,829
Due to Other Funds	-	-	-	85
Due to Component Units	5,743	-	5,743	6,369
Due to Primary Government	-	-	-	77,550
Due to Other Governments	504,341	5,559	509,900	-
Current Portion of Lease Liabilities	12,788	14,881	27,669	813
Current Portion of Subscription Liabilities	16,589	19,404	35,993	323
Current Portion of Long-Term Obligations	2,476,749	200,218	2,676,967	483,722
Amount Held for Institutions	-	-	-	718,740
Unearned Revenue	25,137	55,634	80,771	135,209
Medicaid Liability	933,359	-	933,359	-
Liability for Escheated Property	638,371	-	638,371	-
Other Current Liabilities	131,285	126,676	257,961	37,321
Total Current Liabilities	7,508,733	808,119	8,316,852	2,019,961
Noncurrent Liabilities:				
Non-Current Portion of Lease Liabilities	36,652	193,970	230,622	21,019
Non-Current Portion of Subscription Liabilities	6,694	30,806	37,500	-
Non-Current Portion of Long-Term Obligations	81,165,245	1,494,644	82,659,889	6,389,766
Total Noncurrent Liabilities	81,208,591	1,719,420	82,928,011	6,410,785
Total Liabilities	$ 88,717,324	$ 2,527,539	$ 91,244,863	$ 8,430,746

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF NET POSITION (Continued)

June 30, 2025

(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Deferred Inflows of Resources				
Related to Pensions & Other Postemployment Benefits	$ 5,837,989	$ -	$ 5,837,989	$ 121,486
Deferred Inflows Leases	-	17,926	17,926	180,032
Other Deferred Inflows	-	-	-	203,948
Total Deferred Inflows of Resources	$ 5,837,989	$ 17,926	$ 5,855,915	$ 505,466
Net Position				
Net Investment in Capital Assets	$ 8,234,564	$ 3,194,240	$ 11,428,804	$ 1,033,854
Restricted For:				
Transportation	492,335	-	492,335	-
Debt Service	1,338,973	1,111,628	2,450,601	13,578
Federal Grants and Other Accounts	1,649,709	-	1,649,709	-
Capital Projects	219,766	199,172	418,938	51,168
Grant and Loan Programs	394,898	-	394,898	-
Clean Water and Drinking Water Projects	-	958,021	958,021	-
Bond Indenture Requirements	-	-	-	777,972
Loans	-	2,465	2,465	-
Permanent Investments or Endowments:				
Expendable	-	-	-	22,353
Nonexpendable	148,429	17,035	165,464	800,500
Other Purposes	193,394	147,227	340,621	265,593
Unrestricted (Deficit)	(58,632,609)	2,140,411	(56,492,198)	473,989
Total Net Position (Deficit)	$ (45,960,541)	$ 7,770,199	$ (38,190,342)	$ 3,439,007

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government								
Governmental Activities:								
Legislative	$ 136,579	$ 2,987	$ 337	$ -	$ (133,255)	$ -	$ (133,255)	$ -
General Government	4,280,743	515,914	(1,970,165)	-	(5,734,995)	-	(5,734,995)	-
Regulation and Protection	1,041,312	769,417	500,895	-	229,000	-	229,000	-
Conservation and Development	1,492,756	352,351	566,888	-	(573,517)	-	(573,517)	-
Health and Hospitals	3,592,859	127,888	536,092	-	(2,928,879)	-	(2,928,879)	-
Transportation	2,445,553	145,286	-	1,378,941	(921,326)	-	(921,326)	-
Human Services	11,804,643	(59,988)	8,764,621	-	(3,100,009)	-	(3,100,009)	-
Education, Libraries, and Museums	7,499,789	26,142	2,266,168	-	(5,207,479)	-	(5,207,479)	-
Corrections	2,393,202	9,232	233,115	-	(2,150,855)	-	(2,150,855)	-
Judicial	1,202,857	139,293	90,164	-	(973,399)	-	(973,399)	-
Interest and Fiscal Charges	1,518,516	-	-	-	(1,518,516)	-	(1,518,516)	-
Total Governmental Activities	37,408,809	2,028,522	10,988,115	1,378,941	(23,013,231)	-	(23,013,231)	-
Business-Type Activities:								
University of Connecticut & Health Center	3,150,082	2,346,488	400,872	4,908	-	(397,814)	(397,814)	-
Board of Regents	1,359,888	769,168	113,591	-	-	(477,129)	(477,129)	-
Employment Security	896,389	734,456	254,819	-	-	92,886	92,886	-
Clean Water	55,548	27,870	68,108	-	-	40,430	40,430	-
Other	59,304	34,711	29,524	-	-	4,931	4,931	-
Total Business-Type Activities	5,521,211	3,912,693	866,914	4,908	-	(736,696)	(736,696)	-
Total Primary Government	$ 42,930,020	$ 5,941,215	$ 11,855,029	$ 1,383,849	$ (23,013,231)	$ (736,696)	$ (23,749,927)	$ -
Component Units								
Connecticut Housing Finance Authority (12/31/2024)	$ 264,981	$ 148,229	$ -	$ -	$ -	$ -	$ -	$ (116,752)
Connecticut Lottery Corporation	1,786,840	1,789,685	-	-	-	-	-	2,845
Connecticut Airport Authority	146,686	160,117	-	60,507	-	-	-	73,938
Connecticut Health and Educational Facilities Authority	21,017	20,576	-	-	-	-	-	(441)
Other Component Units	278,722	246,678	24,444	53,737	-	-	-	46,137
Total Component Units	$ 2,498,246	$ 2,365,285	$ 24,444	$ 114,244	$ -	$ -	$ -	$ 5,727
General Revenues:								
Taxes:								
Personal Income					11,556,400	-	11,556,400	-
Corporate Income					3,630,274	-	3,630,274	-
Sales and Use					4,632,399	-	4,632,399	-
Other					2,450,011	-	2,450,011	-
Restricted for Transportation Purposes:								
Motor Fuel					992,651	-	992,651	-
Other					874,048	-	874,048	-
Casino Gaming Payments					332,729	-	332,729	-
Tobacco Settlement					105,477	-	105,477	-
Lottery Tickets					350,308	-	350,308	-
Sports Wagering					3,693	-	3,693	-
Unrestricted Investment Earnings					512,015	105,747	617,762	238,153
Transfers Out Fiduciary Funds					(300,000)	-	(300,000)	-
Transfers-Internal Activities					(901,001)	901,001	-	(86,036)
Total General Revenues, Contributions, and Transfers					24,239,004	1,006,748	25,245,752	152,117
Change in Net Position					1,225,773	270,052	1,495,825	157,844
Net Position (Deficit)- Beginning					(46,972,138)	7,522,765	(39,449,373)	3,273,757
Impact of the Implementation of GASB 101					(214,176)	(59,667)	(273,843)	249
Correction of Prior Year Misstatement					-	1,998	1,998	-
Redassification Magnet Schools from CU to Primary Government					-	35,051	35,051	-
Change in Treatment of OPEB Liability					-	-	-	7,157
Net Position (Deficit) - Beginning (Restated)					(47,186,314)	7,500,147	(39,686,167)	3,281,163
Net Position (Deficit)- Ending					$ (45,960,541)	$ 7,770,199	$ (38,190,342)	$ 3,439,007

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	$ 6,037,050	$ 2,049	$ 428,194	$ 1,170,499	$ 258,393	$ 790,616	$ 8,686,801
Investments	-	-	-	-	-	143,656	143,656
Securities Lending Collateral	-	-	-	-	-	37,045	37,045
Receivables:							
Taxes, Net of Allowances	3,509,043	-	277,029	-	-	-	3,786,072
Accounts, Net of Allowances	294,249	-	87,408	631,039	8,857	140,640	1,162,193
Loans, Net of Allowances	3,413	-	-	60,435	148,235	750,713	962,796
Due From Other Governments	35,970	-	-	766,058	-	10,752	812,780
Due from Other Funds	88,328	-	45,473	1,131	-	31,747	166,679
Due from Component Units	76,758	-	-	-	-	792	77,550
Interest Receivable	-	5,867	1,368	-	-	6	7,241
Other Receivables	-	-	-	-	-	-	-
Inventories	8,200	-	36,105	-	-	-	44,305
Restricted Assets	-	1,336,925	-	-	-	-	1,336,925
Total Assets	$ 10,053,011	$ 1,344,841	$ 875,577	$ 2,629,162	$ 415,485	$ 1,905,967	$ 17,224,043
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	$ 472,265	$ -	$ 49,643	$ 284,272	$ 19,759	$ 107,966	$ 933,905
Due to Other Funds	1,523,419	5,868	-	43,824	29	32,974	1,606,114
Due to Component Units	14	-	-	5,729	-	-	5,743
Due to Other Governments	501,288	-	-	3,053	-	-	504,341
Unearned Revenue	11,184	-	-	-	-	13,953	25,137
Medicaid Liability	379,877	-	-	553,482	-	-	933,359
Liability For Escheated Property	638,371	-	-	-	-	-	638,371
Securities Lending Obligation	-	-	-	-	-	37,045	37,045
Other Liabilities	57,157	-	-	37,083	-	-	94,240
Total Liabilities	3,583,575	5,868	49,643	927,443	19,788	191,938	4,778,255
Deferred Inflows of Resources							
Receivables to be Collected in Future Periods	2,437,191	-	80,127	578,406	8,217	51,937	3,155,878
Fund Balances							
Nonspendable:							
Inventories and Long-Term Receivables	81,121	-	36,105	-	-	-	117,226
Permanent Fund Principal	-	-	-	-	-	105,285	105,285
Restricted For:							
Debt Service	-	1,338,973	-	-	-	-	1,338,973
Transportation Programs	-	-	490,093	-	-	-	490,093
Federal Grant and State Programs	-	-	-	1,123,313	-	-	1,123,313
Grants and Loans	-	-	-	-	387,442	-	387,442
Other	-	-	-	-	-	1,490,751	1,490,751
Committed For:							
Continuing Appropriations	439,403	-	79,609	-	-	-	519,012
Budget Reserve Fund	4,826,549	-	-	-	-	-	4,826,549
Reserve Future Carry	-	-	-	-	-	-	-
Assigned To:							
Surplus Transfer to Next Fiscal Year	150,000	-	140,000	-	-	-	290,000
Grants and Loans	-	-	-	-	38	-	38
Other	-	-	-	-	-	66,774	66,774
Unassigned (Deficit)	(1,464,828)	-	-	-	-	(718)	(1,465,546)
Total Fund Balances	4,032,245	1,338,973	745,807	1,123,313	387,480	1,662,092	9,289,910
Total Liabilities, Deferred Inflows, and Fund Balances	$ 10,053,011	$ 1,344,841	$ 875,577	$ 2,629,162	$ 415,485	$ 1,905,967	$ 17,224,043

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2025

(Expressed in Thousands)

Total Fund Balance - Governmental Funds		$ 9,289,910
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see Note 9). These consist of:		
Right-to-use assets	160,154	
Cost of capital assets, (excluding internal service funds)	39,545,764	
Less: Accumulated depreciation (excluding internal service funds)	(19,892,059)	
Less: Accumulated amortization right-to-use assets	(89,480)	
Net capital assets		19,724,379
Some assets such as receivables, are not available soon enough to pay for current period's expenditures and thus, are offset by unavailable revenue in the governmental funds.		3,155,878
Deferred losses on refundings are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds.		101,909
Deferred outflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13).		11,604,277
Long-term debt instruments such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 16). Also, unamortized debt premiums and interest payable are reported in the Statement of Net Position but are not reported in the funds. These balances consist of:		
General obligation bonds payable	(16,715,565)	
Transportation bonds payable	(7,784,420)	
Direct Borrowings & Direct Placements	(215,265)	
Unamortized premiums	(2,582,831)	
Accrued interest payable	(341,424)	
Net long-term debt		(27,639,505)
Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 16).		
Net pension liability	(34,786,236)	
Net OPEB liability	(19,167,151)	
Obligations for worker's compensation	(813,390)	
Leases	(49,440)	
Subscriptions	(23,283)	
Compensated absences (excluding internal service funds)	(1,217,296)	
Claims and judgments payable	(36,937)	
Landfill postclosure care	(19,861)	
Nonexchange Financial guarantee	(300,700)	
Total other liabilities		(56,414,294)
Deferred inflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13).		
Pension and OPEB related		(5,837,989)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		54,894
Total Net Position - Governmental Activities		$ (45,960,541)

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Revenues							
Taxes	$ 21,689,130	$ -	$ 1,865,674	$ -	$ -	$ 473,029	$ 24,027,833
Licenses, Permits, and Fees	372,465	-	342,052	7,945	-	169,576	892,038
Tobacco Settlement	-	-	-	-	-	105,477	105,477
Federal Grants and Aid	2,798,945	-	5,196	9,467,110	-	85,507	12,356,758
Assessments	760	-	-	-	-	-	760
State Grants	282	-	-	10,016	-	-	10,298
Lottery Tickets	350,308	-	-	-	-	-	350,308
Charges for Services	17,587	-	58,382	15	-	1,323	77,307
Fines, Forfeits, and Rents	87,899	-	28,102	-	-	34	116,035
Casino Gaming Payments	332,729	-	-	-	-	-	332,729
Investment Earnings	338,294	69,281	50,318	10,477	16,399	27,246	512,015
Sports Wagering	-	-	-	-	-	3,693	3,693
Miscellaneous	85,784	-	12,448	717,344	26,092	162,242	1,003,910
Total Revenues	26,074,183	69,281	2,362,172	10,212,907	42,491	1,028,127	39,789,161
Expenditures							
Current:							
Legislative	160,303	-	-	2,981	-	-	163,284
General Government	2,644,451	-	67,011	273,391	846,040	742,422	4,573,315
Regulation and Protection	609,873	-	129,567	201,549	19,311	192,534	1,152,834
Conservation and Development	314,967	-	8,325	716,177	377,377	123,773	1,540,619
Health and Hospitals	3,106,606	-	-	498,377	12,342	75,599	3,692,924
Transportation	-	-	1,253,993	924,645	16,408	-	2,195,046
Human Services	6,074,779	-	-	6,003,543	-	2,603	12,080,925
Education, Libraries, and Museums	6,062,312	-	-	1,573,103	27,818	3,711	7,666,944
Corrections	2,437,237	-	-	81,340	377	941	2,519,895
Judicial	1,167,021	-	-	52,092	-	62,503	1,281,616
Capital Projects	-	-	-	-	-	1,289,825	1,289,825
Debt Service:							
Principal Retirement	2,036,729	1,031,830	-	-	-	-	3,068,559
Interest and Fiscal Charges	458,518	375,392	553	629,989	4,204	6,618	1,475,274
Total Expenditures	25,072,796	1,407,222	1,459,449	10,957,187	1,303,877	2,500,529	42,701,060
Excess (Deficiency) of Revenues Over Expenditures	1,001,387	(1,337,941)	902,723	(744,280)	(1,261,386)	(1,472,402)	(2,911,899)
Other Financing Sources (Uses)							
Bonds Issued (Retired)	-	-	-	-	1,094,950	1,505,050	2,600,000
Premiums (Discounts) on Bonds Issued	-	25,418	-	-	81,948	169,026	276,392
Capital Contributions	-	-	-	-	-	(25,000)	(25,000)
Transfers In	2,732,004	1,385,566	56,998	757,031	-	218,688	5,150,287
Transfers Out	(3,727,233)	(56,496)	(1,390,887)	(877,881)	(78,845)	(220,158)	(6,351,500)
Refunding Bonds Issued	-	375,270	-	-	-	-	375,270
Payment to Refunded Bond Escrow Agent	-	(423,077)	-	-	-	-	(423,077)
Total Other Financing Sources (Uses)	(995,229)	1,306,681	(1,333,889)	(120,850)	1,098,053	1,647,606	1,602,372
Net Change in Fund Balances	6,158	(31,260)	(431,166)	(865,130)	(163,333)	175,204	(1,309,527)
Fund Balances - Beginning	4,042,108	1,370,233	1,177,249	1,988,443	550,813	1,486,888	10,615,734
Change in Reserve for Inventories	(16,021)	-	(276)	-	-	-	(16,297)
Fund Balances - Ending	$ 4,032,245	$ 1,338,973	$ 745,807	$ 1,123,313	$ 387,480	$ 1,662,092	$ 9,289,910

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

Net change in fund balances - total governmental funds		$ (1,325,824)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-term debt proceeds provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities In the current period, these amounts consist of		
Debt issued or incurred:		
Bonds issued	(2,600,000)	
Refunding bonds issued	(375,270)	
Premium on bonds issued	(276,392)	
Principal repayment:		
Principal Retirement	3,068,559	
Payments to refunded bond escrow agent	423,077	
Interest and Fiscal Charges	(312,971)	
Net debt adjustments		(72,997)
Some capital assets acquired this year were financed with 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		2,277
Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:		
Capital outlays (including construction-in-progress)	2,231,862	
Depreciation/Amortization expense (excluding internal service funds)	(762,513)	
Net capital outlay adjustments		1,469,349
Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which purchases exceeded consumption of inventories.		(16,297)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recognized in the funds. In the current period, the net adjustments consist of:		
Increase in accrued interest	(18,257)	
Amortization of bond premium	269,729	
Amortization of loss on debt refunding's	(9,529)	
Increase in capital contributions	25,000	
Decrease in Net OPEB Liability & Net pension liability	868,578	
Decrease in net deferred inflows related to OPEB & pensions	1,497,433	
Decrease in net deferred outflows related to OPEB & pensions	(927,797)	
Decrease in compensated absences	(640,706)	
Increase in workers' compensation	(6,771)	
Decrease in claims and judgments	(4,618)	
Decrease in landfill post closure cost	2,442	
Decrease in lease liability	9,031	
Decrease in subscription liability	7,408	
Decrease in non-exchange financial guarantees	36,680	
Net expense accruals		1,108,623
Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.		62,931
Internal service funds are used by management to charge the costs of certain activities, to individual funds. The net revenues (expenses) of internal service funds are included with governmental activities in the Statement of Activities.		(2,289)
Change in net position - governmental activities		$ 1,225,773

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2025

(Expressed in Thousands)

	Business-Type Activities						Governmental Activities
	Enterprise Funds						
	University of Connecticut and Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Total	Internal Service Funds
Assets							
Current Assets:							
Cash and Cash Equivalents	$ 782,230	$ 702,671	$ 1,112	$ 9,334	$ 63,149	$ 1,558,496	$ 22,145
Deposits with U.S. Treasury	-	-	165,514	-	-	165,514	-
Investments	726	24,396	-	-	-	25,122	-
Receivables:							
Accounts, Net of Allowances	223,354	79,267	221,994	3,082	6,223	533,920	1,900
Loans, Net of Allowances	892	-	-	172,247	37,267	210,406	-
Leases	1,178	378	-	-	-	1,556	-
Interest	-	-	-	3,668	316	3,984	-
Due from Other Governments	-	5,500	12,107	-	18,182	35,789	-
Due from Other Funds	796	46,842	2,251	-	-	49,889	6,843
Inventories	24,361	-	-	-	-	24,361	7,654
Restricted Assets	158,770	-	-	-	-	158,770	-
Other Current Assets	27,043	7,269	-	-	7	34,319	498
Total Current Assets	1,219,350	866,323	402,978	188,331	125,144	2,802,126	39,040
Noncurrent Assets:							
Cash and Cash Equivalents	-	185,349	-	366,230	82,181	633,760	-
Investments	23,659	29,589	-	-	-	53,248	-
Receivables:							
Loans, Net of Allowances	2,038	3,954	-	843,446	193,413	1,042,851	-
Leases	14,814	1,050	-	-	-	15,864	-
Restricted Assets	30,040	-	-	208,617	51,935	290,592	-
Capital Assets, Net of Accumulated Depreciation	3,586,862	1,904,489	-	-	-	5,491,351	75,660
Other Noncurrent Assets	29,316	3	-	-	-	29,319	13
Total Noncurrent Assets	3,686,729	2,124,434	-	1,418,293	327,529	7,556,985	75,673
Total Assets	$ 4,906,079	$ 2,990,757	$ 402,978	$ 1,606,624	$ 452,673	$ 10,359,111	$ 114,713
Deferred Outflows of Resources							
Unamortized Losses on Bond Refundings	$ -	$ -	$ -	$ 1,547	$ 40	$ 1,587	$ -
Other Deferred Outflows	114	3,355	-	-	-	3,469	-
Total Deferred Outflows of Resources	$ 114	$ 3,355	$ -	$ 1,547	$ 40	$ 5,056	$ -
Liabilities							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 263,541	$ 108,965	$ -	$ 6,993	$ 6,248	385,747	$ 1,585
Due to Other Funds	25,655	287	280	3,082	19,199	48,503	55,892
Due to Other Governments	468	-	5,091	-	-	5,559	-
Current Portion of Long-Term Obligations	107,566	36,374	-	47,175	9,103	200,218	97
Lease Liabilities, Current Portion	12,995	1,886	-	-	-	14,881	-
Subscription Liabilities, Current Portion	14,265	5,139	-	-	-	19,404	-
Unearned Revenue	-	55,634	-	-	-	55,634	-
Other Current Liabilities	110,664	16,012	-	-	-	126,676	-
Total Current Liabilities	535,154	224,297	5,371	57,250	34,550	856,622	57,574
Noncurrent Liabilities:							
Lease Liabilities, Net of Current Portion	188,367	5,603	-	-	-	193,970	-
Subscription Liabilities, Net of Current Portion	17,816	12,990	-	-	-	30,806	-
Noncurrent Portion of Long-Term Obligations	506,680	341,174	-	533,076	113,714	1,494,644	2,245
Total Noncurrent Liabilities	712,863	359,767	-	533,076	113,714	1,719,420	2,245
Total Liabilities	$ 1,248,017	$ 584,064	$ 5,371	$ 590,326	$ 148,264	$ 2,576,042	$ 59,819
Deferred Inflows of Resources							
Deferred Inflows-Leases	$ 15,896	$ 2,030	$ -	$ -	$ -	$ 17,926	$ -
Total Deferred Inflows of Resources	$ 15,896	$ 2,030	$ -	$ -	$ -	$ 17,926	$ -
Net Position (Deficit)							
Net Investment in Capital Assets	$ 1,575,158	$ 1,619,082	$ -	$ -	$ -	$ 3,194,240	$ 75,671
Restricted For:							
Debt Service	1,111,628	-	-	-	-	1,111,628	-
Clean and Drinking Water Projects	-	-	-	759,190	198,831	958,021	-
Capital Projects	199,172	-	-	-	-	199,172	-
Nonexpendable Purposes	16,470	565	-	-	-	17,035	-
Loans	2,465	-	-	-	-	2,465	-
Other Purposes	51,407	95,820	-	-	-	147,227	-
Unrestricted (Deficit)	685,980	692,551	397,607	258,655	105,618	2,140,411	(20,777)
Total Net Position	$ 3,642,280	$ 2,408,018	$ 397,607	$ 1,017,845	$ 304,449	$ 7,770,199	$ 54,894

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Business-Type Activities						Governmental Activities
	Enterprise Funds						
	University of Connecticut and Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
Operating Revenues							
Charges for Sales and Services (Net of Allowances & Discounts $501,676)	$ 1,885,727	$ 456,778	$ -	$ -	$ -	$ 2,342,505	$ 57,050
Assessments	-	-	725,679	-	28,085	753,764	-
Federal Grants, Contracts, and Other Aid	302,222	48,583	242,876	-	-	593,681	-
State Grants, Contracts, and Other Aid	30,218	53,622	11,943	-	-	95,783	-
Private Gifts and Grants	68,432	11,386	-	-	-	79,818	-
Interest on Loans	-	-	-	20,448	4,527	24,975	-
Lease Revenue	2,255	-	-	-	-	2,255	-
Other	200,051	15,253	8,777	-	659	224,740	154
Total Operating Revenues	2,488,905	585,622	989,275	20,448	33,271	4,117,521	57,204
Operating Expenses							
Salaries, Wages, and Administrative	2,691,985	1,205,370	241,803	1,633	16,313	4,157,104	39,426
Unemployment Compensation	-	-	653,076	-	-	653,076	-
Claims Paid	-	-	-	-	18,358	18,358	-
Depreciation and Amortization	234,756	120,228	-	-	-	354,984	22,232
Other	211,810	26,731	-	27,158	19,340	285,039	-
Total Operating Expenses	3,138,551	1,352,329	894,879	28,791	54,011	5,468,561	61,658
Operating Income (Loss)	(649,646)	(766,707)	94,396	(8,343)	(20,740)	(1,351,040)	(4,454)
Nonoperating Revenue (Expenses)							
Interest and Investment Income	40,413	28,269	-	27,654	9,411	105,747	-
Interest and Fiscal Charges	(11,531)	(7,559)	(1,510)	(26,757)	(5,293)	(52,650)	-
Other - Net	258,455	297,137	-	7,422	1,440	564,454	2,416
Total Nonoperating Revenues (Expenses)	287,337	317,847	(1,510)	8,319	5,558	617,551	2,416
Income (Loss) Before Capital Contributions, Grants, and Transfers	(362,309)	(448,860)	92,886	(24)	(15,182)	(733,489)	(2,038)
Capital Contributions	4,908	-	-	-	-	4,908	-
Federal Capitalization Grants	-	-	-	68,108	29,524	97,632	-
Transfers In	397,218	506,048	-	6,572	-	909,838	-
Transfers Out	-	-	(8,837)	-	-	(8,837)	(251)
Change in Net Position	39,817	57,188	84,049	74,656	14,342	270,052	(2,289)
Total Net Position (Deficit) - Beginning	3,662,007	2,313,904	313,558	943,189	290,107	7,522,765	57,183
Impact of Implementation of GASB 101	(59,667)	-	-	-	-	(59,667)	-
Correction of Prior Year Misstatement	123	1,875	-	-	-	1,998	-
Reclassification Magnet Schools from CU to Primary Government	-	35,051	-	-	-	35,051	-
Total Net Position (Deficit) - Beginning (Restated)	3,602,463	2,350,830	313,558	943,189	290,107	7,500,147	57,183
Total Net Position (Deficit) - Ending	$ 3,642,280	$ 2,408,018	$ 397,607	$ 1,017,845	$ 304,449	$ 7,770,199	$ 54,894

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Business-Type Activities						Governmental Activities
	Enterprise Funds						
	University of Connecticut and Health Center	Board of Regents	Employment Security	Clean Water	Other	Totals	Internal Service Funds
Cash Flows from Operating Activities							
Receipts from Customers	$ 2,151,017	$ 439,119	$ 713,563	$ 112,907	$ 48,043	$ 3,464,649	$ 57,350
Payments to Suppliers	(401,805)	(352,902)	-	(27,158)	(19,341)	(801,206)	(3,921)
Payments to Employees	(2,479,053)	(884,854)	-	(1,421)	(14,674)	(3,380,002)	(14,022)
Other Receipts (Payments)	337,850	128,133	(709,038)	(96,572)	(36,412)	(376,039)	(1,293)
Net Cash Provided by (Used in) Operating Activities	(391,991)	(670,504)	4,525	(12,244)	(22,384)	(1,092,598)	38,114
Cash Flows from Noncapital Financing Activities							
Proceeds from Sale of Bonds	-	-	-	-	-	-	-
Retirement of Bonds and Annuities Payable	(35,191)	-	-	(43,040)	(7,910)	(86,141)	-
Interest on Bonds and Annuities Payable	(17,531)	-	-	(26,451)	(5,385)	(49,367)	-
Transfers In	383,899	456,718	-	1,759	-	842,376	-
Transfers Out	-	-	(8,837)	-	-	(8,837)	-
Other Receipts (Payments)	301,380	281,531	-	-	-	582,911	2,416
Net Cash Flows from Noncapital Financing Activities	632,557	738,249	(8,837)	(67,732)	(13,295)	1,280,942	2,416
Cash Flows from Capital and Related Financing Activities							
Additions to Property, Plant, and Equipment	(126,223)	(61,383)	-	-	-	(187,606)	(36,087)
Proceeds from Capital Debt	-	55,124	-	-	-	55,124	-
Principal Paid on Capital Debt	(131,059)	(40,292)	-	-	-	(171,351)	-
Interest Paid on Capital Debt	(91,570)	(8,023)	-	-	-	(99,593)	-
Transfer In	164,993	-	-	-	-	164,993	-
Federal Capitalization Grants	-	-	-	72,897	24,563	97,460	-
Lease Revenue	2,728	-	-	-	-	2,728	-
Payments on leases, net	-	-	-	-	-	-	-
Transfer from State	-	-	-	-	-	-	-
Other Receipts (Payments)	25,504	-	-	-	-	25,504	-
Net Cash Flows from Capital and Related Financing Activities	(155,627)	(54,574)	-	72,897	24,563	(112,741)	(36,087)
Cash Flows from Investing Activities							
Proceeds from Sales and Maturities of Investments	(3,234)	43,673	-	-	-	40,439	-
Purchase of Investment Securities	40,293	(30,258)	-	-	-	10,035	-
Interest on Investments	-	40,825	2,969	27,707	9,413	80,914	-
(Increase) Decrease in Restricted Assets	-	-	-	(45,082)	-	(45,082)	-
Other Receipts (Payments)	183,807	-	-	33,788	6,651	224,246	-
Net Cash Flows from Investing Activities	220,866	54,240	2,969	16,413	16,064	310,552	-
Net Increase (Decrease) in Cash and Cash Equivalents	305,805	67,411	(1,343)	9,334	4,948	386,155	4,443
Cash and Cash Equivalents - Beginning of Year	665,235	820,609	2,455	-	58,201	1,546,500	17,702
Cash and Cash Equivalents - End of Year	$ 971,040	$ 888,020	$ 1,112	$ 9,334	$ 63,149	$ 1,932,655	$ 22,145
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating Income (Loss)	$ (649,646)	$ (766,707)	$ 94,396	$ (8,343)	$ (20,740)	$ (1,351,040)	$ (4,454)
Adjustments not Affecting Cash:							
Depreciation and Amortization	234,756	120,227	-	-	-	354,983	22,232
Other	720	1,068	(4,479)	-	-	(2,691)	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivables, Net	6,046	(20,163)	(90,335)	(3,901)	(10,289)	(118,642)	(1,438)
(Increase) Decrease in Due from Other Funds	(455)	(18)	(80)	-	-	(553)	1,738
(Increase) Decrease in Inventories and Other Assets	(22,546)	1,724	-	-	(7)	(20,829)	(1,447)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	42,435	(6,283)	-	-	8,652	44,804	21,483
Increase (Decrease) in Due to Other Funds	(3,301)	-	5,023	-	-	1,722	-
Increase (Decrease) Deferred Inflows Leases	-	(352)	-	-	-	(352)	-
Total Adjustments	257,655	96,203	(89,871)	(3,901)	(1,644)	258,442	42,568
Net Cash Provided by (Used In) Operating Activities	$ (391,991)	$ (670,504)	$ 4,525	$ (12,244)	$ (22,384)	$ (1,092,598)	$ 38,114
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets							
Cash and Cash Equivalents - Current	$ 782,230	$ 702,671					
Cash and Cash Equivalents - Noncurrent	-	185,349					
Cash and Cash Equivalents - Current Restricted	158,770	-					
Cash and Cash Equivalents - Noncurrent Restricted	30,040	-					
	$ 971,040	$ 888,020					
Noncash Investing, Capital, and Financing Activities:							
Proceeds from refunding bonds	-	-					
Amortization of premiums, discounts, and net loss on debt refunding's	24,309	-					
Acquisition of right-to-use lease and subscription assets	34,868	-					
Acquisition of equipment under installment purchase agreement	-	7,121					
Capital assets acquired through gifts	1,194	-					
Unrealized gain (loss) on investment	405	-					
Loss on disposal of capital assets	(1,115)	-					
Mortgage proceeds held by Trustee in construction escrow account	-	-					
Funds held in escrow	1	-					
Change in endowment	-	-					

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2025

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private-Purpose Trust Fund Escheat Securities	Private-Purpose Trust Fund Baby Bonds	Fiduciary Component Unit Paid Family Medical Leave Authority	Custodial Funds
Assets						
Current:						
Cash and Cash Equivalents	$ 517,152	$ -	$ -	$ -	$ 600,396	$ 563,129
Receivables:						
Accounts, Net of Allowances	43,078	-	-	-	121,800	2,671
Due from Other Governments	12	-	-	-	132	-
Due from Other Funds	1,489,844	-	-	-	-	-
Interest	3,388	11,929	-	36	-	762
Investments (See Note 3)	62,340,312	4,547,874	-	487,909	-	-
Securities Lending Collateral	5,428,491	-	-	-	-	-
Other Assets	-	119	-	-	244	323,586
Noncurrent:						
Due From Employers	8,626	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	2,215	-
Other Assets	-	-	8,289	-	-	-
Total Assets	$ 69,830,903	$ 4,559,922	$ 8,289	$ 487,945	$ 724,787	$ 890,148
Deferred Outflows of Resources						
Related to Pensions & Other Postemployment Benefits	$ -	$ -	$ -	$ -	$ 19,898	$ -
Total Deferred Outflows of Resources	$ -	$ -	$ -	$ -	$ 19,898	$ -
Liabilities						
Accounts Payable and Accrued Liabilities	$ 28,509	$ 16,487	$ -	$ -	$ 76,553	$ 1
Securities Lending Obligation	5,428,491	-	-	-	-	-
Compensated Absences	-	-	-	-	901	-
Due to Other Funds	2,388	-	-	-	-	-
Other Current Liabilities	-	-	-	-	1,602	-
Total Current Liabilities	5,459,388	16,487	-	-	79,056	1
Noncurrent Liabilities:						
Pension & OPEB Liability	-	-	-	-	28,924	-
Noncurrent Portion of Long-Term Obligations	-	-	-	-	9,612	-
Total Noncurrent Liabilities	-	-	-	-	38,536	-
Total Liabilities	$ 5,459,388	$ 16,487	$ -	$ -	$ 117,592	$ 1
Other Deferred Inflows						
Related to Pensions & Other Postemployment Benefits	$ -	$ -	$ -	$ -	$ 4,134	$ -
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ -	$ 4,134	$ -
Net Position						
Restricted for:						
Pension Benefits	$ 60,472,054	$ -	$ -	$ -	$ -	$ -
Other Postemployment Benefits	3,899,461	-	-	-	-	-
Pool Participants	-	4,543,435	-	487,945	-	-
Individuals, Organizations, and Other Governments	-	-	8,289	-	622,959	890,147
Total Net Position	$ 64,371,515	$ 4,543,435	$ 8,289	$ 487,945	$ 622,959	$ 890,147

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private-Purpose Trust Fund Escheat Securities	Private-Purpose Trust Fund Baby Bonds	Fiduciary Component Unit Paid Family Medical Leave Authority	Custodial Funds
Additions						
Contributions:						
Plan Members	$ 893,830	$ -	$ -	$ -	$ -	$ -
State	6,041,538	-	-	-	-	-
Municipalities	166,322	-	-	-	-	-
Participant Contributions	-	-	-	-	479,406	-
Total Contributions	7,101,690	-	-	-	479,406	-
Investment Income	6,314,436	241,870	-	45,899	27,595	455
Less: Investment Expense	(456,292)	(554)	-	-	-	-
Net Investment Income	5,858,144	241,316	-	45,899	27,595	455
Insurance Securities	-	-	-	-	-	310,921
Escheat Securities Received	-	-	65,866	-	-	-
Pool's Share Transactions	-	501,428	-	-	-	-
Transfer In	-	-	-	-	-	300,000
Other	64,153	-	(20,294)	-	-	46,961
Total Additions	13,023,987	742,744	45,572	45,899	507,001	658,337
Deductions						
Administrative Expense	1,034	-	-	-	493,684	144,041
Benefit Payments and Refunds	6,323,214	-	-	-	-	-
Escheat Securities Returned or Sold	-	-	45,600	-	-	-
Distributions to Pool Participants	-	241,316	-	-	-	-
Depreciation & Amortization	-	-	-	-	1,441	-
Other	143,383	-	-	-	478	358,512
Total Deductions	6,467,631	241,316	45,600	-	495,603	502,553
Change in Net Position Held In Trust For:						
Pension and Other Employee Benefits	6,556,356	-	-	-	-	-
Individuals, Organizations, and Other Governments	-	501,428	(28)	45,899	11,398	155,784
Net Position - Beginning	57,840,976	4,042,007	8,317	400,297	611,561	790,137
Correction of Prior Year Posting Error	(25,817)	-	-	41,749	-	(55,774)
Net Position - Beginning (Restated)	57,815,159	4,042,007	8,317	442,046	611,561	734,363
Net Position - Ending	$ 64,371,515	$ 4,543,435	$ 8,289	$ 487,945	$ 622,959	$ 890,147

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2025

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12/31/2024)	Connecticut Lottery Corporation	Connecticut Airport Authority	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Current Assets:						
Cash and Cash Equivalents	$ -	$ 18,624	$ 144,251	$ 467	$ 205,381	$ 368,723
Investments	-	3,896	-	19,853	805,781	829,530
Receivables:						
Accounts, Net of Allowances	-	35,154	7,959	1,558	30,353	75,024
Loans, Net of Allowances	-	-	-	1,302	3,954	5,256
Interest Receivable	-	837	-	58	3,198	4,093
Due From Primary Government	-	-	5,729	-	14	5,743
Due From Other Governments	-	-	55,070	72	-	55,142
Restricted Assets	1,394,124	-	13,578	838,262	102,713	2,348,677
Leases Receivable	-	-	6,576	-	5,321	11,897
Other Current Assets	-	1,642	1,921	284	31,764	35,611
Total Current Assets	1,394,124	60,153	235,084	861,856	1,188,479	3,739,696
Noncurrent Assets:						
Investments	-	108,311	-	-	179,590	287,901
Accounts, Net of Allowances	-	-	-	-	103,975	103,975
Loans, Net of Allowances	-	-	-	7,072	285,330	292,402
Leases Receivable	-	-	137,094	-	46,131	183,225
Restricted Assets	5,645,748	-	82,321	193,227	185,570	6,106,866
Capital Assets, Net of Accumulated Depreciation	3,621	22,967	727,773	2,525	717,869	1,474,755
Other Noncurrent Assets	-	4,915	-	-	12,571	17,486
Total Noncurrent Assets	5,649,369	136,193	947,188	202,824	1,531,036	8,466,610
Total Assets	$ 7,043,493	$ 196,346	$ 1,182,272	$ 1,064,680	$ 2,719,515	$ 12,206,306
Deferred Outflows of Resources						
Unamortized Losses on Bond Refundings	$ 46,700	$ -	$ 25	$ -	$ -	$ 46,725
Related to Pensions & Other Postemployment Benefits	29,969	20,160	33,958	-	36,181	120,268
Other	-	-	-	-	1,920	1,920
Total Deferred Outflows of Resources	$ 76,669	$ 20,160	$ 33,983	$ -	$ 38,101	$ 168,913

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF NET POSITION
COMPONENT UNITS (Continued)

June 30, 2025

(Expressed in Thousands)

Liabilities	Connecticut Housing Finance Authority (12/31/2024)	Connecticut Lottery Corporation	Connecticut Airport Authority	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Current Liabilities:						
Accounts Payable and Accrued Liabilities	$ 257,083	$ 6,659	$ 80,102	$ 2,426	$ 213,559	$ 559,829
Current Portion of Long-Term Obligations	444,157	4,662	11,060	11,770	12,073	483,722
Due To Primary Government	-	-	-	-	77,550	77,550
Due to Component Units	-	-	-	-	6,369	6,369
Due To Other Funds	-	-	-	85	-	85
Unearned Revenue	-	-	-	-	135,209	135,209
Lease Liabilities, Current	-	2	-	208	603	813
Subscription Liabilities, Current	-	-	-	-	323	323
Amount Held for Institutions	-	-	-	718,740	-	718,740
Other Liabilities	-	30,978	6,156	-	187	37,321
Total Current Liabilities	701,240	42,301	97,318	733,229	445,873	2,019,961
Noncurrent Liabilities:						
Pension & OPEB Liability	104,453	80,031	117,551	-	98,828	400,863
Lease Liabilities, Net of Current Portion	-	13,540	-	2,128	5,351	21,019
Noncurrent Portion of Long-Term Obligations	5,310,027	108,311	195,247	240,616	134,702	5,988,903
Total Noncurrent Liabilities	5,414,480	201,882	312,798	242,744	238,881	6,410,785
Total Liabilities	$ 6,115,720	$ 244,183	$ 410,116	$ 975,973	$ 684,754	$ 8,430,746
Other Deferred Inflows						
Related to Pensions & Other Postemployment Benefits	$ 36,614	$ 27,154	$ 33,006	$ -	$ 24,712	$ 121,486
Deferred Inflows Leases	-	-	134,318	-	45,714	180,032
Other Deferred Inflows	203,322	-	-	626	-	203,948
Total Deferred Inflows of Resources	$ 239,936	$ 27,154	$ 167,324	$ 626	$ 70,426	$ 505,466
Net Position				-		
Net Investment in Capital Assets	$ 3,621	$ 9,422	$ 487,085	$ 392	$ 533,334	$ 1,033,854
Restricted:				-		
Debt Service	-	-	13,578	-	-	13,578
Bond Indentures	760,885	-	17,087	-	-	777,972
Expendable Endowments	-	-	-	-	22,353	22,353
Nonexpendable Endowments	-	-	-	-	800,500	800,500
Capital Projects	-	-	51,168	-	-	51,168
Other Purposes	-	-	-	38,611	226,982	265,593
Unrestricted (Deficit)	-	(64,253)	69,897	49,078	419,267	473,989
Total Net Position (Deficit)	$ 764,506	$ (54,831)	$ 638,815	$ 88,081	$ 2,002,436	$ 3,439,007

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Connecticut Housing Finance Authority (12/31/2024)	Connecticut Lottery Corporation	Connecticut Airport Authority	Connecticut Health and Educational Facilities Authority	Other Component Units	Totals
Connecticut Housing Finance Authority (12/31/2024)	$ 264,981	$ 148,229	$ -	$ -	$ (116,752)	$ -	$ -	$ -	$ -	$ (116,752)
Connecticut Lottery Corporation	1,786,840	1,789,685	-	-	-	2,845	-	-	-	2,845
Connecticut Airport Authority	146,686	160,117	-	60,507	-	-	73,938	-	-	73,938
Connecticut Health and Educational Facilities Authority	21,017	20,576	-	-	-	-	-	(441)	-	(441)
Other Component Units	278,722	246,678	24,444	53,737	-	-	-	-	46,137	46,137
Total Component Units	$ 2,498,246	$ 2,365,285	$ 24,444	$ 114,244	(116,752)	2,845	73,938	(441)	46,137	5,727
General Revenues:										
Investment Income (Loss)					108,511	6,377	8,325	4,461	110,479	238,153
Transfer In					-	-	-	-	(86,036)	(86,036)
Total General Revenues					108,511	6,377	8,325	4,461	24,443	152,117
Change in Net Position					(8,241)	9,222	82,263	4,020	70,580	157,844
Net Position (Deficit)-Beginning					772,747	(64,053)	556,552	-	2,008,511	3,273,757
Consolidation and Change in Presentation from Nonmajor to Major					-	-	-	84,061	(84,061)	-
Change in Treatment of OPEB Liability					-	-	-	-	7,157	7,157
Impact of Implementation of GASB 101					-	-	-	-	249	249
Net Position (Deficit)-Beginning (Restated)					772,747	(64,053)	556,552	84,061	1,931,856	3,281,163
Net Position (Deficit)-Ending					$ 764,506	$ (54,831)	$ 638,815	$ 88,081	$ 2,002,436	$ 3,439,007

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

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Note 1
Summary of Significant Accounting Policies

a. Basis of Presentation

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

b. Reporting Entity

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

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

The Connecticut Housing Finance Authority, Materials Innovation and Recycling Authority Dissolution Authority, Connecticut Health and Educational Facilities Authority, and Capital Region Development Authority are reported as component units because the State appoints a voting majority of the organization's governing board and is contingently liable for the portion of the organization's bonded debt that is secured by a special capital reserve fund, or other contractual agreement.

The State appoints a voting majority of the organization's governing board and can access the resources for Connecticut Innovations, Incorporated, and Connecticut Green Bank, therefore, these organizations are reported as component units.

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

The Connecticut Airport Authority and the Connecticut Port Authority are reported as component units because the nature and significance of their relationship with the State are such that it would be misleading to exclude the authorities from the State's reporting entity.

The State's major and nonmajor component units are:

Connecticut Housing Finance Authority (CHFA)

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ended on December 31, 2024.

Connecticut Airport Authority (CAA)

CAA was established to develop, improve, and operate Bradley International Airport and the State's five general aviation airports (Danielson, Groton-New London, Hartford-Brainard, Waterbury-Oxford, and Windham airports).

Materials Innovation and Recycling Authority (MIRA) Dissolution Authority

MIRA Dissolution Authority was established to replace the Materials Innovation & Recycling Authority (MIRA) and effectively assumed all MIRA's underlying statutory duties, authorities and capabilities, and will continue MIRA's ongoing waste transfer operations until acceptable alternatives become available. It is responsible for the planning, design, construction, financing, management, ownership, operations and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. It has also been charged with additional activities related to MIRA's dissolution. Specifically, the MIRA Dissolution Authority is to identify the immediate environmental needs and knowledge necessary for future redevelopment at the site of the now closed waste to energy facility in Hartford, which is to include engaging representatives of Hartford and other stakeholders with respect to the future of the site. The MIRA Dissolution Authority will be dissolved on July 1, 2026. Note 26 contains additional information on this event.

Connecticut Health and Educational Facilities Authority (CHEFA)
CHEFA was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

The Connecticut Higher Education Supplemental Loan Authority (CHESLA) was created to assist students, their parents, and institutions of higher education to finance cost of higher education through its bond funds. In prior years, CHESLA was reported as a separate component unit of the State. However, Public Act 12-149 statutorily consolidated CHESLA with CHEFA making CHESLA a component unit of CHEFA. Therefore, starting in fiscal year 2025, CHESLA's activity is included within CHEFA for financial reporting purposes.

The Connecticut Student Loan Foundation (CSLF) was established as a Connecticut state chartered nonprofit corporation established pursuant to Connecticut State Statute Chapter 187a for the purpose of improving educational opportunity. CSLF is empowered to achieve this by originating and acquiring student loans and providing appropriate service incident to the administration of programs, which are established to improve educational opportunities. CSLF no longer originates or acquires student loans. In prior years, CSLF was reported as a separate component unit of the State. However, Public Act 14-217 statutorily consolidated CSLF with CHEFA by making CSLF a component unit of CHEFA. Therefore, starting in fiscal year 2025, CSLF's activity is included within CHEFA for financial reporting purposes.

Capital Region Development Authority (CRDA)
CRDA markets major sports, convention, and exhibition venues in the region.

Connecticut Innovations, Incorporated (CI)
CI was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

Connecticut Green Bank (CGB)
CGB uses public and private funds to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean energy and the deployment of clean energy sources within the State.

Connecticut Lottery Corporation (CLC)
CLC was created in 1996 for the purpose of generating revenues for the State through the operation of a lottery.

Connecticut Port Authority (CPA)
CPA was established to grow Connecticut's maritime economy and create jobs by strategically investing in the State's three deep water ports and small harbors.

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

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

The State also reports the following fiduciary component unit:

Fiduciary Component Unit (Connecticut Paid Family Medical Leave Authority (PFMLA)) – PFMLA was established pursuant to Public Act No 19-25. The main objective of the Authority is to establish and administer a paid leave program to eligible employees funded by the employees under the Connecticut Paid Family and Medical Leave Insurance Act.

The Family and Medical Leave Insurance Trust Fund is a non-lapsing fund held by the State Treasurer to hold all contributions and other amounts intended for the Trust. The amounts in the Trust shall not constitute property of the State and the trust is not a department, institution, or agency of the State. The State has no duty to pay obligations of the Trust and all amounts to be paid from the Trust are limited to amounts in the Trust. In accordance with GASB 84 *Fiduciary Activities,* PFMLA has been classified as a Fiduciary Component Unit and presented in the fiduciary fund financial statements.

c. Related Organizations
The Community Economic Development Fund, Connecticut Health Insurance Exchange, and Connecticut Foundation Solutions Indemnity Company, Inc. 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.

d. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

When both restricted and unrestricted resources are available for use, the State generally uses restricted resources first, then unrestricted resources as needed. There may be occasions when restricted funds may only be spent in proportion to unrestricted funds spent.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments; and b) grants and contributions that are restricted to meeting the operational or capital needs of a function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues. Even though Internal Service funds are part of the proprietary reporting, for government-wide reporting they are included within the governmental activities because these services are rendered primarily for the benefit of activities within the governmental funds.

Fund Financial Statements

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

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

University of Connecticut 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.

Board of Regents - This fund is used to account for the operations of the State University System, CT State Community College, and Charter Oak State College, which consists of four universities: Central, Eastern, Southern, and Western; one community college comprised of twelve campuses; and one on-line college.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the State with legal representation provided through the State Attorney General's Office. Since the colleges and universities are legally part of the State, their financial operations are reported in the State's financial statements using the fund structure prescribed by the Government Accounting Standards Board.

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

Clean Water - This fund is used to account for resources used to provide grants and loans to municipalities to finance wastewater treatment facilities.

In addition, the State reports the following fund types:

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

Pension Trust Funds - These funds account for resources held in the custody of the State for the members and beneficiaries of the State's pension plans. These plans are discussed more fully in Notes 10, 11, and 12.

Other Postemployment Benefit (OPEB) Trust Funds - These funds account for resources held in trust for the members and beneficiaries of the State's other postemployment benefit plans which are described in notes 13 and 14.

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

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

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

e. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers taxes and other revenues to be available if the revenues are collected within 60 days after year-end. Exceptions to this policy are federal grant revenues, which are available if collection is expected within 12 months after year-end, and licenses and fees which are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and

claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

f. Assets and Liabilities

Cash and Cash Equivalents (see Note 3)

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

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

Investments (see Note 3)

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

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

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

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

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

Inventories

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

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, railways, and similar items), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than $5,000 and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated fair value at the date of donation, or in the case of gifts at acquisition value.

Works of art and historical treasures are not capitalized if meeting all three of the following criteria: (1) held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) protected, kept unencumbered, cared for, and preserved; and (3) subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include historical documents, rare books and manuscripts, guns, and paintings. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized at historical or acquisition cost and included in the government-wide financial statements.

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. Cumulative costs incurred on major capital assets under construction but not yet placed in service are capitalized and reported as construction in progress. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend the useful life of an asset are not capitalized.

The State routinely engages in lease agreements to meet operational needs. The State's lease contracts generally relate to buildings and associated facilities, such as parking, and various machinery and equipment. In addition, the State has entered into various subscription-based information technology arrangements to support its services. Intangible right-to-use (RTU) assets associated with these leases/subscriptions are defined by

the State as leased assets whose future lease/subscription payments through the lease/subscription term are $300,000 or greater. Component units of the State have established their own thresholds for defining lease and subscription assets whose future lease/subscription payments run through the lease/subscription term.

For short-term leases/subscriptions with a maximum possible term of 12 months or less at commencement, the State recognizes period revenue or expenditures based on the provisions of the contract. For all other subscriptions and contracts where the State is the lessee, the State recognizes the lease/subscription liability and an RTU asset based on the present value of future payments over the contracted term of the lease/subscription. RTU assets are amortized over the shorter of the lease/subscription term or the useful life of the underlying asset using the effective interest rate, and the liability is reduced by the principal portion of the lease/subscription payments made.

On a more limited basis, the State serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term, and the deferred inflow of resources is amortized evenly over the life of the lease.

The State uses an estimated incremental borrowing rate as the discount rate for leases/subscriptions unless the rate charged is known. The incremental borrowing rate is based on the interest rate the State would pay to borrow during the lease/subscription term. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease/subscription, the present value is remeasured, and corresponding adjustments are made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenditures in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

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

Buildings	40 years
Improvements Other than Buildings	10-20 years
Machinery and Equipment	5-30 years
Software	2-6 years
Infrastructure	20-28 years

Securities Lending Transactions (see Note 3)

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

Escheat Property

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

Unearned Revenues

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as an expense in the year they are incurred. Other significant long-term obligations include the net pension liability, OPEB obligation, compensated absences, workers' compensation claims, lease liability, subscription liability, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds

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

Compensated Absences
The State's compensated absences liability represents the total liability for the cumulative balance of employees' vacation, personal, compensatory, and sick leave that is attributable to service already rendered and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability calculation includes the State's share of Social Security and Medicare and is measured based on salary rates in effect as of the date of the Statement of Net Position. The State uses the first-in, first-out flows assumption when determining its liability, which is reported in the government-wide and proprietary fund financial statements.

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

g. Derivative Instruments
The State's derivative instruments consist of interest rate swap agreements, all of which have been determined by the State to be effective cash flow hedges. Accumulated decreases in the fair value of some of the swaps are reported as deferred outflows of resources in the Statement of Net Position.

h. Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expenditure) until then. These amounts are reported in the Statement of Net Position and fund financial statements in a separate section, after total assets.

Deferred inflows of resources are defined as the acquisition of net assets in one period that are applicable to future period and will not be recognized as an inflow of resources (revenue) until then. These amounts are reported in the Statement of Net Position and fund financial statements in a separate section, after total liabilities.

i. Interfund Activities
The effect of interfund activities has been eliminated from the government-wide statements, the exceptions to this general rule are interfund activities between the general fund and fiduciary funds. In the fund financial statements, interfund activities are reported as follows:

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

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

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

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

j. Endowments
The University of Connecticut and Health Center designate the University of Connecticut Foundation (a component unit of the State) as the manager of the University's and Health Center's endowment funds. The Foundation makes spending distributions to the University and Health Center for each participating endowment. The allocation is spent by the University and Health Center in accordance with the respective purposes of the endowments, the policies and procedures of the University and Health Center, and State statutes, and in accordance with the Foundation's endowment spending policy. Additional information regarding endowments is presented in the UConn Foundation financial report.

k. Supplemental Nutrition Assistance Program (SNAP)
In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, nutrition assistance distributed to recipients during the year is recognized as an expenditure and a revenue in the governmental fund financial statements.

l. External Investment Pool
Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 3). Pool income is determined based on distributions made to the pool's participants.

m. Recently Adopted and Upcoming Accounting Pronouncements
Recently Adopted Accounting Pronouncements
The following GASB accounting pronouncements were adopted during the fiscal year 2025: GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*. The impact of the implementation of GASB Statement No. 101 is included below. The adoption of GASB Statement No. 102 had no material impact on the financial statements.

The implementation of GASB Statement No. 101 resulted in a change in the State's liability calculation of accumulated leave, resulting in a restatement of the prior year's liability for compensated absences resulting in an increase of $273.9 million ($214.2 million in governmental activities and $59.7 million in business-type activities) within note disclosure 16. This also resulted in the restatement of the beginning balance presented on the face of the government-wide financial statements.

Upcoming Accounting Pronouncements
In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement also addresses certain application issues. This statement is effective for fiscal years beginning after June 15, 2025. The State is currently evaluating the impact this standard will have on its financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure required by GASB Statement No. 34. It also requires additional disclosures for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. The State is currently evaluating the impact this standard will have on its financial statements.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The State is currently evaluating the impact this standard will have on its financial statements.

n. Use of Estimates
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosures in the financial statements. Actual results could differ from those estimates.

Note 2
Nonmajor Fund Deficits

The following funds have deficit fund/net position balances at June 30, 2025, none of which constitutes a violation of statutory provisions (amounts in thousands):

Special Revenue		
Regional Market	$	(340)
Capital Projects		
Transportation	$	(718)

The Transportation deficit will be eliminated in the future by the sale of bonds. Bonds have not been issued in this fund since fiscal year 2008. The Regional Market fund deficit was carried forward from prior years and should be eliminated in the future.

Note 3
Cash Deposits and Investments

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

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

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

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

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

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

Primary Government

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

Short-Term Investment Fund (STIF)

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

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

For disclosure purposes, certificates of deposit held by STIF are reported in this note as bank deposits, not as investments. As of June 30, 2025, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund			
		Investment Maturities (in years)	
Investment Type	Amortized Cost	Less Than 1	1-5
Treasury Securities	$ 497,373	$ 497,373	$ -
Federal Agency Securities	1,699,000	1,699,000	-
Bank Commercial Paper	2,181,141	2,181,141	-
Repurchase Agreements	6,550,000	6,550,000	-
Money Market Funds	11,349	11,349	-
Total Investments	$ 10,938,863	$ 10,938,863	$ -

Interest Rate Risk

STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2025, the weighted average maturity of STIF was 21 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20.0 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, 2025, the amount of STIF's investments in variable-rate securities was $5.4 billion.

Credit Risk

STIF's policy for managing credit risk is to purchase short-term, high-quality fixed income securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2025, STIF's investments subject to credit risk were rated by Standard and Poor's as follows (amounts in thousands):

Credit Quality Ratings	Amortized Cost	Percentage of Amortized Cost
A-1+	$ 1,989,889	51.1%
A-1	191,252	4.9%
AAAm	11,349	0.3%
U.S. Government Agency Securities	1,699,000	43.7%
Total	$ 3,891,490	100.0%

Concentration of Credit Risk

STIF reduces its exposure to this risk by ensuring that at least 60.0 percent of fund assets will be invested in securities rated "A-1+" or repos with A-1 banks. In addition, exposure to any single non-governmental issuer will not exceed 5.0 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAm) will not exceed 5.0 percent of fund assets and exposure to money market mutual funds in total will not exceed 15.0 percent. As of June 30, 2025, STIF's investments in any one issuer that represents more than 5.0 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Federal Home Loan Bank	$ 1,000,000

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

STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificates of deposit must be issued from commercial banks whose short-term debt is rated at least "A-1" by Standard and Poor's and "F-1" by Fitch and whose long-term debt is rated at least "A-" or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2025, $7,289,318 of the bank balance of STIF's deposits of $7,400,018 was exposed to custodial credit risk as follows (amounts in thousands):

Uninsured and uncollateralized	$ 7,289,318
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	-
Total	$ 7,289,318

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. The CIFS' investments are reported at fair value in each fund's statement of net position.

For financial reporting purposes, the CIFS are external investment pools and are not reported in the accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements (amounts below in thousands).

	Primary Government		
	Governmental Activities	Business-Type Activities	Fiduciary Funds
Equity in the CIFS	$ 143,656	$ 726	$ 62,340,312
Other Investments	-	24,396	5,035,783
Total Investments-Current	$ 143,656	$ 25,122	$ 67,376,095

The CIFS measure and record their investments using fair value measurement guidelines. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs.

As of June 30, 2025, the CIFS had the following investments (amounts in thousands):

	Fair Value Measurement			
Investments by Fair Value Level	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash Equivalents	$ 2,003,362	$ -	$ 2,003,362	$ -
Asset Backed Securities	383,581	-	383,581	-
Government Securities	4,817,045	-	4,817,045	-
Government Agency Securities	1,613,219	-	1,613,219	-
Mortgage Backed Securities	439,560	-	439,560	-
Corporate Debt	4,251,996	-	4,248,466	3,530
Convertible Securities	17,187	-	17,187	-
Derivatives	-	-	-	-
Common Stock	29,531,526	29,514,181	6,148	11,197
Preferred Stock	56,254	56,154	-	100
Real Estate Investment Trust	466,539	464,256	2,267	16
Mutual Fund	68,939	68,939	-	-
Total	$ 43,649,208	$ 30,103,530	$ 13,530,835	$ 14,843

Investments Measured by Net Asset Value (NAV)		**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Business Development Corporation	234,372	154,607	Illiquid	N/A
Limited Partnerships	19,224,179	14,058,922	Illiquid	N/A
Total	19,458,551	14,213,529		
Total Investments in Securities at Fair Value	$ 63,107,759			

Investments are stated at fair value for each of the CIFS as described below. For the Alternative Investment, Real Assets, Private Credit and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, are shown at values that are carried at the general partner's June 30, 2025 fair value, or net asset value ("NAV") equivalent. The CIFS' assets are fair valued quarterly by the General Partner and at such other times as determined by the General Partner and are based on Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures." The fair value the General Partner assigned to these investments is based upon available information and does not represent necessarily the amount that ultimately might be realized upon sale or maturity. Because of the inherent uncertainty of the fair valuation process, this estimated fair value presented by the General Partner may differ significantly from the fair value that would have been used had a ready market for the security existed, and the difference could be material. The General Partner is responsible for coordination and oversight of all investment valuations.

Interest Rate Risk

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

Following is a schedule which provides information about the interest rate risks associated with the CIFS' investments. The investments include short-term cash equivalents including certificates of deposit and collateral, long-term investments and restricted assets by maturity in years (amounts in thousands):

	Combined Investment Funds				
		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
Cash Equivalents	$ 2,003,362	$ 2,003,362	$ -	$ -	$ -
Asset Backed Securities	383,581	254	90,322	82,744	210,261
Government Securities	4,817,045	30,407	3,293,293	1,020,448	472,897
Government Agency Securities	1,613,219	-	3,102	9,673	1,600,444
Mortgage Backed Securities	439,560	-	23,442	10,169	405,949
Corporate Debt	4,251,996	95,512	2,454,580	1,106,347	595,557
Convertible Debt	17,187	4,206	12,978	3	-
Total	$ 13,525,950	$ 2,133,741	$ 5,877,717	$ 2,229,384	$ 3,285,108

Credit Risk

The CIFS minimize exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2025, the CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt
Aaa	$ 314,898	$ -	$ 115,864	$ 16,888	$ 15,952	$ 137,279	$ 28,915	$ -
Aaa-mf	802,915	802,915	-	-	-	-	-	-
Aa	6,009,221	-	33,194	4,122,784	1,597,267	173,012	82,964	-
A	628,744	-	47,165	26,704	-	12,502	542,373	-
Baa	1,392,560	-	60,134	116,718	-	25,988	1,189,720	-
Ba	936,081	-	3,708	97,662	-	-	834,711	-
B	1,010,906	-	204	33,776	-	-	976,926	-
Caa	471,988	-	7,970	30,396	-	961	432,661	-
Ca	9,888	-	382	338	-	-	9,168	-
C	5,729	-	-	3,417	-	-	2,312	-
Not Rated	1,943,020	1,200,447	114,960	368,362	-	89,817	152,247	17,187
Total	$ 13,525,950	$ 2,003,362	$ 383,581	$ 4,817,045	$ 1,613,219	$ 439,559	$ 4,251,997	$ 17,187

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50.0 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the marketplace. While managers within the fixed income portion of the portfolio can invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolio.

As of June 30, 2025, the CIFS' foreign deposits and investments were as follows (amounts in thousands):

				Fixed Income Securities			Equities		
Foreign Currency	Total	Cash	Cash Equivalent Collateral	Government Securities	Corporate Debt	Mortgage and Asset Backed	Common Stock	Preferred Stock and Mutual Funds	Real Estate Investment Trust Fund
Argentine Peso	$ 96	$ 96	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Australian Dollar	426,324	825	-	-	-	-	401,761	-	23,738
Brazilian Real	292,816	384	-	32,296	1,760	(251)	219,126	39,501	-
Canadian Dollar	88,180	527	-	-	-	-	87,653	-	-
Chilean Peso	9,683	91	-	6,167	-	(20)	2,160	1,285	-
Colombian Peso	13,718	38	-	9,358	2,384	63	1,875	-	-
Czech Koruna	11,650	(8)	-	11,239	-	41	378	-	-
Danish Krone	177,433	75	-	-	-	-	177,358	-	-
Dominican Peso	11,730	-	-	11,730	-	-	-	-	-
Egyptian Pound	6,224	-	-	2,294	3,913	-	17	-	-
Euro Currency	2,906,902	3,507	(1,184)	14,814	2,258	611	2,850,958	13,679	22,259
Ghana Cedi	602	-	-	602	-	-	-	-	-
Hong Kong Dollar	680,337	2,106	-	-	-	-	674,039	-	4,192
Hryvnia	9,290	6,506	-	2,784	-	-	-	-	-
Hungarian Forint	44,423	12	-	11,273	-	15	33,123	-	-
Indian Rupee	404,879	46	-	-	14,328	11	389,782	-	712
Indonesian Rupiah	93,047	251	-	25,066	1,805	-	65,925	-	-
Japanese Yen	1,532,661	11,198	-	-	-	5	1,503,933	-	17,525
Kazakhstan Tenge	1,384	-	-	1,384	-	-	-	-	-
Kenyan Shilling	1,284	-	-	-	-	-	1,284	-	-
Malaysian Ringgit	27,880	87	-	23,388	-	17	4,257	-	131
Mexican Peso	61,422	(625)	-	23,756	5,233	638	32,027	-	393
New Israeli Shekel	46,095	176	-	581	-	-	44,896	-	442
New Taiwan Dollar	274,427	6	-	-	-	-	274,418	-	3
New Zealand Dollar	9,744	13	-	-	-	-	9,492	-	239
Norwegian Krone	48,686	83	-	-	-	-	48,603	-	-
Paraguay Guarani	1,683	-	-	1,683	-	-	-	-	-
Philippine Peso	13,728	173	-	4,786	-	-	8,769	-	-
Polish Zloty	51,125	(44)	(1,081)	15,154	1,265	37	35,794	-	-
Pound Sterling	1,375,463	1,536	-	-	-	1,189	1,346,582	-	26,156
Romanian Leu	7,122	6	-	7,116	-	-	-	-	-
Russian Ruble	2,620	2,620	-	-	-	-	-	-	-
Saudi Riyal	60,717	-	-	-	-	-	60,717	-	-
Singapore Dollar	121,678	254	-	-	-	-	111,914	-	9,510
Sol	24,180	-	-	18,661	5,519	-	-	-	-
South African Rand	152,480	143	-	29,365	603	(42)	122,411	-	-
South Korean Won	403,703	678	-	-	-	-	402,667	358	-
Swedish Krona	168,940	99	-	-	-	38	168,803	-	-
Swiss Franc	686,210	53	-	-	-	-	686,157	-	-
Thailand Baht	63,768	159	-	11,248	-	-	52,361	-	-
Turkish Lira	11,750	2	-	6,353	-	-	5,164	-	231
Uganda Shilling	747	-	-	747	-	-	-	-	-
Uruguayan Peso	1,583	-	-	1,583	-	-	-	-	-
Uzbekistan Sum	575	-	-	-	575	-	-	-	-
Yuan Renminbi	22,582	(136,250)	-	-	-	727	158,105	-	-
Yuan Renminbi (Offshore)	136,640	136,640	-	-	-	-	-	-	-
Zambian Kwacha	545	1	-	544	-	-	-	-	-
Total	$ 10,488,756	$ 31,464	$ (2,265)	$ 273,972	$ 39,643	$ 3,079	$ 9,982,509	$ 54,823	$ 105,531

Derivatives

As of June 30, 2025, the CIFS held the following derivative investments (amounts in thousands):

	2025 Fair Value	2024 Fair Value
Adjustable Rate Securities	$ 1,779,701	$ 1,701,455
Asset Backed Securities	383,581	409,846
Mortgage Backed Securities	439,560	343,769
Forward Mortgage Backed Securities (TBA's)	302,484	346,482
Total	$ 2,905,326	$ 2,801,552

The Core Fixed Income Fund held futures with a notional cost of $350,733,858. The Developed Market International Stock Fund held futures with a notional cost of $51,915,843. Also, the Non-Core Fixed Income Fund held futures with a notional cost of $30,776,349.

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, 2025, the fair value of contracts to buy and contracts to sell was $410.0 million and $407.0 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, 2025, the CIFS had deposits with a bank balance of $44.1 million, all of which was uninsured and uncollateralized. Complete financial information about the STIF and the CIFS can be obtained from financial statements issued by the Office of the State Treasurer.

Other Investments

The University of Connecticut (UConn) measures and records its investments using fair value measurement guidelines. These guidelines have a three tired fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs. As of June 30, 2025, UConn had the following recurring fair value measurements. (amounts in thousands):

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents	$ 671	$ 671	$ -	$ -
Fixed Income Securities	1,815	1,815	-	-
Equity Securities	18,463	18,463	-	-
Other	1,517	1,517	-	-
Total	$ 22,466	$ 22,466	$ -	$ -

Investments Measured by Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Capital Partnerships	$ 191	$ 107	N/A	N/A
Private Real Estate Partnerships	7	35	N/A	N/A
Natural Resource Partnerships	90	5	N/A	N/A
Long/Short Equities	1	-	N/A	N/A
Relative Value	223	-	N/A	N/A
Other	681	-	N/A	N/A
Total	1,193	$ 147		
Total Investments in Securities at Fair Value	$ 23,659			

As of June 30, 2025, the State had other investments and maturities as follows (amounts in thousands):

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	6-10
U.S. Government and Agency Securities	535,208	80,676	257,740	196,792
Guaranteed Investment Contracts	11,771	749	11,022	-
Money Market Funds	16,463	16,463	-	-
Total Debt Investments	563,442	$ 97,888	$ 268,762	$ 196,792
Endowment Pool	21,461			
Other Investments	16,718			
Total Investments	$ 601,621			

Credit Risk

As of June 30, 2025, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

	Other Investments				
		Quality Ratings			
Investment Type	Fair Value	AAA	AA	A	Unrated
U.S. Government and Agency Securities	$ 481,223	$ -	$ 481,223	$ -	$ -
Guaranteed Investment Contracts	11,771	-	-	11,236	535
Money Market Funds	16,463	16,463	-	-	-
Total	$ 509,457	$ 16,463	$ 481,223	$ 11,236	$ 535

Connecticut State Universities had $54.0 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

Custodial Credit Risk-Bank Deposits

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 a percentage 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, 2025, $471.9 million of the bank balance of the Primary Government of $548.7 million was exposed to custodial credit risk as follows (amounts in thousands):

Uninsured and uncollateralized	$ 94,055
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	377,932
Total	$ 471,987

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2024 and June 30, 2025, respectively (amounts in thousands):

Major Component Units					
		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	$ 504	$ -	$ -	$ 5	$ 499
GNMA & FNMA Program Assets	3,173,712	-	1,872	31,999	3,139,841
Money Market	8,645	8,645	-	-	-
Municipal Bonds	29,272	4,946	2,061	2,712	19,553
STIF	1,100,732	1,100,732	-	-	-
MBS's	50	-	50	-	-
Structured Securities	385	-	385	-	-
U.S. Government Agency Securities	677	-	677	-	-
Total Debt Investments	4,313,977	$ 1,114,323	$ 5,045	$ 34,716	$ 3,159,893
Annuity Contracts	112,206				
Total Investments	$ 4,426,183				

The CHFA and the CLC own 97.5 percent and 2.5 percent of the above investments, respectively. The Government National Mortgage Association (GNMA) Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by GNMA. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

Interest Rate Risk

CHFA

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

Credit Risk

CHFA

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

CHFA's investments were rated as of December 31, 2024 as follows (amounts in thousands):

Component Units						
		Quality Ratings				
Investment Type	Fair Value	AAA	AA	Aaa	C	Unrated
Collateralized Mortgage Obligations	$ 504	$ -	$ -	$ 498	$ -	$ 6
GNMA & FNMA Program Assets	3,173,712	-	3,173,712	-	-	-
Money Market	8,645	-	-	7,372	-	1,273
Municipal Bonds	29,272	-	4,590	-	-	24,682
STIF	1,100,732	1,100,732	-	-	-	-
MBS's	50	-	50	-	-	-
Structured Securities	385	-	-	-	385	-
U.S. Government Agency Securities	677	-	677	-	-	-
Total	$ 4,313,977	$ 1,100,732	$ 3,179,029	$ 7,870	$ 385	$ 25,961

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, 2024, the Authority had no investments in any one issuer that represents 5.0 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

Security Lending Transactions

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

During the year, the Agent lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization

Agreement. The Agent did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102.0 percent of the fair value of the domestic loaned securities or 105.0 percent of the fair value of foreign loaned securities.

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit risk exposure to borrowers because the fair value of the collateral held and the fair value of securities on loan were $5.5 billion and $5.4 billion, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 1.9 days and an average weighted maturity of 60.3 days.

Note 4
Receivables-Current

As of June 30, 2025, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	$ 4,083,639	$ -	$ -
Accounts	1,625,010	676,787	85,376
Loans, Current Portion	-	210,406	5,257
Other Governments	813,267	35,789	55,142
Interest	7,267	3,667	3,558
Other	6	317	535
Total Receivables	6,529,189	926,966	149,868
Allowance for Uncollectibles	(758,644)	(142,867)	(10,353)
Receivables, Net	$ 5,770,545	$ 784,099	$ 139,515

Note 5
Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2025 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	$ 936,795	$ -	$ 936,795
Income Taxes	1,813,174	-	1,813,174
Corporations	227,544	-	227,544
Gasoline and Special Fuel	-	277,051	277,051
Various Other	747,023	-	747,023
Total Taxes Receivable	3,724,536	277,051	4,001,587
Allowance for Uncollectibles	(215,493)	(22)	(215,515)
Taxes Receivable, Net	$ 3,509,043	$ 277,029	$ 3,786,072

Note 6
Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2025, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	$ -	$ -	$ 103,975
Loans	1,038,645	1,043,522	311,737
Leases	-	15,864	183,225
Total Receivables	1,038,645	1,059,386	598,937
Allowance for Uncollectibles	(75,849)	(671)	(19,335)
Receivables, Net	$ 962,796	$ 1,058,715	$ 579,602

The Grants and Loans fund (governmental activities) makes loans through the Department of Economic and Community Development to provide financial support to businesses, municipalities, nonprofits, economic development agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten-year period with rates ranging from 2.0 percent to 4.0 percent.

Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20-year period at an annual interest rate of 2.0 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 $843.4 million.

The Connecticut Health and Educational Facilities Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 3.0 percent to 7.7 percent. At year end, the noncurrent portion of loans receivable was $168.7 million.

Note 7
Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2025, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	$ 1,336,925	$ -	$ -	$ -	$ 1,336,925
Environmental	-	-	-	-	-
Total Governmental Activities	$ 1,336,925	$ -	$ -	$ -	$ 1,336,925
Business-Type Activities:					
UConn/Health Center	$ 188,810	$ -	$ -	$ -	$ 188,810
Clean Water	191,473	17,144	-	-	208,617
Other Proprietary	51,710	225	-	-	51,935
Total Business-Type Activities	$ 431,993	$ 17,369	$ -	$ -	$ 449,362
Component Units:					
CHFA	$ 1,293	$ 4,313,976	$ 2,545,381	$ 179,222	$ 7,039,872
CAA	79,690	13,578	-	2,631	95,899
CHEFA	-	845,087	181,139	5,263	1,031,489
Other Component Units	288,282	1	-	-	288,283
Total Component Units	$ 369,265	$ 5,172,642	$ 2,726,520	$ 187,116	$ 8,455,543

Note 8
Current Liabilities

As of June 30, 2025, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Other	Total Payables & Accrued Liabilities
Governmental Activities:					
General	$ 256,765	$ 215,500	$ -	$ -	$ 472,265
Transportation	36,358	13,285	-	-	49,643
Restricted Accounts	269,750	14,522	-	-	284,272
Grants and Loans	16,174	105	-	3,480	19,759
Other Governmental	100,942	7,024	-	-	107,966
Internal Service	1,142	443	-	-	1,585
Reconciling amount from fund financial statements to government-wide financial statements	-	-	341,424	1,487,457	1,828,881
Total-Governmental Activities	$ 681,131	$ 250,879	$ 341,424	$ 1,490,937	$ 2,764,371
Business-Type Activities:					
UConn/Health Center	$ 95,900	$ 109,373	$ -	$ 58,268	$ 263,541
Board of Regents	33,405	74,342	1,218	-	108,965
Other Proprietary	3,994	-	8,559	688	13,241
Total-Business-Type Activities	$ 133,299	$ 183,715	$ 9,777	$ 58,956	$ 385,747
Component Units:					
CHFA	$ 6,586	$ -	$ 25,379	$ 225,118	$ 257,083
Connecticut Lottery Corporation	5,711	-	948	-	6,659
Connecticut Airport Authority	48,396	6,992	3,500	21,214	80,102
CHEFA	-	-	1,140	1,286	2,426
Other Component Units	11,521	1,960	72	200,006	213,559
Total-Component Units	$ 72,214	$ 8,952	$ 31,039	$ 447,624	$ 559,829

Note 9
Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 2,019,718	$ 31,075	$ 423	$ 2,050,370
Construction in Progress	7,541,948	1,479,781	908,592	8,113,137
Art & Historical Collections	224,768	54	191	224,631
Total Capital Assets not being Depreciated	9,786,434	1,510,910	909,206	10,388,138
Capital Assets being Depreciated/Amortized:				
Buildings	4,892,096	43,150	16,084	4,919,162
Improvements other than Buildings	374,208	5,464	1,523	378,149
Equipment	2,542,575	427,206	271,786	2,697,995
Intangible Assets	366,774	6,978	2,330	371,422
Right-to-use Assets - Leases	98,076	7,092	4,815	100,353
Right-to-use Assets - Subscriptions	52,685	7,116	-	59,801
Infrastructure	19,950,550	916,008	-	20,866,558
Total Capital Assets Being Depreciated/Amortized	28,276,964	1,413,014	296,538	29,393,440
Less Accumulated Depreciation/Amortization for:				
Buildings	3,409,206	69,432	16,084	3,462,554
Improvements other than Buildings	206,602	13,365	1,523	218,444
Equipment	1,692,298	140,728	271,786	1,561,240
Intangible Assets	337,747	5,469	2,330	340,886
Right-to-use Assets - Leases	40,194	16,252	4,815	51,631
Right-to-use Assets - Subscriptions	23,516	14,333	-	37,849
Infrastructure	13,806,001	502,934	-	14,308,935
Total Accumulated Depreciation/Amortization	19,515,564	762,513	296,538	19,981,539
Total Capital Assets being Depreciated/Amortized, Net	8,761,400	650,501	-	9,411,901
Governmental Activities Capital Assets, Net	$ 18,547,834	$ 2,161,411	$ 909,206	$ 19,800,039

Depreciation and amortization expenses were charged to functions as follows:

Governmental activities:	
Legislative	$ 6,951
General Government	58,002
Regulation & Protection	25,921
Conservation & Development	4,243
Health & Hospitals	6,278
Transportation	618,731
Human Services	4,388
Education, Libraries & Museums	787
Corrections	21,835
Judicial	15,377
Total	$ 762,513

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	$ 78,213	$ 40	$ -	$ 78,253
Construction in Progress	415,948	118,510	311,157	223,301
Art & Historical Collections	71,018	959	36	71,941
Total Capital Assets not being Depreciated	565,179	119,509	311,193	373,495
Capital Assets being Depreciated/Amortized:				
Buildings	7,658,901	410,716	2,519	8,067,098
Improvements other than Buildings	757,514	5,040	9,305	753,249
Equipment	928,669	51,931	41,311	939,289
Intangible Assets	123,478	6,552	1,973	128,057
Right-to-use Assets - Leases	259,822	15,637	1,889	273,570
Right-to-use Assets - Subscriptions	116,146	26,742	21,041	121,847
Total Capital Assets being Depreciated	9,844,530	516,618	78,038	10,283,110
Less: Accumulated Depreciation/Amortization For:				
Buildings	3,612,127	242,454	3,513	3,851,068
Improvements other than Buildings	338,264	19,222	8,534	348,952
Equipment	714,283	53,303	39,128	728,458
Intangible Assets	86,983	11,480	1,972	96,491
Right-to-use Assets - Leases	53,561	20,400	1,960	72,001
Right-to-use Assets - Subscriptions	61,240	27,009	19,965	68,284
Total Accumulated Depreciation/Amortization	4,866,458	373,868	75,072	5,165,254
Total Capital Assets being Depreciated/Amortized, Net	4,978,072	142,750	2,966	5,117,856
Business-Type Activities, Capital Assets, Net	$ 5,543,251	$ 262,259	$ 314,159	$ 5,491,351

Component Units and Fiduciary Component Unit

Capital assets of the component units and the fiduciary component unit consisted of the following as of June 30, 2025 (amounts in thousands):

Land	$ 490,784
Buildings	1,291,157
Improvements other than Buildings	319,178
Machinery and Equipment	384,312
Intangible Assets	9,897
Right-to-use Assets - Leases	27,297
Right-to-use Assets - Subscriptions	1,941
Construction in Progress	252,865
Total Capital Assets	2,777,431
Accumulated Depreciation/Amortization	1,302,676
Capital Assets, Net	$ 1,474,755

Note 10
State Retirement Systems

The State sponsors three major public employee retirement systems: The State Employees' Retirement System (SERS), which consisting of Tier I, Tier II, Tier IIA, Tier III, and Tier IV; the Teachers' Retirement System (TRS); and the Judicial Retirement System (JRS). The three plans in this note do not issue separate financial statements, nor are they reported as a part of other entities. The financial statements and other required information are presented in Note 12 and in the Required Supplementary Information (RSI) section of these financial statements.

The State Comptroller's Retirement Division, under the direction of the Connecticut State Employees' Retirement Commission (SERC), administers SERS and JRS. SERC consists of sixteen members, and the makeup is as follows: The State Treasurer or a designee who serves as a non-voting ex-officio member, six trustees representing employees are appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements, one "neutral" Chairman, two actuarial trustees and six management trustees appointed by the Governor. The Teachers' Retirement Board (TRB) administers TRS. TRB consists of fourteen members, and the makeup is as follows: The State Treasurer, the Secretary of the Office of Policy and Management, the Commissioner of Education, or their designees, who serve as ex-officio voting members. Six members are elected by teacher membership and five public members are appointed by the Governor.

Special Funding Situation

The employer contributions for TRS are funded by the State on behalf of the participating municipal employers. Therefore, these employers are in a special funding situation and the State is treated as a non-employer contributing entity as defined by GASB 68. As a result, the State reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses. Additionally, the autonomous Component Units that benefit from the services provided by employees of the State are considered, as defined by GASB 68, to be non-employer contributing entities. As such they report a liability, deferred outflows of resources and deferred inflows of resources, and expenses because of being statutorily required to contribute to SERS.

a. Plan Descriptions and Funding Policy

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

	SERS	TRS	JRS
Inactive Members or their Beneficiaries receiving benefits	57,628	40,034	330
Inactive Members Entitled to but not yet Receiving Benefits	3,638	2,457	3
Inactive Members Entitled to a Refund of Member Contributions	0	8,901	0
Active Members	49,023	53,373	208

State Employees' Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 4.0 percent and 6.0 percent of their earnings, respectively, up to the Social Security Taxable Wage Base plus 7.0 percent above that level; Tier I Plan C members are required to contribute 7.0 percent of their earnings; Tier II Plan regular and Hazardous Duty members are required to contribute 2 percent and 6.0 percent of their earnings, respectively; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 4.0 percent and 7.0 percent of their earnings, respectively; Tier IV Hybrid Plan regular and Hazardous Duty members are required to contribute 5.0 percent and 8.0 percent of their earnings, respectively. In years where asset losses require further increases in contributions, Tier IV member contributions may increase by half the necessary increase in rates, up to 2.0 percent. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011 but requires employee contributions 3.0 percent higher than the contribution required from the applicable Tier II/IIA/III plans. Employees in Tier IV Hybrid Plan will be required to contribute 1.0 percent to the Defined Contributions (DC) portion of the Hybrid Plan and my elect additional contribution of up to 3.0 percent of salary to the DC portion. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Teachers' Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 7.0 percent of their annual salary. The State's contribution requirement is determined in accordance with Section 10-183z. Administrative costs of the plan are funded by the State.

Judicial Retirement System

Plan Description

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

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members hired before January 1, 2018 are required to contribute 5.0 percent of their annual salary, and those hired after that date are required to contribute 6.0 percent. The State is required to contribute at an actuarially determined rate that cannot be less than the employer normal cost. Administrative costs of the plan are funded by the State.

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2024.

	SERS		TRS		JRS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%	0.0%	0.0%	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%	0.0%	0.0%	11.0%	6.4%
Emerging Markets Intl. Stock Fund	9.0%	8.6%	0.0%	0.0%	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%	13.0%	0.4%	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%	0.0%	0.0%	5.0%	3.8%
Global Equity Fund	0.0%	0.0%	37.0%	6.8%	0.0%	0.0%
High Yield Bonds	3.0%	3.4%	0.0%	0.0%	3.0%	3.4%
Real Estate Fund	19.0%	5.2%	10.0%	6.2%	19.0%	5.2%
Private Equity	10.0%	9.4%	15.0%	11.2%	10.0%	9.4%
Private Credit	5.0%	6.5%	10.0%	6.1%	5.0%	6.5%
Public Credit	0.0%	0.0%	2.0%	2.9%	0.0%	0.0%
Risk Mitigation	0.0%	0.0%	5.0%	0.1%	0.0%	0.0%
Alternative Investments	3.0%	3.1%	0.0%	0.0%	3.0%	3.1%
Infrastructure and Natural Resources	0.0%	0.0%	7.0%	7.7%	0.0%	0.0%
Liquidity Fund	2.0%	-0.4%	1.0%	-0.4%	2.0%	-0.4%

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Rate of Return:

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 10.1 percent, 10.2 percent, and 10.1 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability

The components of the net pension liability as of the measurement date June 30, 2024 were as follows (amounts in thousands):

	SERS	TRS	JRS
Total Pension Liability	$ 42,869,799	$ 42,259,956	$ 567,245
Fiduciary Net Position	23,901,093	26,488,743	333,134
Net Pension Liability	$ 18,968,706	$ 15,771,213	$ 234,111
Ratio of Fiduciary Net Position to Total Pension Liability	55.75%	62.68%	58.73%

Discount Rate

The discount rate used to measure the total pension liability was 6.9, 6.9, and 6.9 percent for SERS, TRS, and JRS respectively. The projection of cash flows used to determine the SERS, TRS, and JRS discount rates assumed employee contributions will be made at the current contribution rate and that contributions from the State will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for current plan members of SERS and JRS were projected through the year 2127 and 2112, respectively.

Based on those assumptions, SERS, TRS, and JRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the State, calculated using the discount rates of 6.9, 6.9, and 6.9 percent for SERS, TRS, and JRS, as well as what the State's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
SERS Net Pension Liability	$ 23,804,233	$ 18,780,912	$ 14,589,116
TRS Net Pension Liability	$ 21,158,748	$ 15,771,213	$ 11,298,563
JRS Net Pension Liability	$ 291,790	$ 234,111	$ 184,688
Component Units	$ 238,023	$ 187,794	$ 145,880

c. GASB Statement 68 Employer Reporting
Employer Contributions

The following table presents the primary government's and component units' contributions recognized by the pension plans at the reporting date June 30, 2025 (amounts in thousands):

	SERS	TRS	JRS	Total
Primary Government	$ 2,920,623	$ 2,194,180	$ 30,460	$ 5,145,263
Component Units	20,950	-	-	20,950
Total Employer Contributions	$ 2,941,573	$ 2,194,180	$ 30,460	$ 5,166,213

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of the measurement date June 30, 2024, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Proportionate Share of the Net Pension Liability		
State Employees' Retirement System	$ 18,780,912	$ 187,794
Teachers' Retirement System	15,771,213	-
Judicial Retirement System	234,111	-
Total Net Pension Liability	$ 34,786,236	$ 187,794

The primary government's and component units' proportions of the collective net pension liability for the State Employees' Retirement System as of the measurement date June 30, 2024 as follows:

	Primary Government	Component Units
State Employees' Retirement System		
Proportion-June 30, 2024	99.0%	1.0%

For the measurement date June 30, 2024, the primary government and component units recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Pension Expense		
State Employees' Retirement System	$ 2,280,020	$ 13,305
Teachers' Retirement System	1,808,992	-
Judicial Retirement System	38,206	-
	$ 4,127,218	$ 13,305

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' Retirement System				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	$ -	$ 473,486	$ -	$ 4,734
Difference Between Expected and Actual Experience	1,558,829	-	15,587	-
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	6,632	-	34,261	40,144
Change in Assumptions	-	11,918	-	119
Employer Contributions Subsequent to Measurement Date	2,920,623	-	20,950	-
Total	$ 4,486,084	$ 485,404	$ 70,798	$ 44,997
Teachers' Retirement System				
Differences Between Expected and Actual Experience	$ 793,923	$ 67,400		
Change in Assumptions	472,753	-		
Net Difference Between Projected and Actual Earnings on Plan Investments	-	292,653		
Employer Contributions Subsequent to Measurement Date	2,194,180	-		
Total	$ 3,460,856	$ 360,053		
Judicial Retirement System				
Net Difference Between Projected and Actual Earnings on Plan Investments	$ -	$ 2,817		
Differences Between Expected and Actual Experience	17,177	222		
Change in Assumptions	-	-		
Employer Contributions Subsequent to Measurement Date	30,460	-		
Total	$ 47,637	$ 3,039		

State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability reported in the following fiscal year. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in Pension Expense as follows (amounts in thousands):

State Employees' Retirement System Year	Primary Government	Component Units
1	$ 444,291	$ (4,459)
2	807,152	672
3	(55,907)	1,211
4	(126,132)	5,315
5	9,905	2,111
	$ 1,079,309	$ 4,850

Teachers' Retirement System Year	Primary Government
1	$ 330,796
2	674,559
3	(92,099)
4	(93,248)
5	64,584
6	22,031
	$ 906,623

Judges' Retirement System Year	Primary Government
1	$ 11,184
2	9,309
3	(3,631)
4	(2,724)
5	-
	$ 14,138

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	SERS	TRS	JRS
Valuation Date	6/30/2024	6/30/2024	6/30/2024
Inflation	2.5%	2.5%	2.5%
Salary Increases	3.0% to 11.5%	3.0% to 6.5%	4.0%
Investment Rate of Return	6.9%	6.9%	6.9%

The actuarial assumptions used in the June 30, 2024 SERS reported mortality rates based on Pub-2010 mortality tables projected generationally with scale MP-2020. For non-hazardous duty service retirees – General, Above-Median, Healthy Retiree; disabled retirees – General, Disabled Retiree; beneficiaries – General, Above-Median Contingent Annuitant; active employees – General, Above-Median, Employee. For Hazardous duty service retirees – Public Safety, Above-Median, Healthy Retiree; disabled retirees – Public Safety, Disabled Retiree; beneficiaries – Public Safety, Above-Median Contingent Annuitant; active employees – Public Safety, Above-Median, Employee.

The actuarial assumptions used in the June 30, 2024 TRS actuarial report were based on the Pub T-2010 Healthy Retiree Table (adjusted 105.0% for males and 103.0% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The Pub T-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The Pub T-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub T-2010 Employee Table projected generationally with MP-2019 was used for active members.

The actuarial assumptions used in the June 30, 2024 JRS reported mortality rates based on Pub-2010 mortality tables projected generationally with scale MP-2020. For service retirees – General, Above-Median, Healthy Retiree; disabled retirees – General, Disabled Retiree; beneficiaries – General, Above-Median Contingent Annuitant; active employee – General, Above-Median, Employee.

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2024 (amounts in thousands):

Total Pension Liability	**SERS**	**TRS**	**JRS**
Service Cost	$ 496,558	$ 662,011	$ 10,533
Interest	2,805,347	2,737,514	37,170
Benefit Changes	-	-	-
Difference between expected and actual experience	234,546	389,231	(311)
Changes of assumptions	-	-	-
Benefit payments	(2,636,075)	(2,405,827)	(37,690)
Refunds of Contributions	(11,644)	-	-
Net change in total pension liability	888,732	1,382,929	9,702
Total pension liability - beginning (a)	41,981,067	40,877,027	557,543
Total pension liability - ending (c)	**$ 42,869,799**	**$ 42,259,956**	**$ 567,245**
Plan fiduciary net position			
Contributions - employer	$ 2,611,118	$ 1,554,542	$ 35,252
Contributions - member	257,862	368,299	2,297
Net investment income	2,440,048	2,672,900	34,252
Benefit payments	(2,636,075)	(2,405,827)	(37,690)
Administrative Expense	(21,247)	-	-
Refunds of Contributions	(11,644)	-	-
Other	24,490	429,097	-
Net change in plan fiduciary net position	2,664,552	2,619,011	34,111
Plan net position - beginning (b)	21,236,541	23,869,732	299,023
Plan net position - ending (d)	**$ 23,901,093**	**$ 26,488,743**	**$ 333,134**
Net pension liability - beginning (a)-(b)	**$ 20,744,526**	**$ 17,007,295**	**$ 258,520**
Net pension liability - ending (c)-(d)	**$ 18,968,706**	**$ 15,771,213**	**$ 234,111**

d. Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (ARP), a defined contribution plan. ARP 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 5.0 percent of their annual salaries. The State is required to contribute 8.0 percent of covered salary. During the year, plan members and the State contributed $19.4 million and $40.7 million, respectively.

Note 11
Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (MERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above-mentioned systems issue stand-alone financial reports. However, financial statements for MERS and CPJERS are presented in Note 12.

a. Plan Descriptions and Funding Policy

Membership of each plan consisted of the following to date of the latest actuarial information:

	MERS	**CPJERS**
Retirees and beneficiaries receiving benefits	9,218	398
Terminated plan members entitled to but not receiving benefits	1,832	32
Inactive Members Entitled to Refund of Member Contributions	4,626	139
Active plan members	10,361	318
Total	26,037	887
Number of participating employers	187	1

Connecticut Municipal Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute 5.25 percent to 8.0 percent of their annual salary, per Public Act 19-124. Participating municipalities are required to contribute at an actuarially determined rate. The participating municipalities fund administrative costs of the plan.

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

	MERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.3%
Infrastructure and Natural Resources	7.0%	7.7%

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

c. GASB Statement 68 Employer Reporting

Net Pension Liability of Participating Employers

The components of the net pension liability for MERS as of June 30, 2024 were as follows (amounts in thousands):

	MERS
Total Pension Liability	$ 4,832,811
Fiduciary Net Position	3,520,545
Net Pension Liability	$ 1,312,266
Ratio of Fiduciary Net Position to Total Pension Liability	72.8%

Deferred Retirement Option Program (DROP)

Connecticut House Bill 6930 allows a MERS retiree who returns to work for a municipality that does not participate in MERS to participate in and receive credit in that municipality's retirement system. Upon entering the DROP, the member contribution rate is reduced by half. After 24 months of DROP participation, the member contribution rate is reduced to 0.0 percent. The DROP is capped at five years of participation, and will be offered to eligible members beginning July 1, 2025.

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent for MERS. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of MERS, calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate (amounts in thousands):

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
Net Pension Liability	$ 1,897,901	$ 1,312,266	$ 823,479

Deferred outflows and deferred inflows of resources

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees Retirement System		
Difference Between Expected and Actual Experience	$ 117,529	$ -
Changes in actuarial assumptions	106,307	-
Net Difference Between Projected and Actual Investment Earnings on Plan Investments	-	22,967
Employer Contributions Subsequent to Measurement Date	165,988	-
	$ 389,824	$ 22,967

State contributions subsequent to the measurement date will be recognized by a reduction of the net pension liability reported in the following year (amounts in thousands):

Year	MERS
1	$ 59,880
2	140,964
3	8,590
4	(10,032)
5	1,467

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2024 (amounts in thousands):

Total Pension Liability MERS		
Service Cost	$	98,294
Interest on the total pension liability		315,933
Benefit changes		-
Difference between expected and actual		36,422
Changes of assumptions		-
Benefit payments		(259,326)
Refunds of contributions		(3,012)
Net change in total pension		188,311
Total pension liability - beginning		4,644,500
Total pension liability - ending (a)	**$**	**4,832,811**
Plan net position		
Contributions - employer	$	145,612
Contributions - member		46,010
Net investment income		358,397
Benefit payments		(259,326)
Refunds of contributions		(3,012)
Other		3,061
Net change in plan net position		290,742
Plan net position - beginning	**$**	**3,229,803**
Plan net position - ending (b)	**$**	**3,520,545**
Net pension liability - ending (a) -(b)	**$**	**1,312,266**

Actuarial Assumptions

The total pension liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement date:

Inflation	2.5%
Salary increase	3.0 to 9.5 percent, including inflation
Long-Term investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Mortality Tables set-forward one year (except Active employees) and projected generationally with Scale MP-2021.

d. Connecticut Probate Judges and Employees' Retirement System

Plan Description

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

Pension plan assets are pooled for investment purposes, but separate accounts are maintained for each individual court so that each court's share of the pooled assets is legally available to pay the benefits of only its employees. The plan is administered by the State Employee's Retirement Commission.

Funding

Plan members are required to contribute 1.0 percent to 3.8 percent of their annual salary. The probate court system is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the probate court system.

Pension Liability

Information concerning the CPJERS total pension liability and significant assumptions used to measure the plans total pension liability, such as inflation, salary changes, discount rates and mortality are available by contacting the State Comptroller's Retirement Division.

Note 12
Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2025, the Fiduciary Fund financial statements were as follows (amounts in thousands):

	Statement of Fiduciary Net Position						
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges	Other	Total
Assets							
Current:							
Cash and Cash Equivalents	$ 10,934	$ 7,000	$ 168	$ 10,770	$ 203	$ 587	$ 29,662
Receivables:							
Accounts, Net of Allowances	10,933	15,764	142	16,239	-	-	43,078
From Other Governments	-	12	-	-	-	-	12
From Other Funds	894,706	592,750	-	-	-	-	1,487,456
Interest	1,693	1,406	21	254	8	-	3,382
Investments	25,916,084	28,691,138	360,988	3,780,484	153,176	3,436	58,905,306
Securities Lending Collateral	2,250,386	2,508,918	31,362	327,240	13,332	296	5,131,534
Noncurrent:							
Due From Employers	-	-	-	8,626	-	-	8,626
Total Assets	$ 29,084,736	$ 31,816,988	$ 392,681	$ 4,143,613	$ 166,719	$ 4,319	$ 65,609,056
Liabilities							
Accounts Payable and Accrued Liabilities	$ 21	$ 3,042	$ 17	$ -	$ -	$ -	$ 3,080
Securities Lending Obligation	2,250,386	2,508,918	31,362	327,240	13,332	296	5,131,534
Due to Other Funds	-	2,388	-	-	-	-	2,388
Total Liabilities	$ 2,250,407	$ 2,514,348	$ 31,379	$ 327,240	$ 13,332	$ 296	$ 5,137,002
Net Position							
Held in Trust For Employee							
Pension and Other Benefits	$ 26,834,329	$ 29,302,640	$ 361,302	$ 3,816,373	$ 153,387	$ 4,023	$ 60,472,054
Total Net Position	$ 26,834,329	$ 29,302,640	$ 361,302	$ 3,816,373	$ 153,387	$ 4,023	$ 60,472,054

	Statement of Changes in Fiduciary Net Position						
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	$ 246,400	$ 362,308	$ 2,460	$ 47,066	$ 268	$ 35	$ 658,537
State	2,941,573	2,194,180	30,460	-	-	-	5,166,213
Municipalities	-	-	-	165,988	-	-	165,988
Total Contributions	3,187,973	2,556,488	32,920	213,054	268	35	5,990,738
Investment Income (loss)	2,609,246	2,918,300	36,664	382,750	15,704	343	5,963,007
Less: Investment Expenses	(188,942)	(211,322)	(2,655)	(27,716)	(1,137)	(25)	(431,797)
Net Investment Income	2,420,304	2,706,978	34,009	355,034	14,567	318	5,531,210
Other	22,286	19,484	240	2,715	3,477	42	48,244
Total Additions	5,630,563	5,282,950	67,169	570,803	18,312	395	11,570,192
Deductions							
Benefit Payments and Refunds	2,697,326	2,469,052	38,997	274,974	7,646	-	5,487,995
Other	-	-	5	-	-	-	5
Total Deductions	2,697,326	2,469,052	39,002	274,974	7,646	-	5,488,000
Changes in Net Position	2,933,237	2,813,898	28,167	295,829	10,666	395	6,082,192
Net Position Held in Trust For Pension and Other Employee Benefits							
Beginning of Year	23,901,092	26,488,742	333,135	3,520,544	142,721	3,628	54,389,862
End of Year	$ 26,834,329	$ 29,302,640	$ 361,302	$ 3,816,373	$ 153,387	$ 4,023	$ 60,472,054

Note 13
Other Postemployment Benefits (OPEB)

The State sponsors two defined benefit OPEB plans: The State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP).

The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees' Retirement Commission administers the State Employee OPEB Plan. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions. The Teachers' Retirement Board administers the Retired Teachers' Healthcare Plan. None of these plans issue stand-alone statements, however, financial statements for these plans are presented in Note 14.

a. Plan Descriptions and Funding Policy

Membership of each plan consisted of the following to date of the latest actuarial information:

	SEOPEBP	RTHP
Inactive Members or their Beneficiaries receiving benefits	85,696	29,514
Inactive Members Entitled to but not yet Receiving Benefits	470	12,262
Active Members	50,078	53,373

State Employee OPEB Plan
Plan Description

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

Funding Policy

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

Retired Teacher Healthcare Plan

Plan Description

RTHP is a single employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183t of the General Statutes.

Funding Policy

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

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2024, the measurement date.

	SEOPEBP		RTHP	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Expected 20 year Geometric Real Rate of Return
Global Equity	37.0%	6.8%	0.0%	0.0%
Public Credit	2.0%	2.9%	0.0%	0.0%
Core Fixed Income	13.0%	0.4%	0.0%	0.0%
Liquidity Fund	1.0%	-0.4%	0.0%	0.0%
Risk Mitigation	5.0%	0.1%	0.0%	0.0%
Private Equity	15.0%	11.2%	0.0%	0.0%
Private Credit	10.0%	6.1%	0.0%	0.0%
Real Estate	10.0%	6.2%	0.0%	0.0%
Infrastructure and Natural Resources	7.0%	7.7%	0.0%	0.0%
U. S. Treasuries (Cash Equivalents)	0.0%	0.0%	100.0%	3.8%

The long-term expected rate of return on RTHP OPEB plan assets was determined by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The assumption is not expected to change absent a significant change in asset allocation, a change in inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Net OPEB Liability

The components of the net OPEB liability as of June 30, 2024, the measurement date, were as follows (amounts in thousands):

Total Primary Government	SEOPEBP	RTHP
Total OPEB Liability	$ 19,277,639	$ 3,493,571
Fiduciary Net Position	3,126,113	258,353
Net OPEB Liability	$ 16,151,526	$ 3,235,218
Ratio of Fiduciary Net Position to Total OPEB Liability	16.2%	7.4%

Actuarial Assumptions

The total OPEB liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement:

	SEOPEBP	RTHP
Inflation	2.5%	2.5%
Payroll Growth Rate	3.0%	3.0%
Salary Increase	3.0% to 11.5%, varies by service and retirement system, including inflation	3.0% to 6.5%
Discount Rate	6.9% contributory 3.7% non-contributory as of June 30 ,2023 and 3.9% as of June 30, 2024	3.9%
Investment Rate of Return	6.9%	3.0%, net of OPEB plan investment expense including price inflation.
Healthcare Cost Trend Rates	(0.4%), then 5.8% decreasing 0.3% yearly until 4.5% for medical (non-Medicare) 2.3%, then 6.5% decreasing 0.3% yearly until 4.5% for drugs (non-Medicare) 43.0%, 60.5%, 24.4%, then 5.8% decreasing by 0.3% yearly until 4.5% for drugs (Medicare) 2.6%, 4.5%, then 3.0% yearly for dental 4.5% yearly for Part B 1.9%, 3.3%, then 3.0% yearly for administrative expense	6.3%,decreasing to ultimate rate of 4.5% by 2031 Medicare rates known for 2025, 4.5% increase for all subsequent years

Mortality rates for healthy State Employees' OPEB Plan were based on the Pub-2010 General, above-median, employee, retiree, and contingent annuitant headcount-weighted mortality table projected generationally using Scale MP-2020. The Pub-2010 General, disabled retiree headcount-weighted mortality table projected generationally using Scale MP-2020.

Mortality rates for the State Teachers' Retirement System were based on the Pub-T-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above) projected generationally with MP-2019 for the period after service retirement. The Pub-T-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub-T2010 Employee Table projected generationally with MP-2019 was used for active members.

Discount Rate

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 6.9 and 3.9 percent. The projection of cash flows used to determine the discount was performed in accordance with GASB 74.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (amounts in thousands):

	SEOPEBP		
	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
SEOPEBP:			
Primary Government Net OPEB Liability	$ 18,533,367	$ 15,931,933	$ 13,798,689
Component Units Net OPEB Liability	255,449	219,593	190,190

	RTHP		
	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
RTHP Net OPEB Liability	$ 3,940,259	$ 3,235,218	$ 2,684,501

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate (amounts in thousands):

	SEOPEBP		
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rates
SEOPEBP:			
Primary Government Net OPEB Liability	$ 13,620,894	$ 15,931,933	$ 18,779,607
Component Units Net OPEB Liability	187,740	219,593	258,843

	RTHP		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
RTHP Net OPEB Liability	$ 2,655,482	$ 3,235,218	$ 4,023,422

c. GASB Statement 75 Employer Reporting

Employer Contributions

The following table presents the primary government's and component units' contributions recognized by the OPEB plans at the reporting date June 30, 2025 (amounts in thousands):

	SEOPEBP	RTHP	Total
Primary Government	$ 759,406	$ 21,765	$ 781,171
Component Units	10,467	-	10,467
Total Employer Contributions	$ 769,873	$ 21,765	$ 791,638

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post Employees Benefits

As of the measurement date June 30, 2024, the primary government and component units reported net OPEB liabilities for the following plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Proportionate Share of the Net OPEB Liability		
State Employees' OPEB Plan	$ 15,931,933	$ 219,593
Net OPEB Liability		
Retired Teachers' Health Plan	3,235,218	-
Total Net OPEB Liability	$ 19,167,151	$ 219,593

The primary government's and component units' proportions of the collective net OPEB liability for the State Employees' OPEB Plan as of the measurement date June 30, 2024 as follows (amounts in thousands):

	Primary Government	Component Units
State Employees' OPEB Plan		
Proportion-June 30,2024	98.6%	1.4%

For the measurement date June 30, 2024, the primary government and component units recognized OPEB expense (income) for the following OPEB plan administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
OPEB Expense (Income)		
State Employees' OPEB Plan	$ 28,566	$ (5,229)
Retired Teachers' Health Plan	44,826	-
	$ 73,392	$ (5,229)

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' OPEB Plan				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	$ -	$ 7,316	$ -	$ 101
Net Difference Between Expected and Actual Experience in the Total OPEB Liability	86,321	927,594	1,190	12,785
Change in Assumptions	854,917	2,937,279	11,783	40,485
Change in Proportion	21,534	28,235	26,035	19,335
Employer Contributions Subsequent to Measurement Date	834,688	-	7,136	-
Total	$ 1,797,460	$ 3,900,424	$ 46,144	$ 72,706
Retired Teachers' Health Plan				
Difference Between Expected and Actual Experience	$ 1,540,685	$ 744,140		
Change in Assumptions	238,054	304,310		
Differences between projected and actual earnings on plan investments	-	40,619		
Employer Contributions Subsequent to Measurement Date	33,501	-		
Total	$ 1,812,240	$ 1,089,069		

The amount reported as deferred outflows of resources related to OPEB resulting from the State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability reported in the following fiscal year. The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (amounts in thousands):

State Employees' OPEB Plan Year	Primary Government	Component Units
1	$ (1,720,977)	$ (23,993)
2	(1,027,422)	(8,743)
3	(190,408)	846
4	(8,148)	(1,057)
5	9,303	(750)
	$ (2,937,652)	$ (33,697)

Retired Teachers' Health Plan Year	Primary Government
1	$ 29,239
2	42,312
3	16,036
4	165,361
5	228,932
Thereafter	207,790
	$ 689,670

Changes in Net OPEB Liability

The following schedule presents changes in the State's OPEB liability and fiduciary net position for each plan for the measurement date June 30, 2024 (amounts in thousands):

Total OPEB Liability	**SEOPEBP**	**RTHP**
Service Cost	$ 459,204	$ 59,801
Interest	1,041,345	67,106
Difference between expected and actual experience	(232,032)	1,754,214
Changes of assumptions	322,822	(145,568)
Benefit payments	(579,767)	(51,065)
Net change in total OPEB liability	1,011,572	1,684,488
Total OPEB liability - beginning	18,266,067	1,809,083
Total OPEB liability - ending (a)	**$ 19,277,639**	**$ 3,493,571**
Plan fiduciary net position		
Contributions - employer	$ 769,873	$ 21,765
Contributions - member	113,712	59,113
Contributions - nonmember	-	-
Net investment income	291,600	12,911
Benefit payments	(579,767)	(51,065)
Administrative expense	-	(132)
Other	(136,748)	28
Net change in plan fiduciary net position	458,670	42,620
Plan fiduciary net position - beginning	**$ 2,667,443**	**$ 215,733**
Plan fiduciary net position - ending (b)	**$ 3,126,113**	**$ 258,353**
Net OPEB liability - ending (a)-(b)	**$ 16,151,526**	**$ 3,235,218**

d. Other OPEB Plan

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note 14.

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of the most recent actuarial report there were nine municipalities participating in the plan with a total membership of 710 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

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

Note 14
OPEB Trust Funds Financial Statements

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are recognized when due and payable in accordance with the terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds (amounts are in thousands):

	Statement of Fiduciary Net Position			
	Retired Teacher Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	State Employee OPEB Plan	Total
Assets				
Current:				
Cash and Cash Equivalents	$ 290,344	$ 52	$ 197,094	$ 487,490
Receivables:				
From Other Funds	2,388	-	-	2,388
Interest	-	6	-	6
Investments	-	58,913	3,376,093	3,435,006
Securities Lending Collateral	-	5,092	291,865	296,957
Total Assets	$ 292,732	$ 64,063	$ 3,865,052	$ 4,221,847
Liabilities				
Accounts Payable and Accrued Liabilities	$ 660	$ -	$ 24,769	$ 25,429
Securities Lending Obligation	-	5,092	291,865	296,957
Total Liabilities	$ 660	$ 5,092	$ 316,634	$ 322,386
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	$ 292,072	$ 58,971	$ 3,548,418	$ 3,899,461
Total Net Position	$ 292,072	$ 58,971	$ 3,548,418	$ 3,899,461

	Statement of Changes in Fiduciary Net Position			
	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	State Employees' OPEB Plan	Total
Additions				
Contributions:				
Plan Members	$ 119,812	$ 833	$ 114,648	$ 235,293
State	33,501	-	841,824	875,325
Municipalities	-	334	-	334
Total Contributions	153,313	1,167	956,472	1,110,952
Investment Income (loss)	13,153	5,938	332,338	351,429
Less: Investment Expenses	-	(430)	(24,065)	(24,495)
Net Investment Income	13,153	5,508	308,273	326,934
Other	3,797	40	12,072	15,909
Total Additions	170,263	6,715	1,276,817	1,453,795
Deductions				
Administrative Expense	1,034	-	-	1,034
Benefit Payments and Refunds	135,510	1,484	698,225	835,219
Other	-	-	143,378	143,378
Total Deductions	136,544	1,484	841,603	979,631
Changes in Net Position	33,719	5,231	435,214	474,164
Net Position Held in Trust For Pension and Other Employee Benefits				
Beginning of Year	258,353	53,740	3,139,021	3,451,114
Correction of Prior Year Posting Error	-	-	(25,817)	(25,817)
Net Position - Beginning (Restated)	258,353	53,740	3,113,204	3,425,297
End of Year	$ 292,072	$ 58,971	$ 3,548,418	$ 3,899,461

Note 15
Leases, Subscription-Based Information Technology Agreements, and Private-Public Partnerships

State as Lessor

The State leases buildings, space, land, and equipment to private individuals. The State reported leases receivable and related deferred inflows of resources, lease revenues, and interest revenues related to leases as of June 30, 2025 is as follows (amounts in thousands):

Classification	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Business-Type Activities	$ 17,420	$ 17,926	$ 2,627	$ 238
Component Units	$ 195,122	$ 180,032	$ 10,564	$ 7,145

Future principal and interest payment requirements in relation to the State's lease receivable as of June 30, 2025 were as follows (amounts in thousands):

	Business-Type Activities		Component Units	
Fiscal Year(s)	Principal	Interest	Principal	Interest
2026	$ 1,556	$ 988	$ 11,897	$ 7,436
2027	1,615	902	11,883	7,065
2028	1,584	813	12,189	6,679
2029	1,534	723	12,491	6,277
2030	1,535	630	21,000	5,862
2031 to 2035	9,042	1,553	54,597	22,658
2036 to 2040	399	54	39,829	12,249
2041 to 2045	153	18	24,678	3,620
2046 to 2050	2	-	1,684	1,454
2051 to 2055	-	-	2,280	970
2056 to 2060	-	-	2,594	328
Total	$ 17,420	$ 5,681	$ 195,122	$ 74,598

There are no significant leases with options for the lessee to terminate the lease or abate payments if the State issues debt for which the principal and interest payments are secured by the lease payments. There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities considered to be a principal and ongoing operation of the State.

State as Lessee

The State leases office space, buildings, land, and equipment. Lease assets and accumulated amortization as of June 30, 2025 are as follows (amounts in thousands):

Classification	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
Governmental Activities	$ 48,722	$ 51,631	$ 100,353
Business-Type Activities	$ 201,569	$ 72,001	$ 273,570
Component Units	$ 20,964	$ 6,333	$ 27,297

For the purposes of the present value calculation, the State uses the incremental discount rate based on the interest rate it would pay to borrow lease payments during the lease term. The discount rates applicable to the lease agreements ranged from 1.1 to 5.9 percent.

The following table presents lease principal and interest payments to maturity (amounts in thousands):

	Governmental Activities		Business-Type Activities		Component Units	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 12,788	$ 173	$ 14,881	$ 7,906	$ 813	$ 1,215
2027	9,906	130	13,409	6,751	1,252	1,173
2028	7,834	97	11,366	6,228	1,280	1,151
2029	6,635	68	9,151	5,802	1,302	1,128
2030	5,598	44	7,956	5,454	1,392	1,100
2031 to 2035	5,856	55	31,661	23,086	15,793	12,246
2036 to 2040	780	5	19,459	18,276	-	-
2041 to 2045	43	-	18,828	14,187	-	-
2046 to 2050	-	-	19,024	11,073	-	-
2051 to 2055	-	-	24,859	7,520	-	-
2056 to 2060	-	-	25,891	3,650	-	-
2061 to 2065	-	-	12,366	385	-	-
Total	$ 49,440	$ 572	$ 208,851	$ 110,318	$ 21,832	$ 18,013

There are no significant residual payments excluded from the measurement of the lease liabilities. There are no significant outflows of resources recognized in fiscal year 2025 for residual payments, including residual value guarantees or termination penalties. There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

Subscription-Based Information Technology Agreements (SBITAs)

The State entered into various SBITAs that convey control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. SBITAs entered into, or in place, during the fiscal year include various desktop and server software subscriptions; budgeting, accounting, and information system software; and document management software. SBITA right-to-use assets and accumulated amortization as of June 30, 2025, are as follows (amounts in thousands):

Classification	Net Asset Balance	Accumulated Amortization	Gross Asset
Governmental Activities	$ 21,952	$ 37,849	$ 59,801
Business-Type Activities	$ 53,563	$ 68,284	$ 121,847
Component Units	$ 323	$ 1,617	$ 1,940

Future principal and interest payment requirements in relation to the State of Connecticut's SBITAs as of June 30, 2025 are as follows (amounts in thousands):

	Governmental Activities		Business-Type Activities		Component Units	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 16,589	$ 755	$ 19,404	$ 2,325	$ 323	$ -
2027	3,066	224	13,499	1,425	-	-
2028	1,853	125	7,081	778	-	-
2029	281	81	3,894	509	-	-
2030	94	72	3,418	314	-	-
2031 to 2035	223	336	2,914	192	-	-
2036 to 2040	286	259	-	-	-	-
2041 to 2045	367	178	-	-	-	-
2046 to 2050	470	75	-	-	-	-
2051 to 2055	54	1	-	-	-	-
Total	$ 23,283	$ 2,106	$ 50,210	$ 5,543	$ 323	$ -

Public-Private Partnerships (PPPs)

Connecticut Department of Transportation

The State, acting by and through the Connecticut Department of Transportation (DOT), entered into a concession agreement with Project Service LLC to operate the 23 Service Areas along roadways of Connecticut to meet the needs of the travel public. The contract commenced in 2009 and runs through December 2044. The contract requires Minimum Annual Guaranteed Payments and Participation Payments on Gross Receipts and Gallons of Fuel Sold. DOT maintains title of all real property at each service area together with all fuel service equipment. The agreement granted Project Service LLC the exclusive right to use, operate, manage and maintain the facilities for the permitted use.

Utilizing an incremental borrowing interest rate of 4.5 percent, the State reported net present value receivables and related deferred inflows of resources, lease revenue, and interest revenues related to public-private partnership receivables as of June 30, 2025 as follows (amounts in thousands):

Classification	PPP Installment Receivable	Deferred Inflow of Resources	PPP Revenue	PPP Interest Revenue
Transportation and Governmental Activities	$ 44,964	$ 41,891	$ 2,005	$ 2,271

Future principal and interest payments requirements in relation to the State's public-private partnerships receivables as of June 30, 2025 are as

follows (amounts in thousands):

Fiscal Year(s)	Principal	Interest
2026	$ 765	$ 2,235
2027	803	2,197
2028	843	2,157
2029	885	2,115
2030	1,429	2,071
2031 to 2035	11,221	9,215
2036 to 2040	15,150	6,543
2041 to 2045	13,868	2,451
Total	$ 44,964	$ 28,984

Note 16
Long-Term Liabilities

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2025 (amounts in thousands):

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Bonds:					
General Obligation	$ 16,931,681	$ 2,549,461	$ 2,765,577	$ 16,715,565	$ 1,729,330
Direct Borrowings and Direct Placements	231,055	-	15,790	215,265	15,790
Transportation	7,860,010	1,375,270	1,450,860	7,784,420	413,365
	25,022,746	3,924,731	4,232,227	24,715,250	2,158,485
Plus (Less) Premiums	2,497,067	355,493	269,729	2,582,831	249,256
Total Bonds	27,519,813	4,280,224	4,501,956	27,298,081	2,407,741
Other Long-Term Liabilities: [1]					
Net Pension Liability (Note 10)	37,849,287	7,417,955	10,481,006	34,786,236	-
Net OPEB Liability (Note 13)	16,972,678	3,864,693	1,670,220	19,167,151	-
Compensated Absences*	791,826	427,107	-	1,218,933	790
Workers' Compensation	806,619	26,133	19,362	813,390	24,205
Lease Liabilities	58,471	7,092	16,123	49,440	12,788
Subscription Liabilities	30,691	6,643	14,051	23,283	16,589
Claims and Judgments	32,319	8,050	3,432	36,937	7,434
Landfill Post Closure Care	22,303	-	2,442	19,861	2,442
Contracts Payable & Other	705	-	-	705	-
Non-exchange Financial Guarantees	337,380	-	36,680	300,700	34,040
Total Other Liabilities	56,902,279	11,757,673	12,243,316	56,416,636	98,288
Governmental Activities Long-Term Liabilities	$ 84,422,092	$ 16,037,897	$ 16,745,272	$ 83,714,717	$ 2,506,029

1. In prior years, the General and Transportation funds have been used to liquidate other liabilities.

Business-Type Activities					
Revenue Bonds	$ 1,197,625	$ -	$ 83,405	$ 1,114,220	$ 89,500
Plus/(Less) Premiums and Discounts	121,899	-	11,409	110,490	1,132
Total Revenue Bonds	1,319,524	-	94,814	1,224,710	90,632
Compensated Absences*	260,205	60,803	47,023	273,985	100,994
Federal Loan	3,630	688	723	3,595	468
Lease Liabilities	207,486	16,264	14,899	208,851	14,881
Subscription Liabilities	52,939	26,012	28,741	50,210	19,404
Other	225,031	14,337	35,980	203,388	20,384
Total Other Liabilities	749,291	118,104	127,366	740,029	156,131
Business-Type Long-Term Liabilities	$ 2,068,815	$ 118,104	$ 222,180	$ 1,964,739	$ 246,763
Primary Government Long-Term Liabilities	$ 86,490,907	$ 16,156,001	$ 16,967,452	$ 85,679,456	$ 2,752,792

*** Beginning balance restated for implementation of GASB 101.**

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately $22.3 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations.

The liability was estimated using the cash flow technique and could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2025, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2025	Amounts Due within Year
Bonds Payable (indudes premiums/ discounts)	$ 6,017,793	$ 356,599
Escrow Deposits	296,049	120,548
Annuities Payable	112,973	4,662
Net Pension Liability	187,794	-
Net Post Employment Liability	219,593	-
Lease Liability	21,832	813
Subcription Liability	323	323
Other	43,316	1,021
Total	$ 6,899,673	$ 483,966

Some component units report OPEB liabilities with adjustments from what the State reports; therefore, the notes show a higher liability for OPEB of $6.5 million than the financial statements.

Landfill Closure and Postclosure Care

Public Act 13-247 and section 99 of Public Act 13-184 required the Materials Innovation and Recycling Authority to transfer all legally required reserves and obligations resulting from the closure of the authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State Department of Energy and Environmental Protection (DEEP). During the year ended June 30, 2014, the legal transfer of $35.8 million in post closure care obligations and the concurrent transfer of $31.0 million of Authority reserve funds to the State resulting from the closure of landfills was addressed by a memorandum of understanding ("MOU") between the Authority and DEEP.

By the end of the year ended June 30, 2015, all work associated with the closure of the five landfills was completed. Going forward DEEP is required to reimburse the authority for all postclosure care obligations as the five landfills are now certified as closed. All landfill expense reimbursements paid by DEEP totaled $2.4 million in fiscal year 2025.

GASB Statement No.18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost* applies to closure and postclosure care costs that are paid near or after the date a landfill stops accepting waste. The State recognizes landfill expenditures and related General Fund liabilities using the modified accrual basis of accounting. DEEP estimates the State's landfill liability for closure and postclosure costs based on landfill capacity. Increases or decreases in such estimates are reported as additions or reductions in this line item of the State's long-term liabilities. The liability for these estimated costs is reduced when the costs are actually paid. Actual costs may be higher than estimated due to inflation or changes in permitted capacity, technology or regulation. As of June 30, 2013, all five of the landfills had no capacity available.

Note 17
Long-Term Notes and Bonded Debt

a. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and are supported by the full faith and credit of the State. General Obligation bonds outstanding and bonds authorized but unissued as June 30, 2025, were as follows (amounts in thousands):

Purpose of Bonds	Final Dates	Original Rates	Outstanding	Authorized But Unissued
Capital & Infrastructure Improvements	2026-2043	0.45-5.63%	$ 3,621,553	$ 1,429,590
School Construction	2026-2043	2.00-5.63%	4,407,835	174,000
Municipal & Other Grants & Loans	2026-2036	.31-5.63%	2,875,702	1,954,905
Housing Assistance	2026-2035	1.89-5.35%	750,703	911,594
Elimination of Water Pollution	2026-2038	3.00-5.09%	299,725	34
General Obligation Refunding	2026-2038	1.50-5.00%	2,965,280	-
Pension Obligation	2026-2032	5.69-6.27%	1,773,030	-
Miscellaneous	2026-2034	3.50-5.00%	21,737	12,440
			16,715,565	$ 4,482,563
	Accretion-Various Capital Appreciation Bonds		-	
		Total	$ 16,715,565	

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding as June 30, 2025, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,729,330	$ 761,794	$ 2,491,124
2027	1,685,460	685,883	2,371,343
2028	1,604,680	606,371	2,211,051
2029	1,577,520	530,112	2,107,632
2030	1,506,475	454,934	1,961,409
2031 to 2035	5,435,375	1,311,798	6,747,173
2036 to 2040	2,343,605	436,293	2,779,898
2041 to 2045	833,120	79,255	912,375
Total	$ 16,715,565	$ 4,866,440	$ 21,582,005

Direct Borrowing and Direct Placements

On June 28, 2017, the State issued direct placement debt raising cash from a non-public offering based on a contractual agreement. The State entered into the agreement to take advantage of various favorable terms and at a substantially lower cost than if the State used a traditional public offering. Direct placement debt outstanding as of June 30, 2025 is as follows (amounts in thousands):

Type of debt	Final Maturity Dates	Original Interest Rates	Amount Outstanding
Direct Placements	2037	2.45%	$ 215,265

Future amounts required to pay principal and interest on direct borrowings and direct placements outstanding as June 30, 2025 were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2026	$ 15,790	$ 7,658	$ 23,448
2027	15,790	7,211	23,001
2028	42,500	6,649	49,149
2029	15,790	5,097	20,887
2030	42,500	4,533	47,033
2031 to 2035	64,735	11,331	76,066
2036 to 2040	18,160	985	19,145
Total	$ 215,265	$ 43,464	$ 258,729

GO Demand Bonds

The State enters into standby bond purchase and remarketing agreements with brokerage firms and/or banks upon the issuance of demand bonds. The State issued demand bonds as General Obligation Tax Exempt 2016 Series C bonds maturing in 2034.

Under the Standby Bond Purchase Agreement, the Bank would purchase the put bonds and hold them until they were remarketed. The Bank Bonds would bear a base rate for a period up to 270 days and base rate plus 1.0 percent thereafter. The State is required to pay the standby bond purchase provider a quarterly fee of 0.28 percent of the principal and interest commitment.

The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders. The State is required to pay the remarketing agent a quarterly fee of 0.06 percent per annum on the amount of outstanding demand bond principal.

Term out funding would commence on the 271st day following the bank purchase date. The outstanding bank bonds would be amortized on a quarterly basis for a three-year period as shown below. The interest on the bonds would be calculated at a rate determined per the Standby Bond Purchase Agreement (base rate plus 1.0 percent). For example, at the end of fiscal year 2025, the calculated rate was 9.5 percent, based on the terms of the agreement. The standby bond purchase agreement expired on June 12, 2025. The agreement could be terminated at an earlier date if certain termination events described in the agreement were to occur. As of June 30, 2025, the amount of demand bonds outstanding was $201.5 million. The table below shows the debt service requirements should the bond holders exercise their option in the full amount of the outstanding demand bonds.

Fiscal Year	Beginning Banked Bonds Outstanding	Principal	Interest	Total Debt Service	Ending Bank Bonds Outstanding
First	$ 201,530,000	$ 67,176,667	$ 16,752,181	$ 83,928,848	$ 134,353,333
Second	134,353,333	67,176,667	10,370,398	77,547,065	67,176,667
Third	67,176,667	67,176,667	3,988,615	71,165,281	-

Transportation Related Bonds

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

Transportation Related bonds outstanding and bonds authorized but unissued as June 30, 2025, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure Improvements	2030-2046	1.75-5.25%	$ 6,645,040	$ 6,300,000
STO Refunding	2027-2035	2.00-5.00%	1,139,380	-
			7,784,420	$ 6,300,000
Accretion-Various Capital Appreciation Bonds			-	
		Total	$ 7,784,420	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2025, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2026	$ 413,365	$ 377,376	$ 790,741
2027	473,065	353,086	826,151
2028	491,900	329,120	821,020
2029	506,025	304,330	810,355
2030	501,515	279,312	780,827
2031 to 2035	2,411,780	1,030,038	3,441,818
2036 to 2040	2,010,070	483,488	2,493,558
2041 to 2045	944,935	108,659	1,053,594
2046 to 2050	31,765	794	32,559
	$ 7,784,420	$ 3,266,203	$ 11,050,623

b. Primary Government – Business–Type Activities

Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the Enterprise funds and Component Units. Enterprise funds' revenue bonds outstanding as June 30, 2025, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding
UConn	2026-2054	3.0-5.5%	$ 260,455
Board of Regents	2026-2040	0.35-5.0%	236,585
Clean Water	2026-2039	1.0-5.0%	512,260
Drinking Water	2026-2039	1.0-5.0%	104,920
Total Revenue Bonds			1,114,220
Plus/(Less) premiums and discounts:			
UConn			18,187
Board of Regents			7,648
Clean Water			67,991
Drinking Water			16,664
Revenue Bonds, net			$ 1,224,710

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

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

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. Details on these agreements are disclosed under the separately issued audited financial statements of the fund. Future amounts needed to pay principal and interest on revenue bonds outstanding as June 30, 2025, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2026	$ 89,500	$ 49,028	$ 138,528
2027	82,915	44,935	127,850
2028	76,910	41,226	118,136
2029	89,005	37,756	126,761
2030	88,475	33,669	122,144
2031 to 2035	365,010	119,283	484,293
2036 to 2040	199,275	51,907	251,182
2041 to 2045	51,980	25,916	77,896
2046 to 2050	48,045	11,556	59,601
2051 to 2055	23,105	2,629	25,734
Total	$ 1,114,220	$ 417,905	$ 1,532,125

c. Component Units

Component Units' revenue bonds and notes outstanding as June 30, 2025, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding
CT Housing Finance Authority	2026-2066	0.4-6.3%	$ 5,409,532
CT Health and Educational Facilities Authority	2035-2046	0.01-5.3%	244,085
CT Airport Authority	2026-2054	2.8-5.0%	203,665
CT Regional Development Authority	2026-2034	2.0-5.0%	50,080
CT Green Bank	2026-2039	0.2-7.0%	57,003
Total Revenue Bonds			5,964,365
Plus/(Less) premiums and discounts:			
CHFA			43,814
CHEFA			5,971
CAA			2,642
CRDA			1,041
CT Green Bank			(40)
Revenue Bonds, net			$ 6,017,793

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

The Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated September 27, 1972; a special needs indenture dated September 25, 1995, and other bond resolutions dated October 2009. As of December 31, 2024, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were $5,301.4 million, $55.9 million, and $52.3 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's General fund, and (3) all monies and securities of the Authority's General and Capital Reserve funds. The resolution and indenture Capital Reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. As of December 31, 2024, the Authority has entered into interest rate swap agreements for $867.7 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

The 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. Details on these bonds are disclosed under the separately issued audited financial statements of the Authority.

The Connecticut Airport Authority's revenue bonds are issued to fund maintenance/upgrades of the facilities and finance a portion of the costs to develop and construct a ground transportation center. These bonds are secured by and payable from facility charges, facility payments, net revenue, and PFC revenue generated by the operation of Bradley International Airport. Bond covenants require that certain accounts be established and maintained in the custody of the trustee into which bond proceeds, operating revenue, and investment earnings are deposited. Amounts on deposit at year-end are recognized as restricted assets in the accompanying statement of net position. Details on these bonds are disclosed under the separately issued audited financial statements of the Authority.

Lines of Credit

The Connecticut Housing Finance Authority has a Standby Letter of Credit and Reimbursement Agreement (SBLOC) which provides for CHFA to withdraw funds to directly purchase its own bonds. Upon the successful remarketing of the bonds, the funds are to be reimbursed back to the SBLOC provider. As of December 31, 2024, the amount available under the SBLOC is $125.3 million. No drawings have been made as of December 31, 2024.

The Connecticut Housing Finance Authority has a revolving line of credit agreement with Wells Fargo Bank National Association, proceeds of which were used to acquire single family loan prepayments and redeem the corresponding bonds. The agreement has a maximum line of credit of $75.0 million with an expiration date of July 29, 2026. As of December 31, 2024, the outstanding balance was approximately $75.0 million.

The Connecticut Housing Finance Authority has a revolving line of credit agreement with Bank of America, N.A., proceeds of which were used as a single-family loan warehouse facility. The agreement has a maximum line of credit of $75.0 million with an expiration date of April 30, 2026. As of December 31, 2024, the outstanding balance was $75.0 million.

Capital Reserves

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

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

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding as June 30, 2025, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2026	$ 213,789	$ 222,579	$ 436,368
2027	249,665	219,944	469,609
2028	212,279	211,895	424,174
2029	220,143	204,465	424,608
2030	225,762	196,813	422,575
2031 to 2035	1,235,512	852,490	2,088,002
2036 to 2040	1,025,277	645,067	1,670,344
2041 to 2045	881,949	465,281	1,347,230
2046 to 2050	994,772	272,282	1,267,054
2051 to 2055	571,012	100,984	671,996
2056 to 2060	76,545	21,018	97,563
2061 to 2065	52,440	6,954	59,394
2066 to 2070	5,220	227	5,447
	$ 5,964,365	$ 3,419,999	$ 9,384,364

Conduit Debt

As of June 30, 2025, the Connecticut Health and Educational Facilities Authority had total outstanding principal balances of special obligation bonds of $9,433.0 million. The bonds are issued on behalf of institution to finance the construction of various health and education facilities. These bonds are conduit debt obligations of CHEFA and do not constitute obligations of CHEFA. Therefore, these bonds are not reported with CHEFA's statement of net position. The significant loan programs that comprise the total outstanding bonds are as follows (amounts in thousands):

Program	Principal Balance
Childcare	$ 31,140
Connecticut State University System	236,585
Higher Education	5,159,308
Hospitals	1,694,247
Social and Other	1,116,638
Independent Schools	745,819
Senior Living	449,294
Total	$ 9,433,031

Under terms of the agreement between CHEFA and its borrowers, any costs associated with litigation related to bond issuance are the obligations of the borrowers. CHEFA is indemnified under the terms of the bond agreements.

As of December 31, 2024, the Connecticut Housing and Finance Authority had total outstanding principal balances of conduit debt obligations of million. The programs that comprise the total outstanding conduit debt are as follows (amounts in thousands):

Program	Principal Balance
Multifamily Housing Revenue Bonds	$ 22,630
Multifamily Housing Revenue Notes	2,743
State-Supported Special Obligation Bonds	45,755
Total	$ 71,128

No-commitment Debt

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event

of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2025 were $225.4 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding as of June 30, 2025, were $9,433.0 million, of which $236.6 million was secured by special capital reserve funds.

d. Debt Refundings

During the fiscal year, the State issued a total of $949.5 million of refunding bonds for the General Obligation program and $375.3 million of refunding bonds for the Special Tax Obligation (Transportation) program that will provide aggregate debt service savings of $78.0 million and $46.2 million, respectively, over the remaining life of the bonds. The State also issued $116.6 million of refunding bonds for the City of Hartford Special Obligation program that will provide aggregate debt service savings of $7.2 million over the remaining life of the bonds.

Upon the issuance of the refunding bonds, the State entered into escrow agreements with escrow holders, to provide for the redemption of the refunded bonds. The refunding proceeds were deposited in an escrow holder's account and used to purchase U.S. Treasury Obligations and the State's Short-Term Investment Fund until needed for redemption of the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

e. Nonexchange Financial Guarantee

In March 2018, the State entered a Contract for Financial Assistance with the City of Hartford, according to Section 376 of Public Act 17-2 of the June Special Session guaranteeing $540,080,000 of outstanding general obligation bonds of the City of Hartford, with maturity dates ranging from July 1, 2028 through July 15, 2035, and semiannual interest payments. The contract assistance is limited to an amount equal to (1) the annual debt service on the outstanding amount of (A) refunding bonds to be issued by the City of Harford pursuant to section 7-370c of the general statues, or (B) any other bonds or notes issued by the City of Hartford, provided such refunding bonds or other bonds or notes are for payment, funding, refunding, redemption, replacement or substitutions of bonds, notes or other obligations previously issued by the City of Hartford, and (2) cost of issuance on any such refunding bonds and any other expenses that result directly from the refunding of debt. The Act also establishes that the City of Hartford must be under the supervision of the Municipal Accountability Review Board of the State and that the City may not issue any new debt without the board's approval. The State Representatives, defined by the contract as the Secretary of the Office of Policy and Management and the State Treasurer, may agree to provide credit support to the City of Hartford, including, but not limited to, assuming all or part of any bonds, notes, or other obligations of the City or issuance of new State obligations in replacement of such bonds, notes, or other obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State began making contract assistance payments for the City of Hartford's then outstanding $540.0 million general obligation debt. During fiscal year 2025, the State of Connecticut has paid $36.7 million in principal on the guarantee.

The liability recognized for nonexchange financial guarantees by the State at June 30, 2025 is as follows (amounts in thousands):

Beginning of Year	Increases	Decreases	End of Year
$ 337,380	$ -	$ 36,680	$ 300,700

Note 18
Risk Management

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

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

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

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than $100,000. When purchasing commercial insurance, the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries many insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is $25.0 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the claim's liabilities during the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities: Workers' Compensation	Business-Type Activities: Medical Malpractice
Balance 6-30-23	$ 816,521	$ 49,707
Incurred claims	9,738	10,000
Paid claims	(19,640)	(49,509)
Balance 6-30-24	806,619	10,198
Incurred claims	26,133	13,508
Paid claims	(19,362)	(10,961)
Balance 6-30-25	$ 813,390	$ 12,745

Note 19
Interfund Receivables and Payables

Interfund receivable and payable balances as June 30, 2025, were as follows (amounts in thousands):

	Balance due to fund(s)											
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn/ UConn Health	Board of Regents	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)												
General	$ -	$ -	$ -	$ -	$ -	$ 734	$ 26,134	$ 2,251	$ 6,843	$ 1,487,457	$ 14	$ 1,523,433
Debt Service	-	5,868	-	-	-	-	-	-	-	-	-	5,868
Restricted Grants and Accounts	4,219	39,605	-	-	-	-	-	-	-	-	5,729	49,553
Grant and Loan Programs	29	-	-	-	-	-	-	-	-	-	-	29
Other Governmental	2,164	-	1,131	-	8,909	62	20,708	-	-	-	-	32,974
UConn/UConn Health	25,655	-	-	-	-	-	-	-	-	-	-	25,655
Board of Regents	287	-	-	-	-	-	-	-	-	-	-	287
Employment Security	-	-	-	-	280	-	-	-	-	-	-	280
Clean Water	-	-	-	-	3,082	-	-	-	-	-	-	3,082
Other Proprietary	-	-	-	-	19,199	-	-	-	-	-	-	19,199
Internal Services	55,892	-	-	-	-	-	-	-	-	-	-	55,892
Fiduciary	-	-	-	-	-	-	-	-	-	2,388	-	2,388
Component Units	76,840	-	-	-	1,069	-	-	-	-	-	-	77,909
Total	$ 165,086	$ 45,473	$ 1,131	$ -	$ 32,539	$ 796	$ 46,842	$ 2,251	$ 6,843	$ 1,489,845	$ 5,743	$ 1,796,549

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

Note 20
Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2025, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)											
	General	Debt Service	Transportation	Restricted Grants and Accounts	Grants and Loans	Other Governmental	UConn/ UConn Health	Board of Regents	Clean Water and Drinking Water	Component Units	Fiduciary Funds	Total
Amount transferred from fund(s)												
General	$ 2,379,731	$ -	$ -	$ 43,884		$ 169,086	$ 384,218	$ 449,914	$ -	$ 400	$ 300,000	$ 3,727,233
Debt Service	-	-	56,998	(502)	-	-	-	-	-	-	-	56,496
Transportation	-	1,385,566	-	-	-	5,321	-	-	-	-	-	1,390,887
Restricted Grants & Accounts	245,396	-	-	598,082		34,659	-	-	-	-	-	878,137
Grants and Loans	790	-	-	77,744	-	311	-	-	-	-	-	78,845
Other Governmental	106,087	-	-	37,823	-	542	13,000	56,134	6,572	-	-	220,158
UConn/UConn Health	-	-	-	-	-	-	-	-	-	-	-	-
Board of Regents	-	-	-	-	-	-	-	-	-	-	-	-
Clean Water and Drinking Water	-	-	-	-	-	-	-	-	-	-	-	-
Employment Security	-	-	-	-		8,837	-	-	-	-	-	8,837
Component Units	-	-	-	-	-	-	-	-	-	-	-	-
Fiduciary Funds	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 2,732,004	$ 1,385,566	$ 56,998	$ 757,031	$ -	$ 218,756	$ 397,218	$ 506,048	$ 6,572	$ 400	$ 300,000	$ 6,360,593

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

Note 21
Fund Balance Classifications, Restricted Net Position, and Restatement of Fund Balance

Fund Balance – Restricted and Assigned

As of June 30, 2025, restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	Restricted Purposes	Assigned Purposes
Capital Projects	$ 221,319	$ -
Environmental Programs	70,283	-
Housing Programs	798,549	-
Employment Security Administration	80,610	-
Banking	69,176	-
Other	250,814	66,774
Total	$ 1,490,751	$ 66,774

Restricted Net Position

As of June 30, 2025, the government-wide statement of net position reported $6,873.1 million of restricted net position, of which $894.1 million was restricted by enabling legislation.

Restatement of Net Position/Fund Balance

Government-wide Financial Statements

The State of Connecticut implemented GASB 101,*Compensated Absences*, during the reporting period. The implementation increased liability for compensated absences, resulting in a decrease in beginning net position of $214.2 million in governmental activities.

Beginning net position for business-type activities and component units were also restated as a result of the implementation of GASB 101 and error corrections. Details of these changes are discussed in the applicable sections below.

Major Enterprise Fund Financial Statements

The University of Connecticut and Health Center implemented GASB 101,*Compensated Absences*, during the reporting period. The implementation increased liability for compensated absences, resulting in a decrease in beginning net position of $59.7 million. In addition, there was $123 thousand in incorrectly recorded activity posted in the prior fiscal year. The correction of these errors resulted in an increase in net position of $123 thousand. These changes will also impact beginning net position reported for business-type activity on the government-wide financial statements.

The Board of Regents made a correction for capital assets relating to magnet schools that were previously recorded as discreetly presented component units in the prior fiscal year. The correction resulted in an increase in net position of $35.1 million. In addition, there was $1.9 million in incorrectly recorded activity posted in the prior fiscal year. The correction of these errors resulted in an increase in net position of $1.9 million. These changes will also impact beginning net position reported for business-type activity on the government-wide financial statements.

Aggregate Discretely Presented Component Unit Fund Financial Statements

The Connecticut Higher Education Supplemental Loan Authority (CHESLA) and the Connecticut Student Loan Foundation (CSLF) are component units of the Connecticut Health and Educational Facilities Authority (CHEFA). These entities have been combined for reporting purposes and reclassified as a major fund. In effect, the beginning net position of CHESLA, CSLF, and CHEFA, totaling $45.9, $20.9, and $17.3 million, respectively, have been removed from the nonmajor component unit combining statement of activities. These balances were combined and reported as one entity, CHEFA, in the major component unit statement of activities with a beginning net position of $84.1 million. The "Other Component Units" column of the Statement of Activities for Component Units also reflects a decrease of $84.1 million from the reclassification. This change in classification will not have an impact on beginning net position on the government-wide financial statements.

The Capital Region Development Authority (CRDA) changed how it treated the liability for participating in the State of Connecticut's OPEB plan, indicating that it determined that it should treat its participation in the plan as a special funding situation. As a result, it removed the OPEB liability reported on its financial statements in the prior year, reducing beginning net position by $7.2 million. This correction gets carried to the "Other Component Units" column of the Statement of Activities for Component Units, impacting beginning net position. This change will also impact beginning net position reported for component units on the government-wide financial statements.

CRDA also implemented GASB 101,*Compensated Absences*, during the reporting period. The implementation resulted in the additional recognition of accrued leave, resulting in an increase in beginning net position of $249 thousand. This correction gets carried to the "Other Component Units" column of the Statement of Activities for Component Units, impacting beginning net position. This change will also impact beginning net position reported for component units on the government-wide financial statements.

Aggregate Remaining Fund Financial Statements

The Private-Purpose Trust Fund Baby Bond Fund's beginning net position was restated by an increase of $41.7 million due to the correction of a prior year accounting error. During the prior fiscal year, $41.7 million in investment income should have been allocated to this fund for reporting, but was not.

The State Employees' OPEB Plan Fiduciary Fund's beginning net position was restated by a decrease of $25.8 million due to the correction of a prior year accounting error. During the prior fiscal year, $25.8 million in expenditures for benefit payments should have been posted to this fund, but were posted to an incorrect fund in error.

The Receipts Pending Distribution Custodial Fund's beginning net position was restated by an increase of $25.8 million due to the correction of a prior year accounting error. During the prior fiscal year, $25.8 million in expenditures for benefit payments was posted to this fund in error.

The Other Custodial Fund's beginning net position was restated by a decrease of $81.6 million due to the correction of a prior year accounting error. During the prior fiscal year $81.6 million in investment income revenue was posted to this fund in error.

Note 22
Tax Abatements

For financial purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefit the government or its citizens.

Film, Television, and Digital Media Tax Program
This program assists film, television, and digital media companies with direct financial assistance programs. Including but not limited to loans, grants, and job expansion tax credits structured to incentivize relocation to Connecticut and the growth and development of current Connecticut-based companies.

Beginning after January 1, 2010, (a) an eligible production company that incurs production expenses of not less than $100,000, but not more than $500,000, will be eligible for a credit against the tax imposed equal to ten percent of such production expenses, (b) a production company incurring expenses of more than $500,000, but not more than $1.0 million, will be eligible for a credit against the tax imposed equal to fifteen percent of production expenses, and (c) a production company incurring expenses of more than $1.0 million will be eligible for a credit against the tax imposed (chapter 207, section 12-217jj) equal to thirty percent of production expenses.

No eligible company incurring an amount of production expenses that qualifies for a tax credit shall be eligible unless on or after January 1, 2010, the company conducts (1) not less than 50.0 percent of principal filming days within the state, or (2) expends not less than 50.0 percent of postproduction costs within the state, or (3) expends not less than $1.0 million of postproduction costs within the State.

An eligible production company shall apply to the Department of Economic and Community Development (DECD) for a tax credit voucher on an annual basis, but not later than 90 days after the first production expenses are incurred in the production of a qualified production and will provide with the application information that DECD may require to determine if the company is eligible to claim a credit.

Urban and Industrial Sites Reinvestment Tax Program
This tax program is designed to encourage development and redevelopment activities in eligible communities and to encourage private investment in contaminated properties.

In accordance with Chapter 578 section 32-9t of the General Statutes taxpayers who make investments in eligible urban reinvestment projects or eligible industrial site investment projects may be allowed a tax credit against the tax imposed under chapter 207 and 212a or section 38a-743 in the General Statutes, an amount equal to the following percentage of approved investments made by or on behalf of a taxpayer with respect to the following income years of the taxpayer: (a) the income year in which the investment in the project was made and the next two succeeding income years, 0.0 percent; (b) in the third full income year succeeding the year in which the investment was made and the three succeeding years, 10 percent; (c) in the seventh full income year succeeding the year in which the investment in the eligible project was made and the next two succeeding years, 20 percent. The sum of all tax credits shall not exceed $100.0 million to a single eligible urban reinvestment project, or a single eligible industrial site investment project approved by the commissioner at DECD. The sum of all tax credits under the provisions of this section should not exceed $950.0 million.

Tax credits allowed may be claimed by a taxpayer who has made an investment (1) directly only if the investment has a total asset value, either alone or combined with other investors in an eligible project, of not less than $5.0 million or, in the case of an investment in an eligible project for the preservation of a historic facility and redevelopment of the facility for combined uses which includes at least four housing units, the total asset value should not be less than $2.0 million; (2) an investment managed through a fund manager only if such fund: (a) has a total asset value of not less than $60.0 million for the income year for which the initial credit is taken; and (b) has not less than three investors who are not related persons with respect to each other or to any person in which any investment is made other than through the fund at the date the investment is made; or (3) through a community development entity or a contractually bound community development entity. A tax credit made through a fund should only be available for investments in funds that are not open to additional investments beyond the amount set forth at the formation of the fund.

Insurance Reinvestment Fund Program
The purpose of the Insurance Reinvestment Fund Program is to capitalize on the base of local insurance expertise and help people laid off after the massive restructuring of the insurance industry. The program was also intended to encourage small insurance startups and specialty insurance businesses in Connecticut companies engaged in the insurance business or providing services to insurance companies.

In accordance with Chapter 698 section 38a-88 a tax credit is allowed against the tax imposed under chapter 207, 208, or 229 or section 38a-343 an amount equal to the following percentage of the moneys the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: (a) in the initial income year in which the investment in the insurance business was made and two succeeding income years, 0.0 percent; (b) with respect to the third full income year in which the investment in the insurance business

was made and the next three succeeding income years, 10.0 percent: (c) in the seventh full income year succeeding the year in which the investment in the insurance business was made and the next two succeeding income years, 20.0 percent. The sum of all tax credits shall not exceed $15.0 million with respect to investment made by a fund or funds in any single insurance business, and with respect to all investments made by a fund shall not exceed the total amount originally invested in the fund. A fund manager may apply to the Commissioner of DECD for a credit that is greater than the limitations established by law.

The tax credit allowed may be claimed by a taxpayer who has invested in an insurance business through a fund (a) which has total assets of not less than $30.0 million for the income year for which the initial credit is taken; (b) has not less than three investors who are not related persons with respect to each other or to any insurance business in which any investment is made other than through the fund at the date the investment is made; and (c) which invests only in insurance businesses that are not related persons to each other.

The credit allowed may only be claimed with respect to an insurance business which (a) occupies the new facility for which an eligibility certificate has been issued by the Commissioner of DECD, or the certificate has been issued as its home office, and (b) employs not less than 25.0 percent of its total work force in new jobs. The maximum allowed credit shall be $350.0 million in total and $40.0 million per year.

The Connecticut Neighborhood Assistance Act Credit Program (Conn. Gen. Stat. §§12-631 through 12-638)

The Neighborhood Assistance Act tax credit may be earned by businesses that make cash investments of at least $250 to certain community programs. The cash investments must be made in a community program that is proposed and conducted by a tax exempt or municipal agency and must be approved both by the municipality in which the program is conducted and the Department of Revenue Services. This tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

A tax credit equal to 100.0 percent of the cash invested is available to businesses that invest in energy conservation projects and comprehensive college access loan forgiveness programs. A tax credit equal to 60.0 percent of the cash invested is available to businesses that invest in programs that provide: community-based alcoholism prevention or treatment programs; neighborhood assistance; job training; education; community services; crime prevention; construction or rehabilitation of dwelling units for families of low and moderate income in the state; funding for open space acquisitions; investment in child day care facilities; child care services; and any other program which serves persons at least 75.0 percent of whom are at an income level not exceeding 150.0 percent of the poverty level for the preceding year.

Under the Connecticut Neighborhood Assistance Act there are several statutory limits which must be observed, including the following: (1) the total tax credits under the Neighborhood Assistance Act tax credit program are limited to $150,000 annually for each business. The tax credit for investments in child day care facilities may not exceed $50,000 per income year for each business; (2) the minimum contribution on which a tax credit can be granted is $250; (3) any organization conducting a program or programs eligible to receive contributions under the Neighborhood Assistance Act tax credit program is limited to receiving a total of $150,000 of funding for any program or programs for any fiscal year; (4) the cap on the total amount of credits that may be allowed annually is $5.0 million. If the proposals submitted to the Department of Revenue Services claim credits in excess of the cap, such credits will be prorated among the approved organizations; (5) no business shall receive both the Neighborhood Assistance tax credit and the Housing Program Contribution tax credit for the same cash contribution; (6) no business can claim the tax credit for investments in child care facilities in an income year that the business claims the Human Capital Investment tax credit; (7) carryforward and carryback limitations, no carryforward is allowed any tax credit that is not taken in the income year in which the investment was made may be carried back to the two immediately preceding income years.

Housing Program Contributions

A tax credit administered by the Connecticut Housing Finance Authority is available for business firms making cash contributions to housing programs developed, sponsored, or managed by a nonprofit corporation, which benefit low and moderate income persons or families. No credit may be claimed before the Connecticut Housing Finance Authority issues a tax credit voucher.

The tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

This tax credit is equal to the amount specified by the Connecticut Housing Finance Authority in the tax credit voucher. No tax credit shall be granted to any business firm for any individual amount contributed of less than $250. The tax credit may be carried forward or backward for the five immediately succeeding or preceding income years until the full credit has been allowed.

Historic Structures Rehabilitation (Conn. Gen. Stat. §10-416a)

Beginning July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a certified historic structure for residential use or to a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher. The tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

This tax credit is equal to the lesser of the tax credit reserved upon certification of the rehabilitation plan or 25.0 percent of the actual qualified rehabilitation expenditures not exceeding $2.7 million. The amount of the tax credit that may be claimed will be entered on the tax credit voucher issued by the Department of Economic and Community Development. The tax credit may be carried forward for five years following the year in which the rehabilitated structure was placed in service. No carryback is allowed.

Historic Preservation (Conn. Gen. Stat. §10-416b)

Beginning July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a qualified historic structure for nonresidential use or mixed residential and nonresidential use or a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher. This tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

This tax credit is equal to the lesser of 25.0 percent of the projected certified rehabilitation expenditures or 25.0 percent of the actual certified rehabilitation expenditures. If the project creates affordable housing units and the owner provides the Department of Economic and Community Development and the Department of Housing information to show that the owner is compliant with the affordable housing certificate, then the tax credit is equal to the lesser of 30.0 percent of the projected certified rehabilitation expenditures or 30.0 percent of the actual qualified rehabilitation expenditures. The maximum tax credit allowed for any project shall not exceed $5.0 million for any fiscal three-year period.

Historic Rehabilitation (Conn. Gen. Stat. §10-416c)

A tax credit administered by the Connecticut Department of Economic and Community Development is available for the qualified rehabilitation expenditures associated with the certified rehabilitation of a certified historic structure. No credit may be claimed until the Department of Economic and Community Development issues a tax credit voucher. This tax credit can be used to offset the taxes imposed under Chapters 207, 208, 209, 210, 211, or 212 of the Connecticut General Statutes.

The tax credit is equal to 25.0 percent of the total qualified rehabilitation expenditures. The tax credit increases to 30.0 percent of the total qualified rehabilitation expenditures if the project includes a component with at least 20.0 percent of the rental units or ten percent of for-sale units qualify as affordable housing under Conn. Gen. Stat. §8-39a. The tax credit allowed for any project shall not exceed $4.5 million. The tax credit may be carried forward for five succeeding income years following the year in which the substantially rehabilitated structure was placed in service. No carryback is allowed.

Research and Development Expenditures

This credit is based on the incremental increase in expenditures for research and experiments conducted in Connecticut. "Research and development expenses" refers to research or experimental expenditures deductible under Section 174 of the Internal Revenue Code of 1986, as of May 28, 1993, determined without regard to Section 280C(c) elections made by a taxpayer to amortize such expenses on its federal income tax return that were otherwise deductible, and basic research payments as defined under Section 41 of the Internal Revenue Code to the extent not deducted under said Section 174, provided: such expenditures and payments are paid or incurred for such research and experimentation and basic research conducted in the State of Connecticut; and such expenditures and payments are not funded, within the meaning of Section 41(d)(4)(H) of the Internal Revenue Code, by any grant, contract, or otherwise by a person or governmental entity other than the taxpayer unless such other person is included in a combined return with the person paying or incurring such expenses.

In accordance with Sec. 12-217n a tax credit may be applied against the Corporation Business Tax for research and development expenses conducted in Connecticut. A small business qualifies for the credit if it has gross income for the previous income year that does not exceed $100.0 million, and has not, in the determination of the Commissioner of Economic and Community Development, met the gross income test through transactions with a related person. The amount of the credit increases ratably from 1.0 percent of the annual research and development expenses paid or incurred, where these expenses equal $50.0 million or less, to 6.0 percent when expense exceed $200.0 million.

Qualified small business may exchange unused amounts of this credit with the state for a cash payment of 65.0 percent of the value of the credit or carry forward the full value until fully taken. Credits are limited to $1.5 million in any one income year.

Manufacturing Facility Credit

Beginning January 1, 2018, no applications have been accepted for this program, no credits will be reserved under this program. Only those companies that first claimed the credit on a return for an income year beginning before 2018 may continue to claim the credit.

A tax credit administered by the Department of Economic and Community Development is available to businesses for qualified expenditures relating to operating a manufacturing facility, which meets certain employment criteria and is located within a designated enterprise zone or

other area designated as having enterprise zone level benefits. No credit may be claimed without certification from the Department of Economic and Community Development. Corporations may claim this credit for ten years beginning with the first year following the year of certification. This tax credit can be used to offset the taxes imposed under Chapter 208 of the Connecticut General Statutes.

The tax credit is equal to the 15.0 percent of the tax imposed under Chapter 208 if there are between 300 and 599 new employees working at such facility; 20.0 percent if there are between 600 and 899 new employees working at such facility; 25.0 percent if there are between 900 and 1199 new employees working at such facility; 30.0 percent if there are between 1,200 and 1,499 new employees working at such facility; 40.0 percent if there are between 1,500 and 1,999 new employees working at such facility; or 50.0% if there are 2,000 or more new employees working at such facility. No credit shall be allowed without an eligibility certificate with respect to the manufacturing facility, service facility or eligible facility being occupied issued by the Department of Economic and Community Development.

Information relevant to the disclosure of these programs is as follows:

Tax Abatement Program	Amount of Taxes Abated
The Film, Television, and Digital Media Tax Program	
Corporate Income Tax (as of 6/30/2025)	$ 74,275,623
Insurance Companies (as of 6/30/2025)	$ 50,878,716
Public Service Tax (as of 6/30/2025)	$ 10,666,578
The Urban and Industrial Sites Reinvestment Tax Program	
Corporate Income Tax (as of 6/30/2025)	$ 5,525,111
Insurance Companies (as of 6/30/2025)	$ 412,112
Public Service Tax (as of 6/30/2025)	$ 8,400,000
The Insurance Reinvestment Fund Program	
Insurance Companies (as of 6/30/2025)	$ 21,334,470
The Connecticut Neighborhood Assistance Act Credit Program	
Corporate Income Tax (as of 6/30/2025)	$ 1,774,622
Insurance Companies (as of 6/30/2025)	$ 847,352
Public Service Tax (as of 6/30/2025)	$ 1,239,066
Historic Structures Rehabilitation	
Public Service Tax (as of 6/30/2025)	$ 1,945,406
Housing Program Contribution	
Public Service Tax (as of 6/30/2025)	$ 10,000,000
Historic Rehabilitation	
Insurance Companies Tax (as of 6/30/2025)	$ 4,723,832
Public Service Tax (as of 6/30/2025)	$ 5,662,836
Research and Development Expenditures	
Corporate Income Tax (as of 6/30/2025)	$ 53,247,243
Manufacturing Facility Credit	
Corporate Income Tax (as of 6/30/2025)	$ 324,184

In addition, the State has other various tax credit incentives that are not defined as tax abatements under generally accepted accounting principles and therefore are not described and included here.

Note 23
Asset Retirement Obligations

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The State assesses asset retirement obligations on an annual basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

During the year, the Department of Veterans Affairs reported that when their power plant is retired there will be a cost associated with the mitigation of hazardous materials. The State cannot estimate the cost associated with the removal of the hazardous materials, therefore, has not recorded an asset retirement obligation for this matter.

Additionally, the University of Connecticut reported a $144,000 liability related to the University's 90-day storage facility for hazardous waste. The University paid this amount to close a similar facility in the past, and considers this to be a reasonable estimate to close this facility, which has an estimated useful life of 40 years beginning January 1, 2017.

The University of Connecticut also has an asset retirement obligation related to the closure of its Wastewater Treatment Facility that is not yet recognized because it cannot be reasonably estimated.

Note 24
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, 2025, the State had contractual commitments as follows (amounts in millions):

Infrastructure & Other Transportation Programs	$	2,660
Construction Programs	$	142
School Construction and Alteration Grant Program	$	4,500
Clean and Drinking Water Loan Programs	$	467
Various Programs and Services	$	7,264

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

Component Units
As of December 31, 2024, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately $361.1 million.

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

As of June 30, 2025, the State reported an escheat liability of $638.4 million in the General Fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of $214.3 million in the future.
Grant amounts received or receivable by the State from federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

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

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

American Indian Tribes. It is possible that land claims could be brought by American Indian groups who have petitioned or do petition the Federal Government for federal acknowledgement. In any of the land claims matters, irrespective of whether federal acknowledgement is granted, denied or upheld, a particular group could institute or renew land claims against the State or others, or press the claims it has already asserted. The federal Bureau of Indian Affairs ("BIA") has adopted new regulations for the federal acknowledgement of tribes under relaxed standards. In addition, the BIA announced a Final Rule effective March 21, 2025 that lifted the prior ban against re-petitioning and created a conditional time-limited opportunity for previously denied petitioners to re-petition for federal acknowledgment. On December 23, 2025, the Attorney General was notified that the Office of Federal Acknowledgment has docketed a request for authorization to re-petition by the

Schaghticoke Tribal Nation ("STN"). The State is preparing comments for the April 29, 2026 deadline. These regulatory changes could also result in re-petitions by other previously denied petitioners such as the Golden Hill Paugussett Tribe and the Eastern Pequot Tribal Nation.

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

D.J. v. Conn. State Board of Education is a federal court case brought by a special education student and a purported class of similarly situated special education students seeking compensatory education for the class. The class is made up of all special education students deprived of special education services after reaching the age of 21 for the two years before the action was filed and during the pendency of the case. The parties are trying to reach a final settlement with the expectation that the settlement will be less than $2.5 million.

Note 25
Opioid Settlements

The State of Connecticut has participated and continues to participate in opioids litigation and negotiation in matters brought by states and local political subdivisions against multiple companies to resolve legal claims related to opioids.

In fiscal year 2025, Connecticut received $11.8 million of approximately $240 million total as part of a nationwide settlement with the three largest pharmaceutical companies: McKesson, Cardinal Health and Cencora (formerly AmerisourceBergen). Connecticut will receive the remainder in subsequent fiscal years.

Additionally, the State received $12.8 million of Connecticut's total share of approximately $249 million settlement as part of a nationwide settlement with pharmacies (CVS, Walgreens, and Walmart) as well as Teva and Allergan.

Finally, the State received $4.1 million and $321,000 as part of nationwide settlements with Endo Pharmaceuticals and McKinsey, respectively.

Pending and future opioid negotiations and litigation will likely result in additional settlements, and each agreement or judgement will likely have unique terms governing payment amounts, timing, and duration.

These payments must be used to support any of a wide variety of strategies to fight the opioid crisis. Fifteen percent of each settlement payment amount allocated to Connecticut (as described above) is paid directly to cities and towns by the settlement administrator, with the remaining 85 percent paid to the State by the administrator. Actual amounts paid will be dependent on a number of factors, including participation by states and municipalities and companies' continuing ability to pay.

Note 26
Subsequent Events

In preparing the financial statements, the State has evaluated events and transactions for potential recognition or disclosure in its financial statement footnotes. The effect of this evaluation led the State to report the following events which took place after the date of the State's fiscal year end through to the date these financial statements were issued. The subsequent information regarding the Connecticut Housing Finance Authority includes events which took place after their fiscal year end of December 31, 2024.

In November 2025, Connecticut H.B. 8003 was passed during Special Session allowing an additional $500.0 million above the 18.0 percent threshold to stay in the Budget Reserve Fund (BRF). These funds were set aside to help stabilize the State's budget and address shortfalls in federal funding due to action, or inaction, of the federal government. As of February 4, 2026, $169.2 million of these funds had been approved for disbursement to support social service programs that saw a reduction in federal funding and the remaining $330.8 million were returned to the BRF. On February 6, 2025, Connecticut S.B. 83 was passed establishing a fund, known as the "Federal Cuts Response Fund," and required the Treasurer to transfer the $330.8 million from the BRF into that fund.

In November of 2025, the State made a transfer of $1.4 billion from the BRF to the State Employee Retirement Fund (SERF) and the Teachers' Retirement Fund (TRF). This transfer was the result of the Budget Reserve Fund exceeding the statutory cap of 18.0 percent of General Fund

appropriations (excluding the $500.0 million set aside by Connecticut H.B. 8003). According to CGS Section 4-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead, the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 18.0 percent threshold as an additional contribution to SERF or to TRF. The State Treasurer determined this year to transfer $834.5 to SERF and $542.7 to TRF.

In January of 2026, The State defeased $57.5 million in outstanding special tax obligation indebtedness. This was done using the Special Transportation Fund's (STF) surplus balance exceeding 18.0 percent of the Funds net appropriations for the next fiscal year in accordance with Public Act. No. 25-168.

In January of 2026, the State defeased $199.1 million in outstanding special tax obligation indebtedness using available funds from its Debt Service Fund.

Effective July 1, 2025, the State enacted legislation authorizing the transfer of ownership related to the South Meadows site, along with associated personal property, money, and non-lapsing account, from the Materials Innovation and Recycling Authority (MIRA) and the MIRA Dissolution Authority (MDA) to the Capital Region Development Authority (CRDA) as of the close of business on June 30, 2025. The legislation required $5.0 million of MDA's resources transferred to the Office of Policy and Management and its remaining funds along with any tangible or intangible personal property associated with it from MDA to CRDA. CRDA received approximately $46.4 million in MDA funds for the South Meadows project. The legislation also requires that any State tax revenue generated by a completed project within the South Meadows site be retained by CRDA to reinvest in the site.

Effective July 1, 2025, the State enacted legislation (Public Act 25-93) establishing and funding the Early Childhood Education Endowment. The endowment was initially funded in July with $300.0 million of the General Fund's surplus for the 2025 fiscal year.

In October 2025, the State issued $1.8 billion of General Obligation Bonds; $800.0 million Series C, $300.0 million Series B (Taxable Bonds), and $715.8 million Series D refunding bonds. The Series C bonds were issued for various projects in the State, the Series B bonds were issued for various projects and purposes, and the Series D refunding bonds were issued for the purpose of refunding the principal amount of all or a portion of outstanding General Obligation Bonds. The bonds mature between 2035 and 2045, and bear interest rates between 3.8 and 5.0 percent.

In December 2025, the State issued $1.5 billion of Special Tax Obligation Bonds. The bonds were issued for various transportation infrastructure projects. Of the 2025 Bonds originally issued, $1.3 billion represents new money issuance. The remaining $251.4 million portion of the principal amount of the 2025 bonds is being used to refund the Refunded Bonds and does not constitute Additional Bonds. The bonds mature in 2046 and bear an interest rate of 5.0 percent.

The Connecticut Health and Educational Facilities Authority (CHEFA), whose financial statements are published as of June 30, 2025, had numerous financial events between July 1, 2025 and the publication of this report including the following:

On September 18, 2025, CHEFA remarked $129.1 million Quinnipiac University Issue Series O Revenue Bonds. The bonds were issued to refund a portion of Series L. The bonds mature in 2036 and bear an interest rate of 5.0 percent

On November 25, 2025, CHEFA issued $82.4 million Revenue Refunding Bonds LiveWell Alliance Issue, Series 2025. The bonds were issued to refund and redeem LiveWell Alliance Issue Series 2022 and fund debt service reserve fund for series 2025 bonds. The bonds mature in 2031 and bear an interest rate of 6.0 percent.

On February 2, 2026, CHEFA remarketed $167.2 million Yale University Issue Series V Revenue Bonds. The remarketed bonds mature in 2036 and bear an interest rate of 5.0 percent.

On February 3, 2026, CHEFA remarketed $260.1 million Yale University Issue Revenue Bonds, consisting of $130.1 million Series 2017C-3 and $130.0 million Series 2017C-4. The remarketed bonds mature in 2057.

On February 5, 2026, CHEFA issued $150.0 million Hartford HealthCare Issue Revenue Bonds, consisting of $75.0 million Series 2026B and $75.0 million Series 2026C. The bonds mature in 2056.

On February 11, 2026, CHEFA issued $700.0 million Hartford HealthCare Issue Series 2026A (Fixed Rate) Revenue Bonds. The bonds will be used to finance and/or refinance the costs of certain acquisition, construction, renovations, improvements, routine capital expenditures, furnishing and equipment acquisitions and installations at the integrated hospital, health care and ambulatory care facilities of Hartford Hospital. The bonds mature in 2046 and bear an interest rate of 5.0 percent.

The Connecticut Housing Finance Authority (CHFA), whose financial statements are published as of December 31st of the calendar year prior to the State's fiscal year-end, had numerous financial events between January 1 and the publication of this report including the following:

On February 6, 2025, CHFA issued $300.0 million Series A Housing Mortgage Finance Program Bonds (Social Bonds), consisting of $100.0 million Subseries A-1 and $200.0 million Subseries A-2 (Federally Taxable). The bond proceeds, along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for financing of Home Mortgage Loans and Agency Securities, make a deposit to the Housing Mortgage Capital Reserve Fund, and to pay certain costs of issuance.

On February 25, 2025, CHFA issued $121.0 million Series B Housing Mortgage Finance Program Bonds (Sustainability Bonds), consisting of $33.6 million Subseries B-1, $13.5 million Subseries B-2 (Term Rate), $42.1 million Subseries B-3 (Federally Taxable), and $31.8 million Subseries B-4 (Federally Taxable). The bond proceeds, along with other available monies, are expected to be used to provide new monies for the financing of Multifamily Mortgage Loans, and pay certain costs of issuance.

On June 12, 2025, CHFA issued $350.0 million Series C Housing Mortgage Finance Program Bonds (Social Bonds), consisting of $20.0 million Subseries C-1, $250.0 million Subseries C-2 (Federally Taxable), and $80.0 million Subseries C-3 (Variable Rate). The bond proceeds, along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for financing of Home Mortgage Loans and Agency Securities, make a deposit to the Housing Mortgage Capital Reserve Fund, and to pay certain costs of issuance.

On October 28, 2025, CHFA issued $120.8 million Series D Housing Mortgage Finance Program (Sustainability Bonds), consisting of $18.3 million Subseries D-1, $56.2 million Subseries D-2 (Term Rate), and $46.3 million Subseries D-3 (Federally Taxable). The bond proceeds, along with other available monies, are expected to be used to provide new monies for the financing of Multifamily Mortgage Loans, and pay certain costs of issuance.

On November 13, 2025, CHFA issued $370.0 million Series E Housing Mortgage Finance Program (Social Bonds), consisting of $20.0 million Subseries E-1, $270.0 million Subseries E-2 (Federally Taxable), and $80.0 million Subseries E-3 (Variable Rate). The bond proceeds, along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for financing of Home Mortgage Loans and Agency Securities, make a deposit to the Housing Mortgage Capital Reserve Fund, and to pay certain costs of issuance.

On February 12, 2026, CHFA issued $370.0 million Series A Housing Mortgage Finance Program (Social Bonds), consisting of $20.0 million Subseries A-1, $270.0 million Subseries A-2 (Federally Taxable), and $80 million Subseries A-3 (Variable Rate). The bond proceeds, along with other available monies, are expected to be used within 90 days of the date of issuance to refund and/or replace certain current and future maturities of outstanding bonds to be paid at maturity or to be redeemed by special and/or optional redemption, to provide new monies for financing of Home Mortgage Loans and Agency Securities, make a deposit to the Housing Mortgage Capital Reserve Fund, and to pay certain costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION BUDGET

Required supplementary information for budget provides information on budget versus actual revenues, expenditures and changes in fund balance and related note disclosure for statutory reporting.

The following schedules are included in the Required Supplementary Information for Budget:

Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual (Budgetary Basis—Non-GAAP):

General Fund and Transportation Fund
Notes to Required Supplementary Information

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (STATUTORY/BUDGETARY BASIS — NON-GAAP)
GENERAL AND TRANSPORTATION FUNDS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	General Fund				Transportation Fund			
	Budget			Variance with Final Budget positive	Budget			Variance with Final Budget positive
Revenues	**Original**	**Final**	**Actual**	**(negative)**	**Original**	**Final**	**Actual**	**(negative)**
Budgeted:								
Taxes, Net of Refunds	$ 20,326,300	$ 22,033,100	$ 22,137,841	$ 104,741	$ 1,931,100	$ 1,859,000	$ 1,855,886	$ (3,114)
Indian Gaming Payments	286,000	332,700	332,729	29	-	-	-	-
Licenses, Permits, and Fees	330,700	333,200	332,013	(1,187)	126,100	136,400	139,707	3,307
Other	552,700	1,079,100	1,180,905	101,805	306,400	343,100	346,228	3,128
Federal Grants	1,886,500	1,942,000	1,935,142	(6,858)	8,100	5,200	5,187	(13)
Refunds of Payments	(67,100)	(124,500)	(124,546)	(46)	(3,700)	(12,900)	(12,881)	19
Operating Transfers In	411,900	459,200	105,477	(353,723)	-	-	-	-
Operating Transfers Out	(70,400)	-	-	-	(13,500)	(145,500)	(113,109)	32,391
Transfer to BRF - Volatility Adjustment	(659,600)	(2,088,500)	(2,098,709)	(10,209)	-	-	-	-
Transfer to/from the Resources of the General Fund	106,700	(152,300)	90,395	242,695	-	-	-	-
Total Revenues	23,103,700	23,814,000	23,891,247	77,247	2,354,500	2,185,300	2,221,018	35,718
Expenditures								
Budgeted:								
Legislative	111,595	106,384	98,600	7,784	-	-	-	-
General Government	831,431	929,561	511,148	418,413	-	-	-	-
Regulation and Protection	378,007	386,868	361,391	25,477	-	-	-	-
Conservation and Development	248,710	269,324	245,780	23,544	-	-	-	-
Health and Hospitals	2,429,891	2,474,873	2,416,348	58,525	-	-	-	-
Transportation	-	-	-	-	2,448,403	2,449,766	2,269,702	180,064
Human Services	4,653,667	4,943,493	4,925,367	18,126	-	-	-	-
Education, Libraries, and Museums	6,468,938	6,525,397	6,454,608	70,789	-	-	-	-
Corrections	1,530,645	1,284,029	1,564,002	(279,973)	-	-	-	-
Judicial	699,309	724,781	717,261	7,520	-	-	-	-
Non Functional	6,075,307	6,308,683	6,222,986	85,697	-	-	-	-
Total Expenditures	23,427,500	23,953,393	23,517,491	435,902	2,448,403	2,449,766	2,269,702	180,064
Appropriations Lapsed	182,700	80,314	-	(80,314)	12,000	107,076	-	(107,076)
Excess (Deficiency) of Revenues Over Expenditures	(141,100)	(59,079)	373,756	(438,969)	(81,903)	(157,390)	(48,684)	108,706
Other Financing Sources (Uses)								
Prior Year Appropriations Carried Forward	438,900	438,900	438,495	(405)	150,000	150,000	149,932	(68)
Appropriations Continued	-	-	(401,925)	(401,925)	-	-	(76,405)	(76,405)
Miscellaneous Adjustment	-	-	(84)	(84)	-	-	-	-
Total Other Financing Sources (Uses)	438,900	438,900	36,486	(402,414)	150,000	150,000	73,527	(76,473)
Net Change in Fund Balance	$ 297,800	$ 379,821	410,242	$ (841,383)	$ 68,097	$ (7,390)	24,843	$ 32,233
Budgetary Fund Balances - July 1			1,240,697				1,121,327	
Changes in Reserves			(792,569)				(599,882)	
Budgetary Fund Balances - June 30			$ 858,370				$ 546,288	

The information about budgetary reporting is an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

STATUTORY REPORTING

A. Budgeting Process

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

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3.0 percent of the fund or 5.0 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5.0 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 5.0 percent of the total appropriated fund can be made only with the approval of the General Assembly.

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

The budget is prepared on a "statutory" basis of accounting that utilizes the accounting standards that were applied in the budget act and related legislation. Commencing in Fiscal Year 2014, appropriations were made to legislatively budgeted funds to account for expense accruals. Beginning in Fiscal Year 2016, based on changes enacted in the biennial budget (Public Act 15-244) the GAAP expense accrual appropriations were consolidated into a single appropriation at the fund-level for the General Fund, Transportation Fund and all other budgeted special revenue funds. The actual expense accruals were posted using the same methodology described above for the governmental fund financial statements. Revenues were recognized when received except in the General Fund and Transportation Fund. In those two funds certain taxes and Indian gaming payments are recognized within a statutory accrual period as approved by the State Comptroller. The State's three major tax categories (the personal income tax, the sales and use tax, and the corporation tax), among other taxes, are subject to statutory accrual.

B. Reconciliation of Budget/GAAP Reporting Differences

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund and Transportation Fund, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between statutory financial data and GAAP financial data:

- Revenues are recorded when received in cash except for certain year-end accruals (statutory basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
- Certain expenditures are not subject to accrual for budgeting purposes and are recorded when paid in cash (statutory basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
- For statutory reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

The following table presents a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2025 (amounts in thousands):

	General Fund	Transportation Fund
Net change in fund balances (statutory basis)	$ 410,243	$ 24,844
Volatility Deposit Budget Reserve Fund	2,100,000	-
Increase (Decrease) Statutory Surplus Reserve	$245,000	-
Prior Year Transfer to SERS & TRS	(933,200)	-
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(512,890)	(9,014)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(1,281,424)	383,264
Salaries and Fringe Benefits Payable	14,999	(898,039)
Increase (Decrease) in Continuing Appropriations	(36,570)	$66,473
Fund Redassification-Bus Operations	-	1,306
Net change in fund balances (GAAP basis)	$ 6,158	$ (431,166)

C. Budget Reserve Fund ("Rainy Day Fund")

In accordance with Section 4-30a of the Connecticut State Statutes, the State maintains a Budget Reserve ("Rainy Day") Fund. Moneys shall be expended only when in any fiscal year the Comptroller has determined the amount of a deficit applicable with respect to the immediately preceding fiscal year, to the extent necessary. Historically, resources from the Budget Reserve Fund have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted.

Progress in building and maintaining the balance of the Budget Reserve Fund continued this fiscal year. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2025, the cap was just over $4.7 billion for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of $2.1 billion was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2025, the balance of the Budget Reserve Fund was just over $4.1 billion. Adding the $2.1 billion volatility transfer brought the Budget Reserve Fund total to $6.2 billion (or 25.8 percent) of net General Fund appropriations for fiscal year 2026. As a result, the Budget Reserve Fund was roughly $1.5 billion above the statutory 18.0 percent cap. According to CGS Section 4-30a (c)(1)(C), the State Treasurer must transfer the balance above the 18.0 percent threshold as additional contributions to the State Employee Retirement Fund (SERF) and the Teachers' Retirement System (TRS). Connecticut H.B. 8003, which was passed during the November 2025 Special Session, allows an additional $500.0 million above the 18.0 percent threshold to help stabilize the State's budget in response to any reduction or loss of federal funding caused by action or inaction of the federal government. At fiscal year-end $1.37 billion was transferred to reduce the unfunded pension liability of SERF and TRS

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS

Required supplementary information for pension plans provides information on the sources of changes in net pension liabilities, information about the components of net pension liabilities, employer contributions, and investment returns.

The Required Supplementary Information for Pension Plans includes the following schedules:

Schedule of Changes in the Net Pension Liability and Related Ratios
Schedule of Employer Contributions
Schedule of Investment Returns

REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

(Expressed in Thousands)

SERS

Total Pension Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Service Cost	$ 496,558	$ 463,636	$ 434,436	$ 396,602	$ 388,671	$ 391,941	$ 429,321	$ 480,350	$ 322,114	$ 310,472
Interest	2,805,347	2,715,450	2,563,570	2,474,161	2,416,577	2,290,633	2,212,890	2,255,533	2,105,947	2,052,651
Benefit Changes	-	-	-	-	-	-	-	(1,444,220)	-	-
Difference between expected and actual experience	234,546	750,238	1,697,023	778,249	208,138	1,224,344	482,904	-	772,762	-
Changes of assumptions	-	-	-	(48,241)	-	-	-	-	4,959,705	-
Benefit payments	(2,636,075)	(2,593,589)	(2,369,853)	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Refunds of contributions	(11,644)	(11,632)	(12,656)	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Net change in total pension liability	888,732	1,324,103	2,312,520	1,373,308	883,198	1,873,775	1,161,471	(564,024)	6,424,249	705,534
Total pension liability - beginning	41,981,067	40,656,964	38,344,444	36,971,136	36,087,938	34,214,163	33,052,692	33,616,716	27,192,467	26,486,933
Total pension liability - ending (a)	**$ 42,869,799**	**$ 41,981,067**	**$ 40,656,964**	**$ 38,344,444**	**$ 36,971,136**	**$ 36,087,938**	**$ 34,214,163**	**$ 33,052,692**	**$ 33,616,716**	**$ 27,192,467**
Plan net position										
Contributions - employer	$ 2,611,118	$ 3,261,874	$ 2,849,181	$ 2,563,189	$ 1,616,312	$ 1,578,323	$ 1,443,053	$ 1,542,298	$ 1,501,805	$ 1,371,651
Contributions - member	257,862	223,062	202,270	194,775	192,716	489,099	193,942	132,557	135,029	187,339
Net investment income	2,440,048	1,754,898	(1,513,318)	3,301,219	295,737	710,861	875,944	1,509,862	(100)	294,412
Benefit payments	(2,636,075)	(2,593,589)	(2,369,853)	(2,217,508)	(2,120,811)	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)
Administrative expense	(21,247)	-	-	(568)	(782)	(693)	(391)	(674)	(651)	-
Refunds of contributions	(11,644)	(11,632)	(12,656)	(9,955)	(9,377)	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)
Other	24,490	(1,797)	2,367,461	-	-	3,704	(3,139)	(371)	85,608	-
Net change in plan net position	2,664,552	2,632,816	1,523,085	3,831,152	(26,205)	748,151	545,765	1,327,985	(14,588)	195,813
Plan net position - beginning	21,236,541	18,603,725	17,080,640	13,249,488	13,275,693	12,527,542	11,981,777	10,653,792	10,668,380	10,472,567
Plan net position - ending (b)	**$ 23,901,093**	**$ 21,236,541**	**$ 18,603,725**	**$ 17,080,640**	**$ 13,249,488**	**$ 13,275,693**	**$ 12,527,542**	**$ 11,981,777**	**$ 10,653,792**	**$ 10,668,380**
Ratio of plan net position to total pension liability	55.75%	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%
Net pension liability - ending (a) -(b)	**$ 18,968,706**	**$ 20,744,526**	**$ 22,053,239**	**$ 21,263,804**	**$ 23,721,648**	**$ 22,812,245**	**$ 21,686,621**	**$ 21,070,915**	**$ 22,962,924**	**$ 16,524,087**
Covered payroll	$ 4,460,207	$ 4,168,950	$ 3,787,016	$ 3,847,146	$ 3,672,443	$ 3,686,365	$ 3,428,068	$ 3,850,978	$ 3,720,751	$ 3,618,361
Net pension liability as a percentage of covered payroll	425.29%	497.60%	582.34%	552.72%	645.94%	618.83%	632.62%	547.16%	617.16%	456.67%

REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Continued)

Last Ten Fiscal Years

(Expressed in Thousands)

TRS	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 662,011	$ 634,409	$ 617,468	$ 599,484	$ 616,370	$ 463,997	$ 465,207	$ 450,563	$ 419,616	$ 404,449
Interest	2,737,514	2,668,940	2,548,157	2,486,930	2,379,886	2,406,206	2,371,168	2,308,693	2,228,958	2,162,174
Benefit Changes	-	-	89,017	-	-	(224,281)	28,036	-	-	-
Difference between expected and actual experience	389,231	73,374	789,366	-	(306,400)	-	(396,067)	-	(375,805)	-
Changes of assumptions	-	-	-	-	1,022,137	3,875,996	-	-	2,213,190	-
Benefit payments	(2,405,827)	(2,359,976)	(2,227,079)	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	-	-	-	(50,329)
Net change in total pension liability	1,382,929	1,016,747	1,816,929	915,351	1,561,825	4,455,277	474,252	796,723	2,747,828	742,886
Total pension liability - beginning	40,877,027	39,860,280	38,043,351	37,128,000	35,566,175	31,110,898	30,636,646	29,839,923	27,092,095	26,349,209
Total pension liability - ending (a)	**$ 42,259,956**	**$ 40,877,027**	**$ 39,860,280**	**$ 38,043,351**	**$ 37,128,000**	**$ 35,566,175**	**$ 31,110,898**	**$ 30,636,646**	**$ 29,839,923**	**$ 27,092,095**
Plan net position										
Contributions - employer	$ 1,554,542	$ 1,578,038	$ 1,443,656	$ 1,249,835	$ 1,209,573	$ 1,292,672	$ 1,272,277	$ 1,012,162	$ 975,578	$ 984,110
Contributions - member	368,299	397,818	392,913	323,306	318,217	309,333	312,150	288,251	293,493	228,100
Net investment income	2,672,900	1,878,740	(2,024,736)	4,528,666	410,311	1,012,089	1,224,931	2,199,895	(18,473)	452,942
Benefit payments	(2,405,827)	(2,359,976)	(2,227,079)	(2,171,063)	(2,150,168)	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)
Refunds of contributions	-	-	-	-	-	-	-	-	-	(50,329)
Other	429,097	825,391	847,879	904,434	522	(837)	(2,753)	1,679	(37,648)	57,749
Net change in plan net position	2,619,011	2,320,011	(1,567,367)	4,835,178	(211,545)	546,616	812,513	1,539,454	(525,181)	(100,836)
Plan net position - beginning	23,869,732	21,549,721	23,117,088	18,281,910	18,493,455	17,946,839	17,134,326	15,594,872	16,120,053	16,220,889
Plan net position - ending (b)	**$ 26,488,743**	**$ 23,869,732**	**$ 21,549,721**	**$ 23,117,088**	**$ 18,281,910**	**$ 18,493,455**	**$ 17,946,839**	**$ 17,134,326**	**$ 15,594,872**	**$ 16,120,053**
Ratio of plan net position to total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%
Net pension liability - ending (a) -(b)	**$ 15,771,213**	**$ 17,007,295**	**$ 18,310,559**	**$ 14,926,263**	**$ 18,846,090**	**$ 17,072,720**	**$ 13,164,059**	**$ 13,502,320**	**$ 14,245,051**	**$ 10,972,042**
Covered payroll	$ 4,836,783	$ 4,996,954	$ 4,571,425	$ 4,500,666	$ 4,352,967	$ 4,389,654	$ 4,321,593	$ 4,279,755	$ 4,125,066	$ 4,078,367
Net pension liability as a percentage of covered payroll	326.07%	340.35%	400.54%	331.65%	432.95%	388.93%	304.61%	315.49%	345.33%	269.03%

REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Continued)

Last Ten Fiscal Years

(Expressed in Thousands)

JRS	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 10,533	$ 11,667	$ 10,487	$ 9,289	$ 9,813	$ 10,834	$ 11,352	$ 10,159	$ 8,508	$ 8,142
Interest	37,170	33,491	32,720	32,743	31,815	29,559	29,954	29,062	28,251	27,240
Difference between expected and actual experience	(311)	44,883	2,354	(9,271)	2,474	22,095	(18,528)	-	(9,380)	-
Changes of assumptions	-	-	-	(1,020)	-	-	-	-	64,604	-
Benefit payments	(37,690)	(35,751)	(32,927)	(31,116)	(30,200)	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)
Refunds of contributions	-	-	(91)	(6)	-	-	-	-	-	-
Net change in total pension liability	9,702	54,290	12,543	619	13,902	33,102	(4,838)	14,322	68,989	12,841
Total pension liability - beginning	557,543	503,253	490,710	490,091	476,189	443,087	447,925	433,603	364,614	351,773
Total pension liability - ending (a)	**$ 567,245**	**$ 557,543**	**$ 503,253**	**$ 490,710**	**$ 490,091**	**$ 476,189**	**$ 443,087**	**$ 447,925**	**$ 433,603**	**$ 364,614**
Plan net position										
Contributions - employer	$ 35,252	$ 32,533	$ 33,170	$ 31,893	$ 27,011	$ 27,427	$ 25,458	$ 19,164	$ 18,259	$ 17,731
Contributions - member	2,297	2,019	1,642	1,570	1,575	1,694	1,663	1,689	1,831	1,791
Net investment income	34,252	23,363	(27,407)	59,881	5,461	13,383	13,178	24,452	1,440	4,781
Benefit payments	(37,690)	(35,751)	(32,927)	(31,116)	(30,200)	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)
Refunds of contributions	-	-	(91)	(6)	-	-	-	-	-	-
Other	-	477	-	-	-	-	-	(39)	1,680	-
Net change in plan net position	34,111	22,641	(25,613)	62,222	3,847	13,118	12,683	20,367	216	1,762
Plan net position - beginning	299,023	276,382	301,995	239,773	235,926	222,808	210,125	189,758	189,542	187,780
Plan net position - ending (b)	**$ 333,134**	**$ 299,023**	**$ 276,382**	**$ 301,995**	**$ 239,773**	**$ 235,926**	**$ 222,808**	**$ 210,125**	**$ 189,758**	**$ 189,542**
Ratio of plan net position to total pension liability	58.73%	53.63%	54.92%	61.54%	48.92%	49.54%	50.29%	46.91%	43.76%	51.98%
Net pension liability - ending (a) -(b)	**$ 234,111**	**$ 258,520**	**$ 226,871**	**$ 188,715**	**$ 250,318**	**$ 240,263**	**$ 220,279**	**$ 237,800**	**$ 243,845**	**$ 175,072**
Covered payroll	$ 38,936	$ 39,102	$ 35,872	$ 31,438	$ 31,495	$ 34,643	$ 34,970	$ 36,467	$ 34,897	$ 34,972
Net pension liability as a percentage of covered payroll	601.27%	661.14%	632.45%	600.28%	794.79%	693.54%	629.91%	652.10%	698.76%	500.61%

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

(Expressed in Thousands)

SERS	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	$ 2,040,374	$ 2,143,325	$ 1,993,151	$ 1,806,708	$ 1,616,302	$ 1,574,537	$ 1,443,110	$ 1,569,142	$ 1,514,467	$ 1,379,189
Actual employer contributions	2,611,118	3,261,874	2,849,181	1,786,903	1,616,312	1,578,323	1,443,053	1,542,298	1,501,805	1,371,651
Annual contributions deficiency/(excess)	$ (570,744)	$ (1,118,549)	$ (856,030)	$ 19,805	$ (10)	$ (3,786)	$ 57	$ 26,844	$ 12,662	$ 7,538
Covered Payroll	$ 4,460,207	$ 4,168,950	$ 3,787,016	$ 3,847,146	$ 3,672,443	$ 3,686,365	$ 3,428,068	$ 3,850,978	$ 3,720,751	$ 3,618,361
Actual contributions as a percentage of covered payroll	58.54%	78.24%	75.24%	46.45%	44.01%	42.82%	42.10%	40.05%	40.36%	37.91%
TRS										
Actuarially determined employer contribution	$ 1,554,542	$ 1,578,038	$ 1,443,656	$ 1,249,835	$ 1,208,819	$ 1,292,314	$ 1,272,277	$ 1,012,162	$ 975,578	$ 984,110
Actual employer contributions	1,554,542	1,578,038	1,443,656	1,249,835	1,208,819	1,292,314	1,272,277	1,012,162	975,578	984,110
Annual contributions deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 4,836,783	$ 4,996,954	$ 4,571,425	$ 4,500,666	$ 4,352,967	$ 4,389,654	$ 4,321,593	$ 4,279,755	$ 4,125,066	$ 4,078,367
Actual contributions as a percentage of covered payroll	32.14%	31.58%	31.58%	27.77%	27.77%	29.44%	29.44%	23.65%	23.65%	24.13%
JRS										
Actuarially determined employer contribution	$ 35,252	$ 32,533	$ 33,170	$ 31,893	$ 27,011	$ 27,427	$ 25,458	$ 19,164	$ 18,259	$ 17,731
Actual employer contributions	35,252	32,533	33,170	31,893	27,011	27,427	25,458	19,164	18,259	17,731
Annual contributions deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 38,936	$ 39,102	$ 35,872	$ 31,438	$ 31,495	$ 34,643	$ 34,970	$ 36,467	$ 34,897	$ 34,972
Actual contributions as a percentage of covered payroll	90.54%	83.20%	92.47%	101.45%	85.76%	79.17%	72.80%	52.55%	52.32%	50.70%

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2024.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	SERS & JRS Entry Age Normal / TRS Entry Age
Amortization Method	SERS level dollar close / TRS level percent of pay closed, grading to a level dollar amortization for the 6/30/2024 valuation / JRS level percent of pay, closed
Remaining Amortization Period	SERS 23.7 years / TRS 25.9 years / JRS 9 years
Asset Valuation Method	SERS & JRS 5 year smoothed market / TRS 4 year smoothed market
Investment Rate of Return	SERS, TRS, & JRS 6.9%, net of pension plan investment expense, including inflation
Salary Increases	SERS 3.0% to 11.5% percent, including inflation / TRS 3.0% to 6.5%, including inflation / JRS 4.0%, including inflation
Cost-of-Living Adjustments	SERS 1.95% to 3.25% / TRS 1.8% to 3.0% / JRS 2.3% to 4.0%
Inflation	SERS, TRS, & JRS 2.5%
Social Security Wage Base	SERS 3.5% / TRS & JRS not listed

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

Annual money-weighted rates of return net of investment expense	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State Employees' Retirement Fund	10.13%	11.52%	9.02%	-7.63%	24.36%	1.86%	5.88%	7.30%	14.32%	0.23%
Teachers' Retirement Fund	10.15%	11.50%	8.35%	-7.63%	24.28%	1.85%	5.85%	7.04%	14.37%	0.17%
State Judges' Retirement Fund	10.13%	11.43%	8.07%	-7.73%	24.37%	2.10%	6.12%	6.24%	13.04%	1.11%

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS

Required supplementary information for other postemployment benefits provides information on funding progress and employer contributions.

The following schedules are included in the Required Supplementary Information for Other Postemployment Benefits (OPEB):

Schedule of Changes in Net OPEB Liability and Related Ratios
Schedule of Employer Contributions
Schedule of Investment Returns

REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Last Eight Fiscal Year*

(Expressed in Thousands)

SEOPEBP

Total OPEB Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service Cost	$ 459,204	$ 621,327	$ 906,279	$ 1,214,728	$ 969,674	$ 848,198	$ 901,698	$ 960,992
Interest	1,041,345	703,922	515,502	618,231	806,906	737,298	680,154	511,133
Differences between expected and actual experience	(232,032)	(1,001,199)	(309,786)	389,271	(179,538)	(645,590)	-	-
Changes of assumptions	322,822	830,424	(4,462,669)	(4,936,120)	2,225,764	3,417,609	(724,140)	(510,781)
Benefit payments	(579,767)	(626,743)	(637,979)	(637,221)	(623,104)	(593,403)	(648,347)	(639,467)
Net change in total OPEB liability	1,011,572	527,731	(3,988,653)	(3,351,111)	3,199,702	3,764,112	209,365	321,877
Total OPEB liability - beginning	18,266,067	17,738,336	21,726,989	25,078,101	21,878,399	18,114,287	17,904,922	17,583,045
Total OPEB liability - ending (a)	**$ 19,277,639**	**$ 18,266,067**	**$ 17,738,336**	**$ 21,726,989**	**$ 25,078,101**	**$ 21,878,399**	**$ 18,114,287**	**$ 17,904,922**
Plan fiduciary net position								
Contributions - employer	$ 769,873	$ 850,513	$ 847,928	$ 868,070	$ 867,222	$ 752,941	$ 801,893	$ 667,401
Contributions - member	113,712	147,572	145,474	147,038	159,377	116,539	116,814	120,783
Net investment income	291,600	185,773	(196,531)	389,771	33,373	68,847	37,001	53,194
Benefit payments	(579,767)	(626,743)	(637,979)	(637,221)	(623,104)	(593,403)	(648,347)	(639,467)
Other	(136,748)	(129,809)	(118,300)	(105,307)	(95,682)	1,194	186	(187)
Net change in plan fiduciary net position	458,670	427,306	40,592	662,351	341,186	346,118	307,547	201,724
Plan fiduciary net position - beginning	2,667,443	2,240,137	2,199,545	1,537,194	1,196,008	849,889	542,342	340,618
Plan fiduciary net position - ending (b)	**$ 3,126,113**	**$ 2,667,443**	**$ 2,240,137**	**$ 2,199,545**	**$ 1,537,194**	**$ 1,196,007**	**$ 849,889**	**$ 542,342**
Plan fiduciary net position as a percentage of the total OPEB liability	16.22%	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%
Net OPEB liability - ending (a) -(b)	**$ 16,151,526**	**$ 15,598,624**	**$ 15,498,199**	**$ 19,527,444**	**$ 23,540,907**	**$ 20,682,392**	**$ 17,264,398**	**$ 17,362,580**
Covered payroll	$ 5,011,945	$ 4,865,966	$ 3,758,688	$ 3,649,211	$ 3,745,802	$ 3,619,133	$ 3,875,035	$ 3,743,995
Net OPEB liability as a percentage of covered payroll	322.26%	320.57%	412.33%	535.11%	628.46%	571.47%	445.53%	463.74%

* Governmental Accounting Standards Board Statement No. 74, Accounting and Financial Reporting for Other Postemployment Benefits, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Continued)

Last Eight Fiscal Year*

(Expressed in Thousands)

RTHP

Total OPEB Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service Cost	$ 59,801	$ 60,201	$ 72,027	$ 121,535	$ 93,324	$ 87,313	$ 132,392	$ 148,220
Interest	67,106	63,729	38,342	64,951	97,264	105,702	133,597	111,129
Benefit Changes	-	-	299,536	-	-	(339,076)	(1,044,628)	-
Difference between expected and actual experience	1,754,214	(166)	(60,031)	(1,218,425)	(586,004)	66,502	217,853	-
Changes of assumptions	(145,568)	(33,364)	(236,042)	12,750	626,595	182,438	(196,049)	(370,549)
Benefit payments	(51,065)	(52,458)	(74,795)	(131,543)	(67,383)	(55,154)	(110,622)	(84,071)
Net change in total OPEB liability	1,684,488	37,942	39,037	(1,150,732)	163,796	47,725	(867,457)	(195,271)
Total OPEB liability - beginning	1,809,083	1,771,141	1,732,104	2,882,836	2,719,040	2,671,315	3,538,772	3,734,043
Total OPEB liability - ending (a)	**$ 3,493,571**	**$ 1,809,083**	**$ 1,771,141**	**$ 1,732,104**	**$ 2,882,836**	**$ 2,719,040**	**$ 2,671,315**	**$ 3,538,772**
Plan fiduciary net position								
Contributions - employer	$ 21,765	$ 21,474	$ 20,419	$ 29,411	$ 29,173	$ 35,320	$ 35,299	$ 19,922
Contributions - member	59,113	57,687	50,630	54,058	53,221	51,944	51,484	50,436
Contributions - nonmember	-	14,420	-	-	-	-	-	-
Net investment income	12,911	7,569	49,587	82,256	849	1,090	411	369
Benefit payments	(51,065)	(52,458)	(74,795)	(131,543)	(67,383)	(55,154)	(110,622)	(84,071)
Administrative expense	(132)	(142)	(283)	(117)	(372)	(383)	(264)	(150)
Other	28	(373)	16,083	(91)	-	(16,100)	-	42
Net change in plan fiduciary net position	42,620	48,177	61,641	33,974	15,488	16,717	(23,692)	(13,452)
Plan fiduciary net position - beginning	215,733	167,556	105,915	71,941	56,453	39,736	63,428	76,880
Plan fiduciary net position - ending (b)	**$ 258,353**	**$ 215,733**	**$ 167,556**	**$ 105,915**	**$ 71,941**	**$ 56,453**	**$ 39,736**	**$ 63,428**
Plan fiduciary net position as a percentage of the total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%
Net OPEB liability - ending (a) -(b)	**$ 3,235,218**	**$ 1,593,350**	**$ 1,603,585**	**$ 1,626,189**	**$ 2,810,895**	**$ 2,662,587**	**$ 2,631,579**	**$ 3,475,344**
Covered payroll	$ 5,054,181	$ 4,695,730	$ 4,695,730	$ 4,438,394	$ 4,438,394	$ 4,389,554	$ 4,075,939	$ 4,279,755
Net OPEB liability as a percentage of covered payroll	64.01%	33.93%	34.15%	36.64%	63.33%	60.66%	64.56%	81.20%

* Governmental Accounting Standards Board Statement No. 74, Accounting and Financial Reporting for Other Postemployment Benefits, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

(Expressed in Thousands)

SEOPEBP	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially Determined Employer Contribution	$ 1,725,852	$ 1,097,692	$ 1,055,474	$ 1,338,541	$ 1,287,059	$ 1,203,406	$ 1,157,121	$ 1,043,143	$ 1,443,716	$ 1,513,336
Actual Employer Contributions	769,873	850,513	847,928	868,070	867,222	752,941	801,893	667,401	608,593	546,284
Annual Contributions Deficiency/(Excess)	$ 955,979	$ 247,179	$ 207,546	$ 470,471	$ 419,837	$ 450,465	$ 355,228	$ 375,742	$ 835,123	$ 967,052
Covered Payroll	$ 5,011,945	$ 4,865,966	$ 3,649,211	$ 3,745,802	$ 3,619,133	$ 3,619,133	$ 3,875,035	$ 3,743,995	$ 3,895,100	$ 3,539,800
Actual Contributions as a Percentage of Covered Payroll	15.36%	17.48%	23.24%	23.17%	23.96%	20.80%	20.69%	17.83%	15.62%	15.43%
RTHP										
Actuarially determined employer contribution	$ 76,673	$ 74,443	$ 123,908	$ 120,299	$ 173,273	$ 167,819	$ 172,223	$ 166,802	$ 130,331	$ 125,620
Actual employer contributions	21,765	21,474	20,419	29,411	29,173	35,320	35,299	19,922	19,960	25,145
Annual contributions deficiency/(excess)	$ 54,908	$ 52,969	$ 103,489	$ 90,888	$ 144,100	$ 132,499	$ 136,924	$ 146,880	$ 110,371	$ 100,475
Covered Payroll	$ 5,054,181	$ 4,695,730	$ 4,695,730	$ 4,438,394	$ 4,438,394	$ 4,389,654	$ 4,075,939	$ 4,279,755	$ 3,949,900	$ 3,831,600
Actual contributions as a percentage of covered payroll	0.43%	0.46%	0.43%	0.66%	0.66%	0.80%	0.87%	0.47%	0.51%	0.66%

Note:

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2024.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	SEOPEBP- Entry Age Normal, Level Percentage of Payroll RTHP-Entry Age
Amortization Method	SEOPEBP- Payments increase 3.0% per year. RTHP-Level Percent of Payroll over an open period
Remaining Amortization Period	SEOPEBP- 14 years RTHP-30 years
Asset Valuation Method	Market Value
Investment Rate of Return	SEOPEBP-6.9% RTHP-3.0%
Salary Increases	SEOPEBP-3.0% to 11.5% RTHP-3.0% to 6.5%
Inflation	2.5%
Claims Trend Assumption	4.5% to 6.3%

REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

Annual money-weighted rates of return net of investment expense	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPEB Fund	10.13%	11.55%	7.70%	-7.44%	24.61%	2.13%	6.62%	5.85%	11.83%	2.44%

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APPENDIX II-D

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SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

October 2, 2026

The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT 06106
Dear Treasurer Russell,

I have reviewed the accompanying balance sheets of the General Fund of the State of Connecticut for the fiscal years ending June 30, 2022 – 2026. This review also covered the accompanying statements of unappropriated surplus, revenues and expenditures for the years ended on those dates. The statements are based on the annual report of the Office of the State Comptroller, which is prepared in compliance with Section 3-115 of the Connecticut General Statutes, and reports of the Auditors of Public Accounts with respect to the balance sheets and related statements for the fiscal years ending June 30, 2022 – 2025. The statements for the fiscal year ending June 30, 2026 are under review and unaudited at present.

The statements have been prepared on a statutory basis of accounting for appropriated funds and on a cash basis of accounting for all other funds. These methods of accounting have been applied in accordance with the governing statutory requirements for all periods shown.

Sincerely,

DocuSigned by:

Sean Scanlon
Comptroller

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont
Members of the General Assembly

Adverse and Unmodified Opinions

We have audited the accompanying balance sheet of the General Fund of the State of Connecticut as of June 30, 2022, 2023, 2024 and 2025, and the related statements of revenues, expenditures, and changes in unappropriated surplus for the years ended on those dates as shown in Appendices II-D-6, II-D-7, II-D-8 and II-D-9.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the State of Connecticut, as of June 30, 2022, 2023, 2024 and 2025.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – statutory basis of the General Fund of the State of Connecticut as of June 30, 2022, 2023, 2024 and 2025, and the results of its operations – statutory basis for the years then ended, in accordance with the basis of accounting described in Note (a) to Appendix II-D-6.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note (a) to Appendix II-D-6, the State of Connecticut prepared its financial statements for the fiscal years ended June 30, 2022, 2023, 2024 and 2025, using accounting practices that follow the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114s of the Connecticut General Statutes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between this statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Emphasis of Matter

The financial statements in Appendices II-D-6, II-D-7, II-D-8 and II-D-9 present only the General Fund and do not purport to, and do not, present fairly the financial position – statutory basis of the State of Connecticut as of June 30, 2022, 2023, 2024 and 2025 and the results of its operations – statutory basis for the years then ended, in conformity with the basis of accounting described in Note (a) to Appendix II-D-6. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114s of the Connecticut General Statutes, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

October 7, 2026
State Capitol
Hartford, Connecticut

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GENERAL FUND[a]

Balance Sheet
As of June 30
(In Thousands)

	2022	2023	2024	2025	2026 (Unaudited)
Assets					
Cash and Short-Term Investments	$ 1,717,891	$ 577,190	$ 37,241	$ --	$ 154,547
Accrued Taxes Receivable	1,641,988	1,574,133	1,866,264	1,888,036	1,977,774
Accrued Accounts Receivable	20,434	--	25,222	27,681	28,370
Loans Receivable	3,412	3,413	3,413	3,412	3,412
Due from Other Funds - Year End Adj	--	--	--	--	25
Total Assets	$ 3,383,725	$ 2,154,736	$ 1,932,140	$ 1,919,129	$ 2,164,129
Liabilities, Reserves, Fund Balances and Surplus					
Liabilities					
Deficiency in Cash and Short-Term Investments	$ --	$ --	$ --	$ 276,933	$ --
Accounts Payable Nonfunctional Change to Accruals	873,763	500,240	691,444	783,826	781,778
Due to Other Funds	9,995	258	--	--	--
Total Liabilities	$ 883,758	$ 500,498	$ 691,444	$ 1,060,759	$ 781,778
Reserves and Fund Balances					
Petty Cash Funds	$ 991	$ 1,001	$ 990	$ 987	$ 986
Statutory Surplus Reserves	1,261,301	555,275	400,997	150,000	347,700
Statutory Surplus Reserves for FY 2022 - 2023	208,200	--	205,000	--	--
Reserve to Pay Off GAAP Bonds	--	211,700	--	--	--
Reserve for Statutory Transfer	--	--	--	110,243	118,024
Appropriations Continued to Following Years	834,261	691,048	438,495	401,925	720,427
Reserve for Receivables	3,412	3,412	3,412	3,412	3,412
Fund Balance Related to Statutory GAAP Budgeting	191,802	191,802	191,802	191,802	191,802
Total Reserves and Fund Balance	$ 2,499,967	$ 1,654,238	$ 1,240,696	$ 858,370	$ 1,382,351
Unappropriated Surplus (Deficit)	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities, Reserves and Surplus	$ 3,383,725	$ 2,154,736	$ 1,932,140	$ 1,919,129	$ 2,164,129

(a) The financial statements are prepared on a statutory basis using accounting practices that follow the financial reporting provisions of CGS Sections 3-115, 3-115b and 3-114b through 3-114s.

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Unappropriated Surplus
Fiscal Year Ended June 30
(In Thousands)

	2022	2023	2024	2025	2026 (Unaudited)
Unappropriated Surplus (Deficit), July 1	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenues (per Appendix II-D-6)	21,990,857	22,822,894	22,716,130	23,891,247	25,232,854
Total Expenditures (per Appendix II-D-7)	20,655,131[a]	22,198,901[b]	22,779,387[c]	23,517,490[d]	24,384,589[e]
Operating Balance	$ 1,335,726	$ 623,993	$ (63,257)	$ 373,757	$ 848,265
Reserved for Prior Year Appropriations					
Less Appropriations Carried Forward	(75,816)	(68,488)	464,254	36,570	(318,502)
Other Adjustments	1,391	(230)	-0-	(84)	(1)
Subtotal	$ 1,261,301	$ 555,275	$ 400,997	$ 410,243	$ 529,762
Transferred or Reserved for:					
Statutory Transfer to Early Childhood Education Endowment	--	--	--	(300,000)	(411,738)
Budget Reserve Fund	--	--	(76,021)	(110,243)[i]	(118,024)[i]
SERS/TRS Fund	(1,261,301)[f]	(555,275)[g]	(324,976)[h]	--	--
Unappropriated Surplus (Deficit), June 30	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(a) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(75.8) million. Also includes $3.6 million not reflected in Appendix II-D-9.

(b) Total Expenditures includes prior year appropriations less appropriations carried forward to Fiscal Years 2024 and 2025 in the amount of $(68.5) million.

(c) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $464.3 million.

(d) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $36.6 million.

(e) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(318.5) million.

(f) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 15%, the Treasurer determined it was in the best interest of the State to transfer the surplus to the State Employees' Retirement Fund.

(g) It was determined by State statute to be in the best interest of the State to transfer the surplus to the Teachers' Retirement System.

(h) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 18%, the Treasurer determined it was in the best interest of the State to transfer the remaining $324.9 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $145.9 million as an additional contribution to the Teachers' Retirement System.

(i) In accordance with State statute, transferred to the Budget Reserve Fund.

GENERAL FUND

Statement of Revenues
Fiscal Year Ended June 30
(In Thousands)

	2022	2023	2024	2025	2026 (Unaudited)
Taxes:					
Personal Income	$ 12,131,800[a]	$ 11,223,390[b]	$ 11,803,047[c]	$ 12,963,930[d]	$ 13,811,708[e]
Sales and Use	4,818,083	4,944,772	5,003,036	5,120,521	5,372,234
Corporations	1,401,153	1,516,588	1,555,553	1,402,569	1,304,893
Insurance Companies	240,969	295,687	300,167	324,109	372,291
Inheritance and Estate	220,223	218,352	129,551	146,119	260,667
Alcoholic Beverages	78,916	80,242	78,860	75,798	77,715
Cigarettes	326,709	290,789	251,816	233,750	218,975
Admissions, Dues, Cabaret	41,011	40,677	38,870	42,888	46,200
Public Service Corporations	295,681	278,205	343,767	336,689	328,251
Real Estate Conveyance	384,454	287,187	284,563	296,967	363,422
Miscellaneous / Health Provider	1,051,776	851,995	908,490	933,904	928,122
Pass-Through Entity Tax	2,307,594	2,048,068	1,964,652	2,367,029	2,677,784
Refunds of Taxes	(1,811,202)	(1,990,104)	(2,156,713)	(2,099,984)	(2,357,750)
R&D Credit Exchange	(5,756)	(6,061)	(9,028)	(6,449)	(5,557)
Other Revenue:					
Licenses, Permits, Fees	368,612	331,212	368,570	332,013	378,332
Sales of Commodities and Services	22,816	17,880	18,651	17,586	16,673
Transfer – Special Revenue	395,023	395,602	382,557	354,018	359,738
Investment Income	20,607	206,218	293,314	338,294	275,623
Fines, Escheats and Rents	220,749	230,698	275,757	262,064	290,346
Miscellaneous	272,825	260,885	180,034	208,942	167,352
Refunds of Payments	(74,708)	(75,821)	(85,660)	(124,546)	(106,729)
Federal Grants	1,934,869	1,997,837	2,060,692	1,935,142	1,583,342
Indian Gaming Payments	248,686	278,974	305,655	332,729	361,739
Statutory Transfer to Budget Reserve Fund for Volatility Adjustment	(3,047,454)	(1,321,793)	(1,321,350)	(2,098,709)	(1,454,932)
Statutory Transfers To / From Other Funds	147,421	421,415	(258,721)	195,872	(37,585)
Total Revenues[f]	$ 21,990,857	$ 22,822,894	$ 22,716,130	$ 23,891,247	$ 25,232,854

(a) Personal Income includes withholding of $7,886,242,302 and Estimates and Finals of $4,245,558,091.

(b) Personal Income includes withholding of $8,317,165,509 and Estimates and Finals of $2,906,224,724.

(c) Personal Income includes withholding of $8,666,448,405 and Estimates and Finals of $3,136,598,180.

(d) Personal Income includes withholding of $9,152,951,035 and Estimates and Finals of $3,810,979,433.

(e) Personal Income includes withholding of $9,492,259,828 and Estimates and Finals of $4,319,448,642.

(f) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

GENERAL FUND

Statement of Expenditures
Fiscal Year Ended June 30
(In Thousands)

	2022	2023	2024	2025	2026 (Unaudited)
Legislative	$ 75,577	$ 84,112	$ 89,523	$ 98,600	$ 99,997
General Government					
Executive	12,145	16,064	17,884	16,469	20,929
Financial Administration	651,650	827,435	396,502	397,457	425,194
Legal	85,905	90,948	92,442	97,222	98,477
Total General Government	749,700	934,447	506,828	511,148	544,600
Regulation and Protection of Persons and Property					
Public Safety	212,845	219,355	232,223	246,111	260,013
Regulative	90,838	126,452	111,566	115,280	109,992
Total Regulation and Protection	303,683	345,807	343,789	361,391	370,005
Conservation and Development					
Agriculture	14,358	18,256	18,581	16,320	28,699
Environment	56,836	59,789	58,310	60,287	61,936
Historical Sites, Commerce and Industry	161,905	158,513	169,686	169,173	190,965
Total Conservation and Development	233,099	236,558	246,577	245,780	281,600
Health and Hospitals					
Public Health	76,953	92,277	81,526	91,460	92,940
Developmental Services	559,262	597,218	1,452,373	1,544,165	1,579,796
Mental Health	640,158	705,647	751,374	780,723	802,487
Total Health and Hospitals	1,276,373	1,395,142	2,285,273	2,416,348	2,475,223
Human Services	4,444,984	4,969,383	4,675,934	4,925,367	5,175,662
Education, Libraries and Museums					
Department of Education	3,349,271	3,339,499	3,439,085	3,710,393	3,910,340
CT Tech High School System	0	190,315	193,279	209,749	213,311
University of Connecticut	421,975	445,433	402,704	377,298	446,489
Higher Education and the Arts	38,252	38,048	13,724	34,534	50,263
Libraries	9,011	8,899	9,675	10,378	10,486
Teachers' Retirement	1,468,617	1,601,870	1,578,730	1,637,352	1,842,609
Community—Technical Colleges	201,442	219,501	255,335	234,958	238,652
State University	209,052	216,545	221,594	239,946	240,381
Total Education, Libraries and Museums	5,697,620	6,060,110	6,114,126	6,454,608	6,952,531
Corrections	1,305,228	1,485,572	1,502,814	1,564,002	1,592,417
Judicial	606,544	653,109	675,221	717,260	751,807
Non-Functional					
Debt Service	2,328,964	2,506,352	2,710,141	2,496,942	2,417,587
Miscellaneous	3,629,730	3,528,309	3,629,213	3,726,044	3,723,160
Total Non-Functional	5,958,694	6,034,661	6,339,354	6,222,986	6,140,747
Total Expenditures[a]	$20,651,502	$22,198,901	$22,779,439	$23,517,490	$24,384,589

(a) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

NOTE: Totals may not add due to rounding.

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APPENDIX II-E

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APPENDIX II-E

GENERAL FUND REVENUES AND EXPENDITURES
ADOPTED BUDGET AND FINANCIAL RESULTS FOR FISCAL YEAR 2025
ADOPTED BUDGET AND UNAUDITED FINANCIAL RESULTS FOR FISCAL YEAR 2026 AND REVISED MIDTERM ADOPTED BUDGET FOR FISCAL YEAR 2027
(In Millions)

	Adopted Budget Fiscal Year 2025[e]	Financial Results Fiscal Year 2025[f]	Adopted Budget Fiscal Year 2026[g]	Unaudited Financial Results Fiscal Year 2026[j]	Revised Midterm Adopted Budget Fiscal Year 2027[g]
Revenues					
Taxes					
Personal Income Tax	$ 11,233.4	$ 12,963.9	$ 12,630.9	$ 13,811.7	$ 13,962.3
Sales & Use	5,428.2	5,120.5	5,103.1	5,372.2	5,436.5
Corporation	1,526.5	1,402.6	1,659.5	1,304.9	1,352.6
Pass-Through Entity Tax	1,877.3	2,367.0	2,115.3	2,677.8	2,435.6
Public Service	296.8	336.7	319.4	328.3	347.5
Inheritance & Estate	182.2	146.1	176.0	260.7	200.7
Insurance Companies	266.8	324.1	323.9	372.3	384.4
Cigarettes	262.0	233.7	228.1	219.0	203.8
Real Estate Conveyance	292.6	297.0	295.2	363.4	338.3
Alcoholic Beverages	78.8	75.8	79.1	77.7	76.6
Admissions and Dues	31.0	42.9	39.7	46.2	44.8
Health Provider Tax	957.4	912.0	916.9	897.5	118.9
Miscellaneous	69.2	21.9	21.9	30.6	19.9
Total Taxes	$ 22,502.2	$ 24,244.3	$ 23,909.0	$ 25,762.3	$ 24,921.9
Less Refunds of Taxes	(1,971.9)	(1,904.7)	(1,966.8)	(2,122.4)	(2,073.9)
Less Earned Income Tax	(196.2)	(195.4)	(235.4)	(235.4)	(240.5)
Less R&D Credit Exchange	(7.8)	(6.4)	(9.8)	(5.6)	(14.8)
Net Taxes	$ 20,326.3	$ 22,137.8	$ 21,697.0	$23,399.0	$ 22,592.7
Other Revenues					
Transfers- Special Revenues	$ 411.9	$ 354.0	$ 376.3	$ 359.7	$ 381.7
Indian Gaming Payments	286.0	332.7	334.6	361.7	380.1
Licenses, Permits, Fees	330.7	332.0	362.9	378.3	340.2
Sales of Commodities & Services	17.8	17.6	17.3	16.7	18.0
Rents, Fines & Escheats	175.2	262.1	203.2	290.3	251.4
Investment Income	201.7	578.7	301.5	275.6	236.4
Miscellaneous	158.0	208.9	189.1	167.4	167.1
Less Refunds of Payments	(67.1)	(124.5)	(89.7)	(106.7)	(108.9)
Total Other Revenue	$ 1,514.2	$ 1,961.5	$ 1,695.2	$ 1,743.1	$ 1,666.0
Other Sources					
Federal Grants	$ 1,886.5	$ 1,935.1	$ 1,853.2	$ 1,583.3	$ 2,211.8
Transfers from Tobacco Settlement Funds	(70.4)	105.5	91.8	87.6	86.0
Transfers (to)/from Other Funds[a]	106.7	(150.0)	(261.4)	(125.2)	217.0
Transfers to BRF – Volatility Adjustment[b]	(659.6)	(2,098.7)	(730.4)	(1,454.9)	(1,531.4)
Transfer to Housing Trust Fund	0.0	0.0	0.0	0.0	0.0
Total Other Sources	$ 1,263.2	$ (208.1)	$ 953.2	$ 90.8	$ 983.4
Total Budgeted Revenue[c]	$ 23,103.7	$ 23,891.2	$ 24,345.4	$ 25,232.9	$ 25,242.1
Revenue Cap Deduction	--	--	(304.3)	--	(315.5)
Total Available Revenue	$ 23,103.7	$ 23,891.2	$ 24,041.1	$ 25,232.9	$ 24,926.6

	Adopted Budget Fiscal Year 2025[e]	Financial Results Fiscal Year 2025[f]	Adopted Budget Fiscal Year 2026[g]	Unaudited Financial Results Fiscal Year 2026[j]	Revised Midterm Adopted Budget Fiscal Year 2027[g]
Appropriations/ Expenditures					
Legislative	$ 108.3	$ 98.6	$ 110.5	$ 100.2	$ 118.2
General Government	581.3	511.1	626.1	651.1	759.0
Regulation & Protection	355.1	361.4	352.5	383.4	374.1
Conservation & Development	224.8	245.8	255.9	299.4	297.9
Health & Hospitals	2,342.0	2,416.3	2,441.7	2,475.1	2,534.1
Human Services	4,633.2	4,925.4	5,079.1	5,313.1	4,760.9
Education, Libraries & Museums	6,358.5	6,454.6	6,935.4	7,135.4	7,022.4
Corrections	1,516.7	1,564.0	1,570.5	1,601.0	1,623.1
Judicial	694.7	717.3	740.3	746.9	771.7
Non- Functional					
Debt Service	2,594.4	2,446.6	2,509.6	2,466.6	2,608.6
Miscellaneous	3,579.5	3,776.4	3,509.1	3,530.9	4,098.3
Subtotal	$ 22,988.6	$ 23,517.5	$ 24,130.6	$ 24,703.1	$ 24,968.2
Other Reductions and Lapses	(182.7)	(0.0)	(94.2)	(0.0)	(93.7)
Net Appropriations/ Expenditures	$ 22,805.9	$ 23,517.5	$ 24,036.4	$ 24,703.1	$ 24,874.5
Operating Balance[h]	--	--	$ 4.8	--	$ 52.1
Operating Balance Plus Revenue	$ 297.8	$ 373.8	309.1	$ 529.8	367.6
Miscellaneous Adjustments	--	--	--	--	--
Operating Surplus / (Deficit)[d]	$ 297.8	$ 373.8	$ 309.1	$ 529.8	$ 367.6
Transfer to Early Childhood Education Endowment[i]	--	(300.0)	(309.1)	(411.7)	(367.6)
Surplus / (Deficit)	$ 297.8	$ 73.8	$ 0.0	$ 118.0	$ 0.0

NOTE: Columns may not add due to rounding.

(a) Includes transfers to the Mashantucket Pequot Fund for grants to towns.

(b) CGS Section 4-30a requires that any amount in Estimates and Finals and Pass-Through Entity Tax revenue above a prescribed threshold be transferred to the Budget Reserve Fund. The volatility cap for the originally adopted Fiscal Year 2025 budget was $3,929.3 million. Section 386 of Public Act No. 25-168 increases the volatility cap to (i) $4,079.3 million in Fiscal Year 2025 and (ii) $4,728.6 million in Fiscal Year 2026, and thereafter, adjusts annually by the compound annual growth rate of personal income in the State over the preceding five calendar years.

(c) Does not include revenues or expenditures with respect to Restricted Accounts and Federal & Other Grants, which are not included in this Appendix. The amount of such expenditures is generally the same as the amount of grants received.

(d) Per CGS Section 4-30a and Public Act No. 25-93, after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus or deficit in said fund, after any amounts required by provision of law to be transferred for other purposes have been deducted, including transfers to the Early Childhood Education Endowment beginning in Fiscal Year 2025, the amount of such surplus or deficit shall be transferred by the State Treasurer to/from the Budget Reserve Fund. For Fiscal Year 2026 and each year thereafter, any unappropriated surplus is to be used to first fill the Budget Reserve Fund to the statutory maximum of 18% of the estimated net General Fund appropriations for the next fiscal year and to mitigate any potential deficit as a result of audited financials for such fiscal year with all remaining unappropriated surplus then being dedicated to the Early Childhood Education Endowment.

(e) Per Public Act No. 23-204.

(f) Per the Comptroller's audited statutory basis financial results dated November 28, 2025 and adjusted by the Office of Policy and Management to exclude expenditures of appropriations carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year. See **STATE GENERAL FUND – Fiscal Year 2025 Operations** herein.

(g) Fiscal Year 2026 per Public Act No. 25-168 and Fiscal Year 2027 per substitute Senate Bill 1 as amended by Senate A (LCO 5762) of the 2026 legislative session (the "Revised Budget Act"). See **STATE GENERAL FUND - Midterm Budget Revisions for Fiscal Years 2026 and 2027**.

(h) Reflects the difference of total revenues less expenditures/appropriations, net of the revenue cap deduction.

(i) Per Public Act No. 25-93. Up to $300 million of any Fiscal Year 2025 unappropriated surplus will be transferred to the new Early Childhood Education Endowment. For Fiscal Year 2026 and each year thereafter, any unappropriated surplus is to be used to first fill the Budget Reserve Fund to the statutory maximum of 18% of the estimated net General Fund appropriations for the next fiscal year and to mitigate any potential deficit as a result of audited financials for such fiscal year with all remaining unappropriated surplus then being dedicated to the Early Childhood Education Endowment.

(j) Per the Comptroller's unaudited statutory basis financial results dated September 30, 2026 and adjusted by the Office of Policy and Management to exclude expenditures of appropriations carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year. **See STATE GENERAL FUND – Fiscal Year 2026 Operations.**

NOTE: The information in **Appendix II-E** of this **Information Statement** contains projections and no assurances can be given that subsequent projections or adjustments will not result in changes in the items of revenue and expenditure and in the final result of the operations of the General Fund. Changes may also occur as the result of legislative action adjusting the budget or taking other actions which impact revenues or expenditures.

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