STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

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STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
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YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

Honorable Edward M. Lamont, Jr.,
Governor of the State of Connecticut
State of Connecticut Special Transportation Fund
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund of the Special Transportation Fund (the Fund) of the State of Connecticut (the State), as of and for the year ended June 30, 2026, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Fund, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Special Transportation Fund of the State of Connecticut, and do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2026, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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.

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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 GAAS 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 GAAS, 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 Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

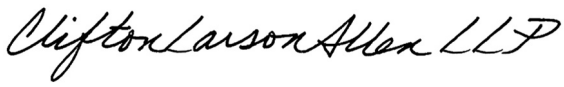
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 budgetary comparison information in accordance with GAAS, 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.

Honorable Edward M. Lamont, Jr.,
Governor of the State of Connecticut
State of Connecticut Special Transportation Fund

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 22, 2026

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026
(IN THOUSANDS)

	Special Revenue Fund	Debt Service Fund	Restricted Grants Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 463,886	$	$ 1,612	$ 465,498
Restricted Investments Held By Trustee	6,461	1,217,758	-	1,224,219
Receivables:				
Taxes, Net of Allowance for Doubtful Accounts of $20 for the Special Revenue Fund	340,301	-	-	340,301
Accounts, Net of Allowance for Doubtful Accounts of $39,251 and $3,524 for the Special Revenue Fund and Restricted Grants Fund, Respectively	46,775	-	46,741	93,516
PPP Installment Receivable	76,392	-	-	76,392
Interest	1,218	4,099	-	5,317
Restricted Federal Grants	-	-	325,161	325,161
Due From Other Funds of the State	4,099	-	-	4,099
Materials and Supplies	34,953	-	-	34,953
Total Assets	$ 974,085	$ 1,221,857	$ 373,514	$ 2,569,456
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 32,561	$	$ 154,974	$ 187,535
Wages and Benefits Payable	22,505	-	3,483	25,988
Cash Overdraft Liability	53,861	-	-	53,861
Due to Other Funds of the State	-	4,099	310	4,409
Total Liabilities	108,927	4,099	158,767	271,793
DEFERRED INFLOWS OF RESOURCES				
Receivables to be Collected in Future Periods	45,330	-	20,459	65,789
Deferred Amounts Related to PPPs	72,538	-	-	72,538
Total Deferred Inflows of Resources	117,868	-	20,459	138,327
FUND BALANCES				
Nonspendable:				
Materials and Supplies	34,953	-	-	34,953
Restricted For:				
Transportation Programs	712,337	-	-	712,337
Debt Service	-	1,217,758	-	1,217,758
Federal Programs	-	-	194,288	194,288
Total Fund Balances	747,290	1,217,758	194,288	2,159,336
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 974,085	$ 1,221,857	$ 373,514	$ 2,569,456

See accompanying Notes to Financial Statements.

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

	Special Revenue Fund	Debt Service Fund	Restricted Grants Fund	Total
REVENUES				
Motor Fuel Taxes	$ 934,687	$ -	$ -	$ 934,687
Sales Taxes	1,005,990	-	-	1,005,990
License, Permit, and Fee Revenues	321,670	-	-	321,670
Sales and Other Services	21,586	-	-	21,586
Fines and Rents	27,125	-	-	27,125
Investment Income	40,335	41,050	-	81,385
Intergovernmental Grants	1,293	-	1,541,365	1,542,658
Miscellaneous	6,432	-	108,275	114,707
Total Revenues	2,359,118	41,050	1,649,640	4,049,808
EXPENDITURES				
Current:				
General Government	28,319	-	137	28,456
Regulation and Protection	125,555	-	-	125,555
Conservation and Development	8,371	-	-	8,371
Transportation	1,277,143	-	1,592,724	2,869,867
Debt Service:				
Principal Retirement	-	657,370	-	657,370
Interest and Fiscal Charges	1,818	389,139	813	391,770
Total Expenditures	1,441,206	1,046,509	1,593,674	4,081,389
Excess (Deficiency) of Revenues Over Expenditures	917,912	(1,005,459)	55,966	(31,581)
Other Financing Sources (Uses):				
Refunding Bonds Issued	-	251,420	-	251,420
Premium on Bonds Issued	-	24,434	-	24,434
Payment to Refunded Bond Trustee	-	(298,606)	-	(298,606)
Transfers from Other State Funds	41,438	948,612	58,219	1,048,269
Transfers to Other State Funds	(954,112)	(41,589)	(57,465)	(1,053,166)
Total Other Financing Sources (Uses)	(912,674)	884,271	754	(27,649)
NET CHANGE IN FUND BALANCES	5,238	(121,188)	56,720	(59,230)
Decrease in Nonspendable Inventories	(1,152)	-	-	(1,152)
Fund Balances - Beginning of Year	743,204	1,338,946	137,568	2,219,718
FUND BALANCES - END OF YEAR	$ 747,290	$ 1,217,758	$ 194,288	$ 2,159,336

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Special Transportation Fund (the Fund) of the State of Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of significant accounting policies of the Fund.

Reporting Entity

The Special Transportation Fund of the State of Connecticut was established pursuant to Public Act 83-30 (the Act) of the June 1983 Special Session of the General Assembly of the State of Connecticut (the State), as amended to date, to account for the transportation related revenues of the State pledged therefor as provided in the Act (the Pledged Revenues) for payment of Special Tax Obligation bonds (the Bonds) issued by the State for transportation infrastructure purposes. Pledged Revenues consist of taxes, fees, charges and other receipts, funds or moneys of the State credited to the Special Transportation Fund and include: motor fuel taxes; oil companies taxes; a portion of the general retail sales and use taxes; the sales and use taxes on motor vehicle sales at dealers; motor vehicle receipts; motor vehicle related licenses, permits and fees; sales taxes imposed on casual sales of motor vehicles; motor vehicle related fines, penalties and other charges and other transportation related revenue sources more particularly defined in the Act, including enacted adjustments in all of the foregoing sources; certain federal subsidy payments relating to certain Taxable Build America Bonds and certain transportation related federal revenues of the State credited to the Special Transportation Fund.

After providing for debt service requirements of the Bonds, the balance of the revenues and other financing sources of the Fund may be used for the payment of debt service on general obligation bonds of the State issued for transportation infrastructure purposes, for the payment of certain expenditures of the State Department of Motor Vehicles, and for the payment of expenditures of the State Department of Transportation, including both the annually budgeted operating expenditures and the State's share of infrastructure improvement program costs not financed separately by other sources.

The Special Revenue Fund is included in the basic financial statements of the State of Connecticut as a major governmental fund, while the Debt Service Fund and Restricted Grants Fund are combined with similar funds of the State. The financial statements of the Special Transportation Fund of the State of Connecticut are intended to present the financial position, and the changes in financial position, of only that portion of each major fund and the aggregate remaining fund information of the State that is attributable to the transactions of the Special Transportation Fund. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2026 and the changes in the State's financial position for the year then ended in conformity with GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Fund has not presented a management's discussion and analysis (MD&A) in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* because Management believes the focus of an MD&A is on a primary government. The State of Connecticut, the primary government, will provide an MD&A in its annual report that will include analysis of the Fund.

Recent Legislative Changes

The financial position and changes in financial position of the Fund are subject to legislative actions enacted by the General Assembly of the State of Connecticut.

During the 2026 regular legislative session, the General Assembly passed Public Act 26-68, which provides for the transfer of $100 million of revenue of the Special Transportation Fund from fiscal year 2026 to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfers are only for budget purposes and are disregarded for coverage purposes. Public Act 26-68 also authorizes an additional $9,000,000 of special tax obligation bonds for transportation projects effective in fiscal year 2027, bringing total special tax obligation bond authorizations effective in fiscal year 2027 to $1,589,954,214.

During the 2025 regular legislative session, the General Assembly passed Public Act 25-174 (the Bond Act), which provides for special tax obligation bond authorizations for transportation projects of up to $1,574,716,214 effective in fiscal year 2026 and $1,580,954,214 effective in fiscal year 2027. Section 13(f) of the Bond Act also provides for general obligation bond authorizations for transportation projects of up to $40 million for grants-in-aid to municipalities for use in accordance with the provisions of Sections 13a-175a to 13a-175k of the Connecticut General Statutes.

During the 2025 regular legislative session, the General Assembly passed Public Act 25-168 (the Appropriations Act). Section 44 of the Appropriations Act provides for the transfer of $140 million from the Special Transportation Fund for fiscal year 2025, of which $17 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2026 and $123 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfers are only for budget purposes, and are disregarded for coverage purposes.

Section 368 of the Appropriations Act provides an exemption from sales and use taxes for the sales of and the storage, use or other consumption of certain ambulances and ambulance-type motor vehicles beginning July 1, 2025. Section 444 of the Appropriations Act provides an exemption from sales and use taxes for the sales of and the storage or use of certain precious metals beginning July 1, 2027.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Legislative Changes (Continued)

Section 389 of the Appropriations Act (the Surplus Legislation), which amended Section 13b-68 of the Connecticut General Statutes, provides that for fiscal year 2025, and thereafter, after all amounts required by provision of law to be transferred from the Special Transportation Fund for appropriations for such respective fiscal year have been deducted, the portion of the remaining balance of the Special Transportation Fund in such respective fiscal year exceeding 18% is deemed to be appropriated for the redemption, purchase or defeasance of outstanding Bonds.

Basis of Presentation

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The financial activities of the Special Transportation Fund are accounted for in individual funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts. Funds are utilized for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The financial activities of the Special Transportation Fund are reported in the following major governmental funds in the accompanying fund financial statements:

Special Revenue Fund – This fund is used to account for all transportation related taxes, fees and revenues and other receipts collected that are restricted for the payment of debt service requirements of special tax obligation bonds and transportation related general obligation bonds issued by the State for transportation infrastructure purposes, for the payment of certain expenditures of the State Department of Motor Vehicles, and for the payment of budgeted appropriations made by the State Department of Transportation. The State Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the State of Connecticut.

Debt Service Fund – This fund is used to account for the accumulation of resources that are restricted for the payment of principal and interest on special tax obligation bonds issued by the State for transportation infrastructure purposes.

Restricted Grants Fund – This fund is used to account for transportation related restricted federal and nonfederal grant revenues and expenditures.

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

For this purpose, the Fund considers revenues to be available if they are collected within 60 days of the end of the current period except for federal revenues that are considered collectible within one year. Significant revenue sources that are considered to be susceptible to accrual include motor fuel taxes and sales taxes. Revenue recognition policies are as follows:

Motor Fuel Taxes and Sales Taxes – Motor fuel taxes and sales taxes are recognized as revenue in the period when the underlying exchange has occurred and when the resources are available.

Intergovernmental Grants and Similar Non-Exchange Transactions – Intergovernmental grants and similar nonexchange transactions are recognized as revenue in the period when all applicable eligibility requirements imposed by funding sources have been met and when the resources are available. Resources received in advance are reported as unearned revenue.

Investment Income – Investment income from restricted investments held by the trustee in the bond service account and the debt service reserve account, and from other investments is recognized when earned.

License, Permit, and Fee and Other Revenues – License, permit and fee and all other revenues are recognized as revenue when received because they are considered to be measurable and available only when the cash is actually received.

Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures and expenditures related to compensated absences and claims and judgments, which are recorded as expenditures when payment is due.

Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less when purchased, exclusive of restricted investments held by the trustee.

Investments

Investments are measured at fair value, except for investments in certain external investment pools.

Investments in external investment pools consist of amounts invested in the State of Connecticut Treasurer's Short-Term Investment Fund. The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under State statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue daily interest based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Materials and Supplies

Materials and supplies are reported at cost using either the first-in first-out or average costing methods. Materials and supplies consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported materials and supplies are offset by a nonspendable fund balance to indicate that they are unavailable for appropriation.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund reports unavailable revenue from certain receivables that are expected to be collected in future periods as deferred inflows of resources. The Fund will recognize such amounts as revenues in the period that the amounts become available. In addition, the Fund reports deferred inflows of resources related to public-private partnership (PPP) arrangements installment receivable. The inflow of resources is recognized in a systematic and rational manner over the term of the PPP arrangement.

Compensated Absences

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Although the Fund does pay for compensated absences, these obligations have not been reported in the accompanying fund financial statements but are reported in the State of Connecticut's Annual Comprehensive Financial Report.

Employees hired on or before June 30, 1978, 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 or her accrued sick leave up to a maximum payment equivalent to sixty days.

Fund Balances

The Fund may report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the State of Connecticut General Assembly.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Assigned – Amounts are constrained by the Legislature's intent to be used for specific purposes, but are neither restricted or committed.

Unassigned – Residual classification for amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Fund's policy to use committed resources first, then assigned resources and then unassigned resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In April 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, Financial Reporting Model Improvements. This Statement improves key components of the governmental financial reporting model, including management's discussion and analysis, presentation of unusual or infrequent items, and certain proprietary fund financial statement presentation requirements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The State of Connecticut Special Transportation Fund adopted these requirements effective July 1, 2025. The implementation of GASB Statement No. 103 did not have a material impact on the State of Connecticut Special Transportation Fund's financial statements but resulted in changes to certain financial statement presentation and disclosure requirements.

NOTE 2 RESTRICTION OF FUND REVENUES

Under the terms and provisions of special acts of the General Assembly of the State of Connecticut, the State Bond Commission is empowered to authorize the issuance of special tax obligation bonds in one or more series to fund a portion of the costs of the State's infrastructure improvement projects. The bonds issued to date are described more fully in Note 6. The bonds are payable solely from, and secured by, a first pledge on the revenues of the Fund pursuant to the Act and the Indenture of Trust dated September 15, 1984, as amended and restated on November 1, 2024, and as supplemented.

Included in intergovernmental revenues are certain restricted grants. These grants represent amounts received from federal and local governments and other sources specifically to fund their share of certain program costs incurred. These revenues totaled approximately $1.543 billion for the year ended June 30, 2026 and are not available for debt service.

NOTE 3 CASH DEPOSITS - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Fund will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State maintains its deposits in qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from their other assets, eligible collateral in an amount equal to 10%, 25%, 100%, or 120% 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.

The carrying value of the Fund's cash deposits totaled $1,812 as of June 30, 2026. Because the Fund's cash deposits are commingled with those of other funds of the State, the amount of the Fund's cash deposits subject to custodial credit risk is not readily determinable as of June 30, 2026.

Investments in the State Treasurer's Short-Term Investment Fund (STIF) totaling $463,686 are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure, such amounts are considered investments and are included in the disclosure in Note 4.

NOTE 4 INVESTMENTS

As of June 30, 2026, the Fund's investments consist of the following:

		Investment Maturities (In Years)		
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10
Short-Term Investment Fund	$ 1,295,716	$ 1,295,716	$ -	$ -
Municipal Fixed Rate Securities	33,486	6,750	26,736	-
Federal Fixed Rate Securities	356,260	-	208,053	148,207
Treasury Notes	2,443	-	2,443	-
Total	$ 1,687,905	$ 1,302,466	$ 237,232	$ 148,207

Because the State Treasurer's Short-Term Investment Fund had a weighted-average maturity of less than 90 days, it has been presented as an investment with a maturity of less than one year.

A reconciliation of the Fund's restricted investments as presented in the accompanying balance sheet as of June 30, 2026 is as follows:

Bond Service Account	$ 613,294
Debt Service Reserve Account	604,464
Interest Account	6,461
Restricted Investments Held by Trustee	$ 1,224,219

Investments held by the Trustee in the bond service account and the debt service reserve account are restricted by and invested pursuant to the terms of the Indentures.

NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk

The Fund's investment policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates is delineated in the Indentures.

Credit Risk

The Fund's investment restrictions are delineated in the Indentures. No investments of the Fund may have a maturity date longer than 10 years. In addition, in accordance with Connecticut General Statutes, allowable investments include 1) obligations, securities and investments set forth in subsection (f) of Section 3-20 of the Connecticut General Statutes and 2) participation certificates in the State Treasurer's Short-Term Investment Fund created under Section 3-27a of the General Statutes.

The Fund's investments in debt securities were rated as follows at June 30, 2026:

Debt Securities	Fair Value	Standard and Poors	Moody's	Fitch
Short-Term Investment Fund	$ 1,295,716	AAAm	Unrated	Unrated
Municipal Fixed Rate Securities	33,486	AA+ AA	Aa2	Unrated
Federal Fixed Rate Securities	356,260	AA- AAA	Aaa	Unrated
Treasury Notes	2,443	AA+	Unrated	Unrated
Total	$ 1,687,905			

Concentrations of Credit Risk

The Fund places no limit on the amount of investment in any one issuer. As of June 30, 2026, 77% of the Fund's investments were invested in the State Treasurer's Short-Term Investment Fund, 13% in Federal Farm Credit Bank Securities, 8% in Federal Home Loan Bank and Mortgage Securities and 2% in Municipal Fixed Rate Securities.

Fair Value

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Fund has the following recurring fair value measurements as of June 30, 2026:

Investments	June 30, 2026	Level 1	Level 2	Level 3
Municipal Fixed Rate Securities	$ 33,486	$ -	$ 33,486	$ -
Federal Fixed Rate Securities	356,260	-	356,260	-
Treasury Notes	2,443	-	2,443	-
Total Investments by Fair Value Level	392,189	$ -	$ 392,189	$ -
Investments Measured at Amortized Cost				
Short-Term Investment Fund	1,295,716			
Total Investments	$ 1,687,905			

NOTE 5 PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The State, acting by and through the Connecticut Department of Transportation, entered into a public-private partnership arrangement (PPP) with Project Service LLC to operate the 23 Service Areas along roadways of Connecticut. The contract commenced in 2009 and originally ran through December 2044. The assets underlying the agreement remain assets of the State. The contract requires Minimum Annual Guaranteed Payments (MAG) and Participation Payments on Gross Receipts and Gallons of Fuel Sold.

On October 28, 2025, the State and Project Service LLC amended the agreement to extend the term from December 2044 to December 2064 and revise the MAG and participation payment schedules. The amendment includes a 20% reduction in MAG and participation payments through fiscal year 2044 and operating and maintenance rent credits for fiscal years 2026 through 2030, which the operator is required to repay by June 30, 2040. The Fund accounted for the amendment as a modification and remeasured the PPP receivable and related deferred inflow of resources as of the amendment date, which increased each by approximately $29.5 million.

Utilizing an incremental borrowing interest rate of 4.60%, the Fund reported net present value receivables and related deferred inflows of resources and PPP revenue, and interest revenues related to public-private partnerships receivable as of June 30, 2026 as follows:

PPP Installment Receivable	Deferred Inflow of Resources	PPP Revenue	PPP Interest Revenue
$ 76,392	$ 72,538	$ 1,909	$ 3,425

Participation payments on gross receipts and gallons of fuel sold for the year ended June 30, 2026 were approximately $1.1 million.

NOTE 6 SPECIAL TAX OBLIGATION BONDS

A summary of special tax obligation bonds issued, pursuant to the State Bond Commission's authorization, and the outstanding principal balances as of June 30, 2026 is as follows.

Issue	Interest Rates	Dated Date	Maturing Through Fiscal Year	Amount of Original Issue	Principal Balance at June 30, 2026
2016A Bonds	3.00% - 5.00%	September 28, 2016	2037	$ 800,000	$ 534,225
2016B Refunding Bonds	2.00% - 5.00%	September 28, 2016	2029	68,265	40,875
2018A Bonds	4.00% - 5.00%	February 8, 2018	2038	800,000	565,895
2018B Bonds	5.00%	October 25, 2018	2039	750,000	563,510
2018C Refunding Bonds	3.00% - 5.00%	October 25, 2018	2027	100,105	19,370
2020A Bonds	3.00% - 5.00%	May 29, 2020	2040	850,000	691,665
2021A Bonds	3.00% - 5.00%	May 12, 2021	2041	875,000	735,330
2021B Refunding Bonds	3.00% - 4.00%	May 12, 2021	2029	11,695	1,965
2021C Refunding Bonds	5.00%	October 19, 2021	2032	144,190	77,490
2021D Bonds	1.75% - 5.00%	December 1, 2021	2042	500,000	434,100
2022A Bonds	4.25% - 5.25%	November 7, 2022	2044	830,000	631,685
2022B Refunding Bonds	5.00%	November 7, 2022	2034	313,490	194,835
2023A Bonds	5.00% - 5.25%	November 1, 2023	2044	875,000	715,400
2023B Refunding Bonds	5.00%	November 1, 2023	2035	349,005	302,055
2024A Bonds	5.00%	December 19, 2024	2045	1,000,000	979,970
2024B Refunding Bonds	5.00%	December 19, 2024	2031	375,270	347,185
2025A Bonds	5.00%	December 18, 2025	2047	1,551,420	1,551,420
Total					$ 8,386,975

Proceeds from the sale of special tax obligation bonds were used to: fund the State's Infrastructure Improvement Fund, fund any required deposits to the debt service reserve fund and to pay costs associated with the sale of the bonds. The Infrastructure Improvement Fund was established by the State to account for the net bond proceeds to be used for Transportation Infrastructure Improvement projects and is a separate capital project fund of the State and is not part of the Special Transportation Fund.

Revenues are credited to the Special Transportation Fund and funds are transferred to the Fund's debt service account to the extent required to meet debt service requirements as provided by the Indentures. In addition, the Amended and Restated Indenture requires the Fund to maintain a debt service reserve account for the Prior Bonds (bonds issued under the original 1984 Indenture) at a level equal to the maximum annual principal and interest requirements on the Prior Bonds for the current or any future fiscal year. Bonds issued under the Amended and Restated Indenture, including the 2024 Series A and B and 2025 Series A, are not secured by the debt service reserve account.

The 2016 Series A Bonds maturing on or after September 1, 2027 will be subject to redemption, at the election of the State, on or after September 1, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on September 1, 2026 and thereafter.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

The 2016 Refunding Series B Bonds maturing on or after September 1, 2027 will be subject to redemption, at the election of the State, on or after September 1, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on September 1, 2026 and thereafter.

The 2018 Series A Bonds maturing on or after January 1, 2029 will be subject to redemption, at the election of the State, on or after January 1, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2028 and thereafter.

The 2018 Series B Bonds maturing on or after October 1, 2029 will be subject to redemption, at the election of the State, on or after October 1, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on October 1, 2028 and thereafter.

The 2018 Series C Refunding Bonds are not subject to optional redemption.

The 2020 Series A Bonds maturing on or after May 1, 2031 will be subject to redemption, at the election of the State, on or after May 1, 2030 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on May 1, 2030 and thereafter.

The 2021 Series A Bonds maturing on or after May 1, 2032 will be subject to redemption, at the election of the State, on or after May 1, 2031 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on May 1, 2031 and thereafter.

The 2021 Series B Refunding Bonds are not subject to optional redemption.

The 2021 Series C Refunding Bonds are not subject to optional redemption.

The 2021 Series D Bonds are subject to optional redemption at the election of the State on or after November 1, 2031.

The 2022 Series A Bonds maturing on or after July 1, 2034 will be subject to redemption, at the election of the State, on or after January 1, 2033 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2033 and thereafter.

The 2022 Series B Refunding Bonds are not subject to optional redemption.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

The 2023 Series A Bonds maturing on or after July 1, 2035 will be subject to redemption, at the election of the State, on or after January 1, 2034 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2034 and thereafter.

The 2023 Series B Refunding Bonds are not subject to optional redemption.

The 2024 Series A Bonds maturing on or after July 1, 2035 will be subject to redemption, at the election of the State, on or after October 1, 2034 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100.5% of the principal amount outstanding from October 1, 2034 to December 31, 2034 and at 100% of the principal amount outstanding on January 1, 2035 and thereafter.

The 2024 Series B Refunding Bonds are not subject to optional redemption.

The 2025 Series A Bonds maturing on or after July 1, 2036 will be subject to redemption, at the election of the State, on or after October 1, 2035 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100.5% of the principal amount outstanding from October 1, 2035 to December 31, 2035 and at 100% of the principal amount outstanding on January 1, 2036 and thereafter.

The aggregate principal and interest maturities on the bonds (scheduled payments to bondholders) are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 478,510	$ 406,546	$ 885,056
2028	508,065	379,240	887,305
2029	524,255	353,589	877,844
2030	519,145	327,675	846,820
2031	521,805	301,831	823,636
2032-2036	2,456,260	1,134,393	3,590,653
2037-2041	2,194,675	556,697	2,751,372
2042-2046	1,142,960	132,895	1,275,855
2047-2051	41,300	1,033	42,333
Total	$ 8,386,975	$ 3,593,899	$ 11,980,874

Bonds Authorized But Not Issued

As of June 30, 2026, the State has $7.5 billion of special tax obligation bonds that have been authorized by the Legislature and allocated by the State Bond Commission but not issued. These bonds would be payable from the revenues of the Fund if issued.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

Accrued Interest

As of June 30, 2026, accrued interest on the special tax obligation bonds paid from the Debt Service Fund totaled $165.4 million and will be recognized as a debt service expenditure when paid.

NOTE 7 CHANGES IN LONG-TERM OBLIGATIONS

Although the Fund does pay certain long-term obligations, these obligations have not been reported in the accompanying fund financial statements but are reported in the State of Connecticut's Annual Comprehensive Financial Report. A summary of changes in long-term obligations of the Fund for the year ended June 30, 2026 is as follows:

Description	Balance, July 1, 2025	Additions[1]	Reductions	Balance, June 30, 2026	Due Within One Year
Special Tax Obligation Bonds and Refunding Bonds	$ 7,784,420	$ 1,551,420	$ 948,865	$ 8,386,975	$ 478,510
Compensated Absences	107,017	15,031	-	122,048	79
Claims and Judgements (See Note 9)	4,289	-	903	3,386	-
Total	$ 7,895,726	$ 1,566,451	$ 949,768	$ 8,512,409	$ 478,589

[1]The change in the compensated absence liability is presented as a net change.

Debt proceeds of $1,300,000 related to new bond issue are deposited and reported with Other Funds of the State (Capital Projects Fund) and not included with the Special Transportation Fund.

2025A Bonds

In the current fiscal year, the State of Connecticut issued $1,551,420 in Special Tax Obligation Bonds, 2025 Series A, with interest rate of 5%. Of this amount, $1,300,000 was for new money purposes and $251,420 was for refunding purposes. The refunding portion, together with premium and amounts on deposit in the Bond Service Sub-Account, was used to currently refund $259,355 of outstanding 2015 Series A and $33,675 of outstanding 2015 Series B Special Tax Obligation Bonds, which had interest rates of 5% (the "Prior Bonds"). Amounts totaling $298,606, which covered the principal of and accrued interest on the Prior Bonds, were deposited with the trustee, and the Prior Bonds were redeemed on December 18, 2025, the date the 2025A bonds were issued. The State completed the current refunding to reduce total debt service payments by $31,165 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $25,799.

Defeasance of Debt

During the fiscal year ended June 30, 2026, the State of Connecticut, through the Office of the Treasurer, legally defeased a portion of the Special Tax Obligation Transportation Infrastructure Bonds, Series 2022A and Series 2023A, using resources from the Special Transportation Fund.

NOTE 7 CHANGES IN LONG-TERM OBLIGATIONS (CONTINUED)

Defeasance of Debt (Continued)

In accordance with GASB Statement No. 86, the State deposited $256.5 million of Special Transportation Fund monetary assets into an irrevocable trust with the bond trustee. These assets are restricted for the sole purpose of paying principal and interest on $127.8 million of Series 2022A bonds maturing July 1, 2027 through July 1, 2032 and $114.7 million of Series 2023A bonds maturing July 1, 2032 through July 1, 2035. The defeased bonds will be paid at a price of 100% of principal on their scheduled maturity dates. The exception is the defeased portion of the Series 2023A bonds maturing July 1, 2035, which will be redeemed on January 1, 2034.

As a result of the legal defeasance, the related debt has been removed from the State's liabilities in the Annual Comprehensive Financial Report. As of June 30, 2026, $242.5 million of legally defeased bonds remained outstanding. The transaction did not involve the issuance of new debt and was funded entirely from existing Special Transportation Fund reserves.

NOTE 8 INTERFUND BALANCES

Interfund Receivables and Payables Amounts

A summary of interfund receivables and payables as of June 30, 2026 are as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	Debt Service Fund	$ 4,099
Other Funds of the State	Restricted Grants Fund	$ 310

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8 INTERFUND BALANCES (CONTINUED)

Interfund Transfers

A summary of interfund transfers for the year ended June 30, 2026 is as follows:

Transfer In	Transfer Out	Amount
Special Revenue Fund	Debt Service Fund	$ 41,287
	Other Funds of the State	151
	Total	$ 41,438
Debt Service Fund	Special Revenue Fund	$ 891,147
	Restricted Grants Fund	57,465
	Total	$ 948,612
Restricted Grants Fund	Special Revenue Fund	$ 57,465
	Other Funds of the State	754
	Total	$ 58,219
Other Funds of the State	Special Revenue Fund	$ 5,500
	Debt Service Fund	302
	Total	$ 5,802

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) to move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Litigation, Claims, and Assessments

The State is party to various claims and legal actions brought against it, some of which may ultimately result in settlements or judgments against the State for which amounts may ultimately be paid from the Fund. Any amounts payable from the Fund to meet such settlements or judgements are subject to the prior lien in favor of the Bonds. The State of Connecticut, Office of the Attorney General has determined that it is probable that some of these actions will result in a loss to the State. The estimated liabilities for probable cases against the State for which amounts may ultimately be payable from the Fund totaled approximately $3.4 million as of June 30, 2026. In addition, there are a number of cases where the outcome is either uncertain or it is reasonably possible that a loss may be incurred for which the estimated exposure can’t be determined as of June 30, 2026.

Arbitrage Rebate Requirements

Section 148 of the Internal Revenue Code, as enacted by the Tax Reform Act of 1986, requires that 90% of the earnings from the investment of tax-exempt bond proceeds that exceed the yield on tax-exempt bonds be remitted to the U.S. government. In accordance with this regulation, the Fund may be required to rebate a portion of its investment earnings on the proceeds of the Bonds to the federal government. There were no rebate payments made during the year ended June 30, 2026. The potential arbitrage liability as of June 30, 2026 is approximately $4.1 million.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments

The State entered into a contractual agreement with H.N.S. Management Company, Inc., doing business as CTTransit, to manage and operate the bus transportation system for the State. The State pays all expenditures 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. Upon termination of the agreement, the State shall assume all of the existing obligations of CTTransit, including all pension liabilities described below. Although the Fund has no liability related to these costs, payments may be made by the Fund if so directed by the State.

In addition, the Fund has other contractual commitments for various transportation related construction projects. As of June 30, 2026, the aggregate contractual commitments for such projects totaled approximately $2.61 billion. Funding of these expenditures is expected to be received from federal and other grants and other revenues to be received by the Fund.

Pension and Other Postemployment Benefits

Certain employees of the Fund participate in the State Employees' Retirement System (SERS), which is administered by the State Employees' Retirement Commission. The Fund has no liability for these pension and other postemployment benefit costs other than the annual contributions, pursuant to Public Act 83-30 of the June 1983 Special Session of the General Assembly of the State of Connecticut as amended to date. In addition, the actuarial study was performed on the SERS as a whole and does not provide separate information for employees of the Fund. Therefore, certain pension and other postemployment benefit disclosures cannot be provided. Information on the total SERS funding status and progress, required contributions and trend information can be found in the State of Connecticut's Annual Comprehensive Financial Report.

The Fund's contribution is determined by applying a State mandated percentage to eligible salaries and wages. The net contributions made by the Fund totaled $167.8 million for pension benefits and $3.8 million for other postemployment benefits for the year ended June 30, 2026.

Federal Awards

Grant amounts received or receivable by the Special Revenue and Restricted Grants Funds 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.

NOTE 10 INTERFUND ALLOCATIONS

The Fund is one of many funds within the State of Connecticut financial reporting entity. As a result, certain transactions of the Fund, including operating transfers and certain allocations of expenses among funds, are under the direction of management of the State.

Allocation of Bank Charges

The Fund invests in the State Treasurer's Short Term Investment Fund, which is a money market investment pool administered by the State Treasurer. In addition, the Fund's cash balances are managed by the State of Connecticut, Office of the Treasurer. Bank charges allocated to the Fund totaled $211.7 thousand for the year ended June 30, 2026.

NOTE 11 RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board (the 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 State is self-insured for general liability risks 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. Amounts allocated and expended by the Fund for general liability, automobile, and property insurance totaled approximately $15.8 million for the year ended June 30, 2026.

The State is self-insured for liabilities associated with worker compensation claims. Amounts allocated and expended by the Fund for workers compensation insurance totaled approximately $7.5 million for the year ended June 30, 2026.

Uncertainties

Reliance on Certain Taxes

A significant portion of the revenues of the Special Transportation Fund are derived from motor fuel taxes, oil companies taxes, and a portion of the general retail sales taxes. Such taxes may be directly affected by economic conditions. Periods of less favorable economic conditions could result in substantially reduced revenues generated from such taxes and could have a material adverse effect on the Special Transportation Fund.

NOTE 12 SUBSEQUENT EVENTS

On July 1, 2026, the State issued $443,685 of Special Tax Obligation Refunding Bonds, Transportation Infrastructure Purposes, 2026 Series A (the 2026 Series A Bonds). The bonds have a true interest cost of 2.90% and mature through July 1, 2036. The 2026 Series A Bonds are payable from pledged revenues of the Special Transportation Fund.

The State deposited the proceeds of the 2026 Series A Bonds, together with $56,420 of funds on hand related to the refunded bonds, into the trustee's redemption sub-account. The amounts were used to refund $496,740 of outstanding Special Tax Obligation Bonds 2016 Series A and $40,875 of outstanding Special Tax Obligation Refunding Bonds 2016 Series B. The refunded bonds were redeemed on September 1, 2026, at a redemption price of 100%. The refunding reduces total debt service payments by $62,413 over the next ten years. It also results in an economic gain (the difference between the present values of the old and new debt service payments, adjusted for additional cash paid) of $46,117.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-GAAP BUDGETARY BASIS – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actual	Variance with Actual Over (Under) Final
	Original	Final	Original Budget	Amounts	Budget
REVENUES					
Budgeted:					
Taxes, Net of Refunds	$ 1,821,700	$ 1,844,450	$ 22,750	$ 1,932,119	$ 87,669
License, Permit, and Fee Revenues	412,000	417,000	5,000	393,700	(23,300)
Federal Grants	-	-	-	1,285	1,285
Other	64,500	47,000	(17,500)	57,997	10,997
Refunds of Payments	(10,900)	(10,900)	-	(12,395)	(1,495)
Operating Transfers In	11,500	11,500	-	-	(11,500)
Operating Transfers Out	-	-	-	(67,817)	(67,817)
Total Revenues	2,298,800	2,309,050	10,250	2,304,889	(4,161)
EXPENDITURES					
Budgeted:					
General Government	34,230	22,211	(12,019)	20,512	(1,699)
Regulation and Protection	81,034	79,034	(2,000)	74,148	(4,886)
Conservation and Development	4,447	4,447	-	4,447	-
Transportation	1,064,087	1,064,395	308	1,052,331	(12,064)
Nonfunctional	1,183,821	1,201,880	18,059	1,167,476	(34,404)
Total Expenditures	2,367,619	2,371,967	4,348	2,318,914	(53,053)
Appropriations Lapsed	16,000	26,713	10,713	-	(26,713)
Excess of Revenues Over Expenditures	(52,819)	(36,204)	16,615	(14,025)	22,179
OTHER FINANCING SOURCES (USES)					
Prior Year Appropriations Carried Forward	76,400	76,400	-	76,405	5
Appropriations Continued to Fiscal Year 2026-2027	-	-	-	(26,338)	(26,338)
Total Other Financing Sources (Uses)	76,400	76,400	-	50,067	(26,333)
NET CHANGE IN FUND BALANCES	23,581	40,196	16,615	36,042	(4,154)
Budgetary Fund Balances - Beginning of Year				546,288	
Miscellaneous Adjustments to Fund Balances				(57,465)	
Change in Reserve for Continuing Appropriations				(50,067)	
BUDGETARY FUND BALANCES - END OF YEAR				$ 474,798	

NOTE 1 BUDGETARY INFORMATION AND LEGAL COMPLIANCE

Budgetary Information

By statute, the Governor of the State of Connecticut 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 several funds of the State, including the Special Transportation Fund.

Pursuant to section 705 of the 2017 Budget Act, the General Assembly is prohibited from authorizing Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed a specified percentage (99.25% in fiscal year 2021, and declining by 0.25% in each subsequent fiscal year, to 98% in fiscal year 2026 and each fiscal year thereafter) of the estimated revenues included in such fiscal year's budget act, subject to certain exemptions.

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 Statutory Basis (GAAP Based Budgeting)*. A separate document demonstrating compliance with the legally adopted budget is necessary because the legal level of control is more detailed than reflected in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual. Before an agency can utilize amounts appropriated for a particular purpose, such amounts must be allotted for the specific purpose by the Governor and encumbered by the State Comptroller upon request by the agency. Such amounts can then be expended by the State Treasurer only upon a warrant, draft or order of the State Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over amounts 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% of the fund or 5% of the appropriation amount. Modifications beyond those limits, but not in excess of 5% 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% of the total appropriated fund can be made only with the approval of the General Assembly.

NOTE 1 BUDGETARY INFORMATION AND LEGAL COMPLIANCE (CONTINUED)

Budgetary Information (Continued)

All funds of the State use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for 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 carry forwards of spending authority from one fiscal budget into a subsequent fiscal 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 for 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.

The Special Revenue Fund is the only fund of the Special Transportation Fund for which a budget is legally adopted. The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes and federal and other restricted grant revenues. Certain tax payments received by the Commissioner of Revenue Services not later than five business days after the last day of July immediately following the end of the fiscal year are subject to statutory accrual. Federal and other restricted grant revenues are recognized when earned. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the final adopted budget is presented in the accompanying statement of revenues, expenditures and changes in fund balances - budget and actual - non-GAAP budgetary basis.

A reconciliation between budgetary amounts and GAAP amounts for the Special Revenue Fund is as follows:

	Special Revenue Fund
Net Change in Fund Balance - Budgetary Basis	$ 36,042
Decrease in Receivables	(456)
Decrease in Accounts Payable	3,422
Increase in Other Payables	(63,914)
Public-Private Partnership Revenue Recognized	3,853
Miscellaneous Adjustments	(6,642)
Decrease in Continuing Appropriations	(50,067)
Fiscal Year 2026 Fund Balance Activity	83,000
Net Change in Fund Balance - GAAP Basis	$ 5,238

There were no significant variances between the original and final budget or the final budget and the actual amounts.

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