

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 2, 2026

NEW MONEY ISSUE/REFUNDING ISSUE - Book Entry Only

(See "Ratings" herein)

In the opinions of Lead Bond Counsel and Co-Bond Counsel (collectively, "Bond Counsel"), rendered in reliance upon and assuming the accuracy of and continuing compliance by the University and the State Treasurer with their representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes and court decisions, interest on the 2026 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as a preference item under the Code for purposes of calculating the federal alternative minimum tax; however, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the federal alternative minimum tax imposed on such corporations. See "Tax Matters – 2026 Bonds" herein.

In the opinions of Bond Counsel, under existing statutes and court decisions, interest on the 2026 Notes is includable in gross income of the owners thereof for federal income tax purposes under the Code. See "Tax Matters – 2026 Notes" herein.

In the opinions of Bond Counsel, under existing statutes, interest on the 2026 Bonds and the 2026 Notes 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 Matters – 2026 Bonds" and "Tax Matters – 2026 Notes" herein.



UNIVERSITY OF CONNECTICUT

\$432,305,000* GENERAL OBLIGATION BONDS, 2026 SERIES A

Dated: Date of Delivery

Due: As shown on inside cover

The University of Connecticut General Obligation Bonds, 2026 Series A (the "2026 Bonds") are general obligations of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State") for which the University's full faith and credit are pledged.

Principal of and interest on the 2026 Bonds will be paid directly to DTC by the Trustee (as hereinafter defined), as Paying Agent, so long as DTC (as hereinafter defined) or its nominee, Cede & Co., is the Bondowner. Interest on the 2026 Bonds will be payable semiannually on February 15 and August 15 in each year, commencing on August 15, 2026. **The 2026 Bonds are subject to redemption prior to maturity as more fully described herein.**

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

RBC CAPITAL MARKETS

J.P. MORGAN
PIPER SANDLER & CO.

LOOP CAPITAL MARKETS
WELLS FARGO SECURITIES

AmeriVet Securities Inc.
FHN Financial Capital Markets
Multi-Bank Securities
Rice Financial Products Company
Stern Brothers

Bancroft Capital, LLC
Fidelity Capital Markets
Oppenheimer & Co.
Roberts & Ryan, Inc.
Stifel

Cabrera Capital Markets
Jefferies
Ramirez & Co., Inc.
Roosevelt & Cross Incorporated
UMB Bank, N.A.

\$148,530,000* GENERAL OBLIGATION BOND ANTICIPATION NOTES
(FEDERALLY TAXABLE) SERIES 2026

Dated: March 24, 2026

Due: March 23, 2027

The University of Connecticut General Obligation Bond Anticipation Notes (Federally Taxable) Series 2026 (the "2026 Notes") are general obligations of the University, a body politic and corporate constituting a public instrumentality and agency of the State for which the University's full faith and credit are pledged. Interest on the 2026 Notes will be payable at maturity. **The 2026 Notes are not subject to redemption prior to maturity as more fully described herein.**

RBC CAPITAL MARKETS

The 2026 Bonds and the 2026 Notes are issued pursuant to Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, as amended (the "UConn 2000 Act") and the General Obligation Master Indenture of Trust, dated as of November 1, 1995, by and between the University and U.S. Bank Trust Company, National Association, as successor trustee thereunder (the "Trustee") as supplemented by certain supplemental indentures, including the Thirty-second Supplemental Indenture and the Thirty-third Supplemental Indenture, each to be dated as of March 1, 2026 (collectively, the "Indentures"), for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The 2026 Bonds and the 2026 Notes are additionally secured by a pledge of and payable from amounts of the State Debt Service Commitment equal to the interest and principal due on the 2026 Bonds and the 2026 Notes appropriated out of the resources of the State's General Fund and mandated and obligated to be paid by the State Treasurer to U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association) as the Trustee under the Indentures, when due. In the opinions of Pullman & Comley, LLC, Hartford, Connecticut, Lead Bond Counsel to the University ("Lead Bond Counsel") and Hawkins Delafield & Wood LLP, Hartford, Connecticut, Co-Bond Counsel to the University ("Co-Bond Counsel"), such appropriation, mandate and obligation of payment from the State's General Fund are valid and do not require further legislative approval.

The issuance of the 2026 Bonds and the 2026 Notes does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation. The University has no taxing power. See "NATURE OF OBLIGATION AND SOURCE OF REPAYMENT" herein.

The 2026 Bonds and the 2026 Notes are issuable only as fully-registered obligations, without coupons, and when issued 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 2026 Bonds and the 2026 Notes. Purchases of the 2026 Bonds and the 2026 Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the 2026 Bonds or the 2026 Notes. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners (as defined herein) of the 2026 Bonds or the 2026 Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein

The 2026 Bonds and the 2026 Notes are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hardwick Law Firm, LLC, Hartford, Connecticut, and MWH Law Group LLP, Milwaukee, Wisconsin. Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP, Hartford, Connecticut. It is expected that the 2026 Bonds and the 2026 Notes in definitive form will be available for delivery through the facilities of DTC on or about March __, 2026.

March __, 2026

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

UNIVERSITY OF CONNECTICUT

\$432,305,000*

General Obligation Bonds, 2026 Series A

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2/15/2027	\$34,185,000	%		914233__
2/15/2028	\$33,015,000			914233__
2/15/2029	\$32,890,000			914233__
2/15/2030	\$32,775,000			914233__
2/15/2031	\$32,840,000			914233__
2/15/2032	\$32,715,000			914233__
2/15/2033	\$32,585,000			914233__
2/15/2034	\$32,710,000			914233__
2/15/2035	\$32,835,000			914233__
2/15/2036	\$23,105,000			914233__
2/15/2037	\$11,265,000			914233__
2/15/2038	\$11,265,000			914233__
2/15/2039	\$11,265,000			914233__
2/15/2040	\$11,265,000			914233__
2/15/2041	\$11,265,000			914233__
2/15/2042	\$11,265,000			914233__
2/15/2043	\$11,265,000			914233__
2/15/2044	\$11,265,000			914233__
2/15/2045	\$11,265,000			914233__
2/15/2046	\$11,265,000			914233__

\$148,530,000* General Obligation Bond Anticipation Notes (Federally Taxable) Series 2026

<u>Dated Date</u>	<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
3/24/2026	3/23/2027	\$148,530,000	%		914233__

* Preliminary, subject to change

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the University and are included solely for the convenience of the holders of the 2026 Bonds and the 2026 Notes. The University is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the 2026 Bonds and the 2026 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 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 2026 Bonds.

This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or holders of any of the 2026 Bonds and the 2026 Notes. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the University or the State since the date hereof.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2026 Bonds, the 2026 Notes, the Indentures and the resolutions and proceedings of the University and the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the 2026 Bonds, the 2026 Notes, the Indentures and such resolutions.

This Official Statement is submitted only in connection with the sale of the 2026 Bonds and the 2026 Notes and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the University and the State. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2026 Bonds or the 2026 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2026 BONDS OR THE 2026 NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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CONTENTS OF OFFICIAL STATEMENT

This Official Statement of the University of Connecticut, including the cover page, inside cover page, Part I and Part II, and the Appendices and Schedules thereto, is provided for the purpose of presenting certain information relating to the University in connection with the sale of 2026 Bonds and the 2026 Notes.

Part I of this Official Statement, including the cover and inside cover page and the Appendices thereto, contains information relating to the 2026 Bonds and the 2026 Notes. Appendix I-A of this Official Statement contains certain information concerning the University as of its date, except as otherwise provided therein, including sections on Cybersecurity and Climate Risks. Part II of this Official Statement, including the Appendices thereto, is the most recent Annual Information Statement of the State and contains certain information about the State as of its date and contains supplementary information as of the date hereof. The cover page, inside cover page, Part I, Part II, and the Appendices and Schedules thereto should be read collectively and in their entirety.

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OFFICIAL STATEMENT
relating to

UNIVERSITY OF CONNECTICUT

\$432,305,000* General Obligation Bonds, 2026 Series A
\$148,530,000* General Obligation Bond Anticipation Notes (Federally Taxable) Series 2026

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the inside cover page, the appendices and schedules attached hereto, is provided for the purpose of presenting certain information in connection with the offering and sale of General Obligation Bonds, 2026 Series A (the “2026 Bonds”) and General Obligation Bond Anticipation Notes (Federally Taxable) Series 2026 (the “2026 Notes”) of the University of Connecticut (the “University”). The 2026 Bonds and the 2026 Notes are authorized pursuant to the University of Connecticut 2000 Act, Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, Revision of 1958 as amended (the “Act” or the “UConn 2000 Act”) and are authorized, issued and secured under the provisions of a General Obligation Master Indenture of Trust, dated as of November 1, 1995 (the “Master Indenture”), as supplemented and amended by certain supplemental indentures, including the Thirty-second Supplemental Indenture to be dated as of March 1, 2026 (the “Thirty-second Supplemental Indenture”) and the Amended and Restated Thirty-third Supplemental Indenture, to be dated as of March 1, 2026 (the “Thirty-third Supplemental Indenture”). The Master Indenture and supplements thereto, including the Thirty-second Supplemental Indenture and the Thirty-third Supplemental Indenture, are collectively referred to herein as the “Indentures.” All series of bonds that have been issued under the Master Indenture are herein called the “Bonds” or “General Obligation Bonds.” The Indentures were each approved by the Board of Trustees of the University (the “Board”) and entered into with U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association, State Street Bank and Trust Company and Fleet National Bank of Connecticut) of Hartford, Connecticut, as Trustee thereunder.

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

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-six year capital budget program in three phases, at a total estimated cost of \$5,651,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health and was amended in 2002 (the “21st Century UConn Act”) to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104 which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two Fiscal Years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233 (“Next Generation Connecticut”) which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount of bonds which may be secured by the State debt service commitment (the “State Debt Service Commitment”) and extended UConn 2000 for an

*Preliminary, subject to change

additional six Fiscal Years to 2024. In 2017, the General Assembly enacted and the Governor signed P.A. 17-2 which extended UConn 2000 for an additional three Fiscal Years to 2027 but did not change the total aggregate authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment for UConn 2000 projects. In 2020, the General Assembly enacted and the Governor signed P.A. 20-1 which revised the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment in Fiscal Years 2020-2027 inclusive, but did not change the total authorized funding amount of such bonds for such Fiscal Years. In 2021, the General Assembly enacted and the Governor signed P.A. 21-111 (Regular Session) and P.A. 21-2 (June Special Session) that together increased both the estimated costs of certain projects and the authorized funding amount of bonds which may be secured by the State Debt Service Commitment. In 2023, the General Assembly enacted and the Governor signed P.A. 23-1 that decreased the authorized funding amount of bonds which may be secured by the State Debt Service Commitment for Fiscal Year 2025 by \$12,000,000. In 2024, the General Assembly enacted and the Governor signed P.A. 24-151 which extended UConn 2000 for an additional four Fiscal Years to 2031 and increased the estimated costs of certain projects and the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment. In addition, P.A. 24-151 added a new section to the UConn 2000 Act which required that the University secure a target amount of philanthropic commitments and gifts per year starting with Fiscal Year 2025 to support certain UConn 2000 projects. If the target amount of such commitments and gifts is not reached within a Fiscal Year then the amount of bonds that may be authorized by the University and secured by the State Debt Service Commitment is reduced from the authorized funding amount otherwise permitted by the UConn 2000 Act for such Fiscal Year. In 2025, the General Assembly enacted and the Governor signed P.A. 25-174 (Regular Session) which increased the estimated cost of the Hugh S. Greer Field House by \$4,000,000 and the authorized funding amount of bonds secured by the State Debt Service Commitment by \$4,000,000 and P.A. 25-2 (November Special Session) which authorized an additional project for UConn Health, the University of Connecticut Health Center Joint Venture Initiative, and the cost thereof and increased the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment by \$390,000,000. P.A. 25-2 authorized UConn Health, amongst other things, to establish one or more subsidiaries or joint ventures to acquire, operate, fund, improve, sell, or otherwise divest one or more hospital systems within the state, and to fund deferred maintenance, information technology and equipment, and capital improvements for such hospitals.

The Act provides for a plan of financing UConn 2000 projects with \$5,314,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. See “NATURE OF OBLIGATION AND SOURCES OF REPAYMENT” below. The balance of the estimated cost of UConn 2000 projects which is not authorized by the Act to be financed by the University’s general obligation bonds secured by the State Debt Service Commitment may instead be paid with the proceeds of special obligation bonds (“Special Obligation Bonds”) of the University, general obligation bonds of the State (“State General Obligation Bonds”) or with gifts or other revenue or borrowing resources of the University. See “UConn 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM” below. As of the date of delivery of the 2026 Bonds and the 2026 Notes, the University will have outstanding \$1,392,570,000 of its General Obligation Bonds (including Bonds which are to be refunded with the 2026 Bonds but not including the 2026 Bonds and the 2026 Notes) secured by the State Debt Service Commitment and \$248,825,000 of its Special Obligation Bonds, the proceeds of which have funded or will fund UConn 2000 projects. See Appendix I-A, “UNIVERSITY FINANCES - University Indebtedness.”

A portion of the 2026 Bonds (the “New Money Portion”) and the 2026 Notes will be issued to finance UConn 2000 Phase III Projects and represent the thirty-ninth series of obligations being issued pursuant to the Act and the Master Indenture (including thirteen series of refunding bonds) and are the first two series of obligations to be issued pursuant to the Thirty-third Supplemental Indenture. On December 3, 2025, the University’s Board of Trustees approved the Thirty-third Supplemental Indenture and submitted it to the Governor on December 10, 2025. The Thirty-third Supplemental Indenture was approved by the Governor on December 17, 2025 authorizing the issuance of General Obligation Bonds

in the maximum amount of \$276,000,000 plus \$306,900,000 of the bond authorization carried forward from the Thirty-first Supplemental Indenture that remained unissued. The UConn 2000 philanthropic commitments and gifts for Fiscal Years 2025 and 2026 were met and thus the maximum authorized funding amounts of bonds were authorized by the University for each such Fiscal Year. To date, \$4,626,900,000 of the University's general obligation bonds have been authorized to be issued for UConn 2000 projects pursuant to the Indentures, of which (i) \$4,044,000,000 (representing the aggregate principal amount of General Obligation Bonds issued to date, not including the 2026 Bonds and the 2026 Notes, minus amounts to finance costs of issuance and plus a portion of the original issue premium of certain of such Bonds), has been deposited to the Construction Account for UConn 2000 projects; and (ii) \$582,900,000 of such general obligation bonds remains authorized to be issued for UConn 2000 projects prior to the issuance of the 2026 Bonds and the 2026 Notes. See "UConn 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM."

A portion (the "Refunding Portion") of the 2026 Bonds is being issued to refund certain bonds of the University, is the fourteenth series of refunding bonds and the first series of bonds issued pursuant to the Thirty-second Supplemental Indenture. See "PLAN OF REFINANCING" herein.

All references herein to the Act, the Indentures, the 2026 Bonds and the 2026 Notes are qualified in their entirety by reference to the definitive documents. Capitalized terms have the meaning given to them in this Official Statement, including Appendix I-C of Part I hereof.

In making an investment decision with respect to the 2026 Bonds and the 2026 Notes, investors should consider carefully the information in this Official Statement, including Appendix I-A to this Official Statement.

NATURE OF OBLIGATION AND SOURCE OF REPAYMENT

In General

The Bonds (including the 2026 Bonds and the 2026 Notes) are general obligations of the University for the payment of which, in accordance with their terms, the full faith and credit of the University are pledged. The 2026 Bonds and the 2026 Notes are additionally secured by the pledge of and a lien upon the State Debt Service Commitment.

Full Faith and Credit of the University

The 2026 Bonds and the 2026 Notes are general obligations of the University for which its full faith and credit are pledged and are payable from all Assured Revenues. Assured Revenues, as more particularly defined by the Act and Master Indenture, include general revenues from fees, tuition and other like charges, grants and gifts, all to the extent not otherwise pledged, as well as annual State appropriations for operating expenses and the annual amounts of the State Debt Service Commitment. Assured Revenues do not include patient revenues or any other revenues derived from clinical operations of the University.

Under the Master Indenture, the University has reserved the right and expects to issue Additional Bonds to finance UConn 2000 projects secured by the State Debt Service Commitment upon the terms and conditions set forth therein (See Appendix I-B, "EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST"). The Act currently limits the maximum amount of bonds so secured by the State Debt Service Commitment to \$5,314,900,000, exclusive of any amounts borrowed to refund such bonds, plus amounts necessary to finance Costs of Issuance on each series of bonds.

Pursuant to the Act, upon the issuance of Additional Bonds, securities of the University shall be conclusively presumed to be fully and duly authorized and issued under the laws of the State, and any

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

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

As required by the Act, the form of the Master Indenture for the Bonds issued to finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects secured by the State Debt Service Commitment was approved by the State Bond Commission on December 21, 1995. After the enactment of the 21st Century UConn Act, the Master Indenture was amended to provide for the financing of UConn 2000 Phase III Projects. As required by the Act, the form of the conformed Master Indenture was approved by the State Bond Commission on December 19, 2003.

As required by the Act, the Board of Trustees’ resolution approving each Supplemental Indenture for the issuance of bonds must be submitted to the Governor. The Governor may, not later than thirty (30) days after such submission, disapprove the same by notifying the Board of Trustees of such disapproval and the reasons for it. If the Governor does not act within thirty (30) days, the resolution is deemed approved. The resolution approving the issuance of general obligation bonds and notes and the Thirty-third Supplemental Indenture was submitted to the Governor on December 10, 2025 and was approved by the Governor on December 17, 2025. The resolution approving the issuance of refunding bonds and the Thirty-second Supplemental Indenture was submitted to the Governor on July 1, 2024 and approved by the Governor on July 17, 2024. The Thirty-third Supplemental Indenture authorized the issuance of general obligation bonds and notes in an amount not to exceed \$276,000,000 for Fiscal Year 2025-2026 and carried forward \$306,900,000 of the bond authorization from the Thirty-first Supplemental Indenture that remained unissued, thus increasing the amount of general obligation bonds and notes authorized by the Thirty-third Supplemental Indenture to \$582,900,000.

Pursuant to the Act, the Bonds, including the 2026 Bonds and the 2026 Notes, do not constitute a debt or liability of the State or any municipality thereof and neither the faith and credit nor taxing power of the State or any municipality is pledged to the payment of principal of or interest on the 2026 Bonds and the 2026 Notes. The issuance of the 2026 Bonds and the 2026 Notes by the University does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation to the payment of principal of or interest on the 2026 Bonds and the 2026 Notes. The University has no taxing power.

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

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

State Debt Service Commitment

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

As part of the contract of the State with the holders of the Bonds, including the 2026 Bonds and the 2026 Notes, the Act provides that appropriation of all amounts of the State Debt Service Commitment shall be made out of the resources of the General Fund of the State and that the Treasurer of the State (the “Treasurer” or “State Treasurer”) shall pay such amount in each Fiscal Year to the paying agent on the bonds or notes so secured or otherwise as the Treasurer shall provide. The Master Indenture provides for such amount to be deposited by the Treasurer directly to the Trustee for deposit into the Debt Service Fund on or before the Interest Payment Date with respect to interest, and the Principal Installment Date with respect to principal or sinking fund installments, on any Bonds.

In the opinions of Pullman & Comley, LLC, Lead Bond Counsel to the University (“Lead Bond Counsel”) and Hawkins Delafield & Wood LLP, Co-Bond Counsel to the University (“Co-Bond Counsel”), the State has validly appropriated all amounts of the State Debt Service Commitment and the Treasurer has the duty and is validly mandated and obligated to pay such amounts to the Trustee, and such appropriation and mandate and obligation of payment do not require further legislative approval.

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

The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the 2026 Bonds and the 2026 Notes and, accordingly, is not planning to budget any of the other Assured Revenues for the payment of the Bonds, including the 2026 Bonds and the 2026 Notes.

State Covenants

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

DESCRIPTION OF THE 2026 BONDS

In General

The 2026 Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of \$5,000 or any integral multiple thereof.

The 2026 Bonds will be dated the date of delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts as set forth on the inside cover page of this Official Statement. Interest on the 2026 Bonds will be paid semiannually on February 15 and August 15 in each year, commencing on August 15, 2026. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of the month preceding an Interest Payment Date, or if such day shall not be a Business Day, the immediately preceding Business Day.

Principal of and interest on the 2026 Bonds will be paid directly to The Depository Trust Company (“DTC”) by U.S. Bank Trust Company, National Association, Hartford, Connecticut, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See “BOOK-ENTRY-ONLY SYSTEM.”

Optional Redemption. The 2026 Bonds maturing on or after _____ will be subject to redemption prior to their maturity, at the election of the University upon the direction of the Treasurer at any time, on or after _____, in whole or in part on any date (each herein the “Redemption Date”) from time to time, and in such maturity or maturities (but by lot within a maturity among bonds bearing the same interest rate) as the Treasurer shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

Notice of Redemption. Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, by first-class mail, to the registered owner of such bond at such Bondowner’s address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose. Such notice may be conditioned upon receipt by the Trustee on or before the Redemption Date of money sufficient to pay the Redemption Price of the 2026 Bonds to be redeemed, plus accrued and unpaid interest, if any, to the Redemption Date, and upon the satisfaction of any other conditions precedent to such redemption set forth in such notice. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2026 Bonds, all notices of redemption will be sent only to DTC.

PLAN OF REFUNDING

The Refunding Portion of the 2026 Bonds is being issued to currently refund all or a portion of selected maturities of the University of Connecticut General Obligation Bonds, 2015 Series A (the “2015 Refunded Bonds”) and the University of Connecticut General Obligation Bonds, 2016 Series A (the “2016 Refunded Bonds” and together with the 2015 Refunded Bonds, the “Refunded Bonds”). The University and the Treasurer reserve the right to refund all, a portion or none of the Refunded Bonds. The refunding of the Refunded Bonds is contingent upon delivery of the 2026 Bonds.

Refunded Bonds

<u>Bond</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Call Date</u>	<u>Call Price</u>

Upon delivery of the 2026 Bonds, the Refunding Portion of the proceeds of the 2026 Bonds will be deposited in escrow with U.S. Bank Trust Company, National Association (the “Escrow Agent”), under an Escrow Deposit Agreement (the “Escrow Deposit Agreement”) to be dated March __, 2026 between the Escrow Agent and the University. The Escrow Agent will deposit in an irrevocable trust fund called the Escrow Deposit Fund (the “Escrow Deposit Fund”) \$_____ of the proceeds of the 2026 Bonds, which will be used to purchase (i) non-callable direct obligations of the United States of America, (ii) non-callable obligations guaranteed by the United States of America, including State and Local Government Series Securities or (iii) certificates that evidence ownership of the right to payments of principal or interest on obligations described in (i) or (ii) above (the “Government Obligations”), the principal of and interest on which, when due, along with the uninvested cash amounts, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal and premium of, and interest on the Refunded Bonds will be irrevocably deposited by the University in the Escrow Deposit Fund for payment of the Refunded Bonds.

DESCRIPTION OF THE 2026 NOTES

In General

The 2026 Notes will be dated the date of delivery and will bear interest at the rate per annum shown on the inside cover page of this Official Statement. The 2026 Notes will be payable as to both principal and interest at maturity. The 2026 Notes will be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months, from their dated date to their maturity at the per annum rate shown on such inside cover page.

The 2026 Notes are not subject to redemption prior to their maturity.

Principal of and interest on the 2026 Notes will be paid directly to DTC by U.S. Bank Trust Company, National Association, Hartford, Connecticut, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Owner. See “BOOK-ENTRY-ONLY SYSTEM.”

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SOURCES AND USES OF PROCEEDS OF THE 2026 BONDS AND THE 2026 NOTES

The University expects to apply the proceeds from the sale of the 2026 Bonds and the 2026 Notes as follows:

<u>Sources</u>	2026 Bonds	2026 Notes	Total
Par Amount			
Net Original Issuance Premium			
Total Sources			
<u>Uses</u>			
Construction Account			
Deposit to Escrow Deposit Fund			
Costs of Issuance Account			
Underwriters' Discount			
Total Uses			\$_____

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

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2026 Bonds and the 2026 Notes, payment of interest and other payments on the 2026 Bonds and the 2026 Notes to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2026 Bonds and the 2026 Notes, confirmation and transfer of beneficial ownership interests in the 2026 Bonds and the 2026 Notes and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2026 Bonds and the 2026 Notes is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the University, the State and the Trustee do not and cannot make any representation concerning these matters.

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

The Depository Trust Company ("DTC"), will act as securities depository for the 2026 Bonds and the 2026 Notes. The 2026 Bonds and the 2026 Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2026 Bond certificate will be issued for each maturity and each CUSIP within a maturity of the 2026 Bonds and one 2026 Note certificate will be issued for each CUSIP each in the aggregate principal amount of such CUSIP, and will be deposited with DTC.

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

Purchases of the 2026 Bonds and the 2026 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds and the 2026 Notes on DTC’s records. The ownership interest of each actual purchaser of each 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds and the 2026 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Bonds and the 2026 Notes, except in the event that use of the book-entry system for a series of the 2026 Bonds and the 2026 Notes is discontinued.

To facilitate subsequent transfers, all 2026 Bonds and the 2026 Notes 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 2026 Bonds and the 2026 Notes 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 2026 Bonds and the 2026 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds and the 2026 Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds and the 2026 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds and the 2026 Notes, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of 2026 Bonds and the 2026 Notes may wish to ascertain that the nominee holding the 2026 Bonds and the 2026 Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may

wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds within a maturity of the 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds and the 2026 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds and the 2026 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption prices on the 2026 Bonds and the 2026 Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent, the University or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Bonds and the 2026 Notes at any time by giving reasonable notice to the University or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 Bond and/or 2026 Note certificates will be printed and delivered to DTC.

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

DTC PRACTICES

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

The University, the State, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2026 Bonds and the 2026 Notes registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2026 Bonds and the 2026 Notes, giving any notice permitted or required to be given to registered owners under the Indentures, registering the transfer of the 2026 Bonds and the 2026 Notes, or other action to be taken by registered owners and for all other purposes whatsoever. The University, the State, the Trustee and the

Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2026 Bonds and the 2026 Notes under or through DTC or any Participant, or any other person which is not shown on the registration books of the University (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2026 Bonds and the 2026 Notes; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the University; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2026 Bonds and the 2026 Notes, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2026 Bonds and the 2026 Notes, as nominee for DTC, references herein to the Bondholders or registered owners of the 2026 Bonds and the 2026 Notes (other than under the captions "TAX MATTERS" and "CONTINUING DISCLOSURE UNDERTAKING " herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2026 Bonds and the 2026 Notes.

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

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2026 Bonds and the 2026 Notes.

Principal and Interest Payments. Principal of the 2026 Bonds and the 2026 Notes will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2026 Bonds and the 2026 Notes will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of \$1,000,000 or more in aggregate principal amount of 2026 Bonds and the 2026 Notes may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2026 Bonds and the 2026 Notes, and, upon presentation of 2026 Bonds and the 2026 Notes for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2026 Bonds and the 2026 Notes. Any 2026 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2026 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2026 Bond shall be surrendered for transfer, the University shall execute and the Trustee shall authenticate and deliver a new 2026 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2026 Bond during the period fifteen (15) days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or University in connection with such exchange.

UConn 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM

Introduction

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-six year capital budget program in three phases, that is estimated to cost \$5,651,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health and was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104 which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two Fiscal Years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233 (“Next Generation Connecticut”) which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount of bonds which may be secured by the State Debt Service Commitment and extended UConn 2000 for an additional six Fiscal Years to 2024. In 2017, the General Assembly enacted and the Governor signed P.A. 17-2 which extended UConn 2000 for an additional three Fiscal Years to 2027 but did not change the total aggregate authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment for UConn 2000 projects. In 2020, the General Assembly enacted and the Governor signed P.A. 20-1 which revised the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment in Fiscal Years 2020-2027 inclusive, but did not change the total authorized funding amount of such bonds for such Fiscal Years. In 2021, the General Assembly enacted and the Governor signed P.A. 21-111 (Regular Session) and P.A. 21-2 (June Special Session) that together increased both the estimated costs of certain projects and the authorized funding amount of bonds which may be secured by the State Debt Service Commitment. In 2023, the General Assembly enacted and the Governor signed P.A. 23-1 that decreased the authorized funding amount of bonds which may be secured by the State Debt Service Commitment for Fiscal Year 2025 by \$12,000,000. In 2024, the General Assembly enacted and the Governor signed P.A. 24-151 which extended UConn 2000 for an additional four Fiscal Years to 2031 and increased the estimated costs of certain projects and the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment. In addition, P.A. 24-151 added a new section to the UConn 2000 Act which required that the University secure a target amount of philanthropic commitments and gifts per year starting with Fiscal Year 2025 to support certain UConn 2000 projects. If the target amount of such commitments and gifts is not reached within a Fiscal Year then the amount of bonds that may be authorized by the University and secured by the State Debt Service Commitment is reduced from the authorized funding amount otherwise permitted by the UConn 2000 Act for such Fiscal Year. In 2025, the General Assembly enacted and the Governor signed P.A. 25-174 (Regular Session) which increased the estimated cost of the Hugh S. Greer Field House by \$4,000,000 and the authorized funding amount of bonds secured by the State Debt Service Commitment by \$4,000,000 and P.A. 25-2 (November Special Session) which authorized an additional project for UConn Health and the cost thereof and increased the authorized funding amount of bonds which may be issued and secured by the State Debt Service Commitment by \$390,000,000.

UConn 2000 is to be funded in part by the issuance of \$5,314,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. See “NATURE OF OBLIGATION AND SOURCE OF REPAYMENT.” Of this amount, \$4,044,000,000, representing the aggregate principal amount of the University’s General Obligation Bonds issued to date under the Indentures (not including the 2026 Bonds and the 2026 Notes), plus a portion of the original issue premium minus costs of issuance of such Bonds and Notes, has been deposited to the Construction Account for UConn 2000 projects to fund UConn 2000 projects. The balance of the estimated cost of UConn 2000 projects which is not to be financed by the University’s general obligation bonds secured by the State Debt Service Commitment may be funded by the issuance of the University’s Special Obligation

Bonds, other University debt obligations, State General Obligation Bonds or by gifts or other revenue or borrowing resources of the University.

As of the date of delivery of the 2026 Bonds and the 2026 Notes, the University expects to have issued the following General Obligation Bonds, Special Obligation Bonds, Governmental Lease Purchase Agreements and a Promissory Note pursuant to the UConn 2000 Act (not including the 2026 Bonds). For details of outstanding UConn 2000 debt, see Appendix I-A, “UNIVERSITY FINANCES – University Indebtedness.”

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UConn 2000 DEBT OBLIGATIONS

A. UConn 2000 General Obligation Bonds – Issued Amounts

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>(OID)/OIP¹</u>	<u>Construction Account Deposit</u>
1996 Series A Bonds	2/21/1996	\$83,929,715	\$(274,931)	\$82,606,220
1997 Series A Bonds	4/24/1997	124,392,432	(2,319,590)	121,080,861
1998 Series A Bonds	6/24/1998	99,520,000	634,629	99,280,000
1999 Series A Bonds	4/08/1999	79,735,000	(45,210)	79,032,919
2000 Series A Bonds	3/29/2000	130,850,000	(120,981)	130,000,000
2001 Series A Bonds	4/11/2001	100,000,000	1,141,140	100,000,000
2002 Series A Bonds	4/18/2002	100,000,000	1,706,295	100,000,000
2003 Series A Bonds	3/26/2003	96,210,000	4,623,183	100,000,000
2004 Series A Bonds	1/22/2004	97,845,000	2,816,971	100,000,000
2005 Series A Bonds	3/16/2005	98,110,000	3,004,101	100,000,000
2006 Series A Bonds	3/15/2006	77,145,000	2,612,437	79,000,000
2007 Series A Bonds	4/12/2007	89,355,000	431,004	89,000,000
2009 Series A Bonds	4/16/2009	144,855,000	6,312,563	150,000,000
2010 Series A Bonds	5/25/2010	97,115,000	8,733,758	105,000,000
2011 Series A Bonds	12/8/2011	179,730,000	21,613,069	200,000,000
2013 Series A Bonds	7/31/2013	172,660,000	17,685,693	189,000,000
2014 Series A Bonds	4/22/2014	109,050,000	11,792,198	120,000,000
2015 Series A Bonds	4/16/2015	220,165,000	31,273,159	250,000,000
2016 Series A Bonds	4/21/2016	261,510,000	40,055,804	300,000,000
2017 Series A Bonds	1/19/2017	311,200,000	40,676,400	350,000,000
2018 Series A Bonds	5/3/2018	276,075,000	25,628,525	300,000,000
2019 Series A Bonds	5/8/2019	174,785,000	26,356,777	200,000,000
2020 Series A Bonds	12/17/2020	160,230,000	40,764,901	200,000,000
2022 Series A Bonds	4/13/2022	227,185,000	34,291,576	260,000,000
2023 Series A Bonds	11/21/2023	<u>224,540,000</u>	<u>16,724,160</u>	<u>240,000,000</u>
Total²		\$3,736,192,147	\$336,117,629	\$4,044,000,000

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>(OID)/OIP¹</u>	<u>Deposit to Redemption Fund³</u>
2004 Series A Refunding Bonds	1/29/2004	\$216,950,000	\$27,144,300	\$247,794,279
2006 Series A Refunding Bonds	3/15/2006	61,020,000	5,103,655	65,472,900
2007 Series A Refunding Bonds	4/12/2007	46,030,000	3,897,620	49,505,477
2010 Series A Refunding Bonds	5/25/2010	36,095,000	2,903,755	38,704,429
2011 Series A Refunding Bonds	12/8/2011	31,905,000	5,183,727	36,841,566
2013 Series A Refunding Bonds	7/31/2013	51,250,000	7,374,396	58,228,911
2014 Series A Refunding Bonds	4/22/2014	92,940,000	7,044,682	99,513,683
2015 Series A Refunding Bonds	4/16/2015	34,625,000	5,860,522	40,279,496
2016 Series A Refunding Bonds	4/21/2016	80,425,000	10,437,499	90,481,693
2017 Series A Refunding Bonds	1/19/2017	33,950,000	3,165,137	36,960,192
2019 Series A Refunding Bonds	5/8/2019	64,680,000	8,496,052	72,813,086
2020 Series A Refunding Bonds	12/17/2020	119,085,000	22,936,137	141,383,770
2023 Series A Refunding Bonds	11/21/2023	<u>133,505,000</u>	<u>9,457,860</u>	<u>142,330,161</u>
Total²		\$1,002,460,000	\$119,005,343	\$1,120,309,643

B. UConn 2000 Special Obligation Bonds – Issued Amounts

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>(OID)/OIP¹</u>	<u>Construction Account Deposit</u>
1998 Series A Bonds	2/04/1998	\$33,560,000	\$(888,481)	\$30,000,000
2000 Series A Bonds	6/01/2000	89,570,000	(1,159,469)	87,000,000
2002 Series A Bonds	2/14/2002	75,430,000	287,983	72,180,000
2018 Series A Bonds	3/29/2018	141,725,000	16,710,803	152,000,000
2023 Series A Bonds	11/21/2023	<u>97,140,000</u>	<u>3,855,697</u>	<u>100,000,000</u>
Total²		\$437,425,000	\$18,806,533	\$441,180,000

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>(OID)/OIP¹</u>	<u>Deposit to Redemption Fund³</u>
2002 Series A Refunding Bonds	2/27/2002	\$96,130,000	\$1,747,947	\$96,830,821
2010 Series A Refunding Bonds	6/16/2010	47,545,000	4,618,962	51,812,926
2012 Series A Refunding Bonds	12/13/2012	87,980,000	20,655,986	107,670,292
2022 Series A Refunding Bonds	11/15/2022	<u>52,515,000</u>	<u>3,073,700</u>	<u>54,893,565</u>
Total²		\$284,170,000	\$30,096,595	\$311,207,604

C. Governmental Lease Purchase Agreement

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>Project Costs</u>
Governmental Lease Purchase Agreement	12/18/2003	\$75,000,000	\$75,000,000
Governmental Lease Purchase Agreement	08/15/2005	6,900,000	6,900,000
Total²		\$81,900,000	\$81,900,000

D. Note

	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>Project Costs</u>
Amended and Restated Promissory Note	07/1/2015	\$5,376,713	\$5,376,713
Total³		\$5,376,713	\$5,376,713

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

² Totals may not sum due to rounding.

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

The Act

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

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

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

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

sound operating condition and to cover the Special Debt Service Requirements on Outstanding Bonds. See Appendix I-B, “EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST.”

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

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

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

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

Philanthropic Commitment and Gift Requirements. For Fiscal Years ending June 30, 2025 to June 30, 2031, the Act provides that if the cumulative amount of UConn 2000 philanthropic commitments and gifts received during a specified period to support the construction or renovations of certain UConn facilities or to support operational expenses associated with departments or programs housed in such facilities is not met, then the amount of bonds secured by the State Debt Service Commitment in the target Fiscal Year which may be authorized by the University is reduced. For Fiscal Years ending June 30, 2025 and June 30, 2026, the University met or exceeded its target philanthropic commitments and gifts for such Fiscal Years.

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

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

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

UConn 2000 Reports to the General Assembly. The Act provides for semi-annual reporting on the status and progress of UConn 2000 to certain committees of the General Assembly. In accordance with the Act, the most recent semi-annual report was submitted January, 2026.

The Act also requires that progress reports regarding the University's achievement of goals set out in the Comprehensive Plan be submitted annually to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education. The most recent report was submitted by the University January, 2026.

The Act further provides that not later than December 31, 2019, and 5 years thereafter, the University shall conduct an assessment of the University's progress in meeting the purposes set forth and incorporated in the Act for Next Generation Connecticut. The first assessment was submitted by the University January, 2026.

LITIGATION

University

There is no litigation of any nature pending or threatened against the University restraining or enjoining the issue, sale, execution or delivery of the 2026 Bonds and the 2026 Notes, or in any way contesting or affecting the validity of the 2026 Bonds and the 2026 Notes or any proceedings of the University taken with respect to the issuance or sale thereof, the application of the proceeds of the 2026 Bonds and the 2026 Notes or of amounts appropriated as the State Debt Service Commitment out of the resources of the State's General Fund under the UConn 2000 Act for the payment of the 2026 Bonds and the 2026 Notes or the existence or powers of the University.

The University is defending various legal matters in State and federal courts. The University's General Counsel and the Office of the Attorney General are of the opinion that none of these legal matters, either individually or in the aggregate, net of applicable reserves and insurance, are likely to have a material adverse impact on the University's financial position.

State

There is no litigation pending or threatened against the State contesting or affecting the obligation of the State with respect to the State Debt Service Commitment for the payment of the 2026 Bonds and the 2026 Notes. However, the State, its officers and employees are defendants in pending lawsuits. The Office of the Attorney General has reviewed the status of such pending lawsuits. See "LITIGATION" in Part II hereto for a description of such litigation.

Upon delivery of the 2026 Bonds and the 2026 Notes, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2026 Bonds and the 2026 Notes, which shall state that, except as disclosed in this Official Statement, there is no controversy or litigation of any nature now pending by or against the State which, in the opinion of the Attorney General, will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially adversely affect its financial condition or the power of the State to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds.

COVENANT OF THE STATE

Under the Act, the State has pledged and agreed with the holders of any bonds and notes issued under the Act, including the 2026 Bonds and the 2026 Notes, that the State will not limit or alter the rights vested in the University until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes.

LEGALITY FOR INVESTMENT

The Act provides that the 2026 Bonds and the 2026 Notes shall be legal investments in which public bodies of the State and its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, board of trustees and other fiduciaries, and all other persons whatsoever who are now or may be authorized to invest in securities of the State, may properly and legally invest funds, including capital, in their control, or belonging to them. The 2026 Bonds and the 2026 Notes are also securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision and all municipalities and public corporations for any purpose for which the deposit of securities of the State is now or may be authorized by law.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2026 Bonds and the 2026 Notes are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Lead Bond Counsel to the University, and Hawkins Delafield & Wood LLP, Hartford, Connecticut, as Co-Bond Counsel to the University (collectively referred to herein as “Bond Counsel”). Each Bond Counsel proposes to deliver its approving opinions with respect to the 2026 Bonds and the 2026 Notes substantially in the forms set forth in Appendix I-D1 and Appendix I-D2 hereto. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hardwick Law Firm, LLC, Hartford, Connecticut, and MWH Law Group LLP, Milwaukee, Wisconsin (collectively, “Underwriters’ Counsel”). Certain legal matters will be passed upon for the State by its Disclosure Counsel, Day Pitney LLP, Hartford, Connecticut.

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TAX MATTERS

2026 BONDS

Opinion of Bond Counsel – Federal Tax Exemption

In the opinions of Bond Counsel, under existing statutes and court decisions, interest on the 2026 Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax under the Code; however such interest is included in the “adjusted financial statement income” of certain corporations that are subject to the federal alternative minimum tax imposed on such corporations. In rendering such opinions, Bond Counsel will rely on certain representations, certifications of fact, and statements of reasonable expectations made by the University and the State Treasurer in connection with the 2026 Bonds, and Bond Counsel will assume continuing compliance by the University and the State Treasurer with certain representations and ongoing covenants relating to certain requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under the Code.

The Code establishes certain requirements that must be met at and subsequent to the issuance of the 2026 Bonds in order that interest on the 2026 Bonds be and remain excludable from gross income of the owners thereof for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2026 Bonds, yield, and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Failure to comply with the continuing requirements may cause interest on the 2026 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 or is discovered. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the 2026 Bonds, the University and the State Treasurer will covenant to comply with with such applicable requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under the Code.

Original Issue Discount

The initial public offering prices of certain maturities of the 2026 Bonds may be less than their stated principal amounts (each a “Discount Bond”). Under existing law, the difference between the stated principal amount and the initial offering price to the public (excluding bond houses and brokers) of each Discount Bond at which a substantial amount of such maturity is sold will constitute original issue discount. The offering prices set forth on the inside cover page of this Official Statement for such 2026 Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the 2026 Bonds are sold. Under existing statutes and court decisions, original issue discount on the Discount Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2026 Bonds.

Under the Code, for purposes of determining an owner’s adjusted basis in a Discount Bond, original issue discount is treated as having accrued while the owner holds the Discount Bond and will be added to the owner’s basis. Original issue discount 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 a Discount Bond.

Except as set forth above in “*Opinion of Bond Counsel - Federal Tax Exemption*” and “*Original Issue Discount*,” no other opinions are expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the 2026 Bonds.

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

Original Issue Premium

The initial public offering prices of certain maturities of the 2026 Bonds may be more than their stated principal amounts (“Premium Bonds”). An initial purchaser who purchases a Premium Bond must amortize bond premium as provided in the applicable Treasury Regulations, and amortized premium reduces the purchaser’s basis in the Premium Bond for federal income tax purposes.

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

State Taxes

In the opinions of Bond Counsel, under existing statutes, interest on the 2026 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 2026 Bonds is includable in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Discount Bond is also 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.

No other opinions are expressed by Bond Counsel regarding the Connecticut state tax consequences of the ownership of, or the receipt or accrual of interest on, the 2026 Bonds.

Owners of the 2026 Bonds should consult their own 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 such 2026 Bonds.

General and Post Issuance Events

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2026 Bonds, gain from the sale or other disposition of the 2026 Bonds, the market value of the 2026 Bonds, or the marketability of the 2026 Bonds, or otherwise prevent the owners of the 2026 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 2026 Bonds. Such proposals, whether or not enacted, also could adversely affect the market price for, or marketability of, the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult their own tax and financial advisors regarding such matters.

The opinions of Bond Counsel are rendered based on existing statutes and court decisions, as of its date, and Bond Counsel assumes no obligation to update, revise or supplement its opinion to reflect

any action theretofore taken or not taken, facts or circumstances that may come to its attention or any changes in law or interpretations thereof that may occur after the date of its opinion. Bond Counsel's opinions are based on existing statutes and court decisions, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions. Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2026 Bonds. Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the 2026 Bonds.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2026 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a 2026 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2026 Bonds.

Prospective owners of the 2026 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the 2026 Bonds may be taken into account in determining the tax liability of foreign corporations subject to branch profits tax imposed by Section 884 of the Code.

Interest paid on tax-exempt obligations such as the 2026 Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2026 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

The discussion above does not purport to address all aspects of federal or state or local taxation that may be relevant to a particular owner of the 2026 Bonds. Prospective owners of the 2026 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2026 Bonds.

2026 NOTES

Federal Tax Exemption

In the opinions of Bond Counsel, under existing statutes and court decisions, interest on the 2026 Notes 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 2026 Notes by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the 2026 Notes, 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 2026 Note at its issue price, which is the first price at which a substantial amount of the 2026 Notes is sold to the public, and who hold 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Note 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.

2026 Notes Purchased at Original Issue Premium. The initial public offering prices of certain maturities of the 2026 Notes may be greater than the principal amount payable on such 2026 Notes at maturity. The excess of the initial public offering price at which a substantial amount of these 2026 Notes 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 2026 Notes were ultimately sold to the public. Under Section 171 of the Code, a holder of a 2026 Note 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 2026 Note will be reduced by the amount of amortizable bond premium allocable (based on the 2026 Note’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 2026 Note. 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”).

2026 Notes Purchased at a Market Discount. A 2026 Note will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the 2026 Note is less than the 2026 Note’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 2026 Note. 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 2026 Note 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 2026 Note in an amount not exceeding the accrued market discount on such 2026 Note until maturity or disposition of the 2026 Note.

Purchase, Sale, Exchange, and Retirement of 2026 Notes. A United States Holder's tax basis in a 2026 Note generally will equal its cost, increased by any market discount included in the United States Holder's income with respect to the 2026 Note, and reduced by the amount of any amortizable bond premium applied to reduce interest on the 2026 Note. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a 2026 Note 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 2026 Note. Except to the extent described above under *2026 Notes Purchased at a Market Discount*, gain or loss recognized on the sale, exchange or retirement of a 2026 Note will be capital gain or loss and will be long-term capital gain or loss if the 2026 Note was held for more than one year. The material modification of the terms of any 2026 Note 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.

Defeasance of 2026 Notes. If the University effects a legal defeasance of any 2026 Note, the 2026 Note may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2026 Note.

Backup Withholding. United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the 2026 Notes, 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. 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 2026 Notes, 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 2026 Notes, and with respect to payments to a United States Holder of any proceeds from a disposition of the 2026 Notes. 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 2026 Notes.

Any payments of interest and original issue discount on the 2026 Notes 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 2026 Note 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 2026 Notes, 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 opinions of Bond Counsel, under existing statutes, interest on the 2026 Notes 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.

Interest on the 2026 Notes is includable in gross income for purposes of the Connecticut corporation business tax.

Owners of the 2026 Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2026 Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of 2026 Notes 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 are rendered as of their date and Bond Counsel assumes 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 2026 Note. Prospective owners of the 2026 Notes, 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 2026 Notes.

RATINGS

The 2026 Bonds have been rated “Aa2” by Moody’s Investors Service (“Moody’s”), 7 World Trade Center, New York, New York; “AA-” by S&P Global Ratings (“S&P”), 55 Water Street, New York, New York and “AA” by Fitch Ratings (“Fitch”), One State Street Plaza, New York, New York. Moody’s, S&P and Fitch have all assigned a “stable” credit outlook on the University’s general obligation debt. In addition, Moody’s and S&P have assigned ratings of “MIG 1” and “SP-1+” respectively to the 2026 Notes. Each such rating and credit outlook reflects only the views of the respective rating agency and an explanation of the significance of such ratings and credit outlooks can be obtained from Moody’s, S&P and Fitch, respectively. Such ratings are not intended as a recommendation to buy or own the 2026 Bonds. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any downward revision or withdrawal of any of such ratings on the 2026 Bonds or the 2026 Notes may have an adverse effect on the market price thereof.

CONTINUING DISCLOSURE UNDERTAKING

Section 3-20e of the General Statutes of Connecticut gives the University and the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 as amended (the “Rule”). The University, as issuer of the 2026 Bonds and the 2026 Notes, under the Rule will enter into agreements with the Trustee substantially in the forms of the Continuing Disclosure Agreements attached hereto as Appendix I-E1 and Appendix I-E2 to this Part I (collectively, the “Continuing Disclosure Agreement”). The Continuing Disclosure Agreement shall constitute the University’s written undertakings for the beneficial owners of the 2026 Bonds and the 2026 Notes, as the case may be. The State, as the obligated person under the Rule, will enter into an agreement with the Trustee with respect to the 2026 Bonds and the 2026 Notes for the benefit of the beneficial holders of the 2026 Bonds and the 2026 Notes, as the case may be, substantially in the form of the Continuing Disclosure Agreements attached to Appendix I-E3 to this Part I (the “State Continuing Disclosure Agreement”). Pursuant to the Continuing Disclosure Agreement and the State Continuing Disclosure Agreement (the Continuing Disclosure Agreement and the State Continuing Disclosure Agreement, herein called collectively, the “Continuing Disclosure Undertaking”), the University and the State, respectively, agree, with respect to the 2026 Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data, (ii) notice of the occurrence of certain events with respect to the 2026 Bonds and other matters within ten (10) business days of the occurrence thereof (such notice only by the University with respect to the University and the 2026 Bonds and only by the State with respect to the State), and (iii) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Undertaking. With respect to the 2026 Notes, the University and the State, respectively, agree to provide or cause to be provided, in accordance with the requirements of the Rule notice of the occurrence of certain events with respect to the 2026 Notes and other matters within ten (10) business days of the occurrence thereof (such notice only by the University with respect to the University and the 2026 Notes and only by the State with respect to the State). The Underwriters’ obligation to purchase the 2026 Bonds and the 2026 Notes shall be conditioned upon their receiving, at or prior to the delivery of the 2026 Bonds and the 2026 Notes, as the case may be, an executed copy of the Continuing Disclosure Undertaking.

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

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

such undertaking shall not constitute an Event of Default with respect to the 2026 Bonds or the 2026 Notes, as the case may be, under the Master Indenture.

To its knowledge, in the last five years the University has not failed to comply in any material respect with its undertakings entered into in connection with any bonds issued by the University except that the University had been informed on February 24, 2022 that even though on April 1, 2021 it had instructed the Dissemination Agent to file an event notice regarding a rating upgrade by Moody's on all its Bonds which had been released on March 31, 2021, such event notice was not filed with respect to the 2020 Series A Bonds and the 2020 Refunding Series A Bonds. The Dissemination Agent later filed such rating report with respect to the 2020 Series A Bonds and the 2020 Series A Refunding Bonds on February 25, 2022. In making this disclosure the University has not concluded and does not admit that the failure of the Dissemination Agent to file the event notice of a Moody's upgrade on the 2020 Series A Bonds or the 2020 Refunding Series A Bonds on a timely basis was a material failure to comply with its continuing disclosure obligations. The University has modified its disclosure practices to prevent such failures in the future.

Certain prior annual reports of the University and other required reports are available from the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board (the "MSRB"), or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digits) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The University has entered into continuing disclosure agreements requiring filings to be made by the Trustee with respect to hundreds of CUSIP numbers. Most filings by the Trustee through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the Trustee endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers assigned to the University's obligations. The University does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

To its knowledge, in the last five years the State has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the State, 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 preparation 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 was determined to not meet the needs of the State.

The Office of the State Comptroller has performed the following steps to address the causes of the late filing. 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 does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

UNDERWRITING

The Underwriters of the 2026 Bonds have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2026 Bonds from the University at an

aggregate purchase price of \$_____ (representing the aggregate principal amount of the 2026 Bonds, plus/less net original issue premium/discount of \$_____ and less Underwriters' discount of \$_____). The 2026 Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2026 Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters of the 2026 Bonds.

The Underwriter of the 2026 Notes has, subject to certain conditions precedent, to purchase all, but not less than all, of the 2026 Notes from the University at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the 2026 Note, plus/less net original issue premium/discount of \$_____ and less Underwriter's discount of \$_____). The 2026 Notes may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2026 Notes into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriter of the 2026 Notes.

Certain of the Underwriters of the 2026 Bonds and the Underwriter of the 2026 Notes have entered into distribution agreements with other broker-dealers (that have not been designated by the State as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is serving as the financial advisor in connection with the issuance of the 2026 Bonds and the 2026 Notes.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

AMTEC, of Avon, Connecticut (the "Verification Agent") will deliver to the University, on or before the settlement date of the 2026 Bonds, its attestation report indicating that it has examined the information and assertions provided by the University and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the maturing principal of and interest and redemption premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Refunding Portion of the 2026 Bonds is not an "arbitrage bond" under the Code.

FINANCIAL STATEMENTS OF THE UNIVERSITY AND THE STATE

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

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

ADDITIONAL INFORMATION

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

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

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

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

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the University and the State and the purchasers or holders of any of the 2026 Bonds or the 2026 Notes, as the case may be.

This Official Statement is submitted only in connection with the issuance and sale of the 2026 Bonds and the 2026 Notes by the University and may not be reproduced or used in whole or in part for any other purpose.

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Pursuant to the UConn 2000 Act, the 2026 Bonds and the 2026 Notes described above have been sold by the Treasurer of the State of Connecticut in conjunction with the University and the inclusion of Part II has been authorized by the Treasurer of the State of Connecticut.

**TREASURER OF THE
STATE OF CONNECTICUT**

UNIVERSITY OF CONNECTICUT

By: _____
Erick Russell
State Treasurer

By: _____
Jeffrey P. Geoghegan
Executive Vice President for Finance
and Chief Financial Officer

Dated: March __, 2026

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APPENDIX I-A

UNIVERSITY OF CONNECTICUT INFORMATION CONCERNING THE UNIVERSITY

FORWARD LOOKING INFORMATION AND BONDHOLDER CONSIDERATIONS

This Appendix I-A contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Appendix I-A are based on information available to the University up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the University assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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

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APPENDIX I-A
UNIVERSITY OF CONNECTICUT

March 2, 2026

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

Board of Trustees

The Honorable Ned Lamont, Governor, ex-officio
Charlene M. Russell-Tucker, Commissioner of Education, ex-officio
Bryan Hurlburt, Commissioner of Agriculture, ex-officio
Daniel H. O’Keefe, Commissioner of Economic & Community Development, ex-officio
John P. Driscoll, Chair, University of Connecticut Health Center Board of Directors, ex-officio

Daniel D. Toscano, Chairman
Andrea Dennis-LaVigne, Vice-Chair
Bryan K. Pollard, Secretary

Trisha M. Bailey
George A. Barrios
Andy F. Bessette
Mark L. Boxer
Charles F. Bunnell
Shari G. Cantor
Sean K. Dunn
Denis J. Nayden
Thomas D. Ritter
Philip E. Rubin
Fabio R. Saccomanno
Richard I. Vogel
Diane W. Whitney

UNIVERSITY OF CONNECTICUT

INTRODUCTION

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

In addition to the main campus in Storrs (“Storrs”), there are four undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the “University of Connecticut Health Center” or “UConn Health” or “UCH”). UConn Health consists of the School of Medicine, the School of Dental Medicine, medical and dental educational clinics, UConn Medical Group, the UConn John Dempsey Hospital, and the UConn Health Waterbury Hospital. The Storrs and regional campuses and UConn Health comprise approximately 4,181 acres of land and are strategically located throughout the State. The University competes with public and private institutions for students.

As of September 2025, the University had nearly 300,000 alumni worldwide and over 34,500 students (including UConn Health) studying in 14 colleges and schools offering eight undergraduate and 23 graduate and professional degree programs.

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

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Trustees

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

The Board of Trustees appoints the University President, makes rules for University governance, manages its investments and directs the expenditure of funds. While a part of the University, UConn Health maintains a separate budget and is by statute a separate entity for purposes of maintaining operating funds and State appropriations. It is managed by a board of directors (the “Board of Directors”), a standing committee of the Board of Trustees, to which the Board of Trustees has delegated certain duties and authority. Information concerning UConn Health is included under the heading “UNIVERSITY OF CONNECTICUT HEALTH CENTER” below in this Appendix I-A.

Membership. The current membership of the Board of Trustees is as follows:

<u>Name</u>	<u>Position</u>
The Honorable Ned Lamont	President ex-officio
Charlene M. Russell-Tucker	Member ex-officio
Bryan Hurlburt	Member ex-officio
Daniel H. O’Keefe	Member ex-officio
Trisha M. Bailey	Appointed Member
George A. Barrios	Appointed Member
Andy F. Bessette	Appointed Member
Mark L. Boxer	Appointed Member
Charles F. Bunnell	Appointed Member
Shari G. Cantor	Appointed Member
Andrea Dennis-LaVigne	Appointed Member and Vice-Chair
John P. Driscoll	Member ex-officio, Chair UCH BOD
Sean K. Dunn	Student Elected Member
Denis J. Nayden	Appointed Member
Bryan K. Pollard	Alumni-Elected Member and Secretary
Thomas D. Ritter	Appointed Member
Philip E. Rubin	Appointed Member
Fabio R. Saccomanno	Student Elected Member
Daniel D. Toscano	Appointed Member and Chair
Richard I. Vogel	Appointed Member
Diane W. Whitney	Alumni-Elected Member

Duties of the Board of Trustees. In accordance with state law, the Board of Trustees is authorized to establish rules and general policies for the governance of the University, including its mission, regional campuses, degrees, and academic programs. The Board of Trustees appoints the President, manages the investments, and directs the expenditures of the University. The Board of Trustees is required by law to review and approve the annual University budget and facility, planning and capital expenditure budget priorities. The Board of Trustees may employ the faculty and other personnel needed to operate and maintain the University. The Board of Trustees is authorized to fix the compensation of university personnel, establish terms and conditions of their employment, and prescribe their duties and qualifications. The Board of Trustees is authorized to constitute its professional staff and establish compensation and classification schedules for such personnel.

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

Daniel D. Toscano was appointed Chairman of the Board of Trustees in 2019. Chairman Toscano is a University of Connecticut 1987 graduate with a Bachelor of Sciences degree in finance and earned his MBA from the University of Pennsylvania in 1999. He is currently Managing Director, Investment Banking and Fixed Income at Morgan Stanley Institutional Securities Group. He served eleven years on the UConn Foundation Board of Directors, including serving as chair of the board for three years and as chair of the Investment Committee for several years prior.

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

In addition to the Financial Affairs Committee, other Board of Trustees committees include Academic Affairs; Buildings, Grounds and Environment; Compensation; Diversity, Equity and Inclusion; Executive; Institutional Advancement; Joint Audit and Compliance; Research, Entrepreneurship, and Innovation; Student Life; and the UConn Health Board of Directors. Members of the Board also serve on the University's Honors and Awards and Trustee-Administration-Faculty-Student (TAFS) committees.

University Governance and Administration

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

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

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

<u>Name</u>	<u>Position</u>	<u>Background</u>
Pamir Alpay	Interim Provost and Executive Vice President for Academic Affairs	PhD in Materials Science and Engineering from the University of Maryland; Board of Trustees Distinguished Professor and Fellow of the American Physical Society and American Ceramic Society. Currently serves as Interim Provost and Executive Vice President for Academic Affairs at the University of Connecticut, providing leadership for academic programs, faculty affairs, research, and student success across UConn's campuses.
Jeffrey Geoghegan	Executive Vice President for Finance and Chief Financial Officer	CPA; BA in Accounting from Southern Connecticut State University; over 20 years at UConn Health. Currently serves as Executive Vice President for Finance and Chief Financial Officer for UConn and UConn Health.

<u>Name</u>	<u>Position</u>	<u>Background</u>
Dr. Andrew Agwunobi	CEO and Executive Vice President for Health Affairs	MD from the University of Jos and MBA from the Stanford Graduate School of Business; trained pediatrician with extensive executive health system leadership experience. Currently overseeing clinical operations, academic medicine, and strategic integration of UConn's health enterprise.

The University has determined that the position of Chief Financial Officer should be split into two positions, with one Chief Financial Officer responsible for the University and one Chief Financial Officer responsible for UConn Health, in part to facilitate implementation of the UConn Health Joint Venture Initiative. On July 24, 2025, the University announced a search to fill the role of Chief Financial Officer for the University, excluding UConn Health. When the new Chief Financial Officer is hired, UConn's current Chief Financial Officer, Jeffrey Geoghegan will return to UConn Health as its Chief Financial Officer and relinquish his previously held university-wide responsibilities.

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

Strategic Plan

The University implemented a new 10-year Strategic Plan (2024-2034), *Envisioning 2034*, which builds upon UConn's prestige as a great public research flagship university and aligns the institution around a common set of priorities to guide planning, decision-making, and assessment. The new plan is organized around three overarching goals:

1. Promoting holistic student success throughout the educational experience.
2. Expanding UConn's research impact and innovation capacity.
3. Powering a thriving Connecticut by strengthening economic development and community engagement.

To realize these goals, the plan identifies six cross-cutting areas of focus-Student Success Journey, Excellence in Research, Innovation, and Engagement, Wellness of People and Planet, Seven World-Class Campuses, Once Flagship University, Husky Pride and Resilience, and A Stronger, More Inclusive University-which together articulate a unified set of institutional priorities.

Key Performance Indicators (KPIs) are being tracked to monitor progress toward these priorities and to support transparent assessment of institutional performance. The University currently tracks approximately 18 KPIs, including core measures such as the undergraduate six-year graduation rate, total research awards, endowment market value, statewide economic impact, and progress toward carbon neutrality, each with defined targets through 2030.

For more information and the full Strategic Plan, its priorities, and the KPI dashboard, see the UConn Strategic Plan website at <https://strategicplan.uconn.edu>.

UCONN 2000: Next Generation Connecticut

The UCONN 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a thirty-six-year capital budget program in three phases at a total estimated cost of \$5.7 billion. The Act provides for a plan of financing UCONN 2000 projects with \$5.3 billion of general obligation bonds of the University secured by the State Debt Service Commitment. The balance of the estimated cost of UCONN 2000 projects may be financed by proceeds of special

obligation bonds of the University, general obligation bonds of the State, gifts, other revenue or borrowing resources of the University. The University is currently in the third phase of the program.

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

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

- Storrs Engineering Undergraduate Enrollment increased from 1,978 in FY13 to 3,733 in FY26 or by 89%.
- Storrs STEM Undergraduate Enrollment increased from 8,025 in FY13 to 12,736 in FY26 or by 59%.
- Storrs Undergraduate Enrollment increased from 17,528 in FY13 to 21,042 in FY26 or by 20%.
- Undergraduate STEM Degrees Awarded increased from 2,387 in FY13 to 3,231 in FY25 or by 35%.

The Next Generation Connecticut initiative provides for capital bonding through Fiscal Year 2031. In addition, the initiative provided a limited amount of State operating budget support. These funds partially supported the 174 new faculty hires in FY14 through FY17 with 98 of those hires in the STEM fields. These faculty hires have helped the University to make significant progress towards growing research. Since the Next Generation Connecticut initiative began, research awards have increased by 45%.

Status of UCONN 2000 Projects

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

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<u>Projects Authorized</u>	<u>Construction Status¹</u>
<u>A. General Obligation Bonds</u>	
<u>Total – Storrs and Regional Campus Project List</u>	
Academic and Research Facilities;	Ongoing
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities- Phase III;	Ongoing
Equipment, Library Collections & Telecommunications - Phase III;	Ongoing
Agricultural Biotechnology Facility; Agricultural Biotechnology Facility Completion; Alumni Quadrant Renovations ² ; Arjona and Monteith (new classroom buildings); Avery Point Campus Undergraduate and Library Building; Avery Point Marine Science Research Center - Phase I; Avery Point Marine Science Research Center - Phase II; Avery Point Renovation; Beach Hall Renovations; Benton State Art Museum Addition (Phases I & II); Benton State Art Museum Addition (Phase III); Biobehavioral Complex Replacement; Bishop Renovation; Business School Renovation – Phase II; Central Warehouse - New; Chemistry Building; Deferred Maintenance & Renovation Lump Sum Balance; Deferred Maintenance & Renovation Lump Sum Balance; East Campus North Renovations ² ; Engineering Building (with Environmental Research Institute); Equipment, Library Collections & Telecommunications - Phase I; Equipment, Library Collections & Telecommunications Completion - Phase II; Family Studies (DRM) Renovation; Farm Buildings Repairs/Replacement; Fine Arts Phase II; Floriculture Greenhouse; Gant Building Renovations; Gant Plaza Deck; Gentry Completion; Gentry Renovation; Grad Dorm Renovations; Hartford Relocation Acquisition/Renovation; Hilltop Dormitory Renovations; Heating Plant Upgrade ³ ; Ice Rink Enclosure; International House Conversion (a.k.a. Museum of Natural History); Intramural, Recreational and Intercollegiate Facilities; Jorgensen Renovation; Koons Hall Renovation/Addition; Lakeside Renovation; Law School Renovations/Improvements; Litchfield Agricultural Center – Phase I; Litchfield Agricultural Center – Phase II;	Completed (A-L)
Manchester Hall Renovation; Mansfield Apartments Renovation; Mansfield Training School Improvements – Phase II; Mansfield Training School Improvements – Phase III; Monteith Renovation; Music Drama Addition; Natural History Museum Completion; North Campus Renovation ² ; North Hillside Road Completion; North Superblock Site & Utilities; Northwest Quadrant Renovation - Phase I; Northwest Quadrant Renovation - Phase II; Old Central Warehouse; Parking Garage-North; Parking Garage #3; Pedestrian Spine path; Pedestrian Walkways; Psychology Building Renovation/Addition; School of Business; School of Pharmacy; School of Pharmacy / Biology Completion; Shippee/Buckley Renovations ² ; South Campus Complex ⁴ ; South Campus Residence Hall; Stamford Campus Improvements/Housing; Stamford Downtown Relocation – Phase I; Storrs Hall Addition; Student Union Addition; Support Facility; Technology Quadrant-Phase IA; Technology Quadrant-Phase II; Torrey Life Science Renovation; Torrey Renovation Completion and Biology Expansion; Torrington Campus Improvements; Towers Renovation ² ; Underground Steam & Water Upgrade; Underground Steam & Water Upgrade Completion; Waring Building Conversion; Waterbury Downtown Campus; Waterbury Property Purchase; West Campus Renovations; West Hartford Campus Renovations/Improvements; White Building Renovation ; Wilbur Cross Building Renovation; Young Building Renovation/Addition.	Completed (M-Z)
<u>UConn Health</u>	
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities-Health Center;	Ongoing
Equipment, Library Collections and Telecommunications-Health Center;	Ongoing
The University of Connecticut Health Center Joint Venture Initiative	Ongoing
CLAC Renovation Biosafety Level 3 Lab; Dental School Renovation; Library/Student Computer Center Renovation;	Completed (A-L)
Main Building Renovation; Medical School Academic Building Renovation; Planning and Design Costs; Research Tower; Support Building Addition/Renovation; The University of Connecticut Health Center New Construction and Renovation.	Completed (M-Z)
<u>B. Special Obligation Student Fee Revenue Bonds</u>	
Alumni Quadrant Renovations ² ; East Campus North Renovations ² ; Hilltop Dormitory New ⁵ ; Hilltop Student Rental Apartments ⁵ ; Intramural, Recreational & Intercollegiate Facilities: ⁶	Completed (A-L)
North Campus Renovation (including North Campus Student Suites and Apartments) ² ; Parking Garage-South ⁵ ; Residential Life Facilities (Including South Campus Residence Hall); 7; Shippee/Buckley Renovations ² ; South Campus Complex ⁴ ; Towers Renovations (including Greek Housing). ²	Completed (M-Z)
¹ Some projects listed as ongoing might be substantially complete for use purposes. Also, note that some projects might reflect a completed status for recently completed work, but future funding may still be available for which work has not yet begun.	
² Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the proceeds of the University's Student Fee Revenue Bonds, 2002 Series A.	
³ In addition, the University has entered a tax-exempt lease financing for a Cogeneration Facility for the Heating Plant in the amount of \$81.9 million under the UCONN 2000 authority.	
⁴ Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 1998 Series A.	
⁵ The Hilltop Dormitory New and the Hilltop Student Rental Apartments comprise the Hilltop Housing Complex which was funded along with the Parking Garage South with the proceeds of the University's Student Fee Revenue Bonds, 2000 Series A.	
⁶ The Intramural, Recreational & Intercollegiate Facilities is partially funded with University's Student Fee Revenue Bonds, 2018 Series A.	
⁷ Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 2023 Series A.	

Campuses and Physical Plant

General Information. Of the seven campuses, Storrs is the largest campus with 3,938 acres. There are four undergraduate regional campuses strategically located throughout the State in Avery Point, Stamford, Waterbury, and Hartford, as well as the School of Law in Hartford and UConn Health Center in Farmington. As of Fall 2025, there are 100 residential facilities on the Storrs campus, serviced by eight large dining halls; six residential facilities on the Stamford campus and one residential facility on the Hartford campus. Together they have the capacity to provide room and board for approximately 14,100 graduate and undergraduate students. In addition to the regional campuses, the University includes the University of Connecticut School of Law, located in Hartford, and UConn Health, located in Farmington. Collectively these campuses are serving a student body of nearly 34,500 in the 2025-26 academic year.

Academic Programs and Degrees Conferred

The University offers a broad spectrum of liberal arts and sciences, professional and graduate education degree programs through its 14 colleges and schools, including the School of Dental Medicine, School of Medicine and School of Law. The University confers eight kinds of undergraduate degrees in 128 majors, 17 graduate degrees in 100 research and professional practice fields of study, and 6 graduate professional programs. The University also offers individualized majors and interdisciplinary fields of study. The University has several special facilities and programs. Research and academic program support is carried out both in the departments of 14 schools and colleges and at 82 research, academic support, and cultural centers and institutes across all University campuses.

Climate Change

The University faces risk from various force majeure events, including environmental risk associated with climate change. Although the University cannot predict the specific timing or impact of any climate risk events, the University is working hard to neutralize the impacts and costs of climate change and other environmental risks. In March 2008, the University signed the American College and University Presidents Climate Commitment, now known as the Second Nature Carbon Commitment. Through this commitment, the University recognizes the unique responsibility to engage and empower students to overcome the challenges of our time while also serving as a role model in the University's operations, finance, and community engagement activities. The Second Nature Carbon Commitment reflects the University's pledge to eliminate greenhouse gas emissions over time. The University has already reduced emissions by over 20% since 2007 and has advanced its commitment to carbon neutrality by 2030 which is more ambitious than the previous goal of 2050. The University has a Sustainability Action Plan (SAP) that identifies ways to achieve steep climate pollution reductions, sets timelines for stepwise progress, quantifies the costs and benefits of proposed projects, and prioritizes actions to reach carbon neutrality. In addition, the University continues to evaluate the feasibility of accelerating its carbon neutrality targets and has mobilized members of its faculty, staff and student body to support these efforts. The full SAP and progress to date may be found at <https://sustainability.uconn.edu/climate-and-energy>.

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

Cybersecurity

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

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

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

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

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

The COVID-19 Outbreak and Pandemics, in General

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

Federal Government, Recent Policy Changes

The federal government may and does reprioritize policy, sometimes significantly, as administrations change. Recent federal policy changes have significantly impacted the higher education industry, including impacts to sponsored research, diversity and inclusion, financial aid and student loan availability, tax matters, civil rights matters, and various enforcement actions. The University is closely monitoring federal policy changes and has taken steps to ameliorate the impact of certain policy changes. However, no assurance can be given that the impact of federal policy changes will not materially impact the financial condition of the University in the future.

The University derives significant revenue from federal research grant activity. On February 7, 2025, the National Institute of Health ("NIH") announced the negotiated indirect cost rate for all grants, including new and existing grants, will be at a standard rate of 15% in lieu of previously negotiated rates. This policy change was challenged in a lawsuit filed in the U.S. District Court for the District of Massachusetts. A federal district court judge issued a final judgement and permanent injunction blocking the policy change. The NIH has appealed the federal district court judge's decision. Other federal agencies have attempted similar caps which to date have also been stayed. The university continues to monitor the threat to its recovery of indirect costs incurred to support its federally funded research. The University estimates that if a 15% indirect rate is applied to indirect cost recoveries for all grant activities, the impact would exceed \$40.0 million. Further, the federal government recently implemented a series of research funding cuts aligned with the new administration's priorities. The University was not immune to these cuts and experienced a loss of \$43 million in federal grant awards during Fiscal Year 2025. That figure is currently at \$39 million, reflecting the reinstatement of several previously terminated grants. The University has taken steps to align its research activities with federal priorities, including national security, quantum information science, and artificial intelligence with the goal of increasing federal grant award activity in fiscal year 2026.

COMPETITION AND COMPETITIVENESS

Accreditation and Ranking

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

The National Science Foundation ranks the University 56 out of 422 public universities in the country in research and development spending. The Carnegie Foundation currently classifies the institution with only 187 other public institutions nationwide in the highest category of doctoral universities (Very High Research Activity). To qualify for this classification, universities must annually award at least 20 doctorates and demonstrate high levels of research based on several aggregate and per-capita (full-time faculty) measures, including research and development expenditures, postdoctoral appointees, non-faculty research staff, and doctoral conferrals in humanities, social sciences, STEM fields, and other fields (e.g., business, education, public policy, social work).

The quality of the University's diverse graduate programs is enhanced by the presence of exceptional graduate students. In the 2025-2026 academic year, 8,084 degree seeking students are enrolled in graduate and first professional degree programs. Of this figure 2,422 are supported on graduate assistantships. This support is available in 100 fields of study in the arts and sciences and professional disciplines.

Student Admissions and Enrollment

Admissions. The University continues to be in high demand with first year applications for all campuses at nearly 66,300 for the Fall 2025 entering class. The University of Connecticut ranks number 32 among the top public universities in the nation according to U.S. News & World Report Best Colleges.

Schedule of First Year Enrollment - Storrs Campus Fall 2021 – 2025

<u>Fall</u>	<u>First Year Applications</u>	<u>Change in Applications as a Percentage</u>	<u>Accepted</u>	<u>Enrolled</u>	<u>Change in Enrolled as a Percentage</u>	<u>Enrolled as a Percentage of Accepted</u>
2021	36,753	6.7	20,433	3,663	(4.2)	17.9
2022	40,894	11.3	22,293	4,069	11.1	18.3
2023	46,645	14.0	25,164	4,189	2.9	16.6
2024	55,479	18.9	29,065	4,478	6.9	15.4
2025	59,553	7.3	32,369	4,663	4.1	14.4

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Average Total SAT Scores*
Fall 2021 - 2025

<u>Fall</u>	<u>Storrs Campus</u>	<u>Regional Campuses</u>	<u>Connecticut Average</u>	<u>National Average</u>
2021	1318**	1128**	1072	1060
2022	1315	1112	1025	1050
2023	1296	1089	1007	1028
2024	1306	1077	990	1024
2025	1325	1099	989	1029

*Excluding the writing component

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

Enrollment. Total enrollment at all campuses has increased from Fall 2021 through Fall 2025 as set forth below.

Total Enrollment Data (Head Count)¹
Fall 2021 – 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Undergraduates					
Storrs	18,567	18,983	19,388	20,056	21,042
Regional Campuses	<u>5,270</u>	<u>5,093</u>	<u>4,968</u>	<u>5,248</u>	<u>5,149</u>
Total	23,837	24,076	24,356	25,304	26,191
Graduates/Professionals²	7,656	7,365	7,323	7,574	7,567
UConn Health					
Medicine	452	451	449	470	461
Dental Medicine	<u>201</u>	<u>202</u>	<u>204</u>	<u>206</u>	<u>205</u>
Total	<u>653</u>	<u>653</u>	<u>653</u>	<u>676</u>	<u>666</u>
Grand Total	<u>32,146</u>	<u>32,094</u>	<u>32,332</u>	<u>33,554</u>	<u>34,424</u>

¹ Includes non-degree and part-time students.

² Includes master's and doctoral students at all campuses, including UConn Health, and students in the professional degree programs in Law and Pharmacy.

Percentage of Enrollment by Residence Status
Fall 2021 - 2025

<u>Fall</u>	<u>Undergraduate</u>		<u>Graduate/Professional</u>	
	<u>Storrs Campus</u>	<u>All Campuses</u>	<u>All Campuses*</u>	
	<u>In-State</u>	<u>Out-of-State</u>	<u>In-State</u>	<u>Out-of-State</u>
2021	71.4%	28.6%	64.7%	35.3%
2022	69.3	30.7	61.6	38.4
2023	67.0	33.0	61.3	38.7
2024	64.7	35.3	61.7	38.3
2025	63.1	36.9	63.9	36.1

*Excludes Schools of Medicine and Dental Medicine.

Tuition and Other Fees (Storrs and Regional Campuses)

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

Tuition. For the academic year 2026, students classified as full-time undergraduate residents of Connecticut will pay tuition of \$17,010. Full-time out-of-state undergraduates will pay \$39,678 per year. In the 2026 academic year, total tuition revenues are forecasted to be \$606.5 million. For the academic year 2027, full-time undergraduate residents will pay tuition of \$17,010, and full-time out-of-state undergraduates will pay tuition of \$39,678 per year.

Mandatory Fees. For the academic year 2026, undergraduate students must pay a General University Fee of \$1,668 per year. Students also pay \$2,656 per year in other fees, of which \$856 is for Student Health and Wellness, \$500 is for the Student Recreation Center, \$196 is for various student-controlled organizations, \$688 is for infrastructure maintenance, \$212 is a transit fee, and \$204 is a Technology Fee. For the academic year 2027, the General University Fee will be \$1,668. Students will also pay \$2,896 in other fees, of which \$896 is for Student Health and Wellness, \$500 is for the Student Recreation Center, \$202 is for various student-controlled organizations, \$756 is for infrastructure maintenance, \$254 is a transit fee, and \$288 is a Technology Fee. Commencing in 1998, certain fees have been pledged for the payment of debt service on the University's Special Obligation Bonds.

Other Fees. There are numerous optional fees at the University. The primary optional fees for the academic year 2026 are the room (\$8,066) and board (\$6,710) fee. For academic year 2027 the room fee will be \$8,288 and board will be \$6,896. Rates reflect a standard double room and the Value Meal Plan, higher and lower cost options are available.

In-State Undergraduate Tuition & Other Fees

Academic Years 2023 – 2027

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Tuition	\$15,672	\$16,332	\$17,010	\$17,010	\$17,010
Room & Board ¹	13,622	13,996	14,380	14,776	15,184
General University Fee	1,474	1,570	1,570	1,668	1,668
Other Fees ²	2,288	2,464	2,464	2,656	2,896
Total	<u>2,288</u>	<u>2,464</u>	<u>2,464</u>	<u>2,656</u>	<u>2,896</u>
	\$33,056	\$34,362	\$35,424	\$36,112	\$36,758

¹The Room and Board Fee reflects a standard double and the Value Meal Plan. Lower and higher cost options are available.

² Other Fees includes fees collected by the University on behalf of various student-controlled organizations.

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**Academic Year 2026 Undergraduate Tuition and Fees
Competitor University Comparison***

	<u>In-State</u>	<u>Out-of-State</u>
Boston College	\$74,380	\$74,380
Boston University	71,372	71,372
Northeastern University	69,395	69,395
Syracuse University	68,429	68,429
Quinnipiac University	57,700	57,700
University of Connecticut	21,344	44,002
Pennsylvania State University	21,098	43,490
University of Vermont	19,514	47,554
Rutgers University	18,826	38,971
University of Massachusetts	18,487	41,759
University of Delaware	17,660	43,220
University of Maryland	12,008	41,974

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

Student Financial Aid

The University provides financial aid and financial counseling. The University has a policy of admitting students without regard to financial ability to pay and a policy of providing assistance to those admitted who demonstrate need. Approximately 86% of all undergraduates are receiving some form of financial aid.

Scholarships, Grants and Work-Study. In addition to university financial aid, there are a number of state, federal and private student financial aid programs available, including the Federal Pell Grant of up to \$7,395 (for Academic Year 2026) and the Federal Supplemental Education Opportunities Grant (SEOG) of up to \$4,000. Both are awarded annually based on need. In addition, the University offers a number of merit scholarships. The University also offers Federal Work-Study employment, which is need-based, and Student Labor employment, which is available to all students.

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

Tuition Waivers and Graduate Assistantships. The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for employees and dependents of certain employees. The foregone revenue resulting from all such waivers in the 2026 academic year is budgeted at \$107.2 million.

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**Financial Aid to University Students* (excluding Tuition Waivers)
for Fiscal Years 2022-2026 (in millions)**

	FY22	FY23	FY24	FY25	FY 26 Budget
University Supported*	\$ 163.8	\$ 169.4	\$ 197.7	\$ 214.0	\$ 232.4
Federal (Pell/SEOG)	74.5	49.0	53.7	68.4	57.9
State (incl. R. Willis Scholarship) **	9.9	13.7	15.6	11.4	8.2
Other***	20.9	27.0	21.1	30.1	35.0
Total Aid in Budget	\$ 269.1	\$ 259.2	\$ 288.1	\$ 323.8	\$ 333.6

*In addition to the financial aid listed above, students receive over \$200 million annually in aid from sources outside the University. University-supported aid includes undergraduate and graduate aid funded by tuition, departmental revenue, and work-study.

**State ARPA funds were added to the R. Willis Scholarship program in FY23-25.

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

UNIVERSITY FINANCES

Financial Management

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

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

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

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

Financial Statements of the University

The audited financial statements of the University of Connecticut and the University of Connecticut Health Center (excluding the University of Connecticut Foundation, Inc.) for the Fiscal Year ended June 30, 2025, are included as Schedule 1 and Schedule 2, respectively, herein.

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2021, 2022, 2023, 2024, and 2025. See “UNIVERSITY OF CONNECTICUT HEALTH CENTER” below in this Annual Report for the same information for UConn Health.

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Statements of Revenues, Expenses, and Changes in Net Position

(\$ in thousands)

OPERATING REVENUES	2021	2022	2023	2024	2025
Student tuition and fees ¹	\$ 397,237	\$ 427,959	\$ 461,624	\$ 464,993	\$ 498,389
Federal grants and contracts	147,547	148,970	168,035	190,068	214,286
State and local grants and contracts	16,364	17,871	24,646	25,880	30,218
Nongovernmental grants and contracts	20,012	23,871	20,052	23,777	36,835
Sales and services of educational departments	25,355	22,687	17,423	16,906	18,312
Sales and services of auxiliary enterprises ²	73,577	171,753	195,672	229,660	248,737
Other sources	26,943	30,745	32,351	33,909	30,856
Total Operating Revenues	<u>707,035</u>	<u>843,856</u>	<u>919,803</u>	<u>985,193</u>	<u>1,077,633</u>
OPERATING EXPENSES					
Salaries and wages	617,225	674,458	685,254	732,876	778,852
Fringe benefits	685,126	515,739	247,699	279,491	191,039
Supplies and other expenses	226,404	248,545	294,184	321,055	354,384
Utilities	17,295	22,475	27,552	22,639	22,863
Depreciation and amortization	122,695	135,566	139,628	144,389	147,096
Scholarships and fellowships	28,866	50,948	33,945	23,837	29,122
Total Operating Expenses	<u>1,697,611</u>	<u>1,647,731</u>	<u>1,428,262</u>	<u>1,524,287</u>	<u>1,523,356</u>
Operating Loss	<u>(990,576)</u>	<u>(803,875)</u>	<u>(508,459)</u>	<u>(539,094)</u>	<u>(445,723)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriation	397,910	459,788	420,505	256,038	245,321
State debt service commitment for interest	74,170	75,947	78,623	77,089	76,325
Federal and state financial aid	115,892	134,741	93,249	103,976	150,945
Gifts	24,715	33,502	44,393	37,427	54,463
Investment income	794	1,742	14,066	25,056	28,554
Interest expense	(66,114)	(68,338)	(69,286)	(71,940)	(70,559)
Disposal of capital assets, net	(3)	(2,346)	(3,263)	(4,479)	(591)
Other nonoperating revenue (expenses), net	2,594	(5,230)	1,950	(290)	614
Net Nonoperating Revenues	<u>549,958</u>	<u>629,806</u>	<u>580,237</u>	<u>422,877</u>	<u>485,072</u>
Income (Loss) Before Other Changes in Net Position	<u>(440,618)</u>	<u>(174,069)</u>	<u>71,778</u>	<u>(116,217)</u>	<u>39,349</u>
OTHER CHANGES IN NET POSITION					
State debt service commitment for principal	140,295	214,185	-	209,225	-
Derecognition of pension and OPEB balances	-	-	-	-	2,762,885 ⁵
Capital allocation	-	-	-	45,000	20,000
Capital grants and gifts	11,640	1,976	3,608	7,454	4,733
Additions to permanent endowments	164	1,996	9	191	79
Athletic conference fees	(3,500)	-	-	-	-
Transfer to affiliate	(2,000)	(228)	-	-	-
Net Other Changes in Net Position	<u>146,599</u>	<u>217,929</u>	<u>3,617</u>	<u>261,870</u>	<u>2,787,697</u>
Increase (Decrease) in Net Position	<u>(294,019)</u>	<u>43,860</u>	<u>75,395</u>	<u>145,653</u>	<u>2,827,046</u>
NET POSITION					
Net Position – Beginning of Year, As Previously Reported	(251,773)	(545,792)	(500,218)	(421,787)	(276,134)
Cumulative effect of accounting changes	-	1,714 ³	3,036 ⁴	-	(19,389) ⁶
Net Position – Beginning of Year, As Restated	<u>(251,773)</u>	<u>(544,078)</u>	<u>(497,182)</u>	<u>(421,787)</u>	<u>(295,523)</u>
Net Position – End of Year	<u><u>\$ (545,792)</u></u>	<u><u>\$ (500,218)</u></u>	<u><u>\$ (421,787)</u></u>	<u><u>\$ (276,134)</u></u>	<u><u>\$ 2,531,523</u></u>

¹ Net of scholarship allowances of \$197,042, \$199,252, \$196,736, \$246,412, and \$270,312, respectively.

² Net of scholarship allowances of \$7,395, \$16,556, \$26,324, \$15,128, and \$21,309, respectively.

³ During fiscal year 2022, the University of Connecticut adopted GASB Statement No. 87, *Leases*. As a result, beginning net position for the fiscal year ended June 30, 2022, was restated by \$1,714 for the cumulative effect of applying this standard.

⁴ During fiscal year 2023, the University of Connecticut adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, beginning net position for the fiscal year ended June 30, 2023, was restated by \$3,036 for the cumulative effect of applying these standards.

⁵ The State of Connecticut now fully funds retirement-related fringe benefit costs for eligible University employees. As a result, the University no longer recognizes pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. The derecognition of these amounts was recorded as a special item for the fiscal year ended June 30, 2025.

⁶ During fiscal year 2025, the University of Connecticut adopted GASB Statement No. 101, *Compensated Absences*. As a result, beginning net position for the fiscal year ended June 30, 2025, was restated by \$19,389 for the cumulative effect of applying this standard.

Budget and Budgeting Procedure of the University

The University submits a biennial operating budget request to the Governor and General Assembly through the Secretary of the Office of Policy and Management (the Governor's fiscal office). The operating budget request sets forth a proposed expenditure plan for the amount necessary to meet cost increases while providing a constant level of services. It may also include an amount for new or expanded programs. The operating budget includes various revenue sources including the State appropriation, tuition, fees, auxiliaries, and other revenue sources. The Governor may reduce State agency allotments by not more than 5% unless approved by the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such a reduction. The Board of Trustees annually approves separate Spending Plans for the University and UConn Health. The Fiscal Year 2026 Spending Plan was approved by the Board of Trustees on June 25, 2025. See "UNIVERSITY FINANCES-State Support of the University-Appropriations" in this Appendix I-A.

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

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

The University's Capital Budget request process has been replaced by the Act. The Act provides for a thirty-six-year Capital Budget program of the University and authorizes \$5,314.9 million to be financed by general obligation bonds of the University secured by the State's Debt Service Commitment of the University. Per the Act, the estimated cost of UCONN 2000 projects which is not to be financed by the University's bonds secured by the State Debt Service Commitment may be funded by the issuance of the University's Special Obligation Bonds, other University debt obligations, State General Obligation Bonds, gifts, other revenue or borrowing resources of the University. Bonds secured by the State Debt Service Commitment, phase I for Fiscal Years 1996-99 totaled \$382 million, phase II for Fiscal Years 2000-05 totaled \$580 million and phase III for Fiscal Years 2005-31 totaled \$4,352.9 million. The University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

University Spending Plan (Storrs and Regional Campuses)

Fiscal Year 2026 Spending Plan. The Fiscal Year 2026 forecast includes \$1,841.2 million in expenditures and \$1,834.2 million of revenue plus the use of \$6.9 million of unrestricted fund balances to balance the budget.

Fiscal Year 2026 Revenue. For Fiscal Year 2026, tuition is the largest source of revenue (excluding waivers) and is forecasted at \$605.7 million, an increase of \$22.7 million or 3.9% over the Fiscal Year 2025 amount. Tuition revenue collections reflect growth in enrollment, a change in student residency mix, and no tuition rate increase. Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off-campus MBA, EMBA, etc.). Also included in this category is the General University Fee, which supports multiple student support programs. There are various other fees included in this category such as the Student Recreation Center Fee, Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The fee collections for Fiscal Year 2026 are forecasted to be \$188.6 million, an increase of \$11.0 million or 6.2% more than the Fiscal Year 2025 amount. Grants and Contracts Revenue and Auxiliary Enterprise Revenue comprise the second- and third-largest revenue sources, and are forecasted to be \$342.9 million and \$293.3 million, respectively. Residence halls and rental properties, dining services and athletics generate most of the Auxiliary Enterprise Revenue.

Fiscal Year 2026 Expenditures. Total Fiscal Year 2026 expenditures of \$1,841.2 million are forecasted to increase by \$29.3 million or 1.6% more than the Fiscal Year 2025 amount. Personal services expenditures are forecasted to reach \$770.2 million or \$10.9 million more than Fiscal Year 2025. Fringe benefit expenditures are forecasted to be \$181.6 million or \$8.0 million more than Fiscal Year 2025. Tuition Funded Financial Aid expenditures are forecasted to be \$219.1 million, which is an increase of \$22.8 million more than the Fiscal Year

2025 amount. Other Financial Aid expenditures are forecasted to be \$120.6 million, which is a decrease of \$6.9 million from the Fiscal Year 2025 amount.

In addition to results of operations for Fiscal Years 2022-2025, the following schedule reflects the Fiscal Year 2026 spending forecast.

Statement of Current Funds Operations¹ (in millions)					
	FY22	FY23	FY24	FY25	FY26
Current Funds Revenues:	Actual	Actual	Actual	Actual	Forecast
State Block Grant	\$ 220.8	\$ 229.9	\$ 216.3	\$ 223.8	\$ 268.2
Additional State Support	47.8	62.9	82.2	95.7	-
Fringe Benefits/Adjustments	211.2	181.0	(0.3)	1.5	1.6
State Support	\$ 479.8	\$ 473.8	\$ 298.2	\$ 321.0	\$ 269.8
Tuition	468.3	492.1	533.9	583.1	605.7
Mandatory/Course Fees	153.0	159.8	170.0	177.6	188.6
Grants & Contracts	247.3	276.5	304.1	360.4	342.9
G&C - COVID fed relief	64.0	-	-	-	-
Auxiliary Enterprise	187.9	221.6	244.4	269.7	293.3
Other Revenue (incl Foundation reimb.)	83.1	99.1	104.8	123.9	133.9
Total Revenues	\$ 1,683.3	\$ 1,722.9	\$ 1,655.6	\$ 1,835.7	\$ 1,834.2
Expenditures:					
Salaries & Wages	\$ 658.1	\$ 671.6	\$ 714.6	\$ 759.3	\$ 770.2
Fringe Benefits	369.2	379.2	162.3	173.5	181.6
Energy	22.5	27.6	22.6	22.9	23.3
Equipment	26.3	36.0	22.7	31.4	30.6
Other Expenses	247.0	275.1	310.7	334.1	384.3
Financial Aid - Tuition	153.9	162.5	179.8	196.3	219.1
Financial Aid - Other	115.2	96.6	108.4	127.5	120.6
Debt/Capital	75.6	78.5	129.1	166.8	111.5
Total Expenditures	\$ 1,667.7	\$ 1,727.3	\$ 1,650.3	\$ 1,811.8	\$ 1,841.2
Use of (+) or contribution to (-) Reserves	(15.3)	-	-	(19.4)	
Net Gain/(Loss)	\$ 0.3	\$ (4.4)	\$ 5.3	\$ 4.5	\$ (6.9)

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

Note: Totals may not add due to rounding.

State Support of the University – Appropriations

The State develops a biennial budget, which includes the University appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The annual State appropriation the University receives is in the form of a block grant and is allotted quarterly. The University has independent authority to purchase goods and services; hire, fire and promote administrators, faculty, and staff; and plan, design, and construct capital projects. Public Act 25-168 appropriated \$268.2 million in block grant to the University, for Fiscal Year 2026 and a \$253.5 million block grant for Fiscal Year 2027.

Beginning in Fiscal Year 2024, the State implemented a change in its fringe benefit funding structure, intended to be budget-neutral, now covering all retirement fringe costs for all University employees participating in State-sponsored retirement plans. As a result, the University did not pay retirement costs for these plans beginning in Fiscal Year 2024 and these costs and the associated State funding are not included in the budget.

No assurance can be made that the State will not change the Fiscal Year 2026 funding prior to the end of such fiscal year. Any State funding cuts would be managed by the University through reduced hiring, reduced operating costs, fewer projects, and other deficit mitigation efforts.

**Schedule of State Operating Support and Fringe Benefits to the University
for Fiscal Years 2022 – 2026 (in millions)**

<u>Fiscal Year</u>	<u>Operating Appropriations¹ and Allotments</u>	<u>Fringe Benefits/ Adjustments</u>	<u>Operating Total</u>
2022	\$268.6	\$211.2	\$479.8
2023	292.8	181.0	473.8
2024	298.5	(0.3)	298.2
2025	319.5	1.5	321.0
2026	268.2	1.6	269.8

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

State Support of the University - Bond Issuance

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

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**State Legislative Bond Authorizations for the University
for Fiscal Years 1996 - 2031**

<u>Fiscal</u> <u>Year</u>	<u>State General</u> <u>Obligation Bonds</u>	<u>UConn 2000</u> <u>Bonds ¹</u>	<u>Total</u>
1996	\$ 18,000,000 ²	\$ 112,542,000	\$ 130,542,000
1997	9,400,000 ²	112,001,000	121,401,000
1998	-	93,146,000	93,146,000
1999	-	64,311,000	64,311,000
2000	2,000,000 ³	130,000,000	132,000,000
2001	20,000,000 ³	100,000,000	120,000,000
2002	-	100,000,000	100,000,000
2003	-	100,000,000	100,000,000
2004	-	100,000,000	100,000,000
2005 ⁴	-	100,000,000	100,000,000
2006	-	79,000,000	79,000,000
2007	-	89,000,000	89,000,000
2008	8,000,000 ⁵	115,000,000	123,000,000
2009	-	140,000,000	140,000,000
2010	-	-	-
2011	-	138,800,000	138,800,000
2012	23,000,000 ^{6, 7}	157,200,000	180,200,000
2013	20,000,000 ⁶	143,000,000	163,000,000
2014	-	204,400,000	204,400,000
2015	131,500,000 ⁶	315,500,000	447,000,000
2016	25,000,000 ⁸	312,100,000	337,100,000
2017	16,000,000 ⁸	240,400,000	256,400,000
2018	-	200,000,000	200,000,000
2019	-	200,000,000	200,000,000
2020	-	197,200,000	197,200,000
2021	-	260,000,000	260,000,000
2022	6,460,000 ⁹	215,500,000	221,960,000
2023	51,729,200 ^{9, 10}	125,100,000	176,829,200
2024	102,489,200 ^{9, 11}	84,700,000	187,189,200
2025	72,220,000 ^{9, 11}	122,000,000	194,220,000
2026	40,201,600 ^{9, 12}	276,000,000	316,201,600
2027	43,000,000 ¹²	192,000,000	235,000,000
2028	-	158,500,000	158,500,000
2029	-	156,500,000	156,500,000
2030	-	156,000,000	156,000,000
2031	-	25,000,000	25,000,000
Total	\$ 589,000,000	\$ 5,314,900,000	\$ 5,903,900,000

[Footnotes on the following page]

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- ¹ Secured by State Debt Service Commitment. As of the date of delivery of the 2026 Bonds, the University expects to have \$582,900,000 of its General Obligation Bonds secured by the State Debt Service Commitment authorized and unissued, excluding the 2026 Bonds.
 - ² For Babbidge Library on the Storrs campus.
 - ³ For the development of a new downtown campus for the University of Connecticut in Waterbury.
 - ⁴ For Fiscal Year 2005, \$50,000,000 was authorized under UCONN 2000 Phase II and an additional \$50,000,000 was authorized under UCONN 2000 Phase III. Fiscal Years 2005-2027 represent authorizations under UCONN 2000 Phase III including UConn Health projects. No UConn Health projects were authorized in Phase I or Phase II.
 - ⁵ Special Act 04-2 authorized the issuance of \$8,000,000 of State General Obligation Bonds for renovation, alterations and improvements to the University's Law Library in Hartford which was approved by the State Bond Commission on March 28, 2008.
 - ⁶ Public Act 11-57, as amended by Public Act 14-98, authorized the issuance of \$169,500,000 of State General Obligation Bonds to create a Technology Park on the Storrs Campus. \$18,000,000 was approved by the State Bond Commission on August 26, 2011. \$20,000,000 was approved by the State Bond Commission on April 26, 2013. \$131,500,000 was approved by the State Bond Commission on May 11, 2015.
 - ⁷ Public Act 11-75 authorized \$5,000,000 in State General Obligation Bonds for a comprehensive cancer center and the University sponsored health disparities institute which was approved by the Bond Commission on October 28, 2011.
 - ⁸ Public Act 15-1 (sections 2 & 21) authorized the issuance of \$41,000,000 of State General Obligation Bonds for the UConn Health Integrated Electronic Medical Record (EMR). The Integrated EMR will provide the health information technology required for compliance with federal and state regulations, enable interoperability and improve efficiencies for all UConn Health entities with access to clinical data updated in real-time in a single patient database. \$25,000,000 was approved by the State Bond Commission on January 29, 2016, and \$16,000,000 was approved on February 1, 2017.
 - ⁹ Public Act 21-111 (sections 99 & 100) authorized the issuance of \$46,100,000 of State General Obligation Bonds for the University to commence a research faculty recruitment and hiring program. This program is expected to support economic development in the State through faculty research and promote core sectors of the State economy by accelerating the pace of applied research and development. To date, these authorizations have not been approved by the State Bond Commission.
 - ¹⁰ Public Act 22-118 (section 307) authorized \$40,000,000 in State General Obligation Bonds for the University of Connecticut Health Center: Deferred maintenance, code compliance and infrastructure improvements. This authorization was approved by the State Bond Commission on December 8, 2022.
 - ¹¹ Public Act 23-205 (sections 1, 2, 20 & 21) authorized \$151,000,000 in State General Obligation Bonds for the University and the University of Connecticut Health Center, for various purposes. The State Bond Commission approved \$53,000,000 of the FY24 authorization on October 6, 2023, and \$5,000,000 on December 15, 2023. The State Bond Commission approved \$33,000,000 of the FY25 authorization on December 20, 2024. To date, the remaining authorization has not been approved by the State Bond Commission.
 - ¹² Public Act 25-174 (sections 2 & 21) authorized \$79,000,000 in State General Obligation Bonds for the University and the University of Connecticut Health Center, for various purposes. The State Bond Commission approved \$5,000,000 of the FY26 authorization on December 18, 2025. To date, the remaining authorization has not been approved by the State Bond Commission.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled \$281.3 million in Fiscal Year 2025, representing 26.1% of total operating revenues reported by the University in the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year ended June 30, 2025, included in this Annual Report. If non-governmental grants are excluded, the revenue from federal, state, and local governmental grants and contracts totaled \$244.5 million for this time period, which represented 22.7% of total operating revenues.

**Grants and Contracts
for Fiscal Years 2021 - 2025
(In Millions of Dollars)**

Fiscal Year	Governmental Grants & Contracts	Nongovernmental Grants & Contracts	Total*
2021	\$163.9	\$20.0	\$183.9
2022	166.8	23.9	190.7
2023	192.7	20.1	212.8
2024	215.9	23.8	239.7
2025	244.5	36.8	281.3

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

The University of Connecticut Foundation, Inc.

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

Gift revenue to the University, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. The Foundation disburses funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These disbursements paid to the University and to third parties on behalf of the University from the Foundation totaled approximately \$65.0 million in Fiscal Year 2025 compared to \$50.3 million in Fiscal Year 2024. In addition, the University receives gifts directly. Total non-operating gifts and capital gifts and grants revenue to the University from all sources amounted to \$14.2 million and \$12.7 million in Fiscal Years 2025 and 2024, respectively.

Giving University-wide continued at high levels, with contributions of \$144.2 million to support the University students, faculty, and programs during Fiscal Year 2025. Of the \$144.2 million in new gifts and commitments, \$45.1 million was directed for scholarships and fellowships, \$76.3 million for program support, \$17.2 million for research, \$1.8 million for faculty support, and \$3.5 million for capital improvements. Donors contributed \$37.0 million to the University’s endowment. The endowment portfolio was valued at \$668.6 million at the end of Fiscal Year 2025, including \$281.0 million for scholarships and fellowships, \$172.4 million for endowed chairs, professorships and other faculty support, and \$215.1 million for programmatic priorities. Endowed funds are managed by the Foundation Board of Directors’ investment committee, Foundation management, and staff. The endowment is managed as a single portfolio, but funds are invested in various asset classes to diversify risk.

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University of Connecticut Foundation, Inc.
Summary of Total Assets, Revenue and Expenditures
For Fiscal Years 2021 - 2025 (in thousands)

Assets	2021	2022	2023	2024	2025
Endowment assets	\$ 610,362	\$ 575,617	\$ 571,412	\$ 621,253	\$ 675,703
All other assets	159,420	168,976	219,993	241,436	275,805
Total Assets	\$ 769,782	\$ 744,593	\$ 791,405	\$ 862,628	\$ 951,508
Support and Revenue					
Contributions and educational support	\$ 55,740	\$ 55,771	\$ 97,843	\$ 63,808	\$58,619
Payment from the University	12,150	12,150	10,000	13,500	16,000
Investment income, net	139,346	(31,859)	12,119	74,115	78,324
Other revenues	3,332	822	947	1,154	1,687
Total Support and Revenue	\$ 210,568	\$ 36,884	\$ 120,909	\$ 152,577	\$154,630
Expenditures					
Disbursements to and on behalf of the University	\$ 33,649	\$ 35,880	\$ 46,909	\$ 50,334	\$ 64,968
Foundation expenses (development, asset mgt, admin)	22,668	23,979	29,821	31,342	31,747
Total Expenditures	\$ 56,317	\$ 59,859	\$ 76,730	\$ 81,676	\$ 96,715
Support and Revenues Over/Under Expenditures	\$ 154,251	\$ (22,975)	\$ 44,179	\$ 70,901	\$ 57,915

University Indebtedness

The UCONN 2000 Act, as amended, empowers the University to borrow money and issue securities to finance the acquisition, construction, reconstruction, improvement or equipping of any UCONN 2000 project and to provide for the security and payment of those securities and to refund such securities. Toward this purpose, to date, the University has issued General Obligation Bonds and Special Obligation Bonds, entered a privately placed Governmental Lease Purchase Agreement, and assumed a promissory note associated with the purchase of the Nathan Hale Inn on the Storrs Campus. As of the date of delivery of the 2026 Bonds, certain General Obligation Bonds and Special Obligation Bonds will remain outstanding. The promissory note associated with the purchase of the Nathan Hale Inn was retired on December 1, 2016, and the Governmental Lease Purchase Agreement was retired on December 12, 2025.

The University of Connecticut General Obligation Bonds are issued pursuant to the Master Indenture of Trust, as amended (the “Master Indenture”), are secured by the full faith and credit of the University and are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is defined by the Act and the Master Indenture as the commitment by the State to pay an annual amount for the punctual payment of Special Debt Service Requirements on certain securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal and sinking fund installments for and interest accruing on such General Obligation Bonds. As of the date of delivery of the 2026 Bonds, principal outstanding of the University’s General Obligation Bonds \$1,392,570 including the Refunded Bonds but not including the 2026 Bonds and the 2026 Notes.

The University of Connecticut Special Obligation Bonds are issued pursuant to the Special Obligation Indenture of Trust, as amended (the “Special Obligation Master Indenture”). The Board of Trustees approved the Special Obligation Master Indenture on November 8, 1996. Unlike the UCONN 2000 General Obligation Bonds that are paid from the State’s General Fund, debt service on the Special Obligation Bonds is paid from certain pledged revenues, including student fees of the University as defined in the Special Obligation Master Indenture. To date, eleven projects have been authorized to receive \$441,180,000 of the UCONN 2000 Special Obligation Bond proceeds, and these projects may also be supported by the University’s General Obligation Bonds, State General Obligation Bonds or other funding. See “GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – Status of UCONN 2000 Projects” in this Appendix I-A. As of the date of delivery of the 2026 Bonds, principal outstanding of Special Obligation Bonds will be \$248,825,000.

In addition to UCONN 2000 indebtedness, the University has certain other limited indebtedness; see Schedule 1, “AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2025”.

The following schedule sets forth the debt service payments to be made in each fiscal year on the General Obligation Bonds issued and outstanding by the University as of the date of delivery of the 2026 Bonds, including the Refunded Bonds but not including the 2026 Bonds and the 2026 Notes.

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**Debt Service on General Obligation Bonds ⁽¹⁾
as of March 24, 2026**

	<u>Outstanding General Obligation Bonds</u>			<u>This Issue 2026 Bonds</u>			<u>Total General Obligation Bonds</u>		
<u>FYE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30th</u>									
2026	\$ 25,165,000	\$ 12,279,588	\$ 37,444,588						
2027	128,225,000	65,136,363	193,361,363						
2028	124,310,000	58,798,738	183,108,738						
2029	124,380,000	52,578,863	176,958,863						
2030	117,725,000	46,523,988	164,248,988						
2031	112,585,000	41,068,575	153,653,575						
2032	106,110,000	35,439,700	141,549,700						
2033	106,085,000	30,200,425	136,285,425						
2034	106,080,000	25,330,363	131,410,363						
2035	92,775,000	20,620,363	113,395,363						
2036	81,770,000	16,330,713	98,100,713						
2037	68,690,000	12,373,088	81,063,088						
2038	53,130,000	9,120,263	62,250,263						
2039	39,330,000	6,689,113	46,019,113						
2040	30,590,000	4,984,663	35,574,663						
2041	30,590,000	3,455,163	34,045,163						
2042	22,580,000	1,942,263	24,522,263						
2043	11,225,000	841,875	12,066,875						
2044	11,225,000	280,625	11,505,625						
Totals ⁽²⁾	\$ 1,392,570,000	\$ 443,994,726	\$ 1,836,564,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

¹ Secured by State Debt Service Commitment, net of bonds previously refunded.

² Totals may not sum due to rounding.

The following table sets forth all bonds issued by the University under the UCONN 2000 program and outstanding as the date of delivery of the 2026 Bonds, including the Refunded Bonds but not including the 2026 Bonds and the 2026 Notes.

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Total UCONN 2000 Debt Obligations Outstanding

	Original Par Amount ⁽¹⁾	Amount Outstanding Currently ⁽¹⁾	Dated Date
General Obligation Debt Service Commitment Bonds			
GO DSC 2015 Series A	\$ 220,165,000	\$ 99,065,000	April 16, 2015
GO DSC 2016 Series A	261,510,000	130,750,000	April 21, 2016
GO DSC 2016 Series A Refunding ⁽²⁾	80,425,000	3,750,000	April 21, 2016
GO DSC 2017 Series A	311,200,000	171,160,000	January 19, 2017
GO DSC 2018 Series A	276,075,000	179,445,000	May 3, 2018
GO DSC 2019 Series A	174,785,000	113,605,000	May 8, 2019
GO DSC 2019 Series A Refunding ⁽³⁾	64,680,000	19,320,000	May 8, 2019
GO DSC 2020 Series A	160,230,000	120,155,000	December 17, 2020
GO DSC 2020 Series A Refunding ⁽⁴⁾	119,085,000	53,435,000	December 17, 2020
GO DSC 2022 Series A	227,185,000	193,105,000	April 13, 2022
GO DSC 2023 Series A	224,540,000	202,080,000	November 21, 2023
GO DSC 2023 Series A Refunding ⁽⁵⁾	133,505,000	106,700,000	November 21, 2023
Total⁽⁶⁾⁽⁹⁾		\$ 1,392,570,000	
Special Obligation Student Fee Revenue Bonds			
UCONN 2000 SPEC OB 2018-A	\$ 141,725,000	\$ 122,350,000	March 29, 2018
UCONN 2000 SPEC OB 2022-A Refunding ⁽⁷⁾	52,515,000	32,245,000	November 15, 2022
UCONN 2000 SPEC OB 2023-A	97,140,000	94,230,000	November 21, 2023
Total⁽⁸⁾⁽⁹⁾		\$ 248,825,000	

¹ "Original Par Amount" includes bonds previously refunded. "Amount Currently Outstanding" is net of bonds previously refunded.

² The General Obligation DSC 2016-A Refunding Bonds refunded \$88,535,000 of the outstanding General Obligation DSC Series 2006A Refunding Bonds and 2007A Bonds.

³ The General Obligation DSC 2019-A Refunding Bonds refunded \$72,060,000 of the outstanding General Obligation DSC Series 2009A Refunding Bonds.

⁴ The General Obligation DSC 2020-A Refunding Bonds refunded \$138,340,000 of the outstanding General Obligation DSC Series 2010A and 2011 Series A Refunding Bonds.

⁵ The General Obligation DSC 2023-A Refunding Bonds refunded \$140,820,000 of the outstanding General Obligation DSC Series 2013A and 2014A Bonds.

⁶ The Debt Service on the General Obligation Bonds is payable from the Debt Service Commitment of the State.

⁷ The Special Obligation 2022-A Refunding Bonds refunded all of the outstanding \$54,795,000 Special Obligation Series 2012A Refunding Bonds.

⁸ Debt Service on the Special Obligation Bonds are payable from certain Pledged Revenues of the University as further defined in the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended.

⁹ Totals may not sum due to rounding.

Employee Data

Faculty and Staff. As of Fall 2025, the University had 5,282 full-time equivalent ("FTE") employees. Full and part-time faculty accounted for 2,092 FTE employees. The University hires adjunct lecturers on a semester-by-semester basis, as needed, who are not included in the above employee count. In Fall 2025, 51.1% of full-time teaching faculty were tenured, 15.9% were tenure track and the remaining were non-tenure track faculty. The median age range of full-time faculty was 45-49. Additionally, the University has 1,217 FTE graduate student assistants, post docs and interns who receive stipends; and other non-permanent employees (i.e., special payroll, students) not captured in any of the prior categories.

Six bargaining units represented approximately 4,852 FTE union members as of Fall 2025. Approximately 8% of university faculty and staff were non-union employees. The University bargains with two units covering 4,259 FTE employees: the University of Connecticut Chapter of the American Association of University Professors

(UConn-AAUP) and the University of Connecticut Professional Employees Association (UCPEA). The remaining four unions covering 592 FTE employees bargain directly with the State Office of Labor Relations. In addition, the University also bargains with the Graduate Employee Union (GEU-UAW), and the Postdoctoral Research Associates Union (UAW-Postdocs) for grad and post doc employees. Law school faculty, University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

The University has statutory authority to negotiate and enter into collective bargaining agreements with the four labor unions noted above. The collective bargaining agreements with the UConn-AAUP and UCPEA for the term of July 1, 2021, through June 30, 2025, expired, and the parties entered into agreements extending both contracts to the earlier of June 30, 2026, or approval by the General Assembly of a new collective bargaining agreement. The collective bargaining agreement with the GEU-UAW is for a term July 1, 2022, through June 30, 2026. The UAW-Postdocs contract is in effect until June 30, 2027.

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

Insurance and Litigation

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

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER

An organizational unit of the University of Connecticut, UConn Health is a comprehensive State-owned academic Health Center, which has the traditional tripartite missions of education, patient care and research. In conjunction with this mission, UConn Health is focused on community service and public health. Its main campus is located in a complex of buildings in suburban Farmington, Connecticut. UConn Health was established in 1961 and is currently comprised of the School of Medicine, the School of Dental Medicine (and their associated Educational Clinics), the UConn John Dempsey Hospital, UConn Health Waterbury Hospital, the University Medical Group, University of Connecticut Finance Corporation (and subsidiaries), research laboratories, health sciences/medical library and administrative and other support facilities. It operates more than 400 clinical and educational programs throughout Connecticut and is a referral center for persons with certain illnesses requiring complex patient care. As of Fall 2025, UConn Health had approximately 660 professional students in the Schools of Medicine and Dental Medicine, 345 graduate students in Master's and Doctoral programs, and 780 residents, interns,

and postdoctoral fellows. It also provides an extensive array of continuing education activities to health professionals throughout the State. UConn Health submits separate operating and capital budgets to the Governor and the General Assembly and receives its appropriation and allotment separate from the University. See “UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University” in this Appendix I-A.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Directors

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

Membership. Current membership of the Board of Directors is set forth below. One position on the Board of Directors is vacant.

<u>Name</u>	<u>Position</u>
Kenneth Alleyne	Appointed Member
Francis X. Archambault Jr.	Appointed Member
Patricia Baker	Appointed by the Governor
Michael Baldock	Appointed by the Governor
Richard M. Barry	Secretary
Andy F. Bessette	Appointed by Chairperson, Board of Trustees
Mark Boxer	Appointed by Chairperson, Board of Trustees
Richard T. Carbray Jr.	Appointed by Chairperson, Board of Trustees
Charlene Casamento	Ex-Officio
Cheryl A. Chase	Vice-Chair
Britt-Marie K. Cole-Johnson	Appointed Member
John Driscoll	Chair; Appointed by Chairperson, Board of Trustees
Joel Freedman	Appointed Member
Geoffrey Matous	Appointed Member
Manisha Juthani, MD	Ex-officio
Radenka Maric	Ex-officio
Andrea Barton Reeves	Appointed by the Governor
Tim Shannon	Appointed by the Governor

Duties of the University of Connecticut Health Center Board of Directors. Subject to duties outlined by the University’s Board of Trustees, the Board is authorized to establish rules and general policies for the governance of UConn Health and its academic programs. The Board of Directors manages and directs the expenditures of UConn

Health. The Board of Directors is required by law to review and approve UConn Health budget requests and propose facility, planning and capital expenditure budget priorities.

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

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

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

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

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

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

Research. The faculty of the Schools of Medicine and Dental Medicine are generally expected to develop an active research program, both to advance knowledge within their field of expertise and to enhance the quality of the educational program. Approximately \$119.5 million was received in Fiscal Year 2025 for research activities of the various faculties, which supplement appropriations from the State.

Student Enrollment

Enrollment. UConn Health’s enrollment in Fall 2025 was approximately 461 in the School of Medicine, 205 in the School of Dental Medicine, and 345 Graduate students. Admission to each school is highly competitive, but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. Both schools have a long history of outstanding performance on the National Boards highlighted by the School of Dental Medicine’s one hundred percent passing rate in recent years.

**Average Total MCAT and DAT Scores
Fall 2021 - 2025**

<u>Fall</u>	<u>MCAT</u>	<u>DAT</u>
2021	511.0	21.8
2022	512.0	21.0
2023	513.0	21.9
2024	513.0	22.5
2025	513.0	21.8

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**Passing Rates on National Exams
2020 - 2024**

<u>Year</u>	<u>School of Medicine</u>	<u>School of Dental Medicine</u>
2020	99	100
2021	98	100
2022	92	100
2023	96	100
2024	96	100

Tuition and Other Fees

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

Tuition. For the 2026 academic year, tuition for Connecticut residents has been set at \$46,928 for School of Medicine students and \$44,875 for School of Dental Medicine students; and tuition for out-of-state students is set at \$75,113 for the School of Medicine and \$90,587 for the School of Dental Medicine.

Mandatory Fees. For the 2026 academic year, students will pay a fee of \$2,905 for the School of Medicine and \$3,277 for the School of Dental Medicine. This fee includes payments for commencement, student affairs, and a student activity fee. An optional student health plan is available for an additional fee.

**Annual Cost of an In-State Student Enrolled
at UConn Health by School
Academic Years 2022 - 2026**

	<u>School of Medicine</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tuition	\$41,697	\$43,156	\$44,666	\$45,783	\$46,928
Fees	<u>2,785</u>	<u>2,785</u>	<u>2,785</u>	<u>2,905</u>	<u>2,905</u>
Total	\$44,482	\$45,941	\$47,451	\$48,688	\$49,833

	<u>School of Dental Medicine</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tuition	\$38,360	\$39,703	\$41,291	\$42,943	\$44,875
Fees	<u>2,939</u>	<u>3,038</u>	<u>3,111</u>	<u>3,185</u>	<u>3,277</u>
Total	\$41,299	\$42,741	\$44,402	\$46,128	\$48,152

**Percentage of Enrollment by Residence Status
Fall 2021 - 2025**

	<u>School of Medicine</u>		<u>School of Dental Medicine</u>	
<u>Fall</u>	<u>In-State</u>	<u>Out-of-State</u>	<u>In-State</u>	<u>Out-of-State</u>
2021	92.3%	7.7%	90.0%	10.0%
2022	91.5	8.5	88.0	12.0
2023	92.9	7.1	90.0	10.0
2024	94.2	5.8	88.0	12.0
2025	90.1	9.1	89.0	11.0

University of Connecticut Health Center Clinical Operations

Clinical Operations, which includes hospital, physician, pharmacy, and dental practice operations, is the vehicle through which UConn Health provides patient care and contracts with managed care and other health care

payors. Clinical Operations also does business through the University of Connecticut Health Center Finance Corporation (the “Finance Corporation”), a statutory corporation authorized to enter joint ventures, other affiliations, and contracts in furtherance of the operations of the clinical programs. Through this affiliation, the Finance Corporation engages in joint ventures and other arrangements and operates a separate pharmacy, UConn Health Pharmacy Services Inc. (UHPSI).

UConn John Dempsey Hospital. John Dempsey Hospital (the “Hospital”) has 257 licensed beds (248 staffed), and is located in Farmington, a suburb of Hartford. It serves as the primary teaching hospital for the Schools of Medicine and Dental Medicine and participates in the clinical education of students from other health profession education programs. As the primary teaching hospital, it contains a full range of services, including surgery, medicine, cardiac care, psychiatry, and obstetrics and gynecology. The Hospital is also the focus of specialized programs, including programs dealing with arthritis, lupus, alcoholism, cancer, hemophilia, high-risk pregnancies, dental diseases in the handicapped, and taste and smell deficiencies. The Hospital also provides emergency dental care through an agreement with the Educational Clinics.

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

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

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

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

Waterbury Hospital. In November of 2025, UConn Health, through the Finance Corporation, submitted a bid to purchase the assets of Waterbury Health out of bankruptcy from Prospect Medical Holdings. The Waterbury Health asset purchase closed on March 1 of 2026. As part of this transaction, the Finance Corporation expects to create new legal entities and affiliates organized in a state-wide network joint venture, which will include the operations of Waterbury Hospital and, potentially, future hospital members.

Patient Service Revenue

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

Strategic Plan Initiative

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

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

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

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

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

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

In Fiscal Year 2022, \$25 million was added to the amount of bonds which may be issued by the University under the UCONN 2000 program for deferred maintenance projects on the UConn Health campus. From Fiscal Year 2023-2027, \$197 million in State General Obligation Bonds was authorized for deferred maintenance, infrastructure improvements, and equipment.

Employment

UConn Health employed approximately 5,500 full-time equivalent (FTE) employees as of December 2025. UConn Health employees are State employees. The terms and conditions of employment of almost 4,800 FTE employees as of Winter 2025 are governed by collective bargaining agreements with nine bargaining units. The State bargains with all bargaining units representing UConn Health employees except the University Health Professions (the “UHP”) and the American Association of University Professors (the “AAUP”). UConn Health has statutory authority to negotiate and enter into collective bargaining agreements with the labor unions that represent its faculty (AAUP) and non-teaching professionals (UHP). Contracts with these unions are currently in negotiations and subject to holdover provisions in the respective contracts. The remaining seven unions bargain directly with the State. University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

UConn Health FINANCES

Financial Statements of UConn Health

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2021, 2022, 2023, 2024, and 2025.

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Statement of Revenues, Expenses and Changes in Net Position

(\$ in thousands)	2021	2022	2023	2024	2025
OPERATING REVENUES					
Student tuition and fees ¹	\$ 23,475	\$ 23,871	\$ 24,934	\$ 24,843	\$ 27,594
Patient services ²	628,899	743,493	841,853	965,244	1,092,695
Federal grants and contracts	68,185	96,326	88,587	90,068	87,936
Nongovernmental grants and contracts	24,977	26,357	26,463	28,616	31,597
Contract and other operating revenues	155,419	158,365	173,418	150,719	169,195
Total operating revenues	<u>900,955</u>	<u>1,048,412</u>	<u>1,155,255</u>	<u>1,259,490</u>	<u>1,409,017</u>
OPERATING EXPENSES					
Educational and General					
Instruction	178,910	175,456	142,971	205,287	198,630
Research	57,554	77,186	50,692	72,677	70,080
Patient services	966,535	974,933	907,678	1,077,149	1,000,404
Academic support	24,986	22,124	14,193	22,765	21,671
Institutional support	159,055	143,483	145,407	195,205	215,652
Operations and maintenance of plant	26,886	27,616	17,801	30,596	34,730
Depreciation	70,375	71,283	86,362	89,388	87,660
Student aid	39	98	404	25	60
Total operating expenses	<u>1,484,340</u>	<u>1,492,179</u>	<u>1,365,508</u>	<u>1,693,092</u>	<u>1,628,887</u>
Operating (loss) income	<u>(583,385)</u>	<u>(443,767)</u>	<u>(210,253)</u>	<u>(433,602)</u>	<u>(219,870)</u>
NONOPERATING REVENUES					
State appropriations	330,872	344,029	340,328	151,802	138,897
Transfer (to)/from State and outside Programs	-	20,000	-	-	-
Gifts	3,496	4,417	5,419	6,365	5,816
COVID-19 Relief Funds	15,598	87,427	72,966	51,500	54,886
Lease Revenue	-	2,712	2,614	2,409	2,255
Interest/Investment income	31	487	10,334	14,155	11,859
Interest on capital asset – related debt	(9,028)	(9,935)	(10,586)	(11,285)	(11,531)
Net non-operating revenues	<u>340,969</u>	<u>449,137</u>	<u>421,075</u>	<u>214,946</u>	<u>202,182</u>
Income before other revenues, expenses, gains or losses	<u>(242,416)</u>	<u>5,370</u>	<u>210,822</u>	<u>(218,656)</u>	<u>(17,688)</u>
Loss on disposal	(196)	(779)	(85)	(225)	(524)
Derecognition of pension and OPEB balances	-	-	-	-	2,407,220
Transfer from Affiliate	2,000	228	-	667	174
Capital appropriations	680	13,000	40,000	21,000	13,000
Total other revenues	<u>2,484</u>	<u>12,449</u>	<u>39,915</u>	<u>21,442</u>	<u>2,419,870</u>
Increase (decrease) in net position	<u>(239,932)</u>	<u>17,819</u>	<u>250,737</u>	<u>(197,214)</u>	<u>2,402,182</u>
NET POSITION					
Net position-beginning of year	(1,299,314)	(1,539,246)	(1,522,039)	(1,275,641)	(1,472,855)
Cumulative effect of accounting changes and error corrections	-	(612)	(4,339)	-	(40,277)
Net position-beginning of year as restated	<u>(1,299,314)</u>	<u>(1,539,858)</u>	<u>(1,526,378)</u>	<u>(1,275,641)</u>	<u>(1,513,132)</u>
Net position-end of year	<u><u>\$(1,539,246)</u></u>	<u><u>\$(1,522,039)</u></u>	<u><u>\$(1,275,641)</u></u>	<u><u>\$(1,472,855)</u></u>	<u><u>\$ 889,050</u></u>

¹ Net of scholarship allowances of \$6,874, \$7,219, \$7,796, \$8819 and \$8,093 respectively.

² Net of charity care of \$3,658, \$4,295, \$6,018, \$10,086, and \$14,430 respectively

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

Budget and Budgeting Procedure of UConn Health

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

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

UConn Health’s capital budget request process is combined with the University as part of UCONN 2000 Phase III for Fiscal Years 2005-2031. Rather than annual requests, the University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

Fiscal Year 2026 Spending Plan. For Fiscal Year 2026 UConn Health projected an initial deficit of \$61.8million. Of this amount, \$15.1 million was expected to be funded by the prior year surplus with \$46.7 million to be identified via UConn Health’s Financial Improvement Plan (FIP). As of December, UConn Health had only \$3.5 million left to identify.

In addition to actual results of operations for Fiscal Years 2022-2025, the following schedule reflects the Fiscal Year 2026 forecast.

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Statement of Current Funds Operations ¹ (in millions)

	FY21	FY22	FY23	FY24	FY25	FY26
	Actual	Actual	Actual	Actual	Actual	Forecast
Current Funds Revenues:						
State Support ²	\$ 330.8	\$ 364.0	\$ 438.7	\$ 203.3	\$ 193.8	\$ 144.3
Tuition & Fees	30.3	31.1	32.7	33.4	35.7	36.1
Research Grants and Contracts	93.2	122.7	115.9	118.7	119.5	107.5
Interns and Residents	72.0	72.6	79.2	84.1	90.1	99.5
Net Patient Care	628.9	743.5	843.1	957.5	1,094.0	1,180.0
Other Income	101.9	172.0	209.5	91.2	100.6	255.5
Total Revenues	\$ 1,257.1	\$ 1,505.9	\$ 1,719.1	\$ 1,488.2	\$ 1,633.7	\$ 1,822.9
Expenditures:						
Personal Services	\$ 465.8	\$ 504.6	\$ 550.2	\$ 605.5	\$ 661.2	\$ 672.3
Fringe Benefits	256.5	330.1	357.8	155.0	161.2	184.5
Medical/Dental House Staff	59.9	58.7	63.3	68.3	74.9	83.3
Drugs/Medical Supplies	163.5	228.0	275.6	309.1	357.7	377.6
Outside & Other Purchased Services	100.8	105.0	126.2	136.6	151.2	178.6
Other Expenses	168.3	206.7	321.7	201.1	212.3	345.2
Total Expenditures	\$ 1,214.8	\$ 1,433.1	\$ 1,694.8	\$ 1,475.6	\$ 1,618.5	\$ 1,841.5
Net Gain (Loss)	\$ 42.3	\$ 72.8	\$ 24.3	\$ 12.6	\$ 15.2	\$ (18.6)

¹ Statement of Current Funds Operations results exclude certain non-operating expenses as well as year-end adjustments such as the GASB 68 and GASB 71 adjustments. These items are not presented in the UConn Health spending plan. These amounts totaled \$252.7 million, \$82.2 million, and \$217.4 million for Fiscal Years 2022, 2023, and 2024 respectively. In Fiscal 2025, UConn Health derecognized Pension and OPEB liabilities associated with GASB 68 and 71 leading to a reduction of expenses of \$2.4 billion.

²See "STATE SUPPORT OF UCONN HEALTH-APPROPRIATIONS" section for details on the change in fringe benefit reimbursement from the state.

Note: Totals may not add due to rounding.

State Support of UConn Health – Appropriations

The State develops a biennial budget, which includes UConn Health's appropriation requests. The appropriations are applicable to each specific year, and the second year's appropriation is subject to review and adjustment. In June 2025, the State's budget for Fiscal Year 2026 was approved by Public Act 25-168 (HB-7287). The approved appropriation for UConn Health was \$143.5 million (\$141.7 million operating expenses, \$1.015 million Endometriosis program, \$0.15 million Migraine Study, \$0.43 million AHEC and \$0.178 million Poison Control Program) for Fiscal Year 2026 and \$139.3 million (\$135.5 million operating expenses, \$1.015 million Endometriosis Program, \$0.15 million Migraine Study, \$0.43million AHEC and \$0.178 million Poison Control Program, \$2.0 million Neuromodulation Treatment) for Fiscal Year 2027.

Beginning in Fiscal Year 2024, the State implemented a change in its fringe benefit funding structure, intended to be budget-neutral, now covering all retirement fringe costs for all UConn Health employees participating in State-sponsored retirement plans. As a result, UConn Health did not pay retirement costs for these plans beginning in fiscal year 2024 and these costs and the associated State funding are not included in the budget.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled \$119.5 million in Fiscal Year 2025, representing 8.5% of total operating revenues reported by UConn Health in the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year ended June 30, 2025. If nongovernmental grants are excluded, the revenue from federal, state, and local governmental grants and contracts totaled \$98.7 million for this time period, which represented 7.0% of total operating revenues.

**Grants and Contracts
for Fiscal Years 2021 - 2025
(In Millions of Dollars)**

Fiscal Year	Governmental Grants & Contracts	Nongovernmental Grants & Contracts	Total
2021	\$78.2	\$15.0	\$93.2
2022	104.5	18.2	122.7
2023	97.9	17.2	115.1
2024	90.1	28.6	118.7
2025	98.7	20.8	119.5

Professional Liability, Litigation, and Insurance

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

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

Insurance. UConn Health operates a statutorily created insurance fund designated the “Medical Malpractice Fund” (the “Fund”). The Fund is a separate trust fund of the Finance Corporation. The Fund is required by State law to be established and operated by the Finance Corporation and to be held by the State Treasurer. The Fund is charged with all payments required to satisfy claims against UConn Health arising from the delivery of health care services. Since the Fund was established in 1987, UConn Health has not maintained private professional liability insurance. The Fund has paid all claims against UConn Health and the State for professional liability since 1987. The Hospital Group has implemented quality assurance, risk assessment and peer review processes to mitigate, identify and evaluate risks. The Fund is a cash-based fund that maintains the investment balance to cover expected current payments for the fiscal year. To the extent that claims for cases exceed current year premium charged by UConn Health, UConn Health may petition the State to make up the difference. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health’s malpractice program. On June 30, 2025, the Fund had actuarial reserves of approximately \$12.7 million and assets of approximately \$22.2 million. It was estimated that \$3.2 million would be used in Fiscal Year 2026 in settling cases.

UConn Health Long-Term Liabilities

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

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

The following schedules present UConn Health’s composition and current year activity related to long-term debt and a breakout of debt service payments to be made in each of UConn Health’s upcoming fiscal years related to debt outstanding as of June 30, 2025.

Long Term Liabilities for the years ended June 30, 2024 and June 30, 2025

	June 30, 2024			June 30, 2025	
	Balance (Restated)	Additions	Reductions	Balance	Amounts due within 1 year
Long-Term Liabilities:					
Right-to-use subscription liabilities	\$ 18,646,772	\$ 7,695,020	\$ (9,739,541)	\$ 16,602,251	\$ 8,207,623
Right-to-use lease liabilities	58,108,600	6,001,447	(7,845,163)	56,264,884	7,925,727
Total right-to-use liabilities	76,755,372	13,696,467	(17,584,704)	72,867,135	16,133,350
Total Mortgages ad Notes Payable	168,958,023	-	(12,532,858)	156,425,165	7,336,126
Other long-term liabilities:					
Malpractice reserve	10,198,000	13,507,870	(10,960,870)	12,745,000	3,184,000
Compensated absences	96,167,839	51,907,384	(42,593,803)	105,481,420	66,010,272
Pension liability	871,618,555	-	(871,618,555)	-	-
OPEB liability	1,497,568,942	-	(1,497,568,942)	-	-
Total other long-term liabilities	2,475,553,336	65,415,254	(2,422,742,170)	118,226,420	69,194,272
Total long-term liabilities	\$ 2,721,266,731	\$ 79,111,721	\$ (2,452,859,732)	\$ 347,518,720	\$ 92,663,748

Estimated cash basis interest and principal requirements from subscriptions, leases, and mortgages/notes payable for the remaining years of the respective obligations as of June 30, 2025, are as follows:

Fiscal Year Ending June		
30th	Principal	Interest
2026	\$ 15,261,853	\$ 10,444,865
2027	17,373,085	9,420,830
2028	16,796,042	8,535,602
2029	15,900,331	7,706,004
2030	12,494,985	6,939,102
2031-2035	62,847,848	25,692,066
2036-2040	67,388,961	9,579,501
2041-2045	4,626,944	490,518
Total	\$ 212,690,049	\$ 78,808,488

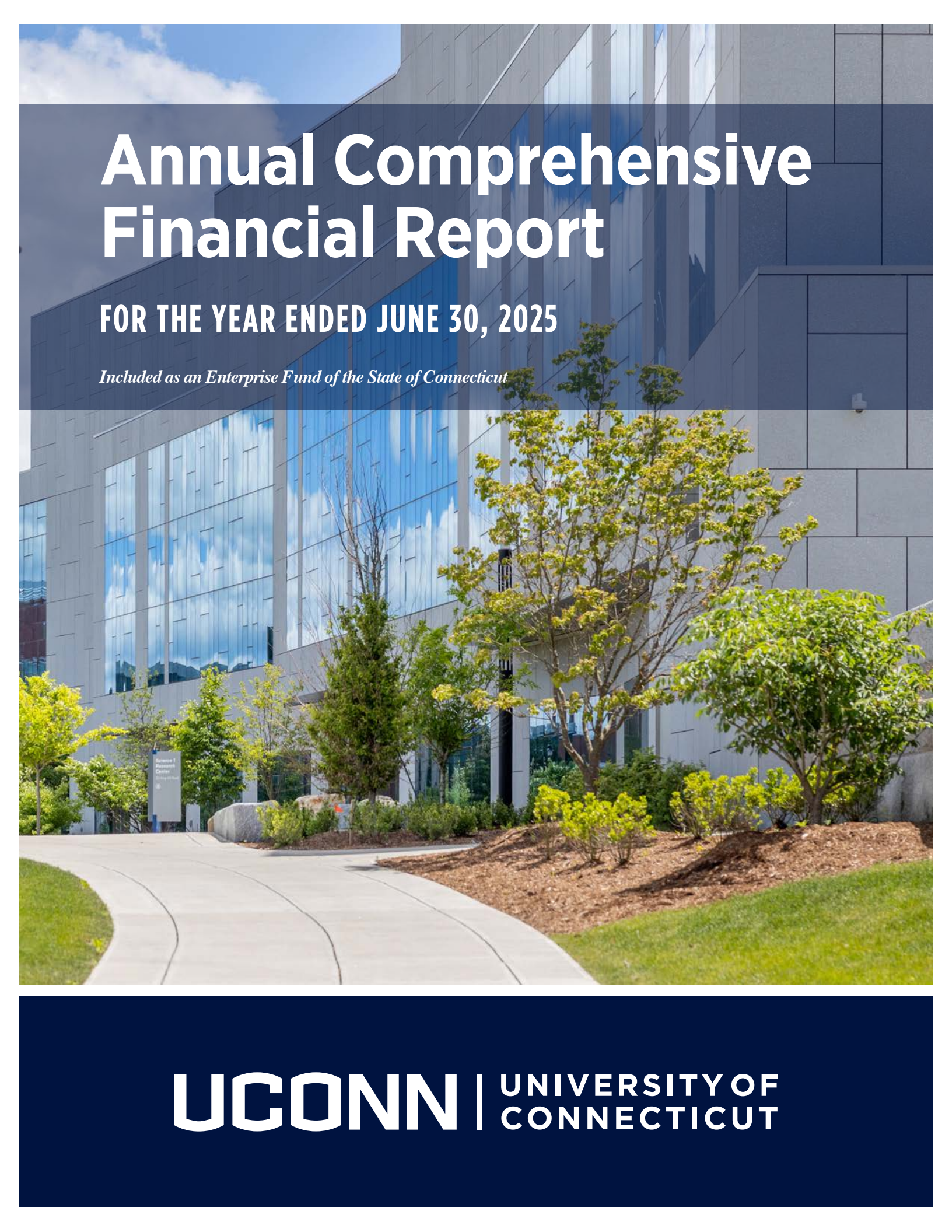
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Schedule 1

Audited Financial Statements of the University of Connecticut for Fiscal Year Ended June 30, 2025

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Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2025

Included as an Enterprise Fund of the State of Connecticut

UConn | UNIVERSITY OF
CONNECTICUT



Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Included as an Enterprise Fund of the State of Connecticut

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

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

December 5, 2025

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the University of Connecticut for the fiscal year ended June 30, 2025. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

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

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

The University's Joint Audit and Compliance Committee (JACC) of the Board of Trustees exercises oversight over the integrity of the financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2025, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unmodified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

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

University Profile

Background

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

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

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



In addition to academic excellence, the University also competes in Division I athletics. UConn has won 26 National Championships across 4 sports, including 12 NCAA titles in women's basketball, 6 titles in men's basketball, 5 in field hockey, and 3 in men's soccer.

Student and Faculty Data

For the 2024-2025 academic year, the number of applications for undergraduate first-year admissions was 55,479 for just over 6,900 seats. Total enrollment in the fall of 2024 was 32,878 students, including 7,574 graduate students. The University's diverse student population hails from 46 states and 118 countries. The University employs 1,695 full-time faculty members and an additional 759 part-time faculty and adjuncts. In the 2024-2025 academic year, the University conferred 8,804 degrees. Approximately 76 percent of in-state graduates who are employed continue to work in the State of Connecticut.

Related Organization

The University of Connecticut Foundation, Inc. (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research, and recreational objectives for both the University and UConn Health. Therefore, it is not included as a component unit in the accompanying financial statements. See Notes 1 and 13 for additional information.

Economic Condition

According to the State Comptroller, the State ended fiscal year 2025 with a general fund surplus of \$410 million, which is higher than initially budgeted. With a strong labor market and wage growth throughout the year, certain tax revenues performed better than expected. Connecticut's budgetary results are ultimately dependent upon the performance of the national and state economies. Overall, the U.S. economy performed well in fiscal year 2025. The Federal Reserve lowered the federal funds target rate by one full percentage point between September 2024 and December 2024, making monetary policy less restrictive as the labor market showed signs of cooling. Connecticut added 7,500 positions (0.4 percent), private industry employment reached an all-time high and the state's unemployment rate ended at 3.8 percent in June 2025. Despite these trends, a frequently changing schedule of double-digit tariffs on imports, additional immigration enforcement action, and cuts to the federal workforce and previously allocated federal funding contribute to economic uncertainty.

The University ended fiscal year 2025 with a net gain of \$2.8 billion, primarily driven by a one-time accounting adjustment related to pension and other post-employment benefits (OPEB) liabilities. Beginning in fiscal year 2025, the University no longer recognizes net pension and net OPEB liabilities on its financial statements, as State employee retiree costs for Connecticut higher education institutions are now fully funded by the State. As a result, the University reversed its previously recorded pension and OPEB balances, resulting in a special item that significantly increased the University's net position. This accounting gain reflects the State's assumption of long-term obligations rather than an increase in the University's spendable resources.

Excluding this special item, the University reported an overall gain that was largely due to significant funding from the State. Additionally, favorable tuition, fees, and grant revenues were recognized during the year as well as significant growth in reimbursements from the Foundation, all offsetting additional spending on salaries, benefits, financial aid, and other operating expenses.

Long-Term Financial Planning

The University sincerely appreciates the State's continued one-time funding through fiscal year 2025. However, the total State support is expected to decrease by \$51 million in fiscal year 2026, with further reductions anticipated in fiscal year 2027. To address these challenges, the University continues to seek operating support from the State while implementing its five-year financial sustainability plan to eliminate the structural deficit. A key component of this plan is the development of the Strategic Enrollment Management (SEM) plan, aimed at improving retention and graduation rates, expanding student opportunities, and maximizing enrollment and net revenue. Additionally, the University's long-term plan includes greater self-reliance through the diversification of operating revenues and cost reduction initiatives.

Student Tuition

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



the University's students. In December 2024, the Board approved a one-year rate proposal for fiscal year 2026 to hold tuition flat to ensure that UConn remains an economic value for students and families. To address rising costs, a modest increase has been approved for select mandatory student fees, housing and dining rates, and academic program fees.

Reductions in Spending

Over the last several years, the University has been implementing and will continue to implement spending cuts across departments. Units are regularly asked to identify the required attrition, vacancy, and other savings necessary to achieve targeted cost savings. The University remains committed to fostering fiscal flexibility and reinvestment within its departments to focus on academic excellence and deliver high quality service to our students.

Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added \$2.9 billion in bond funds for new and renovated facilities, extending the UConn Infrastructure Improvement Program (UCONN 2000) that began in 1995 to 2031. An operating component was also included but has been limited due to the State's financial constraints. The general obligation bonds issued through UCONN 2000 for NextGenCT are secured by the State's debt service commitment; therefore, there are no University revenues budgeted for the repayment of these bonds. Through fiscal year 2025, the University has been authorized \$2.0 billion in funding for this initiative, with an additional \$128.0 million and \$116.0 million coming in fiscal years 2026 and 2027, respectively. The NextGenCT funds have allowed the University to open two new residential halls and associated dining facilities, build a new downtown Hartford campus, a new Engineering and Science Building, a new Fine Arts production facility, complete phases 1 and 2 of the Gant Building renovations, construct the Northwest Science Quad complex, anchored by the Science 1 research building, update and renovate various other buildings, and address needed infrastructure and deferred maintenance improvements.

The NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired, particularly in the fields of science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships and STEM fellowships, as well as for staff positions. Since fiscal year 2013, total undergraduate enrollment has grown by 3,003 at all campuses with a 52 percent increase in STEM undergraduate enrollment. This ongoing success has attracted higher quality students, and the University maintains solid rankings in virtually all relevant areas.

Academic and Financial Highlights

- For fall 2024, the University ranks 22nd among the national public research universities for first-year retention and has a 92 percent retention rate into sophomore year.
- Among the graduates from the 2023-2024 academic year, 92 percent are employed, continuing their education, serving in the U.S. Armed Forces, or volunteering as of six months post-graduation.
- The University maintained the average time it takes to graduate at 4.1 years and ranks tied for 2nd among 58 public research university peers. The reduced amount of time it takes to graduate helps students pay less in tuition and join the workforce more quickly.
- In fiscal year 2025, the University provided \$196.3 million in tuition funded financial aid, representing a 9 percent increase over the previous fiscal year.
- From fiscal year 1996 to fiscal year 2025, the University has expended \$4.0 billion out of the \$4.4 billion of bonds authorized to date under the UCONN 2000 program, which includes funding allocated for UConn Health projects.

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



Awards and Acknowledgements

Graduate education at the University across a wide variety of fields rates among the best in the nation. The 2025 U.S. News & World Report graduate rankings highlight the continued strength of the University's programs across a range of disciplines. Programs in the College of Liberal Arts and Sciences, the Neag School of Education, and the School of Law in both Best Law Schools and part-time Law, earned high marks, as did the School of Public Policy, and the School of Social Work. The Neag School of Education ranks 28th among public graduate schools of education in the U.S. The School of Business's part-time MBA program ranks 33rd in the nation, holding steady from prior year. These recognitions highlight the University's commitment to student excellence and support, as well as the efforts of the individual schools and colleges measured in the rankings.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2024. This was the 9th consecutive year that the University has achieved this prestigious award. To be awarded a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit its ACFR for the fiscal year ended June 30, 2025, to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey P. Geoghegan", with a long horizontal flourish extending to the right.

Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance and Chief Financial Officer
UConn & UConn Health



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

University of Connecticut

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

**University of Connecticut
Board of Trustees
As of June 30, 2025**

MEMBERS EX OFFICIO

The Honorable Ned Lamont Governor of the State of Connecticut <i>President ex officio</i>	<i>Hartford</i>
The Honorable Bryan Hurlburt Commissioner of Agriculture <i>Member ex officio</i>	<i>Hartford</i>
The Honorable Daniel O’Keefe Commissioner of Economic and Community Development <i>Member ex officio</i>	<i>Hartford</i>
The Honorable Charlene M. Russell-Tucker Commissioner of Education <i>Member ex officio</i>	<i>Hartford</i>
John P. Driscoll Chair, UConn Health Board of Directors <i>Member ex officio</i>	<i>Stamford</i>

APPOINTED BY THE GOVERNOR

Daniel D. Toscano, <i>Chairman</i>	<i>Darien</i>
Andrea Dennis-LaVigne, <i>Vice-Chair</i>	<i>Simsbury</i>
Trisha M. Bailey	<i>Orlando, FL</i>
Andy F. Bessette	<i>West Hartford</i>
Mark L. Boxer	<i>West Hartford</i>
Charles F. Bunnell	<i>Waterford</i>
Shari G. Cantor	<i>West Hartford</i>
Marilda L. Gandara	<i>Hartford</i>
Denis J. Nayden	<i>Jupiter, FL</i>
Kevin J. O’Connor	<i>Rye, NY</i>
Thomas D. Ritter	<i>Hartford</i>
Philip E. Rubin	<i>Fairfield</i>

ELECTED BY THE ALUMNI

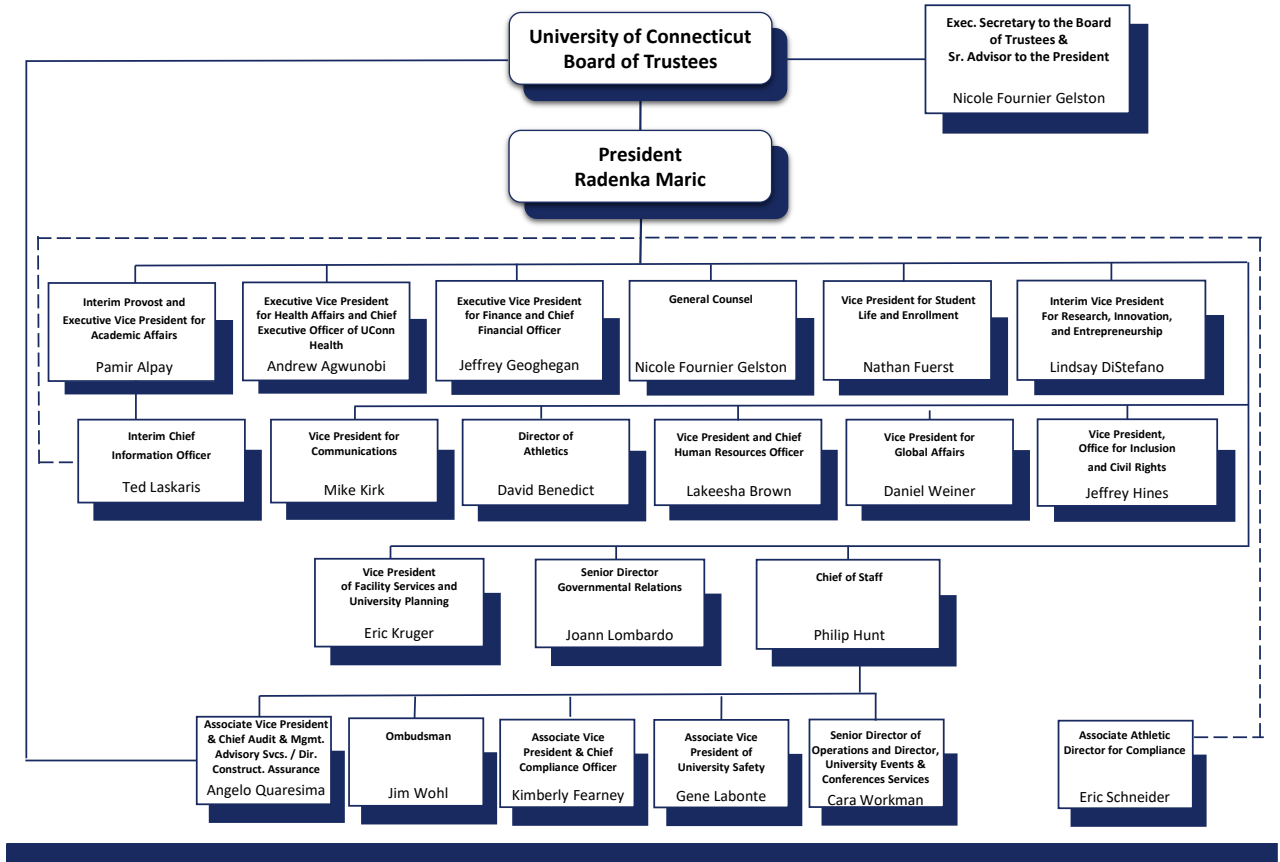
Jeanine A. Gouin	<i>Durham</i>
Bryan K. Pollard, <i>Secretary</i>	<i>Middletown</i>

ELECTED BY THE STUDENTS

Sean K. Dunn	<i>Storrs</i>
Fabio R. Saccomanno	<i>West Hartford</i>

UNIVERSITY OF CONNECTICUT

Organization Chart



FINANCIAL SECTION

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

Board of Trustees of the
University of Connecticut

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center, and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position and fiduciary net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, cash flows, and changes in fiduciary net position for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UConn, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2024, UConn adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Notes 1 and 17 to the financial statements, in accordance with Public Act 23-204, UConn no longer contributes to the state administered pension and OPEB plans for eligible employees through a fringe benefits assessment as those costs are now fully funded by the state. As of June 30, 2025, UConn no longer recognizes pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis and pension plan and postemployment benefits schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to

the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

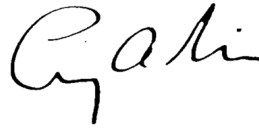
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our 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.



John C. Geragosian
State Auditor



Craig A. Miner
State Auditor

December 5, 2025
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

This Management's Discussion and Analysis (MD&A) provides an overview of the University of Connecticut's financial activities for the fiscal year ended June 30, 2025, with selected comparative information from fiscal year 2024. It is designed to help readers understand the University's financial performance, position, and key trends. The MD&A should be read in conjunction with the accompanying financial statements and notes.

The University of Connecticut (University) is herein defined as all programs of the Storrs main campus, regional campuses, the School of Law, and the School of Social Work, but excludes the University of Connecticut Health Center (UConn Health, see Note 1), which issues separate financial statements. The University also administers the Department of Dining Services Money Purchase Pension Plan (MPPP) as a fiduciary fund.

The University's financial report consists of three primary statements and related notes:

- **Statement of Revenues, Expenses, and Changes in Net Position:** This statement highlights how operating and nonoperating activities affect the University's financial position. Operating revenues stem from core services, while operating expenses reflect the cost of delivering those services, including depreciation and amortization. These amounts are reported using the accrual basis of accounting, meaning revenues are recognized when earned and expenses when incurred, regardless of when cash is received or paid. The resulting operating loss is typical for public institutions and is offset by nonoperating revenues such as state appropriations, state and federal financial aid, gifts, and investment income.
- **Statement of Net Position:** This statement presents a snapshot of the University's financial condition at the fiscal year-end, detailing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position. Assets and liabilities are classified as current or noncurrent based on their expected timing, with capital assets reported at historical cost less depreciation and amortization. Deferred outflows of resources and deferred inflows of resources represent the consumption or acquisition of net assets that apply to future periods. Net position represents the residual value of the University's assets and deferred outflows after deducting liabilities and deferred inflows and is reported in three categories: net investment in capital assets, restricted (expendable and nonexpendable), and unrestricted. These categories show the nature of resources and whether they are available for institutional use.
- **Statement of Cash Flows:** This statement explains how the University generated and used cash during the fiscal year. It separates cash activity into operating, noncapital financing, capital and related financing, and investing categories. Unlike the accrual-based Statement of Revenues, Expenses, and Changes in Net Position, it shows actual cash movements. Differences between the two statements are mainly due to noncash items like depreciation and amortization. The statement also includes a reconciliation of operating loss to net cash used in operations and illustrates how the University meets its cash needs.

The remaining basic financial statements report on the University's fiduciary activities, specifically those related to its role as trustee for the MPPP. The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position present resources held on behalf of others, which are excluded from the University's operational finances because they cannot be used to support its own programs.

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

FISCAL YEAR 2025 FINANCIAL HIGHLIGHTS

- **Net position increased by \$2.81 billion**, primarily due to the derecognition of pension and other post-employment benefits (OPEB) balances, which are now fully assumed by the State of Connecticut (State). This change was recorded as a special item in fiscal year 2025 and represents an accounting adjustment, not new operating resources (see Notes 1 and 17).
- **A change in accounting principle reduced beginning net position by \$19.4 million.** The adoption of GASB Statement No. 101 (GASB 101), *Compensated Absences*, required additional recognition of certain employee leave benefits. The cumulative effect of applying this standard was recorded as a restatement to beginning net position (see Notes 1 and 16).

- **Operating revenues grew by \$92.4 million**, reflecting tuition increases, enrollment growth, expanded housing and dining, and stronger research funding.
- **Operating expenses decreased by \$1.0 million overall**. Salary and wage growth, along with a \$33.3 million increase in supplies and other expenses, was offset by an \$88.5 million reduction in fringe benefit expenses, as the University no longer records pension and OPEB costs following the State's assumption of those obligations.
- **Net nonoperating revenues increased by \$62.2 million**, reflecting higher federal and state financial aid (including support through the American Rescue Plan Act), stronger gift revenues, and increased investment income, which together more than offset a decline in State appropriations.

These factors and other changes are further detailed in the following sections of the MD&A.

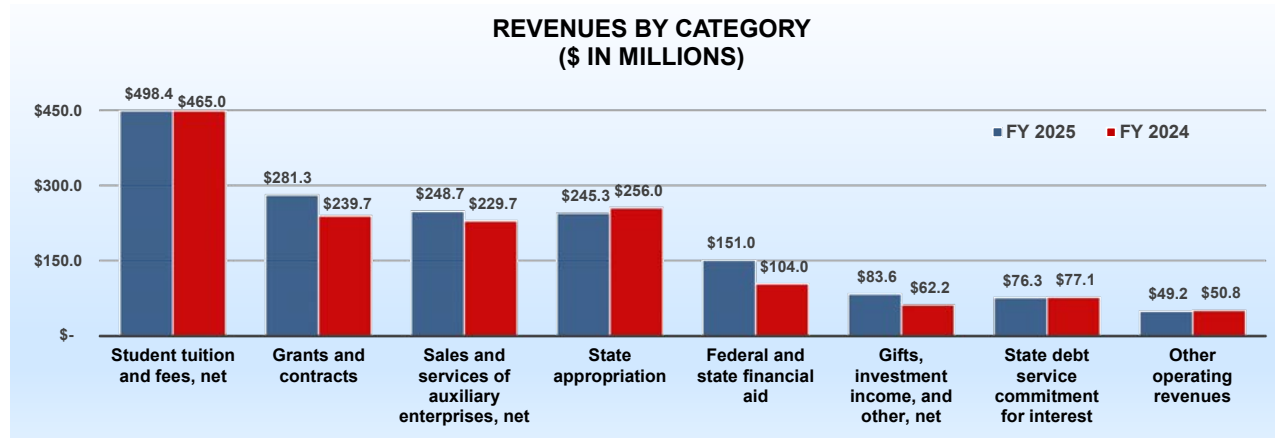
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

	2025	2024	\$ Change	% Change
Operating Revenues				
Student tuition and fees, net	\$ 498.4	\$ 465.0	\$ 33.4	7.2%
Grants and contracts	281.3	239.7	41.6	17.4%
Sales and services of auxiliary enterprises, net	248.7	229.7	19.0	8.3%
Other	49.2	50.8	(1.6)	(3.1%)
Total Operating Revenues	1,077.6	985.2	92.4	9.4%
Operating Expenses				
Salaries and wages	778.8	732.9	45.9	6.3%
Fringe benefits	191.0	279.5	(88.5)	(31.7%)
Supplies and other expenses	354.4	321.1	33.3	10.4%
Utilities	22.9	22.6	0.3	1.3%
Depreciation and amortization	147.1	144.4	2.7	1.9%
Scholarships and fellowships	29.1	23.8	5.3	22.3%
Total Operating Expenses	1,523.3	1,524.3	(1.0)	(0.1%)
Operating Loss	(445.7)	(539.1)	93.4	(17.3%)
Nonoperating Revenues (Expenses)				
State appropriation	245.3	256.0	(10.7)	(4.2%)
State debt service commitment for interest	76.3	77.1	(0.8)	(1.0%)
Federal and state financial aid	151.0	104.0	47.0	45.2%
Gifts, investment income, and other, net	83.6	62.2	21.4	34.4%
Interest and other expenses	(71.1)	(76.4)	5.3	(6.9%)
Net Nonoperating Revenues	485.1	422.9	62.2	14.7%
Income (Loss) Before Other Changes in Net Position	39.4	(116.2)	155.6	(133.9%)
Other Changes in Net Position				
Derecognition of pension and OPEB balances	2,762.8	-	2,762.8	100.0%
State debt service commitment for principal	-	209.2	(209.2)	(100.0%)
Capital allocation	20.0	45.0	(25.0)	(55.6%)
Capital grants and gifts	4.7	7.5	(2.8)	(37.3%)
Additions to permanent endowments	0.1	0.2	(0.1)	(50.0%)
Net Other Changes in Net Position	2,787.6	261.9	2,525.7	964.4%
Increase in Net Position	2,827.0	145.7	2,681.3	1,840.3%
Net Position – Beginning of Year, As Previously Reported	(276.1)	(421.8)	145.7	(34.5%)
Cumulative effect of accounting change	(19.4)	-	(19.4)	100.0%
Net Position – Beginning of Year, As Restated	(295.5)	(421.8)	126.3	(29.9%)
Net Position – End of Year	\$ 2,531.5	\$ (276.1)	\$ 2,807.6	(1,016.9%)

Overview of Total Revenues

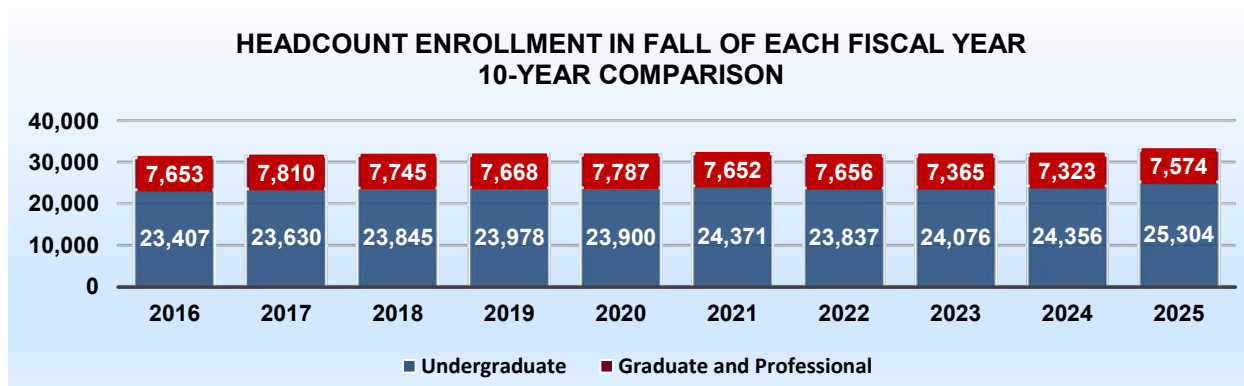
The following graph shows the University's total operating and nonoperating revenues by category:



Operating Revenues Increased by \$92.4 Million

- **Student tuition and fees, net**, remain the University's largest source of operating revenue. For the fiscal year ended June 30, 2025, this revenue increased by \$33.4 million compared to the prior year.
 - **Tuition increase:** Tuition revenue increased by \$49.7 million, primarily due to Board-approved tuition increases that raised full-time tuition by \$678 annually (\$339 per semester).
 - **Enrollment trends:** Undergraduate enrollment increased overall, with in-state students up 0.5 percent and out-of-state undergraduates up 18.4 percent. These gains were partially offset by a 3.4 percent decline in international undergraduate enrollment. Graduate enrollment grew by 3.4 percent. As a result, fee revenue increased by \$7.6 million compared to fiscal year 2024, reflecting both higher summer session activity and overall enrollment growth, despite no change in fee rates.
 - **Scholarship allowances:** These are subtracted from gross tuition and fees to determine net revenue. Scholarship discounts and allowances increased by \$23.9 million, primarily due to higher tuition-funded financial aid associated with increased enrollment and higher tuition rates, along with growth in federal and state programs, which together raised the total value of aid awarded.

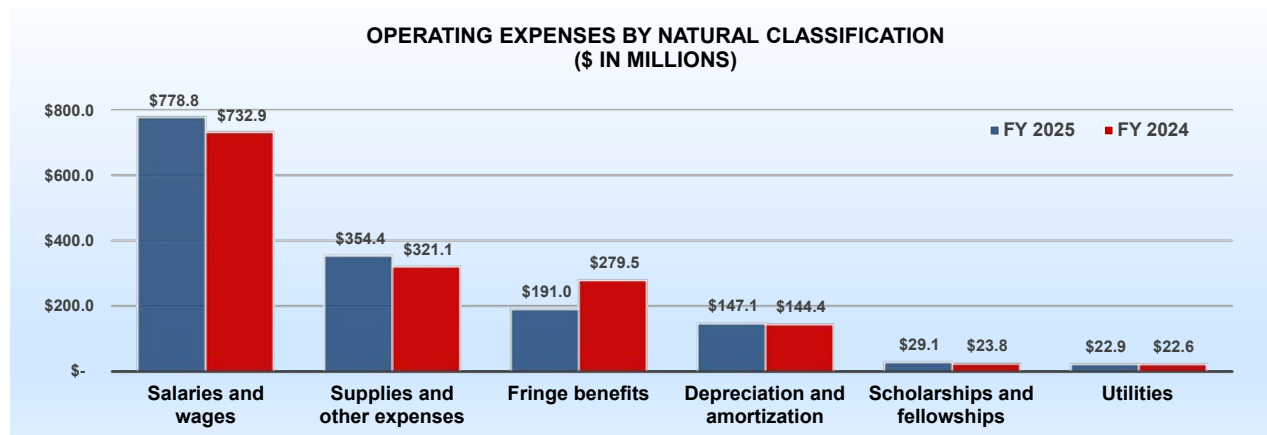
The graph below presents overall undergraduate and graduate enrollment over the last 10 years:



- **Operating grants and contracts** revenue grew by \$41.6 million in fiscal year 2025, despite a nationwide slowdown in federal grant activity. Federal funding increased by \$24.2 million, driven by growth in engineering, health, and science-related disciplines. State grants and contracts rose by \$4.3 million, primarily due to expanded collaborations with Connecticut agencies focused on early childhood and community initiatives, along with increased grant activity at the Innovations Institute funded by state agencies outside Connecticut. Nongovernmental funding grew by \$13.1 million, supported by expanded partnerships with private foundations and industry in biotechnology, manufacturing, technology, energy, and health-related fields. Together, these gains reflect continued growth in the University's research activity and its success in securing a diverse range of funding sources that support academic and public initiatives.
- **Sales and services of auxiliary enterprises, net**, increased by \$19.0 million in fiscal year 2025. This net increase is the result of several key changes:
 - **Student housing and dining services:** Revenue increased by \$26.6 million, with student housing revenue up \$18.3 million and dining revenue up \$8.3 million. These gains were driven by about a 2.75 percent increase in room and dining rates, expanded housing capacity at both the Storrs and Stamford campuses, and sustained high occupancy rates, based on updated calculations (103.8 percent in fiscal year 2025 compared to 101.1 percent in fiscal year 2024). Consistent with these trends, demand for meal plans also increased.
 - **Athletics:** Revenue decreased by \$3.1 million in fiscal year 2025, largely due to one-time postseason revenues generated by the basketball program in fiscal year 2024, which boosted auxiliary revenues but did not recur in the current year. The decline was partially offset by strong ticket sales growth and the women's basketball program's record-setting season in fiscal year 2025.
 - **Scholarship allowances:** An increase in scholarship aid applied primarily to room and dining fees reduced auxiliary revenues by \$6.2 million.

Operating Expenses Decreased by \$1.0 Million

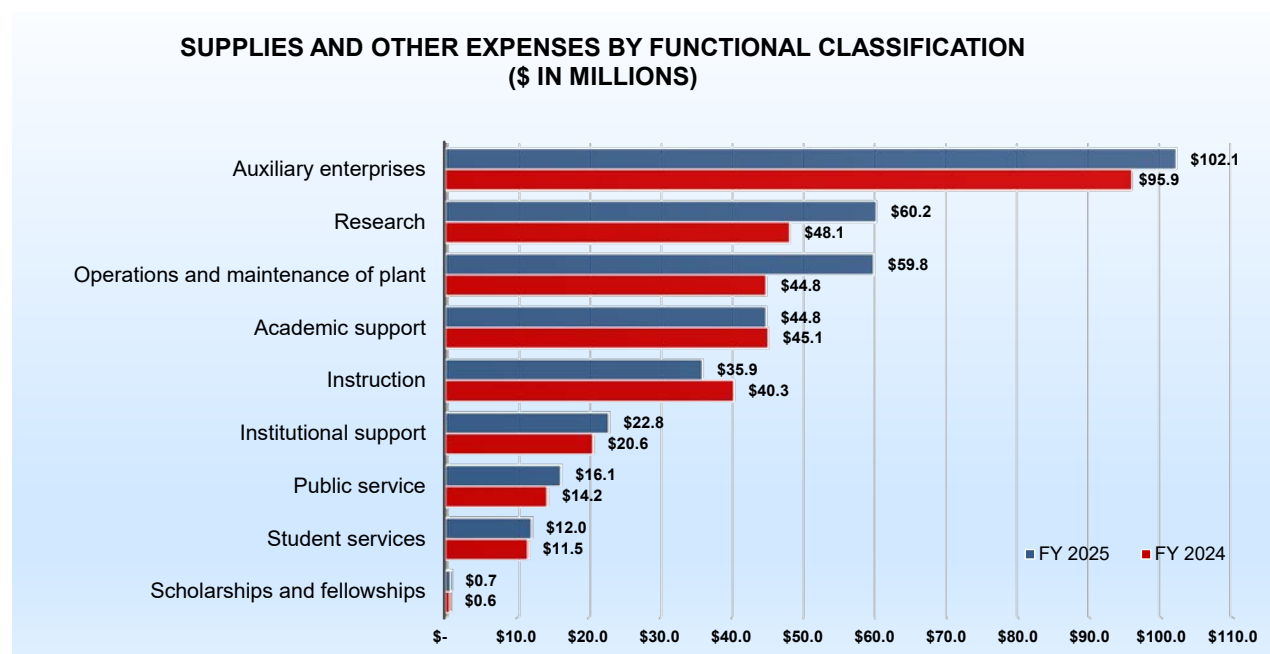
The following graph shows the University's operating expenses by natural classification, ordered by magnitude:



- **Salaries and wages** increased by \$45.9 million in fiscal year 2025, driven primarily by mandatory wage increases under collective bargaining agreements, along with new faculty hiring, increases in athletic compensation, and additional costs for graduate assistants and student labor. Dining Services' payroll also grew in line with expanded dining operations, reflecting the opening of Connecticut Hall, the new South Campus residence hall and associated dining facilities.
- **Fringe benefits** expenses decreased by \$88.5 million in fiscal year 2025. This reduction reflects the University no longer recording pension and OPEB expenses in its operating results, as these costs are now funded directly by the State (see Notes 1 and 17). The exclusion of pension- and OPEB-related expenses reduced current year expenses by \$47.1 million and \$53.8 million, respectively, across several functional expense categories. Excluding this impact, fringe benefit costs increased, driven by higher health insurance rates, salary growth, and expanded staffing levels.

- **Supplies and other expenses** increased by \$33.3 million in fiscal year 2025, with changes across several functional areas:
 - **Operations and maintenance of plant:** Expenses increased by \$15.0 million, largely due to noncapital costs associated with facilities projects and related adjustments. These included design and remediation work, corrective measures to address building conditions, furnishings and equipment that did not meet capitalization requirements. Of this increase, \$7.5 million was related to a dormitory project that was later cancelled. The overall increase was partially offset by net changes in environmental cost estimates that reduced expenses.
 - **Research and public service:** Expenses increased in total by \$14.0 million, in line with growth in sponsored programs and operating grant revenues. Part of this increase was due to subawards, which are grant funds distributed to external entities with specialized expertise, and were concentrated in federally funded engineering research and public service initiatives. Additional increases are also related to sponsored activities in the sciences and public health-related fields.
 - **Auxiliary enterprises:** Expenses increased by \$6.1 million, primarily due to short-term lease expenses for student housing and costs associated with Connecticut Hall. These increases were partially offset by lower athletic-related expenses compared to fiscal year 2024, when postseason activity resulted in higher overall program costs.
 - **Institutional support:** Expenses increased by \$2.3 million, primarily due to a higher annual service fee paid to the University of Connecticut Foundation (UConn Foundation).
 - **Instruction:** Expenses decreased by \$4.4 million, reflecting lower overall program costs, including a reduction in subawards and other miscellaneous decreases.

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



- **Depreciation and amortization** expenses increased by \$2.7 million in fiscal year 2025. The increase was primarily driven by new subscription-based information technology arrangements (SBITAs) and building depreciation from Connecticut Hall. These increases were partially offset by lower amortization of non-structural and intangible assets, reflecting asset clean-up efforts and the reclassification of certain software to SBITAs.
- **Scholarships and fellowships** increased by \$5.3 million in fiscal year 2025, primarily due to higher University-funded financial aid to support rising enrollment and tuition levels. Additional growth in federal and state aid also contributed to the overall increase.

Net Nonoperating Revenues Increased by \$62.2 Million

- **State appropriation** funding remains a critical source of support for the University, though it now represents a smaller share of total revenues. Appropriations decreased by \$10.7 million, primarily due to a reduction in one-time funds. The University received \$20.0 million in one-time support in fiscal year 2025, compared to over \$40.0 million in prior-year carryforward funds. This decrease was partially offset by a \$7.5 million increase in the baseline block grant, which helped cover collective bargaining agreement-related payroll increases. Additional funding from the State's American Rescue Plan Act (ARPA) allocation was received and is reported under federal and state financial aid.
- **Federal and state financial aid** increased by \$47.0 million, reflecting temporary operating support from the State's ARPA allocation, which rose from \$42.2 million in fiscal year 2024 to \$75.7 million in fiscal year 2025 (see Note 13). Recurring student financial aid also increased, including a \$10.3 million rise in Federal Pell Grant funding and a \$4.1 million increase in the Roberta B. Willis Scholarship Program, net of small decreases in other programs of \$0.9 million.
- **Gifts, investment income, and other, net**, increased by \$21.4 million. Gifts rose by \$17.0 million, driven largely by higher UConn Foundation reimbursements, including support for athletics and scholarships, as well as increased support across a range of University activities. During fiscal year 2025, the University increased its use of Foundation funds to support operations, consistent with its strategy to align donor support with institutional needs. Investment income also increased by \$3.5 million, driven by higher cash balances in operating and unspent State bond funds, which generated additional earnings.

Other Changes in Net Position Increased by \$2,525.7 Million

Other changes in net position consist of a special item, State debt service commitment for principal (capital appropriation), capital allocation, capital grants and gifts, and additions to permanent endowments.

- A special item was recorded in fiscal year 2025 for the **derecognition of pension and OPEB balances**, which increased net position by \$2,762.8 million (see Notes 1 and 17).
- **State debt service commitment** for principal decreased by \$209.2 million, primarily due to a capital appropriation recognized in fiscal year 2024 for general obligation bonds issued by the University and secured by the State. No general obligation bonds were issued in fiscal year 2025.
- **Capital allocation** decreased by \$25.0 million, reflecting reduced funding from State General Obligation Bond proceeds. In fiscal year 2024, the State Bond Commission allocated \$45.0 million across several projects. In fiscal year 2025, allocations totaled \$20.0 million, which supported information technology equipment and renovations to Gampel Pavilion.

STATEMENT OF NET POSITION

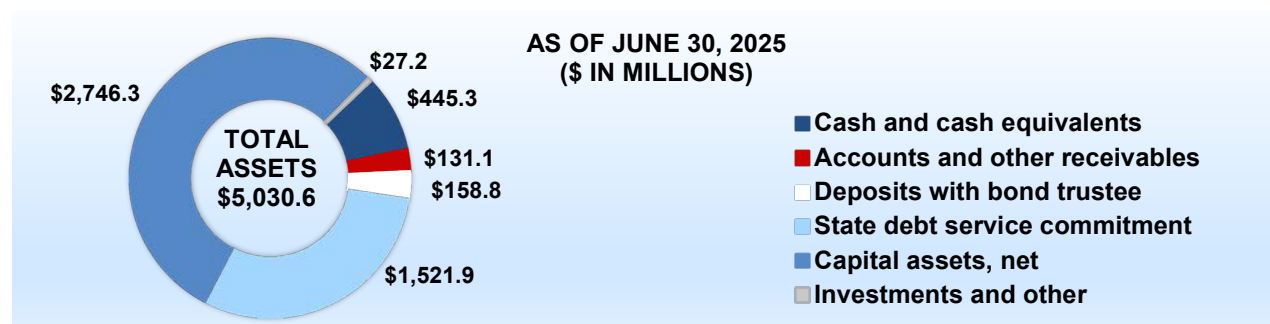
The following table shows a Condensed Schedule of Net Position at June 30 (\$ in millions):

	2025	2024	\$ Change	% Change
Assets				
Current assets	\$ 889.5	\$ 858.0	\$ 31.5	3.7%
Capital assets, net	2,746.3	2,756.2	(9.9)	(0.4%)
Other noncurrent assets	1,394.8	1,524.7	(129.9)	(8.5%)
Total Assets	5,030.6	5,138.9	(108.3)	(2.1%)
Deferred Outflows of Resources	0.2	326.0	(325.8)	(99.9%)
Liabilities				
Current liabilities	469.0	474.7	(5.7)	(1.2%)
Noncurrent liabilities	2,003.1	4,259.8	(2,256.7)	(53.0%)
Total Liabilities	2,472.1	4,734.5	(2,262.4)	(47.8%)
Deferred Inflows of Resources	27.2	1,006.5	(979.3)	(97.3%)
Net Position				
Net investment in capital assets	963.9	1,013.2	(49.3)	(4.9%)
Restricted nonexpendable	16.5	16.4	0.1	0.6%
Restricted expendable	1,323.0	1,286.3	36.7	2.9%
Unrestricted	228.1	(2,592.0)	2,820.1	(108.8%)
Total Net Position	\$ 2,531.5	\$ (276.1)	\$ 2,807.6	(1,016.9%)

Total Assets and Deferred Outflows Decreased by \$434.1 Million

- **Current assets** increased by \$31.5 million in fiscal year 2025 despite an overall decrease in total assets. Cash and cash equivalents rose by \$113.8 million, reflecting reimbursements from Student Fee Revenue Bond funds for prior Connecticut Hall capital expenditures, reduced capital spending from unrestricted sources, and investment income. During the year, \$101.5 million was transferred to the Renewal and Replacement Fund for future capital renewal needs, which reduced cash but increased Deposits with Bond Trustee. Despite this transfer, Deposits with Bond Trustee decreased by \$79.6 million overall as bond proceeds were spent down. These changes in cash and trustee balances align with activity reported in the Statement of Cash Flows.
- **Noncurrent assets** decreased by \$129.9 million, primarily due to a \$132.0 million reduction in the State debt service commitment receivable from principal repayments. This decrease was partially offset by an increase in investments, reflecting \$1.5 million in new deferred compensation investments and a modest increase in the fair value of underlying endowment investments.
- **Capital assets, net**, decreased by \$9.9 million, which consists of additions of \$138.1 million, offset by depreciation and amortization of \$147.1 million, and retirements of \$0.9 million.
- **Deferred outflows of resources** decreased by \$325.8 million due to the removal of pension and OPEB balances.

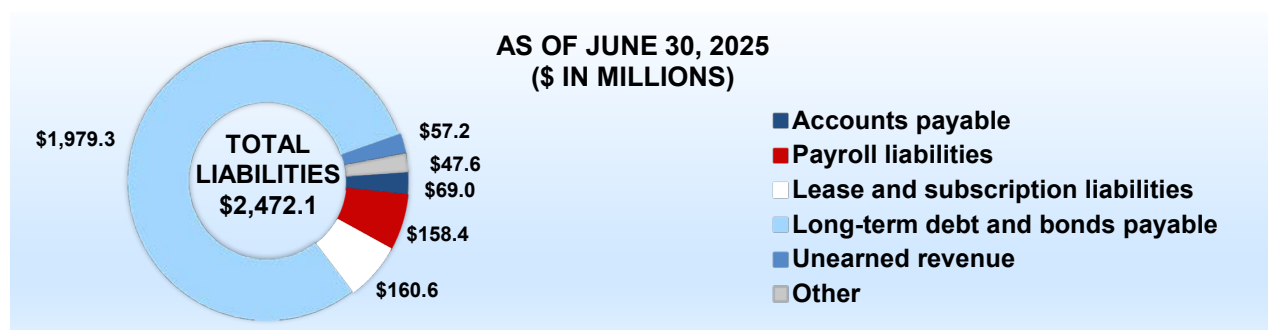
The following graph shows total assets by major category:



Total Liabilities and Deferred Inflows Decreased by \$3,241.7 Million

- **Current liabilities** declined by \$5.7 million, primarily due to a combined decrease of \$23.8 million in amounts owed to UConn Health for capital projects funded by general obligation bonds, the current portion of debt service, and accrued payables. These decreases were partially offset by an increase of \$6.5 million in compensated absences, partly attributable to the implementation of GASB 101, and an increase of \$11.5 million in other payroll liabilities.
- **Noncurrent liabilities** decreased by \$2,256.7 million, primarily due to the derecognition of pension and OPEB liabilities of \$2,113.4 million as the State assumed responsibility for retiree costs. The long-term portion of debt also declined by \$167.0 million, reflecting scheduled principal repayments and premium amortization, with no new debt issued during fiscal year 2025. These decreases were offset by an increase in compensated absences of \$16.6 million, driven by the adoption of GASB 101, which resulted in a \$16.1 million restatement to the beginning balance for the noncurrent portion (see Note 16). Lease and subscription liabilities rose by \$7.4 million due to lease and subscription-based software contracts.
- **Deferred inflows of resources** decreased by \$979.3 million from the derecognition of pension and OPEB balances and amortization of debt refunding gains.

The following graph shows total liabilities by major category:



Net Position Increased by \$2,807.6 Million

As of June 30, 2025, the University's net position totaled \$2,531.5 million, as total assets and deferred outflows exceeded total liabilities and deferred inflows. In prior fiscal years, the University's Statement of Net Position reflected substantial net pension and net OPEB liabilities in accordance with GASB accounting standards, resulting in a negative net position. The current increase in net position primarily reflects the \$2,762.8 million derecognition of pension and OPEB balances (see Notes 1 and 17). This change represents an accounting adjustment, not new spendable resources.

The following table illustrates the impact of the pension and OPEB changes on the University's net position as of June 30 (\$ in millions):

	2025	2024	\$ Change	% Change
Net Position				
Net investment in capital assets	\$ 963.9	\$ 1,013.2	\$ (49.3)	(4.9%)
Restricted nonexpendable	16.5	16.4	0.1	0.6%
Restricted expendable	1,323.0	1,286.3	36.7	2.9%
Unrestricted	228.1	(2,592.0)	2,820.1	(108.8%)
Total Net Position	2,531.5	(276.1)	2,807.6	(1,016.9%)
Pension impact	-	1,017.9	(1,017.9)	(100.0%)
OPEB impact	-	1,744.9	(1,744.9)	(100.0%)
Net Position, Excluding Pension and OPEB	\$ 2,531.5	\$ 2,486.7	\$ 44.8	1.8%

- **Net investment in capital assets** decreased by \$49.3 million, reflecting the combined effect of a \$9.9 million net decrease in capital assets and a \$39.4 million net change in capital-related liabilities, deferred outflows of resources, and deferred inflows of resources.
- **Restricted expendable** net position increased by \$36.7 million in fiscal year 2025. The change was driven by \$119.0 million in higher balances for capital projects, largely from a \$101.5 million transfer to the Renewal and Replacement Fund, related interest earnings, and additional State bond allocations. Balances for research, instruction, scholarships, loans, and other purposes also rose by \$13.1 million, reflecting higher nonexchange grant balances and fringe benefit rate adjustments. These gains were partly offset by a \$95.4 million decrease in restricted expendable debt service funds. This consisted of a \$135.7 million reduction in the State debt service commitment receivable for principal, partially offset by a \$41.1 million decline in the noncapital portion of general obligation debt due to repayments.
- **Unrestricted net position** increased by \$2,820.1 million, inclusive of the pension and OPEB adjustments and the restatement of compensated absences under GASB 101, which reduced beginning unrestricted net position by \$19.4 million. Excluding the pension and OPEB adjustments, unrestricted net position rose by \$57.3 million. This growth was primarily driven by reimbursements related to Connecticut Hall, lower reliance on unrestricted funds for capital projects, and stronger tuition, fee, auxiliary, and investment revenues. These gains were partially offset by higher salary and benefit costs, and the transfer to the Renewal and Replacement Fund.

STATEMENT OF CASH FLOWS

The following table shows the Condensed Schedule of Cash Flows for the years ended June 30 (\$ in millions):

	2025	2024	\$ Change	% Change
Cash provided from operating activities	\$ 1,371.5	\$ 1,239.8	\$ 131.7	10.6%
Cash used in operating activities	(1,645.7)	(1,534.4)	(111.3)	7.3%
Net cash used in operating activities	(274.2)	(294.6)	20.4	(6.9%)
Net cash provided from noncapital financing activities	433.0	447.5	(14.5)	(3.2%)
Net cash provided from (used in) capital financing activities	(151.9)	100.9	(252.8)	(250.5%)
Net cash provided from (used in) investing activities	106.9	(165.0)	271.9	(164.8%)
Net increase in cash and cash equivalents	\$ 113.8	\$ 88.8	\$ 25.0	28.2%

- **Net cash used in operating activities** decreased by \$20.4 million, indicating stronger core operating performance. The improvement was driven by higher cash inflows from grants and contracts, student tuition and fees, and auxiliary enterprises, reflecting both increased activity levels and revenue growth. These gains were partially offset by higher payroll and program costs, along with lower operating receipts from UConn Health.
- **Net cash provided from noncapital financing activities** decreased by \$14.5 million, reflecting reduced State appropriations and the absence of bond proceeds for UConn Health projects. These decreases were partially offset by higher levels of gift receipts and financial aid, including State ARPA funding.
- **Net cash provided from (used in) capital and related financing activities** decreased by \$252.8 million, primarily due to the absence of new bond proceeds in fiscal year 2025, lower capital allocation, and higher debt service payments. These declines were partially offset by reduced capital spending, reflecting the completion of several major projects, and increased State funding of general obligation debt service.
- **Net cash provided from (used in) investing activities** increased by \$271.9 million, reflecting higher withdrawals of bond trustee funds to support capital projects and increased interest earnings. These inflows were partially offset by higher transfers to bond trustee accounts for Renewal and Replacement funding, consistent with the University's long-term capital reinvestment strategy.

Overall, cash and cash equivalents increased by \$113.8 million in fiscal year 2025 compared to a net increase of \$88.8 million in fiscal year 2024, reflecting continued improvement in the University's liquidity position.

CAPITAL ACTIVITIES

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

	2025	2024	\$ Change	% Change
Land	\$ 32.3	\$ 32.3	\$ -	0.0%
Construction in progress	145.8	315.9	(170.1)	(53.8%)
Art and historical collections	61.6	60.7	0.9	1.5%
Non-structural improvements	365.1	377.7	(12.6)	(3.3%)
Buildings and improvements	1,893.8	1,722.0	171.8	10.0%
Intangible assets	7.6	10.0	(2.4)	(24.0%)
Right-to-use assets	152.7	148.3	4.4	3.0%
Library materials	3.2	3.2	-	0.0%
Equipment	84.2	86.1	(1.9)	(2.2%)
Total Capital Assets, Net	\$ 2,746.3	\$ 2,756.2	\$ (9.9)	(0.4%)

- **Construction in progress** decreased by \$170.1 million as projects including Residential Life Facilities – South Campus Residence Hall and Boiler Plant Equipment Replacement and Utility Tunnel Connection were completed and transferred from construction in progress to buildings and improvements and non-structural improvements. These reductions were partially offset by projects that continued construction, including South Campus Infrastructure and C2E2 to IPB Phase 1 Office & Lab Renovation.
- **Art and historical collections** increased by \$0.9 million, representing additions.
- **Non-structural improvements** decreased by \$12.6 million. Additions and transfers from construction in progress totaling \$2.8 million came from several smaller value projects. These additions were offset by depreciation expense of \$15.4 million.
- **Buildings and improvements** increased by \$171.8 million. Additions and transfers from construction in progress of \$265.2 million included the new Residential Life Facilities – South Campus Residence Hall and increases to existing buildings from the Boiler Plant Equipment Replacement and Utility Tunnel Connection, STEM Research Center Science 1, Supplemental Utility Plant and other projects. These additions were offset by depreciation expense of \$93.3 million and retirements of \$0.1 million.
- **Intangible assets** decreased by \$2.4 million. Additions of \$0.7 million representing software purchases were offset by amortization expense of \$3.1 million.
- **Right-to-use assets** increased by \$4.4 million. Additions of \$21.5 million were partially offset by amortization expense of \$16.9 million and retirements of \$0.2 million.
- **Library materials** remained consistent. Additions of \$0.5 million were offset by \$0.5 million in depreciation expense.
- **Equipment** decreased by \$1.9 million. Additions of \$16.4 million were offset by depreciation expense of \$18.0 million and retirements of \$0.3 million.

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

DEBT ACTIVITIES

The University issues general obligation bonds in its own name under the UCONN 2000 program, which is designed to modernize and expand the physical plant of the University. As amended, the program provides for a capital budget in three phases for the University and UConn Health, with an estimated total cost of \$5.3 billion.

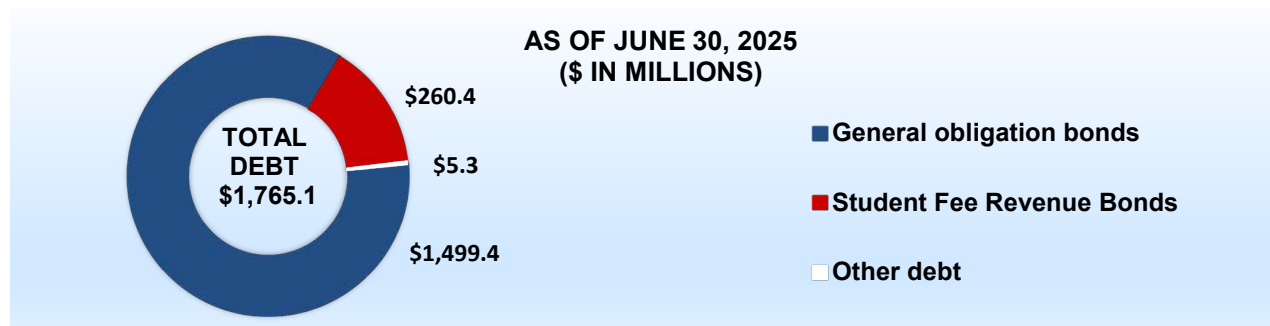
The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable in the Statement of Net Position. There were no general obligation bonds issued or refunded in fiscal year 2025.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are secured by pledged revenues. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2025.

Obligations under financed purchase agreements include a lease purchase agreement to finance the UCONN 2000 Cogeneration Facility and a financed purchase agreement for equipment. There were no new financed purchase agreements in fiscal year 2025.

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

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



ECONOMIC OUTLOOK

The University enters fiscal year 2026 facing ongoing financial challenges, including limited state support, rising operating costs, and federal policy changes. These pressures mirror broader economic realities affecting Connecticut families and taxpayers.

As Connecticut enters the final quarter of 2025, the State's economy remains fiscally stable, with modest overall growth and a cooling but resilient labor market. Recent reports from the Office of the State Comptroller indicate that the State ended fiscal year 2025 with an estimated General Fund surplus of approximately \$400 million, supporting essential public services, including higher education. While economic conditions remain stable, Connecticut's relatively high cost of living continues to pose challenges for students, employees, and families.

For fiscal year 2026, the University budgeted \$1,816.1 million in operating expenditures and \$1,778.2 million in revenues, resulting in a \$37.9 million funding gap to be addressed through cost containment and revenue initiatives. Management actions include personnel optimization, reduced discretionary spending, contract reviews, greater use of UConn Foundation gift funds, and application of available reserves. These steps build on fiscal year 2025 measures that lowered the projected fiscal year 2026 deficit by \$25.3 million through enrollment gains, philanthropy, and expense reductions.

State support represents 15.0 percent of total budgeted revenues, reflecting a continued long-term decline. The University increasingly depends on tuition, fees, auxiliary services, philanthropy, and investment income, while maintaining its commitment to affordability through expanded financial aid. Personnel costs account for 52.0 percent of budgeted expenditures, with student financial aid consisting of 19.0 percent.

Certain major collective bargaining agreements, including those covering faculty and professional staff, expired on June 30, 2025, and remain under negotiation. The outcome of these negotiations may affect salary, benefit, and other personnel costs in fiscal year 2026 and beyond.

Federal research revenues remain vital to the University's mission. The University plays a critical role in advancing national research priorities, with federal partnerships accounting for over 80 percent of sponsored research. Recent shifts in federal priorities have led to some grant cancellations, which the University addressed through internal bridge funding.

Looking ahead, the University is well-positioned to compete for federal opportunities in key areas of strength that align with national priorities—national security, quantum information science, artificial intelligence, and health and wellness. Should there be a reduction in federal Facilities and Administrative (F&A) reimbursements, the University is taking proactive steps to help mitigate potential impacts. At the same time, it continues to expand industry partnerships that drive innovation and prepare students for the future workforce.

The University continues to invest strategically in capital projects that support its academic and economic goals. For fiscal year 2026, the \$175.0 million capital budget includes \$128.0 million from UCONN 2000 General Obligation Bonds,

\$8.0 million from State General Obligation Bonds, and \$39.0 million from University funds, gifts, and reserves. Major projects include renovations to Gampel Pavilion, renovations and expansion of the Gant Science Complex, building and infrastructure upgrades, and construction of the Elisabeth DeLuca School of Nursing, a \$100.0 million initiative of private philanthropy and State capital investment addressing nursing shortages and advancing healthcare innovation.

The University remains committed to responsible financial management, affordability, and strategic investment in its core priorities. With growing philanthropic support, it is well positioned to navigate fiscal challenges while continuing to serve as a leading educational, research, and economic engine for the State of Connecticut.

**UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2025**

(\$ in thousands)

	2025
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 445,280
Accounts receivable, net	114,531
Student and other loans receivable, net	892
Due from State of Connecticut	725
Due from affiliate	11,174
State debt service commitment	154,476
Deposits with bond trustee	158,770
Prepaid expenses and other assets	3,625
Total Current Assets	889,473
Noncurrent Assets	
Lease receivables	1,728
Investments	23,659
Student and other loans receivable, net	2,038
State debt service commitment	1,367,405
Capital assets, net	2,746,275
Total Noncurrent Assets	4,141,105
Total Assets	5,030,578
DEFERRED OUTFLOWS OF RESOURCES	
Deferred losses from refunding of debt	84
Deferred outflows from asset retirement obligation	114
Total Deferred Outflows of Resources	198
LIABILITIES	
Current Liabilities	
Accounts payable	69,026
Lease and subscription liabilities	11,126
Unearned revenue	57,162
Deposits held for others	2,109
Federal refundable loans	468
Wages payable	74,333
Compensated absences	29,904
Due to State of Connecticut	16,569
Due to affiliate	6,959
Current portion of long-term debt and bonds payable	167,037
Other current liabilities	34,258
Total Current Liabilities	468,951
Noncurrent Liabilities	
Compensated absences	37,574
Lease and subscription liabilities	149,449
Long-term debt and bonds payable	1,812,282
Federal refundable loans	3,127
Other liabilities	708
Total Noncurrent Liabilities	2,003,140
Total Liabilities	2,472,091

See accompanying notes to basic financial statements.

(Continued)

**UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2025**

(\$ in thousands)

	2025
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on lease receivables	1,908
Deferred gains from refunding of debt	25,254
Total Deferred Inflows of Resources	27,162
NET POSITION	
Net investment in capital assets	963,863
Restricted nonexpendable	16,470
Restricted expendable	
Research, instruction, scholarships, and other	48,826
Loans	1,998
Capital projects	160,608
Debt service	1,111,628
Unrestricted	228,130
Total Net Position	\$ 2,531,523

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

(\$ in thousands)

	2025
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of \$270,312	\$ 498,389
Federal grants and contracts	214,286
State and local grants and contracts	30,218
Nongovernmental grants and contracts	36,835
Sales and services of educational departments	18,312
Sales and services of auxiliary enterprises, net of scholarship allowances of \$21,309	248,737
Other sources	30,856
Total Operating Revenues	1,077,633
OPERATING EXPENSES	
Salaries and wages	778,852
Fringe benefits	191,039
Supplies and other expenses	354,384
Utilities	22,863
Depreciation and amortization	147,096
Scholarships and fellowships	29,122
Total Operating Expenses	1,523,356
Operating Loss	(445,723)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	245,321
State debt service commitment for interest	76,325
Federal and state financial aid	150,945
Gifts	54,463
Investment income	28,554
Interest expense	(70,559)
Disposal of capital assets, net	(591)
Other nonoperating revenue, net	614
Net Nonoperating Revenues	485,072
Income Before Other Changes in Net Position	39,349
OTHER CHANGES IN NET POSITION	
Derecognition of pension and OPEB balances (Note 17)	2,762,885
Capital allocation	20,000
Capital grants and gifts	4,733
Additions to permanent endowments	79
Net Other Changes in Net Position	2,787,697
Increase in Net Position	2,827,046
NET POSITION	
Net Position – Beginning of Year, As Previously Reported	(276,134)
Cumulative effect of accounting change (Note 16)	(19,389)
Net Position – Beginning of Year, As Restated	(295,523)
Net Position – End of Year	\$ 2,531,523

See accompanying notes to basic financial statements.

**UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025**

(\$ in thousands)

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 490,305
Grants and contracts	288,884
Sales and services of educational departments	18,252
Sales and services of auxiliary enterprises	246,727
Payments to employees	(764,782)
Payments for benefits	(181,446)
Payments to suppliers and others	(401,805)
Collections of loans to students	566
Loans issued to students	(491)
Fiduciary activities – third-party student receipts and other	111,134
Fiduciary activities – third-party student payments and other	(110,620)
Fiduciary activity – direct lending receipts	187,298
Fiduciary activity – direct lending payments	(186,621)
Other cash receipts	28,370
Net Cash Used in Operating Activities	(274,229)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	245,002
Federal and state financial aid	143,109
Gifts	46,140
State debt service commitment related to affiliate	52,722
Principal paid on debt related to affiliate	(35,191)
Interest paid on debt related to affiliate	(17,531)
Principal paid on other noncapital debt	(1,211)
Interest paid on other noncapital debt	(82)
Net Cash Provided from Noncapital Financing Activities	432,958
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State debt service commitment	161,496
Proceeds from the lease of assets	211
Principal paid on debt and other obligations	(130,505)
Interest paid on debt and other obligations	(79,013)
Proceeds from sale of capital assets	37
Purchases of capital assets	(132,590)
Capital allocation	25,000
Capital grants and gifts	3,497
Net Cash Used in Capital and Related Financing Activities	(151,867)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,422)
Sale of investments	145
Interest on investments	28,616
Withdrawals from bond trustee accounts	183,807
Deposits into bond trustee accounts	(104,255)
Net Cash Provided from Investing Activities	106,891

See accompanying notes to basic financial statements.

(Continued)

**UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025**

(\$ in thousands)

	2025
INCREASE IN CASH AND CASH EQUIVALENTS	113,753
BEGINNING CASH AND CASH EQUIVALENTS	331,527
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 445,280</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED
IN OPERATING ACTIVITIES**

Operating Loss	\$ (445,723)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and amortization expense	147,096
Non-capitalizable project costs	8,016
Impairment loss	127
Changes in Assets, Deferred Outflows of Resources, and Liabilities:	
Receivables, net	1,324
Student and other loans receivable, net	134
Due from affiliate	(2,266)
Prepaid expenses and other assets	149
Deferred outflows of resources	4
Accounts payable, wages payable, and compensated absences	19,006
Unearned revenue	8,601
Deposits held for others	21
Federal refundable loans	(98)
Due to State of Connecticut	915
Due to affiliate	(6,098)
Other liabilities	(5,437)
Net Cash Used in Operating Activities	<u>\$ (274,229)</u>

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS

Derecognition of pension and OPEB balances	\$ 2,762,885
Amortization of premiums, discounts, and gains and losses on debt refundings	24,309
Acquisition of right-to-use lease and subscription assets, inclusive of a \$127 impairment loss and \$56 in measurement adjustments, and excluding \$130 in upfront implementation costs	21,507
Change in fair value of investments	405
Capital assets acquired through gifts	1,194
Net loss on disposal of capital assets with an original cost of \$23,266, accumulated depreciation of \$22,353, cash proceeds of \$37, trade-in value received of \$85, and reductions in right-to-use assets of \$200	(591)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
As of June 30, 2025

(\$ in thousands)

	2025
ASSETS	
Cash and cash equivalents	\$ 86
Receivable from employer	464
Investments at fair value:	
Mutual funds	14,434
Total investments	14,434
Total Assets	14,984
LIABILITIES	
Accounts payable and other liabilities	80
Total Liabilities	80
NET POSITION	
Restricted for pensions	14,904
Total Net Position	\$ 14,904

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
As of June 30, 2025

(\$ in thousands)

	2025
ADDITIONS	
Employer contributions	\$ 951
Investment Earnings:	
Increase in fair value of investments	748
Dividends and interest	673
Total investment earnings	1,421
Less: investment fees and charges	79
Net investment earnings	1,342
Total Additions	2,293
DEDUCTIONS	
Benefits paid to participants or beneficiaries	726
Net Increase in Fiduciary Net Position	1,567
Net Position – Beginning of Year	13,337
Net Position – End of Year	\$ 14,904

See accompanying notes to basic financial statements.

Notes to Financial Statements For the Year Ended June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the four regional campuses: Avery Point, Hartford, Stamford, and Waterbury. It also includes the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health), a healthcare institution that oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of maintaining operating funds and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this annual comprehensive financial report for the year ended June 30, 2025, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

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

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

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

Fiduciary Statements

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

Financial Statement Presentation

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

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

Adoption of New Accounting Pronouncements

The University's annual comprehensive financial report for fiscal year 2025 as presented herein includes the provisions of the following GASB pronouncements:

GASB Statement No. 101 (GASB 101), *Compensated Absences*, establishes a unified model for recognizing and measuring liabilities related to compensated absences, such as vacation, sick leave, and other paid time off. A liability is recognized for unused leave when it is attributable to services already rendered, the leave accumulates, and it is more likely than not to be used for time off or otherwise paid or settled. A liability is also recognized for leave that has been used but not yet paid or settled. The liability is measured using the employee's current pay rate as of the date of the financial statements and includes salary-related payments. GASB 101 also requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. This statement streamlines disclosures by requiring only the net change in the liability and eliminating the need to identify the funds that typically liquidate it. GASB 101 is effective for fiscal years beginning after December 15, 2023, and was implemented by the University for the fiscal year ended June 30, 2025. As part of this adoption, the University applied this change retroactively by restating beginning net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Prior period financial statements have not been restated. The effects of adopting GASB 101 are further described in Note 16.

GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures*, establishes financial reporting requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by external parties or by formal action of the government's highest level of decision-making authority. Governments must assess whether such risks are likely to result in a substantial impact within 12 months of the date the financial statements are issued. If so, disclosures must describe the nature of the concentration or constraint, the events that could cause a substantial impact, and actions taken to mitigate the risk. However, if the disclosure criteria are not met due to mitigating actions prior to the issuance of the financial statements, no disclosure is required. GASB 102 is effective for fiscal years beginning after June 15, 2024, and was implemented by the University for the fiscal year ended June 30, 2025. The adoption of GASB 102 had no effect on the University's fiscal year 2025 financial statements, as no concentrations or constraints met the disclosure criteria. Management will continue to monitor potential risks in future reporting periods.

Cash Equivalents

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

Accounts and Loans Receivable

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

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

Due from and Due to State of Connecticut

Amounts due from the State may include unspent State bond funds allocated by the State Bond Commission for specific capital projects. In fiscal year 2025, all allocated funds were received prior to year-end, and no bond fund receivable was reported. The amount due from the State also includes an appropriation receivable to reimburse certain payroll expenses. Additionally, the State administers employee benefits and retirement plans for University State employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

Due from and Due to Affiliate

The amount due from affiliate includes amounts owed by UConn Health resulting from various memoranda of understanding (MOUs) and other operating activities. The amount due to affiliate includes the unspent portion of general obligation bond proceeds that are managed by the University and allocated to UConn Health capital projects. The proceeds are reported net of accruals for capital expenditures.

State Debt Service Commitment

The State has committed to paying the annual debt service amounts on securities issued as general obligations of the University. As general obligation debt and related interest are incurred, the commitment from the State is recorded as

revenue for principal and interest in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. A corresponding receivable is recorded in the accompanying Statement of Net Position and is classified as current and noncurrent based on debt service payments owed in one year and beyond one year, respectively.

Deposits with Bond Trustee

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

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

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

Investments

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

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

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

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

Capital Assets

Capital assets are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Capital projects greater than \$100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a value of \$5,000 or more and a useful life of more than one year is capitalized.

Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets as follows:

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

Right-to-use lease and subscription assets are capitalized if the underlying contract or agreement totals \$100,000 or more and are amortized on a straight-line basis over the shorter of the term or the useful life of the underlying asset.

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

Leases and Subscription-Based Information Technology Arrangements

The University leases building space and equipment from external parties and enters into subscription-based information technology arrangements (SBITAs). Building space includes student housing, classroom, retail, laboratory, library, and office space. At the commencement of a lease or SBITA, the University records a right-to-use lease or subscription asset and a lease or subscription liability.

The University leases building space and cell towers to external parties. At the commencement of the lease term, the University records a lease receivable and a corresponding deferred inflow of resources.

The discount rate used for leases and SBITAs is based on the rate implicit in the contract or agreement or, if the interest rate cannot be determined, on the University's incremental borrowing rate using a period comparable with the term.

Unearned Revenue

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

Compensated Absences

The University records a liability for employee vacation, holiday, compensatory, sick leave, and other paid time off benefits that are attributable to services already rendered, accumulate over time, and are more likely than not to be used or settled. This liability is reported as compensated absences in the Statement of Net Position and is classified as current or noncurrent based on the portion expected to be liquidated within one year or beyond one year, respectively. The liability includes salary-related payments that are directly and incrementally associated with the leave. Related expenses are recognized as operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences and principal payments due beyond one year on bonds (net of unamortized premiums and discounts), lease and subscription liabilities, and other debt. Federal refundable loans included as noncurrent consist of governmental advances for revolving student loan programs that are required to be returned beyond one year to the federal government upon cessation of the program. Other liabilities reported as noncurrent on the Statement of Net Position consist of an asset retirement obligation (ARO) and the long-term unamortized portion of contractual liabilities associated with the University's bookstore facilities.

Deferred Outflows and Deferred Inflows of Resources

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

For lessor arrangements, the deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease income on a straight-line basis over the lease term. A deferred outflow recorded upon the initial measurement of an ARO liability is amortized over the remaining useful life of the related asset.

Net Position

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

- **Net investment in capital assets:** This includes capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds, notes, lease and subscription liabilities, and other liabilities that are attributable to the acquisition, construction, or improvement of those assets. It also includes deferred outflows of

resources and deferred inflows of resources that are related to the acquisition, construction, or improvement of those assets or associated debt.

- **Restricted nonexpendable:** These are endowment and similar assets where donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- **Restricted expendable:** These assets, reduced by related liabilities and deferred inflows of resources, are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- **Unrestricted:** This category includes net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.” These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

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

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

Revenues and Expenses

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

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective of whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 14 for operating expenses presented by functional classification.
- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, federal and state financial aid, noncapital gifts, and investment income. Interest expense and disposal of capital assets, net, are also reported as nonoperating.

Scholarship Discounts and Allowances

GASB requires that revenue be reported net of scholarship discounts and allowances. These represent the difference between the stated charges for the University’s tuition and fees, housing, dining, and other student services and the amounts actually paid by or on behalf of students. Any financial aid, excluding loans, applied directly to student accounts for these charges is recorded as a scholarship allowance deducted from the University’s operating revenues. The scholarships and fellowships expense reported in the accompanying Statement of Revenues, Expenses, and Changes in Net Position includes financial aid disbursed directly to students.

UConn Health MOUs

The University and UConn Health maintain formal MOUs that govern certain shared operational activities. Under these agreements, each party provides services to the other in exchange for payment. These services include, but are not limited to, public safety, marketing, library access, research support, and other miscellaneous operations.

Each MOU spans a two-year term and includes provisions for an annual settlement based on actual expenses incurred. Payments received from UConn Health under these MOUs are recognized as operating revenues and reported under other sources in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Payments made by the University to UConn Health under these agreements are recorded as operating expenses (see Note 13).

State Funding for Employee Retirement and Other Post-Employment Benefits (OPEB) Plans

Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible University employees. The University is no longer charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, the University continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period, the University will no longer recognize pension and OPEB liabilities, related deferred outflows and deferred inflows of resources, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. See Note 17 for further details on the accounting treatment and financial statement impact.

Additionally, since the University is included as an enterprise fund of the State and is not a legally separate entity, retirement costs funded directly by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements. For additional information on the State's funding structure and legislative background, see Note 13.

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

The University's total cash and cash equivalents, deposits, and investments included the following as of June 30, 2025 (amounts in thousands):

	2025
<u>Cash and Cash Equivalents</u>	
Cash maintained by State Treasurer	\$ 355,627
Invested in STIF	77,238
Other deposits	12,415
Total Cash and Cash Equivalents	<u>445,280</u>
<u>Deposits with Bond Trustee</u>	
Invested in STIF	158,770
Total Deposits with Bond Trustee	<u>158,770</u>
<u>Investments</u>	
Foundation-managed endowments	21,461
Other	2,198
Total Investments	<u>23,659</u>
Total Cash and Cash Equivalents, Deposits, and Investments	<u><u>\$ 627,709</u></u>

Cash and Cash Equivalents

Collateralized deposits are protected by State General Statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized.

As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency, such as the University, are protected cannot be readily determined.

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

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, money market mutual funds, repurchase agreements, and asset-backed securities. STIF had a Standard and Poor's rating of AAAM and a weighted average maturity of 21 days as of June 30, 2025.

Deposits with Bond Trustee

Deposits of the University include UCONN 2000 bond indenture related funds held by the Trustee Bank at the direction of the University. As of June 30, 2025, deposits with bond trustee included \$158.8 million invested in STIF. Of this amount, \$120.8 million is related to the Renewal and Replacement Fund, an indenture defined account funded with non-bond proceeds. In fiscal year 2025, the University transferred \$101.5 million into this fund to support future capital renewal needs.

Foundation-Managed Endowments

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

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees. As of June 30, 2025, net appreciation gains of \$5.0 million were reported as restricted expendable in the accompanying Statement of Net Position.

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

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

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

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

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

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

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. Publicly traded fixed income investments totaled \$1.8 million as of June 30, 2025. These represent an investment in a single fixed income fund for which a credit rating is not available. The University endowment's foreign publicly traded equities totaled \$4.9 million as of June 30, 2025. Private capital investments totaled approximately \$191,000 as of June 30, 2025.

Other Investments

Certain investments are held directly by the University. As of June 30, 2025, the University had approximately \$1.5 million invested in various mutual funds and approximately \$681,000 representing its ownership interest in UConn Innovation Fund, LLC (see Note 13).

Fiduciary Investments

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

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary, and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was \$20.1 million as of June 30, 2025. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the fiscal year ended June 30, 2025, was \$662,000.

Fair Value Measurement

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

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

The fair value amounts presented in the following table are intended to reconcile the fair value hierarchy to the investment balances presented in the Statement of Net Position and the Statement of Fiduciary Net Position as of June 30, 2025 (amounts in thousands):

	2025				
	Level 1	Level 2	Level 3	NAV	Total
<u>Foundation-Managed Investments</u>					
Cash and cash equivalents	\$ 671	\$ -	\$ -	\$ -	\$ 671
Fixed income securities					
Corporate investment grade	1,815	-	-	-	1,815
Equity securities					
Domestic	13,571	-	-	-	13,571
Offshore	4,892	-	-	-	4,892
Private capital					
Buyout and venture capital	-	-	-	101	101
Debt	-	-	-	90	90
Long and short equities	-	-	-	1	1
Private real estate	-	-	-	7	7
Private natural resources	-	-	-	90	90
Relative value	-	-	-	223	223
Total Foundation-Managed Investments	20,949	-	-	512	21,461
<u>University-Held Investments</u>					
Other	1,517	-	-	681	2,198
Total University-Held Investments	1,517	-	-	681	2,198
Total Investments – University	\$ 22,466	\$ -	\$ -	\$ 1,193	\$ 23,659
<u>Fiduciary Investments</u>					
Cash and cash equivalents	\$ 86	\$ -	\$ -	\$ -	\$ 86
Mutual funds	14,434	-	-	-	14,434
Total Investments – Fiduciary	\$ 14,520	\$ -	\$ -	\$ -	\$ 14,520

The Foundation has agreements with external investment managers that include certain redemption terms and restrictions as noted in the following table as of the fiscal year ended June 30, 2025 (amounts in thousands):

	2025				
Investment Strategy	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions
Private capital partnerships including venture, buyout, and debt in the U.S. and international, and other	\$ 191	\$ 107	Less than 1 to 8 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	7	35	1 to 3 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	90	5	1 to 5 years	Not applicable	Not redeemable
Total	\$ 288	\$ 147			

NOTE 3. ACCOUNTS AND LOANS RECEIVABLE**Accounts Receivable, Net**

Accounts receivable as of June 30, 2025, consisted of the following (amounts in thousands):

	2025
Grants and contracts	\$ 75,972
Student and general	52,689
Investment and interest income	6
Lease receivables	168
Allowance for doubtful accounts	(14,304)
Total Accounts Receivable, Net	<u>\$ 114,531</u>

The University participates in the U.S. Department of Education Federal Direct Lending Program. Under this program, the University distributed loans of \$186.6 million in fiscal year 2025 to students, including those enrolled in UConn Health programs. These distributions and related funding are not reflected as expenses and revenues in the accompanying financial statements. However, related cash inflows and outflows are shown in the accompanying Statement of Cash Flows. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2025, was \$0.5 million; this amount was included as a receivable under grants and contracts.

Student and Other Loans Receivable, Net

As of June 30, 2025, the University reported current and noncurrent student and other loans receivable of \$0.9 million and \$2.0 million, respectively. These balances are primarily composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and the U.S. Department of Health and Human Services Nurse Faculty Loan Program, which are reported separately from accounts receivable in the accompanying Statement of Net Position. The total amount is reported net of an allowance for doubtful accounts of \$0.2 million as of June 30, 2025. See Note 8 for information regarding the closeout of the Federal Perkins Loan Program.

NOTE 4. CAPITAL ASSETS

The following table reflects the changes in capital assets for the year ended June 30, 2025 (amounts in thousands):

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 32,344	\$ -	\$ -	\$ -	\$ 32,344
Construction in progress	315,857	45,464	-	(215,538)	145,783
Art and historical collections	60,725	899	(28)	-	61,596
Total Capital Assets Not Being Depreciated	408,926	46,363	(28)	(215,538)	239,723
<u>Depreciable Capital Assets</u>					
Non-structural improvements	616,627	2,557	(7,808)	274	611,650
Buildings and improvements	3,268,284	49,942	(486)	215,264	3,533,004
Intangible assets	45,268	736	(1,167)	-	44,837
Right-to-use assets					
Building leases	147,113	9,219	(220)	-	156,112
Equipment leases	5,163	-	(132)	-	5,031
Subscription assets	24,502	12,235	(5,911)	-	30,826
Library materials	56,632	578	-	-	57,210
Equipment	307,022	16,398	(7,514)	-	315,906
Total Depreciable Capital Assets	4,470,611	91,665	(23,238)	215,538	4,754,576
<u>Less Accumulated Depreciation</u>					
Non-structural improvements	238,888	15,359	(7,598)	-	246,649
Buildings and improvements	1,546,251	93,277	(322)	-	1,639,206
Intangible assets	35,269	3,097	(1,167)	-	37,199
Right-to-use assets					
Building leases	18,452	7,258	(220)	-	25,490
Equipment leases	1,190	479	(132)	-	1,537
Subscription assets	8,836	9,132	(5,715)	-	12,253
Library materials	53,481	498	-	-	53,979
Equipment	220,914	17,996	(7,199)	-	231,711
Total Accumulated Depreciation	2,123,281	147,096	(22,353)	-	2,248,024
<u>Depreciable Capital Assets, Net</u>	2,347,330	(55,431)	(885)	215,538	2,506,552
<u>Capital Assets, Net</u>	\$ 2,756,256	\$ (9,068)	\$ (913)	\$ -	\$ 2,746,275

During fiscal year 2025, a total of \$7.5 million was recorded as supplies and other expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for costs relating to a dormitory project that was cancelled. These costs were previously capitalized as construction in progress.

NOTE 5. CURRENT LIABILITIES

The following tables reflect the composition of certain current liabilities as of June 30, 2025 (amounts in thousands):

	2025
<u>Accounts Payable</u>	
Construction suppliers	\$ 24,869
Other suppliers	34,426
Construction retainage	9,731
Total Accounts Payable	<u>\$ 69,026</u>
<u>Unearned Revenue</u>	
Tuition, fees, and other student charges	\$ 24,436
Amounts received from grant sponsors	23,625
Athletic tickets, commitments, and other	9,101
Total Unearned Revenue	<u>\$ 57,162</u>
<u>Other Current Liabilities</u>	
Accrued interest	\$ 25,553
Environmental remediation	6,940
Other accrued expenses	1,238
Barnes & Noble agreement	527
Total Other Current Liabilities	<u>\$ 34,258</u>

NOTE 6. LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended June 30, 2025, was as follows (amounts in thousands):

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
General obligation bonds	\$ 1,635,145	\$ -	\$ (135,765)	\$ 1,499,380	\$ 131,975
Student Fee Revenue Bonds	271,540	-	(11,085)	260,455	11,630
Financed purchase agreements					
Cogeneration Facility	8,163	-	(5,411)	2,752	2,752
Installment loans	107	-	(55)	52	47
American Athletic Conference exit fee	3,715	-	(1,212)	2,503	1,238
Total Long-Term Debt	1,918,670	-	(153,528)	1,765,142	147,642
Premiums and discounts	234,182	-	(20,005)	214,177	19,395
Total Long-Term Debt, Net	<u>\$ 2,152,852</u>	<u>\$ -</u>	<u>\$ (173,533)</u>	<u>\$ 1,979,319</u>	<u>\$ 167,037</u>

The UConn 2000 Infrastructure Improvement Program (UConn 2000), established by The University of Connecticut 2000 Act (Act), is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a 36-year capital budget program in three phases, estimated to cost \$5,261.3 million. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses, not including UConn Health. The Act was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UConn 2000 Phase III Projects, which included projects at UConn Health.

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

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

In 2021, the General Assembly enacted and the Governor signed PA 21-2, increasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2022 by \$25.0 million to \$215.5 million, which increased the total authorization amount for fiscal years 1996 to 2027 to \$4,307.9 million. The estimated costs in the Act were also changed, including an increase for the project known as "Deferred Maintenance/Code/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities – Health Center".

In 2023, the General Assembly enacted and the Governor signed PA 23-1, decreasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2025 by \$12.0 million to \$44.0 million. This decreased the total authorization for fiscal year 1996 to 2027 to \$4,295.9 million.

In 2024, the General Assembly enacted and the Governor signed PA 24-151, which extended UCONN 2000 for an additional four fiscal years to 2031. The estimated cost of the Act also increased to \$5,257.3 million. PA 24-151 increased the authorized funding amount for bonds secured by the State debt service commitment for fiscal years 2025 to 2027 by \$295.0 million and included new authorizations for fiscal years 2028 to 2031 of \$330.0 million, which increased the total authorization for fiscal years 1996 to 2031 to \$4,920.9 million.

In 2025, the General Assembly enacted and the Governor signed PA 25-174, which increased the estimated cost of the Act to \$5,261.3 million. PA 25-174 increased the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2026 by \$4.0 million, which increased the total authorization for fiscal years 1996 to 2031 to \$4,924.9 million.

UCONN 2000 is to be funded in part by the issuance of \$4,924.9 million of general obligation bonds of the University secured by the State debt service commitment. The balance of the estimated cost of UCONN 2000 projects that is not to be financed by the University's bonds secured by the State debt service commitment may be funded by the issuance of the University's Student Fee Revenue Bonds, other University debt obligations, State general obligation bonds, gifts, and other revenue or borrowing resources of the University.

The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. For refunding bonds, sufficient proceeds are deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt. All UCONN 2000 general obligation bonds of the University, including refunding bonds, are backed by the full faith and credit of the University and are payable from all assured revenues. Additionally, they are secured by a pledge of and lien upon the State debt service commitment. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment. There were no general obligation bonds issued or refunded in fiscal year 2025.

As general obligation bonds are issued, the University recognizes revenue for the State debt service commitment for principal. This commitment is recorded as a capital appropriation and reported as other changes in net position at face value, net of any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2025, the University did not recognize revenue for the State debt service commitment for principal because no new general obligation bonds were issued or refunded during the fiscal year. The portion of general obligation bond proceeds set aside for UConn Health projects is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2025, the unspent portion of this balance was \$7.0 million. In addition, the State debt service commitment for interest is recognized as nonoperating revenue in the period the interest cost is incurred. For the year ended June 30, 2025, \$76.3 million was recognized for the State debt service commitment for interest, of which approximately \$17.0 million was associated with UConn Health projects. As of June 30, 2025, approximately \$337.6 million of the total outstanding principal on general obligation bonds pertained to proceeds used to finance UConn Health projects.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are backed by certain pledged revenues of the University. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2025.

Student Fee Revenue Bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2025, this included gross and net revenues of approximately \$137.8 million. Gross pledged revenues consist of the

Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and other revenues. Other revenues consist of the FIT (Facilities Investment Together) surcharge on athletic ticket sales plus investment income on certain bond accounts held by the Trustee Bank. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, board (dining) fee, and parking and transportation fees, after accounting for the cost of maintaining, repairing, insuring, and operating the facilities but before depreciation expense is deducted. The University has covenanted to collect fees each fiscal year that represent pledged revenues, ensuring that the total gross and net revenue amount is at least 1.25 times the debt service requirement for the respective fiscal year for its Student Fee Revenue Bonds.

The total principal and interest remaining to be paid on all Student Fee Revenue Bonds as of June 30, 2025, was \$441.4 million. The total amounts paid from pledged revenues in fiscal year 2025 were \$11.1 million for the principal and \$13.4 million for the interest.

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

Bonds outstanding as of June 30, 2025, consisted of the following (amounts in thousands):

Type of Bond and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2025 Balance
GO 2015 Series A	\$ 220,165	2035	1.0-5.0%	\$ 110,075
GO 2015 Refunding Series A	34,625	2026	4.0-5.0%	3,410
GO 2016 Series A	261,510	2036	3.0-5.0%	143,825
GO 2016 Refunding Series A	80,425	2027	4.0-5.0%	7,485
GO 2017 Series A	311,200	2037	2.5-5.0%	186,720
GO 2018 Series A	276,075	2038	3.0-5.0%	179,445
GO 2019 Series A	174,785	2039	3.0-5.0%	122,345
GO 2019 Refunding Series A	64,680	2029	5.0%	25,945
GO 2020 Series A	160,230	2041	3.0-5.0%	128,170
GO 2020 Refunding Series A	119,085	2031	1.5-5.0%	65,410
GO 2022 Series A	227,185	2042	3.0-5.0%	193,105
GO 2023 Series A	224,540	2044	5.0%	213,310
GO 2023 Refunding Series A	133,505	2034	5.0%	120,135
Total General Obligation Bonds	<u>2,288,010</u>			<u>1,499,380</u>
SFR 2018 Series A	141,725	2048	3.0-5.25%	125,395
SFR 2022 Refunding Series A	52,515	2030	5.0%	39,340
SFR 2023 Series A	97,140	2054	5.0-5.5%	95,720
Total Student Fee Revenue Bonds	<u>291,380</u>			<u>260,455</u>
Total Bonds	<u>\$ 2,579,390</u>			<u>\$ 1,759,835</u>

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

Year(s)	General Obligation Bonds			Student Fee Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 131,975	\$ 71,709	\$ 203,684	\$ 11,630	\$ 12,833	\$ 24,463
2027	128,225	65,136	193,361	12,240	12,237	24,477
2028	124,310	58,799	183,109	12,860	11,609	24,469
2029	124,380	52,579	176,959	13,510	10,950	24,460
2030	117,725	46,524	164,249	14,215	10,257	24,472
2031-2035	523,635	152,659	676,294	32,095	45,814	77,909
2036-2040	273,510	49,498	323,008	40,775	37,134	77,909
2041-2045	75,620	6,520	82,140	51,980	25,916	77,896
2046-2050	-	-	-	48,045	11,556	59,601
2051-2055	-	-	-	23,105	2,629	25,734
Total	\$ 1,499,380	\$ 503,424	\$ 2,002,804	\$ 260,455	\$ 180,935	\$ 441,390

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

The AAC exit fee liability represents the remaining balance owed to the conference after the University's withdrawal in fiscal year 2020. On June 30, 2020, the AAC exit fee balance was \$7.8 million, payable annually in six equal installments of \$1.3 million, commencing on July 1, 2021. The University records the AAC exit fee liability at a discounted value using an imputed interest rate of 2.2 percent. As of June 30, 2025, the reported amount was shown net of imputed interest totaling \$83,000. The University has the discretion to pay the remainder of the exit fee in full at any time.

Other debt obligations outstanding as of June 30, 2025, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2025 Balance
Financed purchase agreements				
Cogeneration Facility	\$ 81,900	2026	2.22%	\$ 2,752
Installment loans	267	2027	3.23%	52
American Athletic Conference exit fee	7,194	2027	2.20%	2,503
Total Other Debt	\$ 89,361			\$ 5,307

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

Year(s)	Long-Term Debt - Other		
	Principal	Interest	Total
2026	\$ 4,037	\$ 74	\$ 4,111
2027	1,270	28	1,298
Total	\$ 5,307	\$ 102	\$ 5,409

NOTE 7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**Lessee and Subscriber Arrangements**

Right-to-use assets, net, are recorded as a component of capital assets, net, on the Statement of Net Position. See Note 4 for the right-to-use asset activity by major classes of underlying assets as of June 30, 2025.

A summary of changes in the related liabilities during the year ended June 30, 2025, was as follows (amounts in thousands):

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Current Portion
Lease liabilities	\$ 140,466	\$ 9,402	\$ (4,771)	\$ 145,097	\$ 5,069
Subscription liabilities	12,171	12,105	(8,798)	15,478	6,057
Total Lease and Subscription Liabilities	\$ 152,637	\$ 21,507	\$ (13,569)	\$ 160,575	\$ 11,126

On May 30, 2025, the University entered into a purchase and sale agreement for property at 1201 Washington Boulevard in Stamford and simultaneously executed related lease agreements with RMS–Washington Boulevard, LLC, consisting of a Prime Lease, a Master Sublease, and a short-term Apartment Lease. Although legal title transferred at closing, the substance of the agreements is that the University will lease the property under a long-term Master Sublease beginning July 1, 2026.

Under the Prime Lease, the University leased the property back to RMS for nominal rent of \$10 per year, and RMS retained possession and operational control until the Master Sublease commences. Because the University does not obtain control or the right to use the property until that date, no right-to-use asset or lease liability is recognized in the financial statements prior to July 1, 2026. Lease payments under the Prime Lease are immaterial, and no lease receivable or deferred inflow is recorded. The short-term Apartment Lease, which runs from July 15, 2025, to June 30, 2026, does not meet lease accounting requirements under GASB. See “Future Leased Commitments Not Yet Commenced” for outstanding commitments under the Master Sublease.

In fiscal year 2025, the University recorded an additional lease impairment loss totaling \$127,000 due to a service life interruption of the Hartford Public Library lease. There was no corresponding change in the lease liability.

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

Year(s)	Lease Liabilities			Subscription Liabilities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 5,069	\$ 4,243	\$ 9,312	\$ 6,057	\$ 707	\$ 6,764
2027	4,958	4,145	9,103	4,030	439	4,469
2028	4,288	4,050	8,338	1,986	255	2,241
2029	3,457	3,967	7,424	1,450	162	1,612
2030	3,192	3,889	7,081	897	93	990
2031-2035	16,496	17,842	34,338	1,058	55	1,113
2036-2040	11,296	15,836	27,132	-	-	-
2041-2045	14,201	13,696	27,897	-	-	-
2046-2050	19,024	11,073	30,097	-	-	-
2051-2055	24,859	7,520	32,379	-	-	-
2056-2060	25,891	3,650	29,541	-	-	-
2061-2065	12,366	385	12,751	-	-	-
Total	\$ 145,097	\$ 90,296	\$ 235,393	\$ 15,478	\$ 1,711	\$ 17,189

Future Lease Commitments Not Yet Commenced

As of June 30, 2025, the University has executed lease agreements for student housing at two locations. The first is at the Oaks on the Square in Storrs, with a lease term from August 1, 2025, through July 31, 2027. The second is at 1201 Washington Boulevard in Stamford, with a lease term from July 1, 2026, through June 30, 2061, including a 10-year renewal option that is considered reasonably certain to be exercised. Because the right-to-use assets associated with these leases have not yet been transferred, the leases have not commenced and are therefore not recorded as lease liabilities or right-to-use assets in the accompanying financial statements. The University, however, is committed to future lease payments under these agreements as follows (amounts in thousands):

Year(s)	The Oaks	Stamford 1201 Washington Blvd	Total Future Lease Payments
2026	\$ 14,224	\$ -	\$ 14,224
2027	14,615	2,940	17,555
2028	-	3,021	3,021
2029	-	3,104	3,104
2030	-	3,189	3,189
2031-2035	-	17,311	17,311
2036-2040	-	19,826	19,826
2041-2045	-	22,706	22,706
2046-2050	-	26,005	26,005
2051-2055	-	29,783	29,783
2056-2060	-	34,109	34,109
2061-2065	-	7,395	7,395
Total	\$ 28,839	\$ 169,389	\$ 198,228

Lessor Arrangements

For lessor arrangements, the University recognized lease and interest income of \$208,000 for the fiscal year ended June 30, 2025.

NOTE 8. OTHER LONG-TERM LIABILITIES

Long-term liability activity other than debt and lease and subscription liabilities for the year ended June 30, 2025, was as follows (amounts in thousands):

	(Restated) Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Current Portion
Compensated absences*	\$ 63,755	\$ 6,916	\$ (3,193)	\$ 67,478	\$ 29,904
Federal refundable loans	3,630	688	(723)	3,595	468
Net pension liabilities	777,416	-	(777,416)	-	-
Net OPEB liability	1,335,953	-	(1,335,953)	-	-
Other liabilities					
Barnes & Noble agreement	1,628	-	(537)	1,091	527
Asset retirement obligation	144	-	-	144	-
Total Other Long-Term Liabilities	\$ 2,182,526	\$ 7,604	\$ (2,117,822)	\$ 72,308	\$ 30,899

*Beginning balances as of July 1, 2024, shown in the table above, were restated due to the adoption of GASB 101 (see Note 16).

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

In June 2016, the University contracted with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. As part of the agreement, Barnes & Noble made an execution payment of \$1.5 million and provided the University with a \$3.9 million capital investment to improve and furnish the

bookstore facilities (Facility Investment). The University recorded liabilities associated with these amounts, which are amortized and recognized as revenue using the straight-line method over a 10-year period as specified in the agreement. If the University terminates the agreement before the end of the contract term, Barnes & Noble will be reimbursed for the unamortized execution payment and the net book value of the Facility Investment.

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

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

NOTE 9. RETIREMENT PLANS

State Retirement Systems

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

Plan descriptions. SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. Approximately 57 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

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

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

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

Contributions. SERS contribution requirements are established and may be amended by the State legislature, subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates* for the fiscal year ended June 30, 2025, are as follows:

Tier I Hazardous – 6 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level

Tier I Plan B – 4 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level

Tier I Plan C – 7 percent of earnings

Tier II Hazardous – 6 percent of earnings

Tier II (all others) – 2 percent of earnings

Tier IIA and III Hazardous – 7 percent of earnings

Tier IIA and III (all others) – 4 percent of earnings

Tier IV Hazardous – 8 percent of earnings

Tier IV (all others) – 5 percent of earnings

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

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2 percent). Finally, all Tier IV employees must contribute 1 percent to the defined contribution component of the Hybrid Plan and may elect additional contributions of up to 3 percent of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1 percent of eligible compensation to the defined contribution component.

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

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

Effective July 1, 2023, legislation altered the University's funding structure for employer contributions to SERS and TRS (see Note 13). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the University did not make any payments to SERS or TRS.

Proportionate share of the collective net pension liability (NPL) and pension expense. In prior years, the University's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, the University's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, the University's proportion was 3.72 percent for SERS and 0.03 percent for TRS.

With a zero percent proportionate share, the University removed both net pension liabilities, along with the related deferred outflows and deferred inflows of resources, from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 17. The State remains legally responsible for the pension obligations under SERS and TRS and reports the corresponding net pension liabilities, deferred outflows and inflows of resources, and pension expense in its ACFR.

Alternate Retirement Plan

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

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

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5 percent of their eligible compensation, and their employer must contribute 7 percent of eligible compensation. Participants hired

on or after September 1, 2017, have the option to contribute 6.5 percent or 5 percent of their eligible compensation, and their employer must contribute 6.5 percent of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

Legislation effective July 1, 2023, changed the University's State funding structure concerning employer contributions (see Note 13). As a result, for the fiscal year ended June 30, 2025, the University did not make any contributions or report pension expenses for ARP, as these were funded by the State.

Department of Dining Services

The University's Department of Dining Services (DDS) employs 494 full-time staff, of which 62 participate in either SERS or ARP. The remaining 432 are eligible to participate in two other defined contribution plans: the University of Connecticut Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

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

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participant and State matches are both 100 percent vested. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment. Other plan provisions can be found in the 403(b) Retirement Plan document.

For the fiscal year ended June 30, 2025, pension expense was \$951,000, net of forfeitures of \$23,000, for MPPP, and \$181,000 for the 403(b) Retirement Plan. At June 30, 2025, the University recorded payables for outstanding contributions of \$464,000 and \$85,000, for MPPP and the 403(b) Retirement Plan, respectively, as part of other current liabilities in the accompanying Statement of Net Position. Furthermore, the assets and activities of the MPPP are included in the accompanying Fiduciary Statements.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

Contributions. SEOPEBP is primarily funded 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. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3 percent of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3 percent of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, effective July 1, 2023, legislation altered the University's funding structure for employer contributions to SEOPEBP (see Note 13). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the University did not make any payments to SEOPEBP.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. In prior years, the University's proportionate share of the NOL was determined by its share of total contributions. Due to the legislative changes effective after June 30, 2023, the University's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, the University's proportion was 8.56 percent.

With a zero percent proportionate share, the University removed the net OPEB liability and related deferred outflows and deferred inflows of resources from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 17. The State remains legally responsible for the OPEB obligations under SEOPEBP and reports the corresponding net OPEB liability, deferred outflows and inflows of resources, and OPEB expense in its ACFR.

NOTE 11. COMMITMENTS

The University had outstanding commitments, in excess of \$500,000 each, of \$286.1 million as of June 30, 2025. This amount included \$265.2 million related to capital projects for the University and \$20.9 million in outstanding commitments related to operating expenses. See Note 7 for commitment amounts related to leases and SBITAs.

NOTE 12. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by \$8.0 million for the fiscal year ended June 30, 2025. The total amount of waivers not reflected in the accompanying financial statements was \$85.5 million in fiscal year 2025. Approximately 86 percent of this amount was provided to graduate assistants.

NOTE 13. RELATED PARTY TRANSACTIONS

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

UConn Health

The University directly engages in transactions with UConn Health. For the fiscal year ended June 30, 2025, the University recorded \$16.5 million in revenues and \$2.4 million in expenses related to services specified in the UConn Health MOUs (see Note 1). In addition to the MOUs, the University engaged in other transactions with UConn Health, including amounts received and paid related to grants and contracts and other miscellaneous activities. These transactions are outside the scope of the formal MOUs and may not be reciprocal in nature, as the type of operations and services offered by each entity differ. As of June 30, 2025, the University reported a receivable from UConn Health of \$11.2 million.

Amounts reported as other sources of operating revenues and as operating expenses related to the UConn Health MOUs for the year ended June 30, 2025, are as follows (amounts in thousands):

	Revenues from UConn Health	Expenses Paid to UConn Health
University safety	\$ 8,991	\$ -
Research	2,007	1,737
Audit, compliance, privacy	1,564	-
Library services	989	-
Information technology	774	-
Communications (marketing)	599	-
Ombudsman and institutional equity	551	74
Document production	473	-
Government relations, finance, and other	276	327
Diversity and inclusion	190	-
Human resources	82	239
Total	<u>\$ 16,496</u>	<u>\$ 2,377</u>

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

The Foundation

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

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2025 (amounts in thousands):

	2025
Total expenses incurred for guaranteed contractual services provided by the Foundation	\$ 14,500
Reimbursements from the Foundation for operating expenses	\$ 297
Capital and noncapital gift and grant revenue from the Foundation	\$ 54,337
Amount receivable from the Foundation*	\$ 21,875

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

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

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

The State

The University receives funding from the State for debt service on capital projects via UCONN 2000 (see Note 6). In addition, the State supports the University's mission by providing appropriations from the General Fund.

State appropriation for the year ended June 30, 2025, consisted of the following (amounts in thousands):

	2025
General Fund appropriation received from the State	\$ 243,849
Payments for fringe benefits received from the State	1,472
Total Appropriation and Payments for Fringe Benefits from the State	<u>\$ 245,321</u>

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amends the State's funding structure for constituent units of the State system of higher education. Effective July 1, 2023, the State began directly funding all of the University's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. The University remains responsible for funding all employee non-retirement fringe benefit costs.

To achieve a budget-neutral effect, the State reduced the General Fund appropriation to the University and no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2025, the State funded \$187.8 million of retirement and OPEB costs for the University, which also includes administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2025, the University received funding of \$75.7 million through the State's American Rescue Plan Act (ARPA) allocation, designated as temporary operating support. The amount was recognized as federal and state financial aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA 23-205 authorized \$20.0 million of State General Obligation Bonds to fund various projects at the University in fiscal year 2025. The State Bond Commission allocated \$10.0 million to finance the purchase of information technology equipment needed to maintain existing systems, replace end-of-life equipment, and make improvements to support the academic and research needs of the University. Furthermore, \$10.0 million was allocated for renovations, alterations, and improvements to the Harry A. Gampel Pavilion.

UConn Innovation Fund, LLC

On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early-stage technology companies affiliated with the University. The original agreement required each member to contribute \$500,000 to the fund during the commitment period that extended to April 2018. In fiscal year 2019, all parties contributed an additional \$250,000, per an amendment to the agreement. As of June 30, 2025, the University's contribution totaled \$750,000. In fiscal year 2025, UConn Innovations Fund, LLC made cash distributions to each member. The University's share of the distributions was approximately \$80,000.

Mansfield Downtown Partnership, Inc.

The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Downtown Storrs, King Hill Road, and Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2025, the University paid \$175,000 in annual membership dues to MDP.

NOTE 14. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2025 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	\$ 327,497	\$ 79,784	\$ 35,926	\$ 1	\$ -	\$ 211	\$ 443,419
Research	83,655	15,559	60,193	-	-	960	160,367
Public service	33,970	8,713	16,063	-	-	375	59,121
Academic support	89,718	23,915	44,833	1	-	42	158,509
Student services	32,181	8,202	11,979	3	-	10	52,375
Institutional support	48,580	12,407	22,831	-	-	-	83,818
Operations and maintenance	34,060	8,189	59,806	17,309	-	26	119,390
Depreciation and amortization	-	-	-	-	147,096	-	147,096
Scholarships and fellowships	-	-	704	-	-	27,379	28,083
Auxiliary enterprises	129,191	34,270	102,049	5,549	-	119	271,178
Total	\$ 778,852	\$ 191,039	\$ 354,384	\$ 22,863	\$ 147,096	\$ 29,122	\$1,523,356

NOTE 15. CONTINGENCIES

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

Hazardous environmental conditions exceeding the U.S. Environmental Protection Agency thresholds were identified in certain properties abutting the former Stamford parking garage. Additionally, certain regulated materials were identified in certain properties and in buildings undergoing renovation on the Storrs campus. As of June 30, 2025, a liability of \$6.9 million was recorded under current liabilities in the accompanying Statement of Net Position to complete these remediation efforts.

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

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2025, the University adopted accounting pronouncement GASB 101, resulting in a change in accounting principle (see Note 1). GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, the University restated the beginning balances of compensated absences liabilities as of July 1, 2024, by \$19.4 million. The most significant impact resulting from the adoption was a change in the accounting for certain sick leave balances, which are now recognized as a liability when the leave accumulates and is more likely than not to be used for time off or otherwise paid or settled, in accordance with GASB 101.

Adjustments to and Restatements of Beginning Balances

The following table presents the adjustments to and restatements of beginning balances as of July 1, 2024, resulting from the adoption of GASB 101 (amounts in thousands):

	(Previously Reported) June 30, 2024	GASB 101	(Restated) July 1, 2024
<u>Compensated Absences</u>			
Current portion	\$ 23,440	\$ 3,302	\$ 26,742
Noncurrent portion	20,926	16,087	37,013
Total Compensated Absences	\$ 44,366	\$ 19,389	\$ 63,755
<u>Net Position</u>			
Net investment in capital assets	\$ 1,013,195	\$ -	\$ 1,013,195
Restricted nonexpendable	16,434	-	16,434
Restricted expendable	1,286,249	-	1,286,249
Unrestricted	(2,592,012)	(19,389)	(2,611,401)
Total Net Position	\$ (276,134)	\$ (19,389)	\$ (295,523)

NOTE 17. SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

As described in Note 1, in fiscal year 2025, the University recorded a special item for the removal of pension and OPEB balances. This derecognition is classified as a special item under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, because it is infrequent in occurrence and falls within management's control, as demonstrated by their participation and influence in decisions regarding State funding changes.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, do not establish specific requirements for the allocation of pension and OPEB liabilities to individual funds within the reporting entity. However, related GASB guidance provides that long-term liabilities should be reported in proprietary funds, such as enterprise funds, when they are directly related to and expected to be paid from those funds' resources. Because the University is included as an enterprise fund of the State, and legislation (PA 23-204) removed the University's obligation to fund retirement-related costs, thereby transferring that responsibility to the State, the University no longer recognizes these liabilities. The derecognition was recorded separately in other changes in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The derecognition removed net pension and net OPEB liabilities and associated deferred inflows and deferred outflows of resources reported as of July 1, 2024, with a total impact of approximately \$2.8 billion. The following table shows the increase (decrease) to net position by plan and balance type* (amounts in thousands):

	SERS	TRS	SEOPEBP	Total
Net Pension Liability	\$ 772,476	\$ 4,940	\$ -	\$ 777,416
Net OPEB Liability	-	-	1,335,953	1,335,953
Deferred inflows of resources	393,873	1,461	579,892	975,226
Deferred outflows of resources	(153,892)	(962)	(170,856)	(325,710)
Total Impact	\$ 1,012,457	\$ 5,439	\$ 1,744,989	\$ 2,762,885

*Amounts associated with the State Employees Retirement System (SERS) and Teachers' Retirement System (TRS) represent pension-related balances, while amounts associated with the State Employees OPEB Plan (SEOPEBP) represent OPEB-related balances. Additional information regarding these plans is included in Notes 9 (Retirement Plans) and 10 (Other Post-Employment Benefits).

Required Supplementary Information

State Employees Retirement System (SERS)

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

(\$ in thousands)

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the collective NPL	0.00%	3.72%	4.66%	6.58%	6.39%	5.98%	5.05%	4.78%	4.91%	4.88%
Proportionate share of the collective NPL	\$ -	\$ 772,476	\$ 1,028,762	\$ 1,400,123	\$ 1,514,874	\$ 1,364,546	\$ 1,095,530	\$ 1,007,992	\$ 1,126,394	\$ 805,629
University's covered payroll	\$ -	\$ 260,746	\$ 286,088	\$ 271,584	\$ 265,921	\$ 227,836	\$ 198,089	\$ 195,810	\$ 200,845	\$ 189,903
Proportionate share of the collective NPL as a percentage of covered payroll	0.00%	296.26%	359.60%	515.54%	569.67%	598.92%	553.05%	514.78%	560.83%	424.23%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%

Schedule of University Pension Contributions

(\$ in thousands)

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	\$ -	\$ -	\$ 121,464	\$ 132,911	\$ 117,659	\$ 103,218	\$ 94,410	\$ 72,898	\$ 73,781	\$ 73,668
Actual University contributions	-	-	121,464	132,911	117,659	103,218	94,410	72,898	73,781	73,668
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ -	\$ -	\$ 260,746	\$ 286,088	\$ 271,584	\$ 265,921	\$ 227,836	\$ 198,089	\$ 195,810	\$ 200,845
Actual University contributions as a percentage of covered payroll	0.00%	0.00%	46.58%	46.46%	43.32%	38.82%	41.44%	36.80%	37.68%	36.68%

See accompanying notes to required schedules.

Required Supplementary Information

Teachers' Retirement System (TRS)

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

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the collective NPL	0.00%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0.04%
Proportionate share of the collective NPL	\$ -	\$ 4,940	\$ 6,852	\$ 6,173	\$ 7,789	\$ 6,159	\$ 4,748	\$ 4,717	\$ 4,976	\$ 4,430
University's covered payroll	\$ -	\$ 1,107	\$ 1,389	\$ 1,326	\$ 1,334	\$ 1,148	\$ 1,196	\$ 1,364	\$ 1,372	\$ 1,214
Proportionate share of the collective NPL as a percentage of covered payroll	0.00%	446.25%	493.30%	465.54%	583.88%	536.50%	397.07%	345.82%	362.68%	364.91%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Schedule of University Pension Contributions (\$ in thousands)

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	\$ -	\$ -	\$ 421	\$ 617	\$ 455	\$ 419	\$ 452	\$ 304	\$ 135	\$ 426
Actual University contributions	-	-	421	617	455	419	452	304	135	426
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ -	\$ -	\$ 1,107	\$ 1,389	\$ 1,326	\$ 1,334	\$ 1,148	\$ 1,196	\$ 1,364	\$ 1,372
Actual University contributions as a percentage of covered payroll	0.00%	0.00%	38.03%	44.42%	34.31%	31.41%	39.37%	25.42%	9.90%	31.05%

See accompanying notes to required schedules.

Required Supplementary Information

State Employee Other Post-Employment Benefits (OPEB) Plan

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

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Proportion of the collective NOL	0.00%	8.56%	8.93%	8.75%	8.87%	9.05%	7.49%	7.39%
Proportionate share of the collective NOL	\$ -	\$ 1,335,953	\$ 1,383,285	\$ 1,709,176	\$ 2,087,164	\$ 1,871,032	\$ 1,293,696	\$ 1,283,941
University's covered payroll	\$ -	\$ 486,426	\$ 529,689	\$ 492,277	\$ 473,100	\$ 446,237	\$ 448,931	\$ 435,196
Proportionate share of the collective NOL as a percentage of covered payroll	0.00%	274.65%	261.15%	347.20%	441.17%	419.29%	288.17%	295.03%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%

Schedule of University OPEB Contributions (\$ in thousands)

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required employer contribution	\$ -	\$ -	\$ 72,843	\$ 75,681	\$ 75,979	\$ 76,889	\$ 68,115	\$ 60,089
Actual University contributions	-	-	72,843	75,681	75,979	76,889	68,115	60,089
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ -	\$ -	\$ 486,426	\$ 529,689	\$ 492,277	\$ 473,100	\$ 446,237	\$ 448,931
Actual University contributions as a percentage of covered payroll	0.00%	0.00%	14.98%	14.29%	15.43%	16.25%	15.26%	13.38%

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

See accompanying notes to required schedules.

Required Supplementary Information

Notes to Required Schedules:

SERS, TRS, and State Employees OPEB Plan (SEOPEBP)

Changes in Legislation

2024 to Present – Public Act 23-204 changed the State's funding structure for employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State's retirement plans. Accordingly, the University ceased making contributions and reporting related covered payroll beginning with the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2025, the University's proportionate share was reduced to zero for the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

SERS

Changes of Benefit Terms

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

Changes in Assumptions

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

TRS

Changes of Benefit Terms

2023 – Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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

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

Changes in Assumptions

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

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

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

Required Supplementary Information

Notes to Required Schedules (*continued*):

SEOPEBP

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 6.90% for contributory members and 3.65% for non-contributory members for the fiscal year 2024. For the fiscal years 2023, 2022, 2021, 2020, 2019, and 2018, the rates were 3.90%, 2.31%, 2.38%, 3.58%, 3.95%, and 3.68%, respectively.

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act.

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

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

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

STATISTICAL SECTION

**Statistical Section
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These schedules contain trend information to help the reader understand how the University's financial performance has changed over time.

- Schedule of Revenues by Source
- Schedule of Expenses by Natural Classification
- Schedule of Expenses by Function
- Schedule of Net Position and Changes in Net Position

Debt Capacity 69

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.

- Schedule of Long-Term Debt
- Schedule of Debt Coverage – Revenue Bonds

Operating Information 71

These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the activities it performs.

- Admissions and Enrollment
- Academic Year Tuition and Mandatory Fees (Storrs Only) and Degrees Conferred
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Demographic and Economic Information 75

These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and State's financial activities take place.

- Demographic and Economic Statistics
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SCHEDULE OF REVENUES BY SOURCE
Last Ten Fiscal Years

	(\$ in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Student tuition and fees, net of scholarship allowances ⁽¹⁾	\$ 498,389	\$ 464,993	\$ 461,624	\$ 427,959	\$ 397,237	\$ 422,519	\$ 396,780	\$ 386,921	\$ 367,351	\$ 341,809
Federal grants and contracts	214,286	190,068	168,035	148,970	147,547	125,936	121,593	106,561	100,397	104,725
State and local grants and contracts	30,218	25,880	24,646	17,871	16,364	19,944	17,959	19,441	16,931	21,200
Nongovernmental grants and contracts	36,835	23,777	20,052	23,871	20,012	21,042	23,577	18,386	28,005	19,490
Sales and services of educational departments	18,312	16,906	17,423	22,687	25,355	15,688	22,710	23,708	20,325	20,543
Sales and services of auxiliary enterprises, net of scholarship allowances ⁽¹⁾	248,737	229,660	195,672	171,753	73,577	169,016	211,036	210,990	209,851	210,455
Other sources	30,856	33,909	32,351	30,745	26,943	31,960	29,750	14,009	11,909	10,758
Total Operating Revenues	1,077,633	985,193	919,803	843,856	707,035	806,105	823,405	780,016	754,769	728,980
State appropriation	245,321	256,038	420,505	459,788	397,910	376,866	356,898	342,987	374,113	384,747
State debt service commitment for interest	76,325	77,089	78,623	75,947	74,170	78,963	77,333	70,740	64,757	53,092
Federal and state financial aid ⁽²⁾	150,945	103,976	93,249	134,741	115,892	64,549	42,222	37,986	34,800	38,968
Gifts	54,463	37,427	44,393	33,502	24,715	21,790	28,185	19,732	23,628	25,380
Investment income	28,554	25,056	14,066	1,742	794	7,881	11,957	6,059	2,996	1,448
Other nonoperating revenues, net	614	-	1,950	-	2,594	207	745	-	-	-
Total Nonoperating Revenues	556,222	499,586	652,786	705,720	616,075	550,256	517,340	477,504	500,294	503,635
	\$ 1,633,855	\$ 1,484,779	\$ 1,572,589	\$ 1,549,576	\$ 1,323,110	\$ 1,356,361	\$ 1,340,745	\$ 1,257,520	\$ 1,255,063	\$ 1,232,615

	(% of total revenues)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Student tuition and fees, net of scholarship allowances ⁽¹⁾	30.5%	31.4%	29.4%	27.6%	30.0%	31.1%	29.6%	30.8%	29.3%	27.7%
Federal grants and contracts	13.1%	12.8%	10.7%	9.6%	11.2%	9.3%	9.1%	8.5%	8.0%	8.5%
State and local grants and contracts	1.9%	1.7%	1.6%	1.2%	1.2%	1.5%	1.3%	1.5%	1.3%	1.6%
Nongovernmental grants and contracts	2.3%	1.6%	1.3%	1.5%	1.5%	1.6%	1.8%	1.4%	2.2%	1.6%
Sales and services of educational departments	1.1%	1.1%	1.1%	1.5%	1.9%	1.2%	1.7%	1.9%	1.6%	1.7%
Sales and services of auxiliary enterprises, net of scholarship allowances ⁽¹⁾	15.2%	15.5%	12.4%	11.1%	5.6%	12.4%	15.7%	16.8%	16.7%	17.1%
Other sources	1.9%	2.3%	2.1%	2.0%	2.0%	2.4%	2.2%	1.1%	0.9%	0.9%
Total Operating Revenues	66.0%	66.4%	58.6%	54.5%	53.4%	59.5%	61.4%	62.0%	60.0%	59.1%
State appropriation	15.0%	17.2%	26.7%	29.7%	30.1%	27.8%	26.6%	27.3%	29.9%	31.2%
State debt service commitment for interest	4.7%	5.2%	5.0%	4.9%	5.6%	5.8%	5.8%	5.6%	5.2%	4.3%
Federal and state financial aid ⁽²⁾	9.2%	7.0%	5.9%	8.6%	8.7%	4.7%	3.1%	3.0%	2.8%	3.2%
Gifts	3.3%	2.5%	2.8%	2.2%	1.9%	1.6%	2.1%	1.6%	1.9%	2.1%
Investment income	1.7%	1.7%	0.9%	0.1%	0.1%	0.6%	0.9%	0.5%	0.2%	0.1%
Other nonoperating revenues, net	0.1%	0.0%	0.1%	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%
Total Nonoperating Revenues	34.0%	33.6%	41.4%	45.5%	46.6%	40.5%	38.6%	38.0%	40.0%	40.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Beginning in fiscal year 2024, the amounts reported were impacted by a change in the accounting estimate for scholarship discounts and allowances.

(2) For fiscal years 2016 and 2017, federal and state financial aid were reclassified from operating to nonoperating categories in order to provide comparison among years.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Last Ten Fiscal Years

	(\$ in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Salaries and wages	\$ 778,852	\$ 732,876	\$ 685,254	\$ 674,458	\$ 617,225	\$ 602,873	\$ 569,872	\$ 569,359	\$ 556,411	\$ 557,497
Fringe benefits ⁽¹⁾	191,039	279,491	247,699	515,739	685,126	597,737	417,689	338,545	349,328	287,553
Supplies and other expenses	354,384	321,055	294,184	248,545	226,404	257,977	279,602	264,456	245,357	245,871
Utilities	22,863	22,639	27,552	22,475	17,295	20,167	21,063	19,655	19,039	19,737
Depreciation and amortization	147,096	144,389	139,628	135,566	122,695	117,870	119,346	108,185	104,807	98,767
Scholarships and fellowships ⁽²⁾	29,122	23,837	33,945	50,948	28,866	23,367	11,409	8,870	11,791	12,437
Total Operating Expenses	1,523,356	1,524,287	1,428,262	1,647,731	1,697,611	1,619,991	1,418,981	1,309,070	1,286,733	1,221,862
Interest expense	70,559	71,940	69,286	68,338	66,114	71,102	70,460	64,672	59,129	51,333
Disposal of capital assets, net	591	4,479	3,263	2,346	3	1,912	2,345	1,524	1,418	8,486
Other nonoperating expenses, net	-	290	-	5,230	-	-	-	2,475	1,776	3,893
Total Nonoperating Expenses	71,150	76,709	72,549	75,914	66,117	73,014	72,805	68,671	62,323	63,712
	\$ 1,594,506	\$ 1,600,996	\$ 1,500,811	\$ 1,723,645	\$ 1,763,728	\$ 1,693,005	\$ 1,491,786	\$ 1,377,741	\$ 1,349,056	\$ 1,285,574

	(% of total expenses)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Salaries and wages	48.9%	45.8%	45.7%	39.1%	35.0%	35.6%	38.2%	41.3%	41.2%	43.3%
Fringe benefits ⁽¹⁾	12.0%	17.4%	16.5%	29.9%	38.8%	35.3%	28.0%	24.6%	25.9%	22.4%
Supplies and other expenses	22.2%	20.1%	19.6%	14.4%	12.9%	15.2%	18.7%	19.2%	18.2%	19.1%
Utilities	1.4%	1.4%	1.8%	1.3%	1.0%	1.2%	1.4%	1.4%	1.4%	1.5%
Depreciation and amortization	9.2%	9.0%	9.3%	7.9%	7.0%	7.0%	8.0%	7.9%	7.8%	7.7%
Scholarships and fellowships ⁽²⁾	1.8%	1.5%	2.3%	3.0%	1.6%	1.4%	0.8%	0.6%	0.9%	1.0%
Total Operating Expenses	95.5%	95.2%	95.2%	95.6%	96.3%	95.7%	95.1%	95.0%	95.4%	95.0%
Interest expense	4.4%	4.4%	4.6%	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%
Disposal of capital assets, net	0.1%	0.3%	0.2%	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%
Other nonoperating expenses, net	0.0%	0.1%	0.0%	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%
Total Nonoperating Expenses	4.5%	4.8%	4.8%	4.4%	3.7%	4.3%	4.9%	5.0%	4.6%	5.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Beginning in fiscal year 2025, the University no longer reports pension and OPEB expenses, as legislation shifted these costs to the State of Connecticut.

(2) Beginning in fiscal year 2024, the reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances.

SCHEDULE OF EXPENSES BY FUNCTION

Last Ten Fiscal Years

(\$ in thousands)

	2025 ⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016
Instruction	\$ 443,419	\$ 463,772	\$ 441,925	\$ 532,976	\$ 568,509	\$ 518,689	\$ 438,702	\$ 419,691	\$ 419,251	\$ 390,364
Research	160,367	143,902	121,925	122,049	116,706	102,859	97,258	88,469	80,953	80,070
Public service	59,121	58,488	50,982	58,663	65,942	66,985	56,081	49,417	53,116	53,903
Academic support	158,509	167,582	156,016	185,523	213,169	204,759	170,050	147,264	138,912	139,643
Student services	52,375	55,264	48,125	60,091	63,114	62,243	49,730	44,856	40,087	38,916
Institutional support	83,818	88,542	81,095	100,243	108,742	106,092	90,086	75,357	74,226	66,580
Operations and maintenance of plant	119,390	110,922	114,228	147,428	186,963	178,009	151,589	138,184	137,259	122,034
Depreciation and amortization	147,096	144,389	139,628	135,566	122,695	117,870	119,346	108,185	104,807	98,767
Scholarships and fellowships ⁽²⁾	28,083	23,007	32,789	50,548	28,454	23,449	10,979	8,232	10,306	9,748
Auxiliary enterprises	271,178	268,419	241,549	254,644	223,317	239,036	235,160	229,415	227,816	221,837
Interest expense	70,559	71,940	69,286	68,338	66,114	71,102	70,460	64,672	59,129	51,333
Disposal of capital assets, net	591	4,479	3,263	2,346	3	1,912	2,345	1,524	1,418	8,486
Other nonoperating expenses, net	-	290	-	5,230	-	-	-	2,475	1,776	3,893
	\$ 1,594,506	\$ 1,600,996	\$ 1,500,811	\$ 1,723,645	\$ 1,763,728	\$ 1,693,005	\$ 1,491,786	\$ 1,377,741	\$ 1,349,056	\$ 1,285,574

(% of total expenses)

	2025 ⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016
Instruction	27.8%	29.0%	29.5%	30.9%	32.2%	30.5%	29.4%	30.5%	31.1%	30.3%
Research	10.1%	9.0%	8.1%	7.1%	6.6%	6.1%	6.5%	6.4%	6.0%	6.2%
Public service	3.7%	3.6%	3.4%	3.4%	3.7%	4.0%	3.8%	3.6%	3.9%	4.2%
Academic support	9.9%	10.5%	10.4%	10.8%	12.1%	12.1%	11.4%	10.7%	10.2%	10.8%
Student services	3.3%	3.5%	3.2%	3.5%	3.6%	3.7%	3.3%	3.3%	3.0%	3.0%
Institutional support	5.2%	5.5%	5.4%	5.8%	6.2%	6.3%	6.0%	5.5%	5.5%	5.2%
Operations and maintenance of plant	7.5%	6.9%	7.6%	8.5%	10.6%	10.5%	10.2%	10.0%	10.2%	9.5%
Depreciation and amortization	9.2%	9.0%	9.3%	7.9%	7.0%	7.0%	8.0%	7.8%	7.8%	7.7%
Scholarships and fellowships ⁽²⁾	1.8%	1.4%	2.2%	2.9%	1.6%	1.4%	0.7%	0.6%	0.8%	0.8%
Auxiliary enterprises	17.0%	16.8%	16.1%	14.8%	12.7%	14.1%	15.8%	16.6%	16.9%	17.3%
Interest expense	4.4%	4.5%	4.6%	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%
Disposal of capital assets, net	0.1%	0.3%	0.2%	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%
Other nonoperating expenses, net	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Beginning in fiscal year 2025, the University no longer reports pension and OPEB expenses, as legislation shifted these costs to the State of Connecticut. This change impacted several functional expense categories associated with fringe benefits.

(2) Beginning in fiscal year 2024, the reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION
Last Ten Fiscal Years

	(\$ in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total revenues	\$ 1,633,855	\$ 1,484,779	\$ 1,572,589	\$ 1,549,576	\$ 1,323,110	\$ 1,356,361	\$ 1,340,745	\$ 1,257,520	\$ 1,255,063	\$ 1,232,615
Total expenses	1,594,506	1,600,996	1,500,811	1,723,645	1,763,728	1,693,005	1,491,786	1,377,741	1,349,056	1,285,574
Income (Loss) Before Other Changes in Net Position	39,349	(116,217)	71,778	(174,069)	(440,618)	(336,644)	(151,041)	(120,221)	(93,993)	(52,959)
State debt service commitment for principal	-	209,225	-	214,185	140,295	-	154,405	187,269	281,576	103,400
Derecognition of pension and OPEB balances ⁽¹⁾	2,762,885	-	-	-	-	-	-	-	-	-
Capital allocation	20,000	45,000	-	-	-	-	-	-	-	-
Capital grants and gifts	4,733	7,454	3,608	1,976	11,640	2,276	3,907	5,099	1,388	5,071
Additions to permanent endowments	79	191	9	1,996	164	171	171	338	1,149	14
Athletic conference fee	-	-	-	-	(3,500)	(16,436)	-	-	-	-
Transfer to affiliate	-	-	-	(228)	(2,000)	-	-	-	-	-
Total Changes in Net Position	2,827,046	145,653	75,395	43,860	(294,019)	(350,633)	7,442	72,485	190,120	55,526
Net position, beginning	(276,134)	(421,787)	(500,218)	(545,792)	(251,773)	98,860	80,228	1,243,245	1,053,125	997,599
Cumulative effect of accounting changes and error corrections ⁽²⁾	(19,389)	-	3,036	1,714	-	-	11,190	(1,235,502)	-	-
Net Position, Ending	\$ 2,531,523	\$ (276,134)	\$ (421,787)	\$ (500,218)	\$ (545,792)	\$ (251,773)	\$ 98,860	\$ 80,228	\$ 1,243,245	\$ 1,053,125
Net investment in capital assets	963,863	1,013,195	925,881	877,499	842,048	804,723	752,961	773,104	682,891	612,618
Restricted nonexpendable	16,470	16,434	16,219	16,187	14,164	15,132	15,005	15,044	14,483	12,593
Restricted expendable										
Research, instruction, scholarships and other	48,826	35,810	30,552	22,316	25,824	16,582	21,716	32,273	34,058	24,455
Loans	1,998	1,882	1,794	1,822	1,981	2,180	2,608	2,566	2,543	2,520
Capital projects	160,608	41,535	2,788	5,622	5,399	10,434	17,506	22,852	58,816	111,062
Debt service	1,111,628	1,207,022	1,087,353	1,179,340	1,051,763	997,489	1,087,975	1,020,814	915,179	705,947
Unrestricted	228,130	(2,592,012)	(2,486,374)	(2,603,004)	(2,486,971)	(2,098,313)	(1,798,911)	(1,786,425)	(464,725)	(416,070)
Total Net Position ⁽³⁾	\$ 2,531,523	\$ (276,134)	\$ (421,787)	\$ (500,218)	\$ (545,792)	\$ (251,773)	\$ 98,860	\$ 80,228	\$ 1,243,245	\$ 1,053,125

(1) Special item recorded for the removal of pension and OPEB balances.

(2) Fiscal year 2025: Implementation of GASB 101, Compensated Absences.

2023: Implementation of GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB 96, Subscription-Based Information Technology Arrangements.

2022: Implementation of GASB 87, Leases.

2019: Correction of an error related to compensated absences.

2018: Implementation of GASB 75, Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions.

(3) Fiscal years 2021 – 2016: Components of net position were restated due to reclassifications of the State debt service commitment for principal receivable, debt related to UConn Health projects, and unspent bond proceeds.

SCHEDULE OF LONG-TERM DEBT
Last Ten Fiscal Years

	(\$ in thousands, except for outstanding debt per student)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General obligation bonds	\$ 1,499,380	\$ 1,635,145	\$ 1,548,375	\$ 1,683,350	\$ 1,583,660	\$ 1,568,905	\$ 1,700,180	\$ 1,661,785	\$ 1,504,995	\$ 1,303,870
Revenue bonds	260,455	271,540	183,605	194,905	200,915	206,655	233,445	240,980	105,955	112,410
Self-liquidating bonds	-	-	-	-	-	-	-	-	-	275
Lease and subscription liabilities ⁽¹⁾	160,575	152,637	143,298	141,388	66,634	72,749	78,515	84,199	42,818	47,229
Financed purchase agreements ⁽²⁾	2,804	8,270	13,619	18,847	-	-	-	-	-	-
Long-term software commitments ⁽³⁾	-	-	-	7,742	9,809	7,355	7,132	-	-	-
Installment loans and other	-	-	-	-	-	-	25	62	117	5,487
American Athletic Conference exit fee	2,503	3,715	4,900	6,059	7,194	7,194	-	-	-	-
	1,925,717	2,071,307	1,893,797	2,052,291	1,868,212	1,862,858	2,019,297	1,987,026	1,653,885	1,469,271
Premiums and discounts	214,177	234,182	239,330	265,571	251,536	223,648	244,077	229,155	201,858	172,757
Total Long-Term Debt, Net	\$ 2,139,894	\$ 2,305,489	\$ 2,133,127	\$ 2,317,862	\$ 2,119,748	\$ 2,086,506	\$ 2,263,374	\$ 2,216,181	\$ 1,855,743	\$ 1,642,028
Full-time equivalent students ⁽⁴⁾	30,866	29,696	29,100	29,215	29,750	29,530	28,646	29,424	29,220	28,832
Outstanding debt per student ⁽⁵⁾	\$ 69,329	\$ 77,636	\$ 73,303	\$ 79,338	\$ 71,252	\$ 70,657	\$ 79,012	\$ 75,319	\$ 63,509	\$ 56,952

(1) Starting in fiscal year 2022, the University began reporting leases under GASB 87. This amount also includes subscription liabilities reported under GASB 96 starting in fiscal year 2023.

(2) Upon the adoption of GASB 87 in fiscal year 2022, the Cogeneration Facility was reclassified to financed purchase agreements. This amount also includes installment loans starting in fiscal year 2022.

(3) Upon the adoption of GASB 96 in fiscal year 2023, long-term software commitments were reclassified to lease and subscription liabilities.

(4) Source: University of Connecticut Office of Budget, Planning and Institutional Research

(5) Ratio excludes the State debt service commitment for the payment of the outstanding general obligation bonds on the University's behalf.

SCHEDULE OF DEBT COVERAGE – REVENUE BONDS
Last Ten Fiscal Years
(\$ in thousands)

	Gross Pledged Revenues ⁽¹⁾	Pledged Revenues ⁽²⁾	Expenses ⁽³⁾	Net Pledged Revenues	Total Gross and Net Pledged Revenues Available for Debt Service	Debt Service	Coverage Ratio
2025	\$ 82,238	\$ 227,791	\$ (172,268)	\$ 55,523	\$ 137,761	\$ (24,472)	5.63
2024	80,496	199,284	(153,255)	46,029	126,525	(20,474)	6.18
2023	68,351	186,129	(148,329)	37,800	106,151	(18,355)	5.78
2022	62,620	157,288	(100,868)	56,420	119,040	(15,760)	7.55
2021	48,831	66,917	(85,241)	(18,324)	30,507	(15,772)	1.93
2020	63,018	148,070	(117,763)	30,307	93,325	(37,542)	2.49
2019	53,672	182,891	(136,606)	46,285	99,957	(19,017)	5.26
2018	52,429	176,598	(135,138)	41,460	93,889	(12,432)	7.55
2017	51,486	172,444	(132,742)	39,702	91,188	(11,554)	7.89
2016	50,650	174,991	(134,492)	40,499	91,149	(11,557)	7.89

(1) Gross pledged revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and investment income. Beginning in fiscal year 2019, gross revenues also include the FIT (Facilities Investment Together) surcharge.

(2) Pledged revenues include the residential life room fee, student apartment rentals, the Greek housing fee, the board (dining) fee, and the parking and transportation fees.

(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation. Fiscal years 2020, 2021, and 2022 expenses have been reduced by federal Higher Education Emergency Relief Funds of \$10.7 million, \$21.3 million, and \$28.4 million, respectively. These funds have been identified by the University to offset housing and dining revenue losses incurred during the pandemic.

* In fiscal year 2024, the debt coverage calculation for fiscal years 2018 to 2023 was updated to include revenues and expenses related to Stamford housing.

ADMISSIONS AND ENROLLMENT Last Ten Fiscal Years

FRESHMAN ADMISSIONS (STORRS ONLY)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Applications	55,479	46,645	40,894	36,753	34,437	35,096	34,886	34,198	35,980	34,978
Offers of admission	29,065	25,164	22,293	20,433	19,316	17,346	17,015	16,360	17,560	18,598
Percent admitted	52%	54%	55%	56%	56%	49%	49%	48%	49%	53%
Enrolled	4,478	4,189	4,069	3,663	3,825	3,603	3,749	3,683	3,822	3,774
Yield (enrolled/offers)	15%	17%	18%	18%	20%	21%	22%	23%	22%	20%
Total average SAT	1,306	1,296	1,315	1,318	1,281	1,296	1,306	1,294	1,233	1,233

ENROLLMENT*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Non-Resident Alien										
Male	1,951	2,042	2,063	1,956	2,048	2,232	2,110	2,001	1,890	1,773
Female	1,501	1,528	1,564	1,525	1,711	1,990	1,917	1,847	1,665	1,462
Black or African American										
Male	1,099	1,012	974	1,002	1,023	984	944	885	874	813
Female	1,520	1,450	1,380	1,386	1,366	1,261	1,211	1,153	1,098	1,053
American Indian or Alaska Native										
Male	14	8	9	9	13	14	22	16	19	18
Female	21	19	21	14	18	16	25	27	25	28
Asian										
Male	1,760	1,757	1,698	1,627	1,581	1,512	1,500	1,497	1,475	1,372
Female	1,941	1,911	1,865	1,823	1,770	1,688	1,606	1,556	1,467	1,419
Hispanic/Latino										
Male	2,368	2,140	2,044	1,952	1,842	1,643	1,568	1,477	1,386	1,293
Female	3,215	2,945	2,772	2,705	2,588	2,202	2,014	1,800	1,616	1,468
Native Hawaiian or Other Pacific Islander										
Male	3	7	3	3	5	5	8	10	8	8
Female	8	6	7	7	8	11	11	13	12	13
Two or More Races										
Male	646	601	535	520	487	454	430	394	364	330
Female	760	692	656	595	596	508	476	464	442	412
White										
Male	7,319	7,243	7,507	7,826	8,224	8,520	8,821	9,089	9,518	9,809
Female	8,752	8,318	8,343	8,543	8,743	8,647	8,983	9,361	9,581	9,789
Total Head Count	32,878	31,679	31,441	31,493	32,023	31,687	31,646	31,590	31,440	31,060
Percent female	53.9%	53.2%	52.8%	52.7%	52.5%	51.5%	51.3%	51.3%	50.6%	50.4%
Percent minority	40.6%	39.6%	38.1%	37.0%	35.3%	32.5%	31.0%	29.4%	27.9%	26.5%
Percent non-resident alien	10.5%	11.3%	11.5%	11.1%	11.7%	13.3%	12.7%	12.2%	11.3%	10.4%

White includes other/unknown.

* Includes all undergraduate, graduate, and professional school enrollments at all campuses; excludes Schools of Dentistry and Medicine; includes full-time and part-time students, and degree and non-degree students.

Source: University of Connecticut Office of Budget, Planning and Institutional Research

ACADEMIC YEAR TUITION AND MANDATORY FEES (STORRS ONLY)

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Undergraduate resident	\$ 21,044	\$ 20,366	\$ 19,434	\$ 18,524	\$ 17,834	\$ 17,226	\$ 15,730	\$ 14,880	\$ 14,066	\$ 13,366
Undergraduate non-resident	\$ 43,712	\$ 43,034	\$ 42,102	\$ 41,192	\$ 40,502	\$ 39,894	\$ 38,098	\$ 36,948	\$ 35,858	\$ 34,908
Graduate resident	\$ 22,872	\$ 22,194	\$ 21,262	\$ 20,325	\$ 19,664	\$ 19,056	\$ 17,660	\$ 16,810	\$ 15,996	\$ 15,296
Graduate non-resident	\$ 44,784	\$ 44,106	\$ 43,174	\$ 42,237	\$ 41,576	\$ 40,968	\$ 39,272	\$ 38,122	\$ 37,032	\$ 36,082

DEGREES CONFERRED

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Associate	32	20	24	24	33	26	16	21	30	24
Bachelor's	5,693	5,739	5,534	5,390	5,623	5,731	5,656	5,618	5,530	5,197
Post-baccalaureate	537	592	574	548	537	395	369	299	251	229
Master's	1,827	1,797	1,752	1,703	1,926	1,774	1,895	2,048	1,904	1,750
Sixth-year education	32	30	57	49	61	50	54	51	62	66
Ph.D.	408	432	407	352	368	382	418	384	411	379
J.D.	145	153	153	151	138	141	108	89	155	151
LL.M.	46	61	34	33	42	50	53	42	43	44
Pharm D.	84	57	76	82	77	74	92	98	101	99
Total	8,804	8,881	8,611	8,332	8,805	8,623	8,661	8,650	8,487	7,939

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.

Source: University of Connecticut Office of Budget, Planning and Institutional Research

**FACULTY AND STAFF
Fall Employment
Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FACULTY										
Full-time	1,695	1,659	1,584	1,616	1,597	1,537	1,540	1,545	1,518	1,489
Part-time	50	61	59	57	45	54	51	53	32	30
Total Faculty	1,745	1,720	1,643	1,673	1,642	1,591	1,591	1,598	1,550	1,519
Tenured	857	857	839	895	908	887	858	854	841	848
Percentage tenured	49%	50%	51%	53%	55%	56%	54%	53%	54%	56%
STAFF										
Full-time	3,546	3,464	3,290	3,323	3,310	3,297	3,228	3,109	3,198	3,115
Part-time	131	130	126	131	147	144	150	150	82	158
Total Staff	3,677	3,594	3,416	3,454	3,457	3,441	3,378	3,259	3,280	3,273
Total Faculty and Staff	5,422	5,314	5,059	5,127	5,099	5,032	4,969	4,857	4,830	4,792
Student to faculty ratio*	17 to 1	16 to 1	16 to 1	15 to 1	16 to 1	16 to 1	16 to 1	16 to 1	16 to 1	17 to 1
Full-time and part-time faculty										
Female	48%	47%	47%	45%	44%	43%	42%	41%	41%	41%
Minority	25%	24%	23%	24%	19%	20%	20%	21%	23%	23%
Full-time and part-time staff										
Female	58%	57%	57%	57%	58%	57%	57%	57%	57%	57%
Minority	17%	17%	17%	17%	13%	13%	14%	15%	17%	17%
Staff covered by collective bargaining agreements	92%	92%	92%	92%	92%	90%	90%	90%	90%	90%
Adjunct lecturers	709	767	768	757	705	749	732	709	690	679

* Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.
Source: University of Connecticut Office of Budget, Planning and Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Academic buildings										
Net assignable square feet (in thousands)	3,324	3,030	3,011	2,892	2,888	2,890	2,876	2,847	2,654	2,753
Number of buildings	147	147	146	145	157	158	160	170	168	171
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	4,584	4,584	4,504	4,060	4,069	3,937	3,638	3,859	3,753	3,277
Number of buildings	172	172	188	183	177	178	185	190	189	193
Administrative and support buildings										
Net assignable square feet (in thousands)	597	892	907	905	888	883	887	832	852	964
Number of buildings	78	80	81	80	80	81	83	83	88	97
Total net assignable square feet (in thousands)	8,505	8,506	8,422	7,857	7,845	7,710	7,401	7,538	7,259	6,994
Total number of buildings	397	399	415	408	414	417	428	443	445	461

Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
University housing locations*	110	102	102	102	100	102	101	101	101	115
University housing occupancy*	13,890	12,632	12,373	11,184	4,911	12,507	12,684	12,547	12,641	12,690
Percentage of main campus undergraduates in campus housing	65%	62%	62%	57%	25%	63%	63%	63%	65%	67%

* University housing locations include owned and leased facilities utilized for student housing across all campuses. Occupancy includes all degree types, as well as non-degree students. Certain prior year values have been updated to maintain consistency with the current measurement methodology.
Source: Office of Budget, Planning and Institutional Research

DEMOGRAPHIC AND ECONOMIC STATISTICS
State of Connecticut
Last Ten Fiscal Years

	Personal Income as of June 30 ⁽¹⁾	Population at July 1 ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Average Annual Unemployment Rate ⁽²⁾
2025	365,727,600,000	3,688,631	99,150	3.4%
2024	342,112,700,000	3,625,511	94,363	4.2%
2023	314,865,500,000	3,632,752	86,674	3.9%
2022	307,116,000,000	3,614,683	84,963	5.1%
2021	290,146,700,000	3,544,930	81,848	8.5%
2020	290,641,600,000	3,561,513	81,606	5.1%
2019	284,136,600,000	3,570,160	79,587	3.8%
2018	265,636,709,000	3,588,236	74,030	4.5%
2017	251,389,254,000	3,568,714	70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%

(1) Source: U.S. Department of Commerce

(2) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

<u>NAME</u>	2025		
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>
Yale New Haven Health System	30,056	1.6%	1
Hartford Healthcare	23,355	1.2%	2
Yale University	17,089	0.9%	3
RTX Corp. ⁽¹⁾	16,500	0.9%	4
General Dynamics Electric Boat	16,071	0.9%	5
CVS Health Corp. and subsidiaries ⁽²⁾	8,942	0.5%	6
Walmart Stores Inc.	8,572	0.5%	7
Trinity Health of New England ⁽³⁾	7,705	0.4%	8
The Travelers Cos. Inc.	7,400	0.4%	9
Sikorsky, a Lockheed Martin Company ⁽⁴⁾	7,092	0.4%	10
Total	142,782	7.7%	

	2016		
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>
Yale New Haven Health System	19,920	1.1%	1
Hartford Healthcare	18,135	1.0%	2
Yale University ⁽⁵⁾	15,018	0.8%	3
United Technologies Corp.	15,000	0.8%	4
General Dynamics Electric Boat	10,230	0.6%	5
Wal-Mart Stores Inc. ⁽⁶⁾	8,800	0.5%	6
Sikorsky, a Lockheed Martin Company ⁽⁷⁾	8,000	0.4%	7
The Travelers Cos. Inc. ⁽⁸⁾	7,400	0.4%	8
The Hartford Financial Services Group	7,000	0.4%	9
Mohegan Sun	6,735	0.4%	10
Total	116,238	6.4%	

Source: Hartford Business Journal

(1) Formerly Raytheon Technologies; presence in Connecticut includes Collins Aerospace and Pratt & Whitney.

(2) Data from 2023 survey.

(3) Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.

(4) Data from Q1 2024.

(5) Figure from Fall 2015.

(6) Approximate figure as of March 2016.

(7) On Nov. 6, 2015, Lockheed Martin acquired Sikorsky Aircraft from Farmington-based United Technologies Corp. for \$9 billion.

(8) Employee numbers are approximate.



Schedule 2

**Audited Financial Statements of the University of Connecticut Health Center for Fiscal Year Ended
June 30, 2025**

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Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Included as an Enterprise Fund of the State of Connecticut



UConn
HEALTH



Annual Comprehensive
Financial Report
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

Letter of Transmittal

Founded in 1881, the University of Connecticut (the “University”) serves as the state’s flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (“UConn Health”). Although governed by a single Board of Trustees, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of UConn Health only.

The University’s Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990’s. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriations, check-writing authority, human resource control, and purchasing authority, and with the advent of UCONN 2000 in 1995, management of capital activities, including projects at UConn Health starting in 2005.

While the University’s operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight over all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University’s internal audit capacity and the work performed by state auditors. A key component of external oversight, the Auditors of Public Accounts issue an Independent Auditors’ Report on the financial statements of UConn Health. They are responsible for auditing its financial operations and their opinion appears in this report.

Established in 1961, with a mission of teaching, research, and patient care. UConn Health is Connecticut’s only public academic medical center. It is comprised of UConn School of Medicine, School of Dental Medicine and their associated Education Clinics, a Research Enterprise, John Dempsey Hospital (the Hospital), UConn Medical Group (UMG), and the University of Connecticut Finance Corporation (Finance Corporation) and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging, LLC (UHI), on the campus in Farmington. There are additional clinical care community locations throughout the State.

UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness and health to the maximum attainable levels. UConn Health consistently pursues excellence and innovation in the education of health professionals; the discovery, dissemination, and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

With approximately 5,500 full-time employees (FTE’s), UConn Health is one of Connecticut’s largest employers and an important contributor to the local and regional economy. UConn Health’s campus in Farmington is situated on 211 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University’s main campus is in Storrs, about 30 miles east of Hartford.) UConn Health’s campus includes 26 buildings totaling close to 2.8 million total square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, UConn Health offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals. Combined degree programs, such as the M.D./Ph.D., D.M.D./Ph.D., Dental Clinical Specialty/Ph.D., and M.D./M.P.H. are also offered.

UConn Health is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which has led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn Health's dental students with an especially solid foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry). School of Dental Medicine students have a long history of outstanding performance on the National Boards.

UConn Health is Connecticut's number one producer of medical and dental professionals. It is the largest single source of new physicians and surgeons for the State and a significant source of trained scientists and public health experts. For more than 50 years we've been training the State's health care workforce, with UConn-educated doctors and trainees continuing to make their mark on the communities they serve; many right here in Connecticut.

Each year at UConn Health, approximately 450 students work toward the medical doctor's degree and 200 toward the doctor of medical dentistry degree. Admission to each school is highly competitive but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 600 newly graduated D.M.D. and M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as surgical specialties, internal medicine, and primary care. Some of the residency training occurs on UConn Health's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending UConn Health's positive impact on the region.

Research Programs

As one of 226 Academic Medical Centers associated with a public university, research remains a core mission at UConn Health. The strength of UConn Health's research attracts high quality students as well as nationally and internationally recognized researchers in Neuroscience, Molecular Biology and Biochemistry, Psychiatry, Cell Physiology, Biomedical Engineering, Genetics, Immunology, Regenerative Medicine, Childhood Development and other fields related to human health and wellbeing. UConn Health is home to The Alcohol Research Center, the longest-funded center at the National Institute on Alcohol Abuse and Alcoholism (NIAAA) and one of only twenty-two such federally supported centers in the country. The Claude D. Pepper Older Americans Independence Center is one of just fifteen centers for geriatric research and education funded by the National Institute on Aging. UConn Health also has several federally supported training grants to educate the next generation of researchers, including a training grant for Skeletal, Craniofacial and Oral Biology that has been funded for over 40 years. The Jackson Laboratory has partnered with UConn Health for a training grant related to Genomic Science. Awards to UConn Health exceeded \$100.0 million in five of the last six years, with awards in fiscal year 2025 totaling more than \$112.5 million.

Health Care Services

Through John Dempsey Hospital (247 certified general acute care beds and 10 bassinets, 248 staffed), UConn Health provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular (interventional cardiology and surgery), cancer, musculoskeletal services, neurosurgical care, stroke services, behavioral mental health services, as well as high-risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. UConn Medical Group, one of the largest medical practices in Greater Hartford, offers primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to grow volume, the challenges of the healthcare marketplace (recruitment, increased competition, supply chain disruption, malpractice costs, and low reimbursement) are continuing challenges. John Dempsey Hospital's financial health is also directly affected by its size, bed distribution, low reimbursement rate for services provided as part of its public mission, and cost factors resulting from its status as a state entity.

Connecticut Health

UConn Health faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city, and town governments, community-based organizations, and the public to serve the under/uninsured by providing better medical care and health education. UConn Health is committed to finding new and effective ways to reach out to the public as part of our ongoing effort to bring a better quality of life to all our citizens.

Pandemic Funding

UConn Health has received aid from a number of governmental and other sources throughout the pandemic. Notably, UConn Health received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief Fund (CRF), and from the Federal Emergency Management Agency (FEMA). Funding received came from both general and targeted distributions. Targeted distributions were made to physician practices based on, among other metrics, the total number of COVID-19 positive patients treated. Funds received under this program carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. UConn Health believes it has met these requirements. UConn Health continues to receive funding under the American Rescue Plan Act via the State of Connecticut. These funds are reported on the Statement of Revenues, Expenses, and Changes in Net Position as part of federal grants and contracts. Amounts received under this program are summarized below:

	2025	2024	2023
		(\$ in thousands)	
American Rescue Plan Act (ARPA)	\$ 54,886	\$ 51,500	\$ 72,700

Economic Condition

Connecticut's revenues exceeded expenses at the State level, resulting in a fiscal year 2025 surplus. In June 2025, the State's biennial budget for fiscal years 2026 and 2027 were approved by Public Act 25-168 (HB-7287) and signed into law by the Governor. The approved appropriations for UConn Health were \$143.5 for fiscal year 2026 and \$139.3 million for fiscal year 2027. The specific allocation of the appropriations is listed below.

Program Description	2026	2027
	(\$ in thousands)	
Operating Expenses	\$ 141,700	\$ 135,500
Endometriosis Program	1,015	1,015
Neuromodulation Treatment	-	2,000
Area Health Education Centers (AHEC)	430	430
Poison Control	178	178
Migraine Study	150	150
Total	<u>\$ 143,473</u>	<u>\$ 139,273</u>

UConn Health's approved fiscal 2026 budget experienced a reduction in state support which resulted in a projected loss of \$61.8 million. The projected loss is planned to be offset by \$15.1 million of budget stabilization funds (fiscal year 2025 unrestricted fund balances) and \$46.7 million of mitigation plans (cost savings and revenue enhancements). No assurance can be made that the State will not further change fiscal year 2026 funding prior to the end of the fiscal year. Potential State funding cuts are expected to be managed by UConn Health through reduced hiring, reduced operating costs, fewer projects and/or other deficit mitigation efforts. Any remaining projected deficit will be funded through the use of unrestricted reserves. Changes at the State level may impact State support and UConn Health's overall results. UConn Health remains in constant contact with the State to monitor trends and needs.

UConn Health remains focused on protecting academic excellence, delivering strong student support, providing excellent patient care, and supporting the research mission.

Awards and Acknowledgements

Thanks to the dedication, hard work, and teamwork of UConn Health's over 5,500 employees, Connecticut's only public academic medical center has achieved another record-breaking year of growth and success.

UConn Health now has 22 patient care locations in 11 towns, providing care to more patients than ever before. Listed below are some of the results:

- 1.6+ Million Patient Encounters
- 17,000+ Hospital Discharges
- 14,000+ Surgeries
- 59,000+ Emergency Department Visits
- 82,200+ Dental Visits
- 39,900+ Prescriptions

The Hospital's emergency room continues to experience record-high patient volumes, many requiring admission. To meet this growing demand hospital beds were added bringing the total licensed beds to 257 beds.

Our research enterprise also continues to be robust. The School of Medicine was awarded last year over \$101.0 million in research funding, including \$47.2 million from National Institutes of Health (NIH). In addition, our School of Dental Medicine was awarded over \$10.8 million in research funding, including \$10.0 million from the NIH and other federal agencies including the Department of Defense. Research across both schools continues to drive innovation, discovery, and translational science that benefits patients across Connecticut and beyond.

UConn Health remains Connecticut's top producer of medical and dental professionals and a key contributor to the state's scientific and public health workforce.

- Home to Connecticut's only public medical and dental schools and New England's only public dental school.
- More than 800 medical and dental residents train and serve in central Connecticut hospitals.
- 65% of all practicing dentists and 30% of practicing physicians in Connecticut were educated or trained at UConn Health.

Fiscal year 2025 was another year of national accolades recognizing UConn Health's excellence in quality, safety and patient experience. Some of those wins are listed below:

- Fourth consecutive year ranked by Newsweek as a World's Best Hospital.
- The only hospital in Connecticut recognized by Newsweek for Best in State Hospital and excellence in patient experience.
- Leapfrog, the national patient safety watchdog group, awarded our tenth consecutive top 'A' patient safety rating.
- The Health Grades' Outstanding Patient Experience Award makes us best among the top 10% of hospitals nationwide.
- Received Women's Choice Ten Best Hospital awards.
- The only hospital in Connecticut to receive the top five ribbon designation and Best Maternity Hospital by Newsweek.
- The American Heart Association for the ninth consecutive year honored us with Get With The Guidelines® — Stroke Gold Plus designation.
- For the eleventh consecutive year awarded the Mission: Lifeline®-STEMI Receiving Center – Gold award for heart attack care excellence.
- The only Connecticut hospital receiving the top highest five stars in Connecticut patient recommendations in the latest data of the Centers for Medicare & Medicaid Services (CMS).
- Accreditation from American College of Emergency Physicians: Geriatric Emergency Department.

- Age-Friendly Health System recognition from John A. Hartford Foundation and IHI.

UConn Health continues to lead in advanced technologies and innovative care including:

- First and only hospital in Connecticut offering Vagus Nerve Stimulation (VNS) for ischemic stroke recovery; the State of Connecticut established a UConn Health Neuromodulation Center of Excellence for Veteran access.
- AI-driven lung cancer detection with Optellum's Virtual Nodule Clinic, identifying early lung nodules using natural language processing and CT scan analysis.
- Dragon Ambient Experience (DAX™) AI transcription system enables near real-time documentation in Epic, reducing provider administrative burden.

UConn Health continues to expand its care and service to Connecticut. In 2025, we successfully:

- Opened a new home for the New England Sickle Cell Institute and Connecticut Bleeding Disorders Center a 12,840 sq. ft. state-of-the-art space at John Dempsey Hospital.
- Elevated the Division of Neurosurgery to full Department status within the School of Medicine.
- Joined the Value Care Alliance, partnering with Connecticut health systems to improve quality and reduce costs.
- Partnered with the Hospital for Special Care to expand dental care access for patients with special needs.

Public service is the foundational mission of UConn Health. A few of our major initiatives this past year with a significant community impact include:

- Project SEARCH (Favarh) celebrated its 10th graduating cohort, helping more than 60 adults with intellectual or developmental disabilities achieve meaningful employment since 2016.
- As official healthcare provider for UConn Athletics, UConn Health supported the Coaches vs. Cancer game, offering free cancer screenings and promoting early detection.
- Through the Linda Clemens Breast Cancer Foundation, UConn Health continues to provide free mammograms to uninsured and underinsured women, supporting early detection and prevention.
- Held the first-ever UConn Hunger Symposium.

Our researchers continue their impressive cutting-edge clinical trials, high-impact study publications, and research breakthroughs. A few of the many highlights from this past year include:

- Cancer Prevention Research (April edition): UConn-led clinical trial shows walnut consumption reduces inflammation and colon cancer risk.
- Eagles Autism Foundation awarded \$400,000 to UConn's autism research program, one of 22 selected nationwide.

- In Nature Neuroscience, new scientific clue about what leads to devastating neurodegenerative diseases like Alzheimer's disease, amyotrophic, lateral sclerosis (ALS) and frontotemporal degeneration (FTD).
- Research on next-generation weight loss therapies exploring myostatin and activin A pathways for obesity regulation.
- Journal Experimental Neurology UConn researchers have discovered a potential treatment for common causes of blindness.

Building on a foundation of excellence, UConn Health continues to advance care, discovery and learning. Our faculty, researchers, and staff remain the driving force behind our growth and impact delivering outstanding service to patients, advancing scientific knowledge and strengthening Connecticut's health care system.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Jeffrey P. Geoghegan".

Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance and Chief Financial Officer
UConn and UConn Health

Directors and Financial Officers As of June 30, 2025

Board of Directors

Members at Large

Dr. Kenneth Alleyne	<i>Bloomfield</i>
Francis X. Archambault, Jr.	<i>Hartford</i>
Richard M. Barry	<i>Avon</i>
Richard T. Carbray, Jr.	<i>Rocky Hill</i>
Cheryl A. Chase	<i>Hartford</i>
Britt-Marie Cole-Johnson	<i>Hartford</i>
Geoffrey Matous	<i>West Hartford</i>
Tim Shannon	<i>Stamford</i>

Appointed by the Governor

Patricia Baker	<i>Cheshire</i>
Joel Freedman	<i>South Glastonbury</i>

Members Ex Officio

Radenka Maric	<i>West Hartford</i>
Charlene Casamento	<i>Hartford</i>
Manisha Juthani	<i>New Haven</i>

Appointed by Chairperson, Board of Trustees

John Driscoll	<i>Stamford</i>
Andy F. Bessette	<i>West Hartford</i>
Mark L. Boxer	<i>Glastonbury</i>

FINANCIAL OFFICERS

Jeffrey P. Geoghegan, CPA, Executive Vice President for Finance and Chief Financial Officer
UConn and UConn Health
Chad A. Bianchi, CPA, Controller UConn Health

TRUSTEES As of June 30, 2025

Board of Trustees

Members ex officio

The Honorable Ned Lamont
Governor of the State of Connecticut
President ex officio *Hartford*

The Honorable Bryan Hurlburt
Commissioner of Agriculture
Member ex officio *Hartford*

The Honorable Daniel O'Keefe
Commissioner of Economic
and Community Development
Member ex officio *Hartford*

The Honorable Charlene M. Russell-Tucker
Commissioner of Education
Member ex officio *Hartford*

John P Driscoll
Chair, UConn Health Board of Directors
Member ex officio *Stamford*

Elected by the Alumni

Jeanine A. Gouin *Durham*

Bryan K. Pollard, Secretary *Middletown*

Appointed by the Governor

Daniel D. Toscano, *Chairman* *Darien*
Andrea Dennis-LaVigne,
Vice-Chair *Simsbury*

Trisha M. Bailey *Orlando, FL*

Andy F. Bessette *West Hartford*

Mark L. Boxer *Glastonbury*

Charles F. Bunnell *Waterford*

Shari G. Cantor *West Hartford*

Marilda L. Gandara *Hartford*

Denis J. Nayden *Jupiter, FL*

Kevin J. O'Connor *Greenwich*

Thomas D. Ritter *Hartford*

Philip E. Rubin *Fairfield*

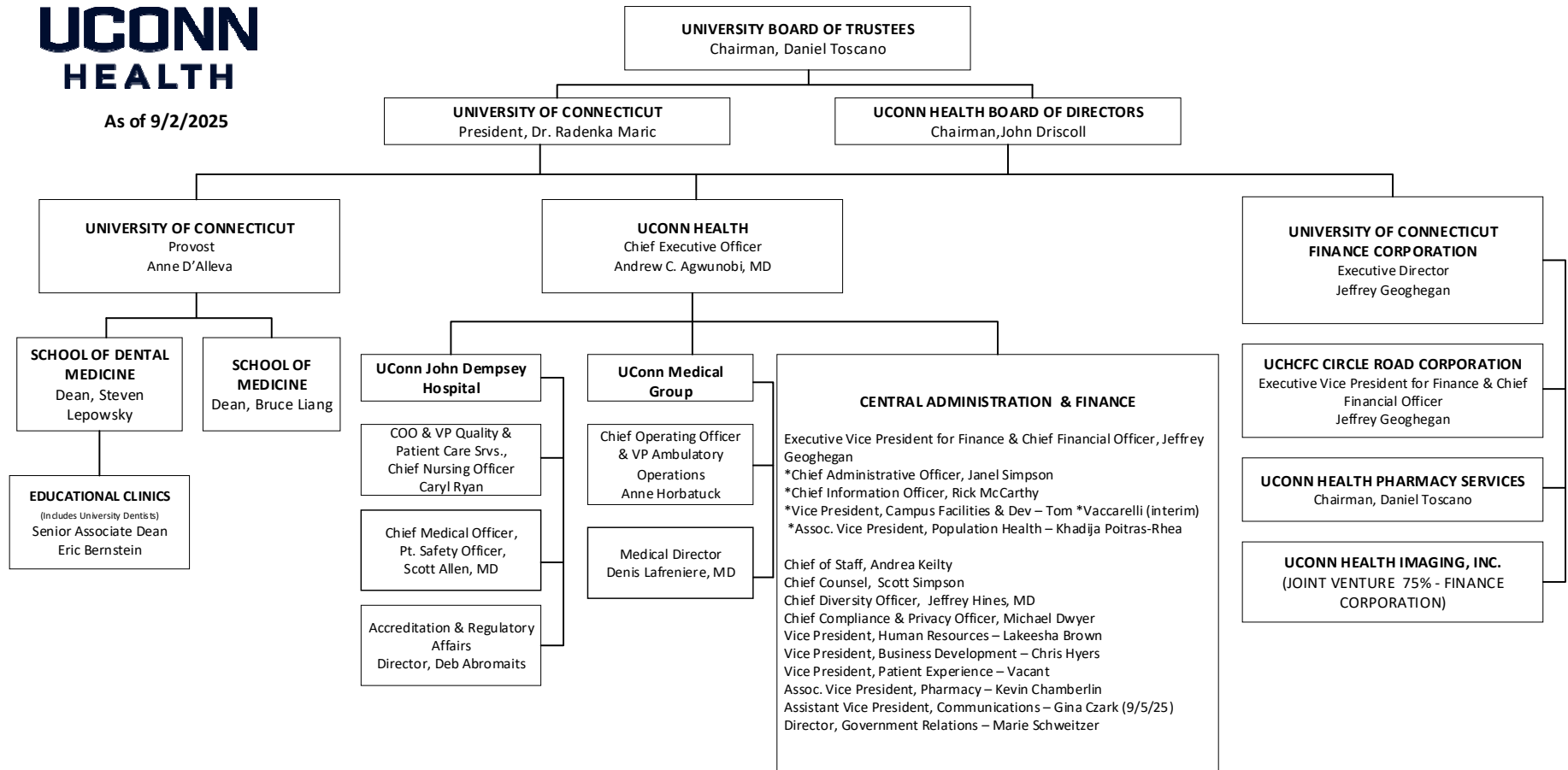
Elected by the Students

Sean K. Dunn *Storrs*

Fabio R. Saccomanno *West Hartford*



As of 9/2/2025



*Reporting to Jeffrey Geoghegan

FINANCIAL SECTION

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

Board of Directors of the
University of Connecticut Health Center

Opinions

We have audited the accompanying financial statements of the business-type activities of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health, and the University of Connecticut Foundation, Inc., which consist of the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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 business-type activities of UConn Health, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit:

- The financial statements of John Dempsey Hospital, which represents 46.3% of the assets and 55.4% of the revenues of UConn Health;
- The financial statements of UConn Medical Group, which represents 10.9% of the assets and 10.7% of the revenues of UConn Health; and
- The financial statements of the Finance Corporation, which represents 17.8% of the assets and 14.1% of the revenues of UConn Health.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the John Dempsey Hospital, UConn Medical Group, and the Finance Corporation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UConn Health, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2024, UConn Health adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Notes 1 and 17 to the financial statements, in accordance with Public Act 23-204, UConn Health no longer contributes to the state administered pension and OPEB plans for eligible employees through a fringe benefits assessment as those costs are now fully funded by the state. As of June 30, 2025, UConn Health no longer recognizes pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

-
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn Health's internal control. Accordingly, no such opinion is expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
 - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability and related ratios, the Schedule of UConn Health's Pension Contributions, the Schedule of UConn Health's Proportionate Share of the Net OPEB Liability and related ratios, and the Schedule of UConn Health's OPEB Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise UConn Health's basic financial statements. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the consolidating financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

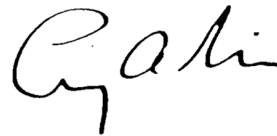
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



John C. Geragosian
State Auditor



Craig A. Miner
State Auditor

December 5, 2025

State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center ("UConn Health") for the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center ("UConn Health").

The financial statements presented here represent the transactions and balances of UConn Health only. UConn Health offers medical and dentistry degrees as well as operating a physician/dentist practice and a teaching and research hospital. UConn Health's component parts are the School of Medicine, the School of Dental Medicine (and its associated Educational Clinics), a Research Enterprise, UConn Medical Group (UMG), the Finance Corporation (and its subsidiaries University of Connecticut Health Finance Corporation Circle Road Corporation (Circle Road Corporation), UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI) a joint venture, and John Dempsey Hospital ("the Hospital"). UConn Health's enrollment in fiscal year 2025 was 470 students in the School of Medicine, 206 in the School of Dental Medicine, and 312 Graduate students, taught by over 630 faculty members. UConn Health finished fiscal year 2025 with 5,485 full-time employees. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. The Hospital has 247 certified general acute care beds and 10 bassinets (248 staffed). In fiscal year 2025, adjusted patient days (a measure of total hospital volume) were 190,320, a 11.3% increase from the prior year. During 2025, UMG had 971,718 unique patient visits, a 6.2% increase.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of UConn Health for the fiscal year ended June 30, 2025, based on currently known facts, decisions, and conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis and the financial statements. The basic financial statements (statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements) present the financial position of UConn Health as of June 30, 2025, and the results of operations and financial activities for the fiscal year then ended. These statements report information about UConn Health using accounting methods similar to those used by private-sector companies. The statement of net position includes all of UConn Health's assets, liabilities, and deferred inflows. The statement of revenues, expenses and changes in net position reflects the fiscal year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. This statement reports UConn Health's net assets and how they have changed. Net position (the difference between assets and liabilities) is one way to measure financial health or position. The statement of cash flows provides relevant information about each fiscal year's cash receipts and cash

payments and classifies them as to operating, investing, noncapital financing, and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data. Included in the statements are supplementary schedules which are not required but help to provide additional information to the reader.

FINANCIAL HIGHLIGHTS

UConn Health's financial position at June 30, 2025, consisted of assets of \$1.4 billion and liabilities of \$500.7 million. Net assets, which represent the residual interest in UConn Health's assets after liabilities and deferred inflows are deducted, increased \$2,361.9 million in fiscal year 2025 after non-operating and other changes in net position. The changes were primarily driven by the derecognition of balances related to pension and other post-employment benefits (OPEB), which are now fully assumed by the State of Connecticut (State).

The financial statements contained herein show an operating loss of \$220.0 million for the year ending June 30, 2025 (fiscal year 2025). The measure more indicative of normal and recurring activities is net income (loss) before other changes in net position, which includes revenue from State appropriations. Additions to capital assets are, in large part, funded by capital appropriations from the State and issuance of UCONN 2000 bond funds (included in the other changes in net position above), which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income (loss), so a loss under this measurement is expected. UConn Health reported a loss before other changes in net position of \$18.2 million in fiscal year 2025.

Some sources of recurring operating and non-operating revenues increased in 2025. Net patient revenues increased \$127.4 million from the prior year from increased volume. State support, including state-funded capital appropriations, decreased by \$20.9 million in fiscal year 2025. The decrease is primarily attributed to legislative changes effective July 1, 2024. The change resulted in UConn Health no longer contributing for retirement and OPEB. These changes led to a reduction of in-kind fringe recognition.

STATEMENTS OF NET POSITION

The summary statements of net position below present the financial position of UConn Health at the end of the fiscal years 2025 and 2024. The statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of UConn Health. Net position represents assets plus deferred outflows, less liabilities and deferred inflows.

Assets represent what is owned by or what is owed to UConn Health while liabilities represent what is owed by UConn Health. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

Total assets of UConn Health decreased by \$725.4 million, or 34.1%, from the prior year. The decrease was result of the removal of deferred outflow of resources related to pension and OPEB balances.

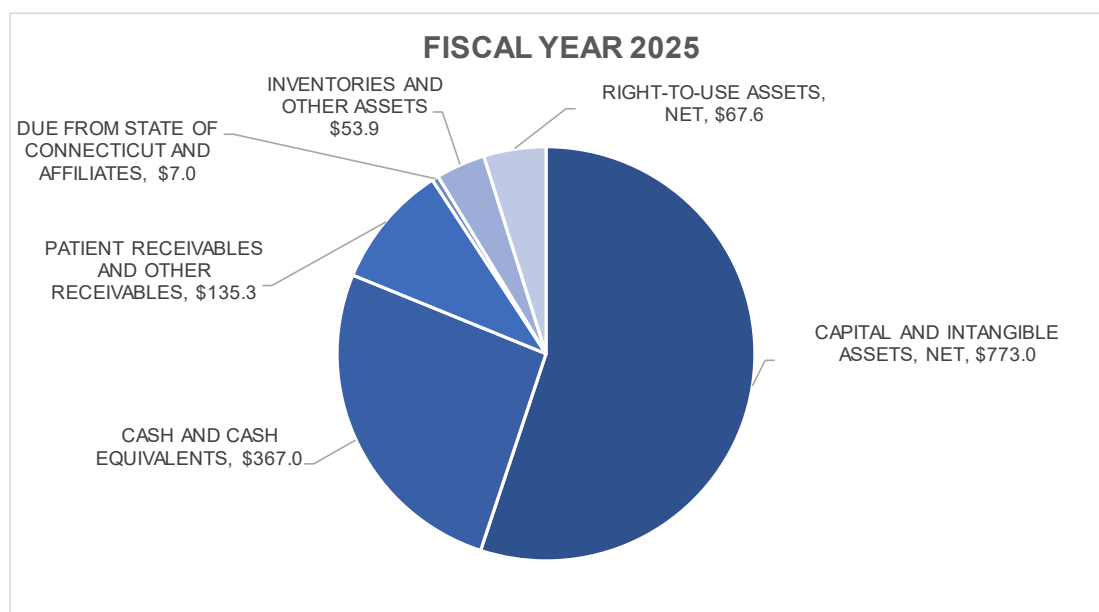
Total liabilities, including the deferred inflow of resources, decreased by \$3,087.3 billion from 2024. The driver of that was the derecognition of pension and OPEB liabilities as the State assumed responsibility for retiree costs.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows, after liabilities and deferred inflows are deducted. The change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

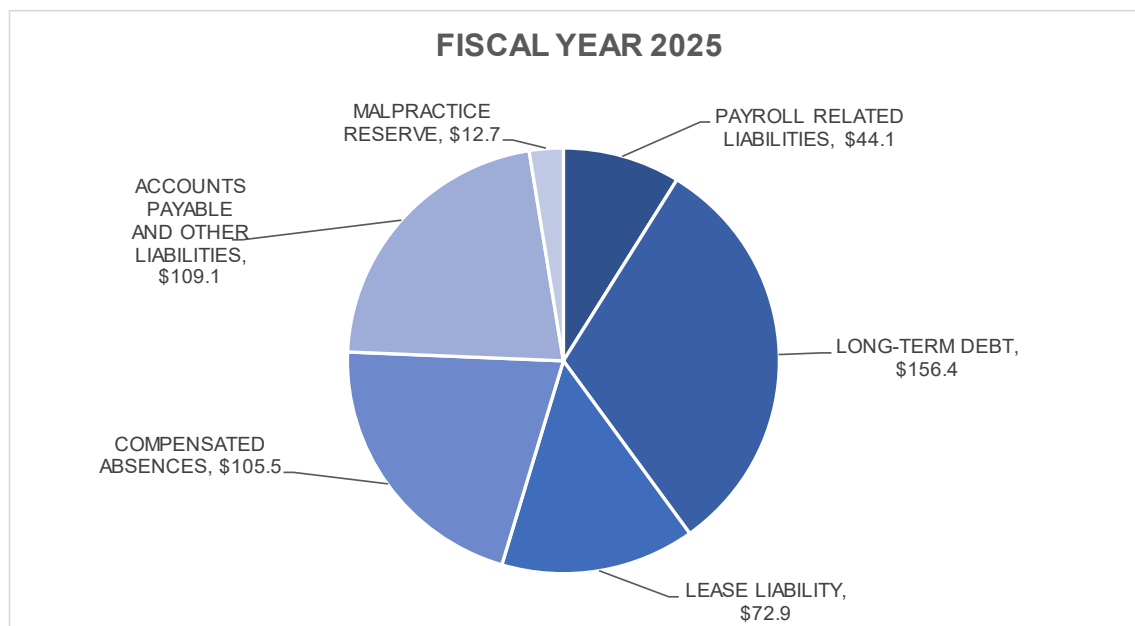
The following table shows a condensed schedule of net position as of June 30, 2025 and 2024:

	2025	2024	\$ Change	% Change
		(\$ in millions)		
Assets:				
Current assets	\$ 490.5	\$ 497.9	\$ (7.4)	-1.5%
Right-to-use assets, net	67.6	70.5	(2.9)	-4.1%
Capital and intangible assets, net	773.0	795.4	(22.4)	-2.8%
Other noncurrent assets	72.7	26.8	45.9	171.3%
Total assets	\$ 1,403.8	\$ 1,390.6	\$ 13.2	0.9%
Deferred outflows of resources	\$ -	\$ 738.6	\$ (738.6)	-100.0%
Liabilities:				
Current liabilities	\$ 245.9	\$ 194.8	\$ 51.1	26.2%
Noncurrent liabilities	254.8	2,628.1	(2,373.3)	-90.3%
Total liabilities	\$ 500.7	\$ 2,822.9	\$ (2,322.2)	-82.3%
Deferred inflows of resources	\$ 14.0	\$ 779.1	\$ (765.1)	-98.2%
Net position:				
Net investment in capital assets	\$ 611.3	\$ 620.1	\$ (8.8)	-1.4%
Restricted nonexpendable	0.1	0.1	(0.0)	0.0%
Restricted expendable	41.5	16.5	25.0	151.5%
Unrestricted	235.5	(2,110.0)	2,345.5	-111.2%
Minority interest - Uconn Health Imaging, LLC	0.7	0.5	0.2	40.0%
Total net position	\$ 889.1	\$ (1,472.8)	\$ 2,361.9	-160.4%

The following graph shows total assets of \$1.4 billion by major category as of June 30, 2025 (\$ in millions):



The following graph shows total liabilities of \$500.7 million by major category as of June 30, 2025 (\$ in millions):



Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, represents UConn Health's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on UConn Health's statement of net position. Expendable restricted net position is available for expense by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to UConn Health for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic, clinical and research programs, capital programs, and auxiliary enterprise activities. Also included as unrestricted net position is the minority interest represents the twenty-five percent stake in UHI belonging to Finance Corporation's partner. The statement of net position presents assets, liabilities, deferred inflows of resources, and net position of UConn Health as of the end of the fiscal year. The statement of net position is a point in time financial statement and is used as a measure of the financial condition of UConn Health. This statement presents a snapshot concerning assets, classified as current (expected to be available for use within one year) and noncurrent (expected to be available after one year), liabilities, categorized as current (expected to mature and due within one year), and noncurrent (expected to mature and became due after one year), inflows and net position.

Assets represent what is owned by or what is owed to UConn Health, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost net of accumulated depreciation and amortization and inventory which is valued using a mix of valuation measures. Liabilities represent what is owed to others or what has been received from others prior to services being provided by UConn Health. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted. Changes in net position over time are a relative indicator of UConn Health's financial health.

The following table demonstrates the effects of GASB 68 and GASB 75 on UConn Health's net position for the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(\$ in millions)			
Net Position				
Net investment in capital assets	\$ 611.3	\$ 620.1	\$ (8.8)	-1.4%
Restricted nonexpendable	0.1	0.1	-	0.0%
Restricted expendable	41.5	16.5	24.9	151.5%
Unrestricted	235.5	(2,110.0)	2,345.5	-111.2%
Minority interest - UConn Health Imaging, LLC	0.7	0.5	0.2	40.0%
Total net position	889.1	(1,472.8)	2,361.9	-160.4%
Pension (GASB 68) impact	-	845.4	(845.4)	-100.0%
OPEB (GASB 75) impact	-	1,561.8	(1,561.8)	-100.0%
Net position, excluding pension and OPEB	<u>\$ 889.1</u>	<u>\$ 934.4</u>	<u>\$ (45.3)</u>	<u>-4.8%</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents either an increase or decrease in net position based on revenues received, the expenses paid, and any other gains and losses recognized by UConn Health. Revenues and expenses are classified as operating, non-operating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of UConn Health. Operating expenses are incurred in the normal operation of UConn Health and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for allocated depreciation and amortization of property and equipment. The difference between operating revenues and expenses is the operating income or loss.

By its very nature, a state-funded institution does not receive tuition and fees revenue, research awards or clinical program revenue sufficient to support its operations. Non-operating revenues are revenues received for which goods and services are not exchanged. These revenues are essential to the continued provision of programs and services by UConn Health. Significant recurring sources of non-operating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State), gifts, donations, and investment income.

Other changes in net position are composed of capital appropriations and contributions from minority interest in UHI.

The statements of revenues, expenses, and changes in net position present UConn Health's results of operating and non-operating activities. A summary of UConn Health's revenues, expenses, and changes in net assets for the years ended June 30, 2025 and 2024 is presented below:

Operating revenues:	2025	2024	\$ Change	% Change
	(\$ in millions)			
Student tuition and fees (net of scholarship allowances)	\$ 27.6	\$ 24.8	\$ 2.8	11.3%
Patient services and pharmaceutical revenues (net of charity care)	1,092.7	965.3	127.4	13.2%
Federal grants and contracts	87.9	90.1	(2.2)	-2.4%
Nonfederal grants and contracts	31.6	28.6	3.0	10.5%
Contract and other operating revenues	169.2	150.7	18.5	12.3%
Total operating revenues	1,409.0	1,259.5	149.5	11.9%
Operating expenses:				
Instruction	198.6	205.3	(6.7)	-3.3%
Research	70.1	72.7	(2.6)	-3.6%
Patient services	1,000.4	1,077.1	(76.7)	-7.1%
Academic support	21.7	22.8	(1.1)	-4.8%
Institutional support	215.7	195.2	20.5	10.5%
Operations and maintenance of plant	34.7	30.6	4.1	13.4%
Depreciation and amortization	87.7	89.4	(1.7)	-1.9%
Student aid	0.1	0.0	0.1	100.0%
Total operating expenses	1,629.0	1,693.1	(64.1)	-3.8%
Operating Loss	(220.0)	(433.6)	213.6	-49.3%
Nonoperating revenues (expenses):				
State appropriations	138.9	151.8	(12.9)	-8.5%
Gifts	5.8	6.4	(0.6)	-9.4%
Federal and State aid	54.9	51.5	3.4	6.6%
Loss on disposal	(0.5)	(0.2)	(0.3)	150.0%
Interest income	0.2	0.1	0.1	100.0%
Lease revenue	2.3	2.4	(0.1)	-4.2%
Investment income (net of investment expense)	11.7	14.0	(2.3)	-16.4%
Interest on capital asset - related debt	(11.5)	(11.3)	(0.2)	1.8%
Net nonoperating revenues	201.8	214.7	(12.9)	-6.0%
Loss before other changes in net position	(18.2)	(218.9)	200.7	-91.7%
Other changes in net position:				
Capital appropriations	13.0	21.0	(8.0)	-38.1%
Derecognition of pension and OPEB balances	2,407.2	-	2,407.2	100.0%
Contributions - minority interest UConn Health Imaging, LLC	0.2	0.7	(0.5)	-71.4%
Net other changes in net position	2,420.4	21.7	2,398.7	11053.9%
Increase (Decrease) in net position	2,402.2	(197.2)	2,599.4	-1318.2%
Net position-beginning of year (as previously stated)	(1,472.8)	(1,275.6)	(197.2)	15.5%
Cumulative effect of implementing GASB 101	(40.3)	-	(40.3)	100.0%
Net position-beginning of year (restated)	(1,513.1)	(1,275.6)	(237.5)	18.6%
Net position-end of year	\$ 889.1	\$ (1,472.8)	\$ 2,361.9	-160.4%

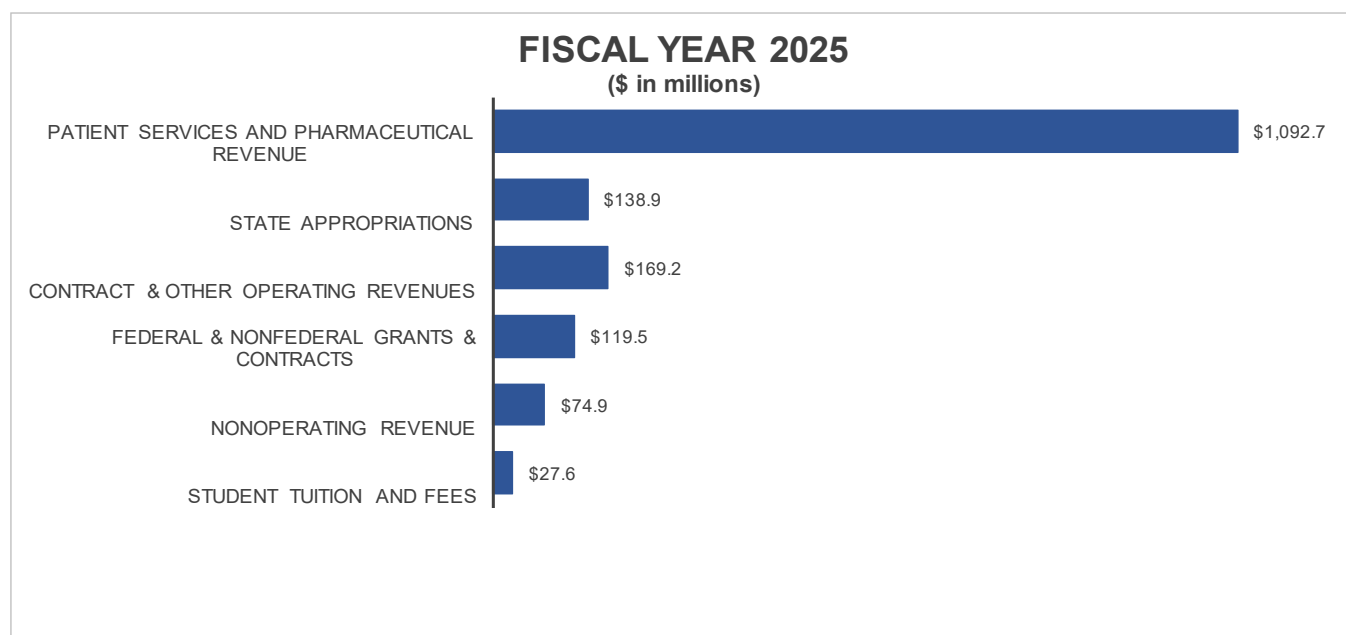
Revenue

Highlights for the year ending June 30, 2025, including operating and non-operating revenues, presented on the statements of revenues, expenses, and changes in net position are as follows:

UConn Health's primary source of revenue was patient service and pharmaceutical revenue. Net revenue from these services increased \$127.4 million or 13.2% compared to the prior fiscal year. The increase is attributed to higher volumes along with certain payor contract increases made in fiscal year 2025. UHPSI contributed approximately \$41.3 million of the growth by continuing to provide pharmaceuticals to patients, primarily through UConn Health's affiliated clinics.

The State appropriation, which is included in non-operating revenues, totaled \$138.9 million.

The following graph shows UConn Health's total operating and nonoperating revenues by category, excluding other changes net position (\$ in millions):

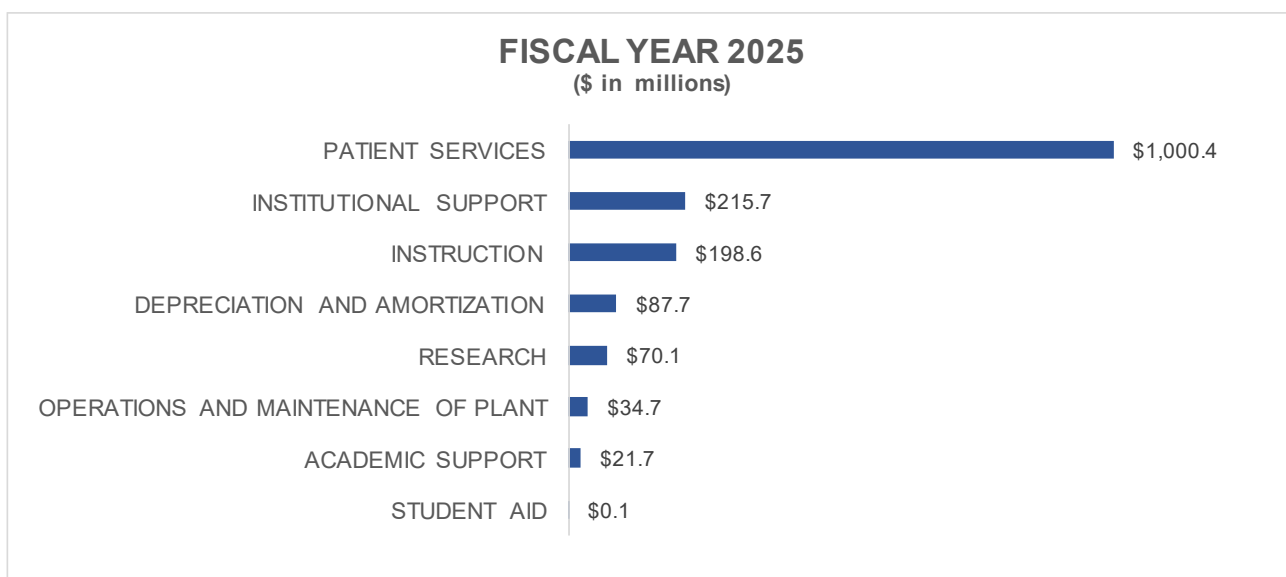


Expenses

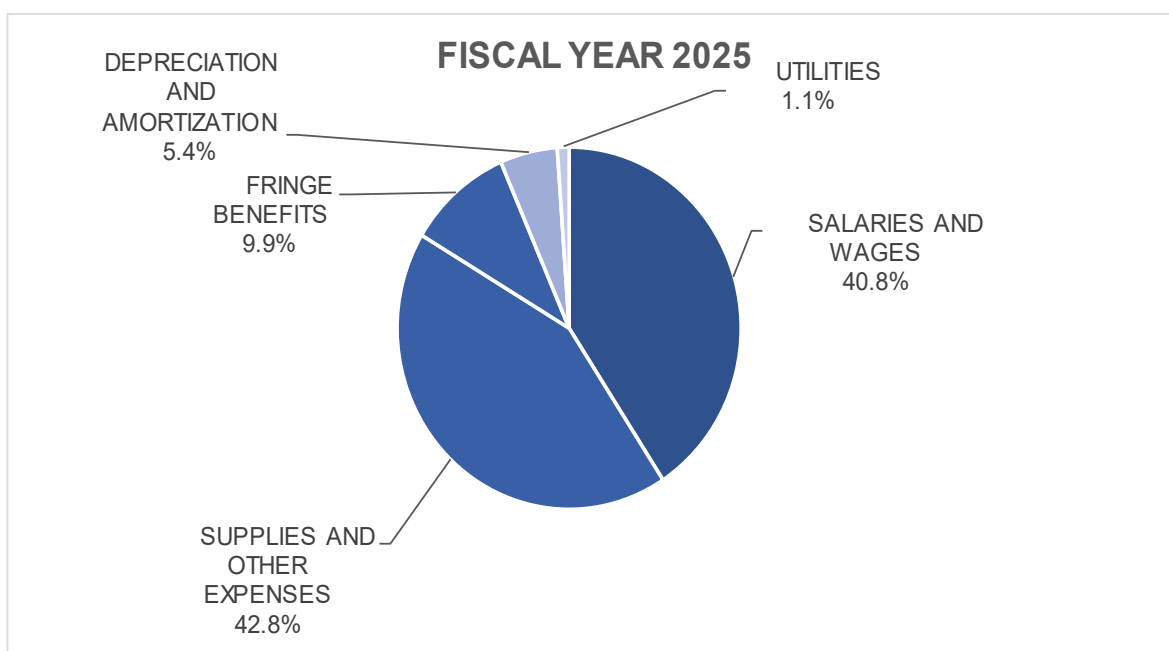
Highlights of expenses including operating and non-operating expenses presented on the statements of revenues, expenses and changes in net position are as follows:

Patient service expense is the largest expense category for UConn Health; accounting for 61.4% of total operating expenses. It decreased by \$76.7 million or 7.1% from the prior fiscal year. The decrease is attributed to the derecognition of pension and OPEB costs due to a legislative change related to the funding of retirement-related fringe benefits. See note 17 for additional information.

The following graph shows the functional expenses of UConn Health:



UConn Health's operating expenses by natural classification are as presented below:



STATEMENTS OF CASH FLOWS

The statements of cash flows present detailed information about the cash activity of UConn Health during the fiscal year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the statement of revenues, expenses, and changes in net position. The difference results from non-cash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the statement of revenues, expenses, and changes in net position. The statements of cash flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statements of Cash Flows has four additional sections. The second section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The third section reflects cash flows from non-capital financing activities including state appropriations, debt transactions, gifts, and other non-operating revenues and expenses. The fourth section shows cash flows from capital and related financing activities. The final section is a reconciliation of the operating loss shown on the statement of revenues, expenses, and changes in net position to net cash used in operating activities.

The statements of cash flows provides additional information about UConn Health's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2025 and 2024, is as follows:

	2025	2024	\$ Change	% Change
	(\$ in millions)			
Cash received from operations	\$ 1,415.1	\$ 1,250.9	\$ 164.2	13.1%
Cash expended for operations	(1,532.8)	(1,405.2)	(127.6)	9.1%
Net cash used in operating activities	(117.7)	(154.3)	36.6	-23.7%
Net cash provided by investing activities	9.7	14.0	(4.3)	-30.7%
Net cash provided by noncapital financing activities	199.6	209.7	(10.1)	-4.8%
Net cash used in capital and related financing activities	(59.3)	(39.8)	(19.5)	49.0%
Net increase in cash and cash equivalents	32.3	29.6	2.7	9.1%
Cash and cash equivalents, beginning of the year	334.7	305.1	29.6	9.7%
Cash and cash equivalents, end of the year	\$ 367.0	\$ 334.7	\$ 32.3	9.7%

CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets along with right-to-use assets, net of accumulated depreciation and amortization, consisted of the following as of June 30, 2025 and 2024:

	2025	2024	\$ Change	% Change
		(\$ in millions)		
Land	\$ 13.5	\$ 13.5	\$ -	0.0%
Construction in progress	24.2	38.8	(14.6)	-37.6%
Fine art	1.4	1.3	-	-1.4%
Buildings and building improvements	1,314.4	1,278.3	36.1	2.8%
Equipment	292.0	290.8	1.2	0.4%
Computer software	83.2	78.2	5.0	6.4%
Equipment - financed	0.1	0.1	-	0.0%
Less accumulated depreciation	(955.8)	(905.7)	(50.1)	5.5%
Capital assets, net	<u>\$ 773.0</u>	<u>\$ 795.3</u>	<u>\$ (22.4)</u>	<u>-2.8%</u>

	2025	2024	\$ Change	% Change
		(\$ in millions)		
Right-to-use assets building	\$ 60.5	\$ 58.3	\$ 2.2	3.8%
Right-to-use assets equipment	36.9	33.9	3.0	8.8%
Right-to-use assets subscriptions	39.8	35.4	4.4	12.4%
Less accumulated amortization	(69.6)	(57.2)	(12.4)	21.7%
Right-to-use assets, net	<u>\$ 67.6</u>	<u>\$ 70.4</u>	<u>\$ (2.8)</u>	<u>-4.0%</u>

Construction in progress decreased approximately \$14.6 million driven by continued progress on UCONN 2000 construction initiatives and the network upgrade project discussed in further detail in Notes 10 and 11 of the financial statements.

As mentioned above, the UCONN 2000 program has had a dramatic impact on our campus. This is the third phase of the program also known as 21st Century UCONN, which provides for improvements to facilities at the University and UConn Health. UConn Health has been allotted \$850.9 million over the life of this program. UConn Health.

UConn Health received \$13.0 million in capital appropriations during fiscal year 2025 from the General Obligation Bonds. The funds were used for equipment, library collections and telecommunications UConn Health's campus.

UConn Health's fiscal year 2026 capital funding requests will be presented to the Capital Prioritization Committee for consideration and then presented to the CFO and CEO of UConn Health for final approval on an individual basis.

DEBT ACTIVITIES

UConn Health continued to make scheduled debt payments on existing debt in fiscal year 2025. More detailed information about UConn Health's capital assets and debt activities are presented in Notes 10 and 11 of the financial statements.

FISCAL YEAR 2026 OUTLOOK

As we look ahead to fiscal year 2026, UConn Health is entering a period of thoughtful planning and strategic investment. The new biennium brings both budgetary challenges and significant opportunities to further strengthen our clinical enterprise. While federal and state governments continue to reassess healthcare and research spending, UConn Health is well positioned to adapt. Across the industry, scale, integration, and innovative risk-sharing models are reshaping care delivery, and UConn Health is actively preparing to take advantage of these trends.

Demand for our services continues to grow, reflecting strong community trust in UConn Health. To meet this need, JDH has added new operating room capacity and secured licensure for 23 additional inpatient beds, helping to ease census pressures and expand access. UMG continued its expansion of outpatient care, including the opening of a modern new facility in Simsbury. While capital resources are limited, these strategic investments demonstrate our commitment to serving Connecticut residents and strengthening our statewide presence. Strategic partnerships - including those in imaging and outpatient surgery - allow us to enhance services efficiently while managing competing capital needs. We continue to explore additional collaborations with public and private organizations to bring even more resources and options to the people of Connecticut.

At the State's request, UConn Health is also assessing potential partnerships with independent hospitals across the region. Building on the Cain Brothers report and informed by current market conditions, we are evaluating pathways for the State to achieve greater scale within the healthcare system - improving financial stability for smaller hospitals and expanding access to care. We are pursuing complementary partnership opportunities in ancillary clinical areas as well, ensuring we continue to grow in ways that benefit patients.

UConn Health's mission - research, education, patient care, and community service - remains as vital as ever. We are taking proactive steps to strengthen each of these pillars while preparing for possible changes in federal and state funding. Anticipated reductions in programs such as Medicaid and National Institutes of Health (NIH) research underscore the importance of accelerating efforts toward a self-sustaining clinical enterprise. These initiatives will help preserve access to comprehensive services and specialties that may not otherwise be available within the state.

Sound financial management and institution-wide initiatives, combined with additional State support, allowed UConn Health to outperform its fiscal year 2025 spending plan and carry funds forward into fiscal year 2026. While the conclusion of the American Rescue Plan Act (ARPA) introduces new fiscal pressures, UConn Health is confident in its ability to identify further efficiencies and structural improvements to maintain financial balance going forward.

The broader economic environment continues to evolve, but UConn Health views this period as one of opportunity. Innovation in healthcare policy, new technologies, and industry partnerships offer new avenues for growth and advancement. While inflation, labor dynamics, and regulatory changes require vigilance, we remain confident in our ability to adapt and continue serving as a reliable healthcare partner for our communities. Over the next one to two years, UConn Health expects to pursue new opportunities, respond nimbly to change, and advance our mission with a focus on long-term stability and growth.

Management will continue to monitor these and other factors over the upcoming year as it seeks to strengthen UConn Health for the future.

CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of UConn Health's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030.

FINANCIAL STATEMENTS

UCONN HEALTH
STATEMENT OF NET POSITION
As of June 30, 2025

	2025
	(\$ in thousands)
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 336,950
Patient receivables, net	92,472
Contract and other receivables	16,519
Funds held in escrow	272
Lease receivable - current portion (Note 5)	1,010
Due from Affiliates (Note 13)	6,959
Due from Department of Correction	10
Inventories	24,361
Prepaid expenses	11,971
Total current assets	<u>490,524</u>
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	30,040
Deposits with vendors	28,797
Other assets	519
Investment in CSC	180
Due from State of Connecticut	62
Lease receivable - net of current portion (Note 5)	13,086
Right-to-use assets, net (Note 10)	67,565
Capital and intangible assets, net (Note 10)	773,023
Total noncurrent assets	<u>913,272</u>
Total assets	<u><u>\$ 1,403,796</u></u>

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

UCONN HEALTH
STATEMENT OF NET POSITION (Continued)
As of June 30, 2025

	2025
	(\$ in thousands)
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 73,969
Due to State of Connecticut	9,087
Accrued salaries	35,040
Compensated absences - current portion (Note 11)	66,010
Due to third party payors	21,331
Due to Affiliates (Note 15)	11,174
Unearned revenue	2,638
Malpractice reserve (Note 11)	3,184
Right-to-use liabilities - current portion (Note 11)	16,133
Long-term debt - current portion (Note 11)	7,336
Total current liabilities	<u>245,902</u>
Noncurrent Liabilities	
Malpractice reserve (Note 11)	9,561
Compensated absences - net of current portion (Note 11)	39,471
Right-to-use liabilities - net of current portion (Note 11)	56,734
Long-term debt - net of current portion (Note 11)	149,089
Total noncurrent liabilities	<u>254,855</u>
Total liabilities	<u>\$ 500,757</u>
 Deferred inflows of resources right-to-use assets	 <u>\$ 13,989</u>
NET POSITION	
Net investment in capital assets	\$ 611,295
Restricted for	
Nonexpendable	
Scholarships	61
Expendable	
Research	2,519
Loans	467
Capital projects	38,564
Unrestricted	235,458
Minority interest - Uconn Health Imaging, LLC	686
Total net position	<u>\$ 889,050</u>

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

UCONN HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	2025
	(\$ in thousands)
OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$8,093)	\$ 27,594
Patient services and pharmaceutical revenues (net of charity care of \$14,430) (Notes 4 & 6)	1,092,695
Federal grants and contracts	87,936
Nonfederal grants and contracts	31,597
Contract and other operating revenues	169,195
Total operating revenues	<u>1,409,017</u>
OPERATING EXPENSES	
Educational and General	
Instruction	198,630
Research	70,080
Patient services	1,000,404
Academic support	21,671
Institutional support	215,652
Operations and maintenance of plant	34,730
Depreciation and amortization (Note 10)	87,660
Student aid	60
Total operating expenses	<u>1,628,887</u>
Operating loss	<u>(219,870)</u>
NONOPERATING REVENUES (EXPENSES)	
State appropriations (Note 15)	138,897
Gifts	5,816
Federal and State aid	54,886
Loss on disposal	(524)
Interest income	182
Lease revenue	2,255
Investment income	11,677
Interest on capital asset - related debt	(11,531)
Net nonoperating revenues	<u>201,658</u>
Loss before other changes in net position	<u>(18,212)</u>
OTHER CHANGES IN NET POSITION	
Capital appropriations (Note 13)	13,000
Derecognition of pension and OPEB balances (Note 17)	2,407,220
Contributions - minority interest -UConn Health Imaging, LLC	175
Net other changes in net position	<u>2,420,395</u>
Increase in net position	<u>2,402,183</u>
NET POSITION	
Net position-beginning of year	(1,472,855)
Cumulative effect of change in accounting method - GASB 101	(40,278)
Net position-beginning of year as restated	<u>(1,513,133)</u>
Net position-end of year	<u>\$ 889,050</u>

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

UCONN HEALTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	2025
	(\$ in thousands)
Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 1,079,255
Cash received from tuition and fees	27,594
Cash received from grants, contracts and other revenue	308,214
Cash paid to employees for personnel services and fringe benefits	(368,240)
Cash paid for other than personnel services	<u>(1,164,585)</u>
Net cash used in operating activities	<u>(117,762)</u>
Cash flows from investing activities:	
Investment in CSC	(180)
Investment in UHI	(1,777)
Interest received	<u>11,677</u>
Net cash provided by investing activities	<u>9,720</u>
Cash flows from noncapital financing activities:	
State appropriations	138,897
Federal and State aid	54,886
Gifts	<u>5,816</u>
Net cash provided by noncapital financing activities	<u>199,599</u>
Cash flows from capital and related financing activities:	
Additions to property and equipment	(49,161)
Capital appropriations	13,000
Interest paid	(12,557)
Interest Income	182
Lease revenue	2,335
Payments on right-to-use liabilities, net	(554)
Net borrowing/repayment from long-term debt	<u>(12,533)</u>
Net cash used in capital and related financing activities	<u>(59,288)</u>
Net increase in cash and cash equivalents	32,269
Cash and cash equivalents at beginning of year	<u>334,721</u>
Cash and cash equivalents at end of year	<u><u>\$ 366,990</u></u>

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

UCONN HEALTH
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2025

Reconciliation of operating loss to net cash used in operating activities:

	2025
	(\$ in thousands)
Operating loss	\$ (219,870)
Adjustments to reconcile operating loss to net cash	
Used in operating activities:	
Depreciation and amortization	87,660
Personnel services and fringe benefits in kind from State	(7,423)
 Changes in assets and liabilities:	
Patients receivables, net	(14,408)
Contract and other receivables	19,130
Due from DOC	896
Inventories	(587)
Third party payors	71
Prepaid expenses	(2,354)
Deposits with vendors	(3,890)
Other assets	(55)
Accounts payable and accrued liabilities	3,191
Due to State of Connecticut	540
Due to Affiliates	2,257
Accrued salaries	4,862
Compensated absences	9,314
Unearned revenue	357
Malpractice reserve	2,547
 Net cash used in operating activities	 \$ (117,762)

Schedule of Non-Cash Financing Transactions

Derecognition of pension and OPEB balances	\$ (2,407,220)
Lease receivable renewal	\$ 13,821
Acquisition of right-to-use subscription assets	\$ 7,695
Acquisition of right-to-use lease assets	\$ 5,666
Loss on disposal of capital and intangible assets	\$ (524)
Funds held in escrow	\$ 1

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

NOTES TO FINANCIAL STATEMENTS

UConn Health
Notes to Financial Statements
For the Years Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut Health Center ("UConn Health") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, UConn Health and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of UConn Health for the fiscal year ended June 30, 2025, which includes the School of Medicine, School of Dental Medicine, a Research Enterprise, UConn Medical Group (UMG), Finance Corporation and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI), and Educational Clinics (the "Primary Institution") and John Dempsey Hospital (the "Hospital"). UConn Health offers medical and dentistry degrees as well as Ph.D.'s in the biomedical sciences and operates physician/dentist practices in a teaching and research hospital. There is also an affiliated entity that supports the mission of UConn Health: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education, research, and clinical care at the University, including UConn Health.

The financial operations of UConn Health are reported in the State of Connecticut annual comprehensive financial report using the fund structure prescribed by Governmental Accounting Standards Board (GASB). The State includes the transactions and balances of UConn Health within an enterprise fund under the major business-type activities of the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

Basis of Presentation

UConn Health's financial statements are prepared using the economic resources measurement focus and in accordance with all relevant GASB pronouncements.

Proprietary Fund Accounting

UConn Health utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consist primarily of the allowances for uncollectible accounts, contractual allowances, malpractice reserves, right-to-use assets, lease liabilities, subscription liabilities, third-party reimbursement reserves and compensated absences.

Cash and Cash Equivalent:

UConn Health considers all funds that have not been board or otherwise designated and which are held on its behalf by the State of Connecticut to be cash.

Investments and Investment Income

The State of Connecticut has established various funds to account for the operations of UConn Health. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the UConn Health Malpractice Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Fund accounts for assets set aside annually as part of the Health Center's self-insurance for malpractice claims. The Hospital Fund processes the majority of the cash transactions for the Hospital. The Operating Fund acts as a "General Fund" for UConn Health, accounting for all operations not accounted for elsewhere.

Research Foundation Fund and Malpractice Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds administered by UConn Health are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions, and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to the day of the withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

In fiscal year 2025, UConn Health established a Renewal and Replacement Fund pursuant to Section 602 of the Special Obligation Student Fee Revenue Bonds Master Indenture to set aside funds for deferred maintenance on campus. Additional information on this can be found in Note 2. These funds are invested in the State of Connecticut Short Term Investment Fund (STIF).

Though Operating Fund participation in STIF is not significant, UConn Health earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays UConn Health STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from UConn Health's civil list funds into the direct disbursement account used to process checks issued directly to vendors by UConn Health. Though the balance in this account may include assets of the Operating, Research Fund and Hospital Funds, all interest earned is credited to the Operating Fund. The Hospital Fund does not participate in STIF, the Treasurer's interest credit program, other than described above.

Investment income also includes amounts received from endowments.

On January 29, 2025, UCHC Finance Corporation entered into a partnership interest purchase agreement with Surgical Care Affiliates (CSC), LLC, a Delaware limited liability company to acquire 5% partnership interest in Connecticut Surgical Center, Limited Partnership, a Connecticut limited partnership. The investment was recorded at cost which was the actual funds contributed at the date of purchase.

Accounts Receivable and Net Patient Services and Pharmaceutical Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid healthcare coverage and other collection indicators.

UHPSI utilizes a uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2025.

Contract and Other Receivables

Contract and other receivables include services provided to area hospitals under various agreements and certain agreements with outside providers and pharmacies. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

Due from/to Affiliate

Due from affiliate includes the unspent portion of general obligation bond proceeds allocated to UConn Health for capital projects that are administered by the University of Connecticut. Due to affiliate includes payables to the University of Connecticut resulting from cost-reimbursement arrangements for shared operating activities. Additional information on these can be found in Notes 13 and 15.

Due from/to State

The amount due from the State primarily consists of unspent State bond funds allocated by the State Bond Commission but not yet received for specific capital projects. Additionally, the State administers employee benefits for University employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

Leases and SBITA

UConn Health routinely engages in lease agreements to meet operational needs. UConn Health's lease contracts generally relate to buildings and associated facilities, such as parking, machinery, and equipment. For short-term leases with a maximum possible term of twelve months or less at commencement, UConn Health recognizes revenue or expense based on the provisions of the lease contract.

For contracts exceeding twelve months where UConn Health is the lessee, UConn Health recognizes the lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease.

On a more limited basis, UConn Health serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

In addition, UConn Health has entered various subscription-based information technology arrangements (SBITA) to support its services. Information on the types of arrangements entered into and their financial impact on UConn Health can be found in Notes 10 and 11.

UConn Health uses an estimated incremental borrowing rate as the discount rate for leases unless the rate in the contract or agreement is known. The incremental borrowing rate is based on the weighted-average interest rate of capital lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease or SBITA, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options are included in the measurement if they are reasonably certain to be paid or exercised.

Inventories

Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others. Pharmacy inventory is valued at market which approximates cost due to high turnover rates for institutional pharmaceuticals. Short-term or minor supplies are expensed as incurred.

Prepaid Expense

Prepaid expenses include payments to vendors before goods and/or services are received typically for agreements ranging between three months and one year. We expect the benefit for these payments to be realized monthly over the prepaid period.

Deposits with Vendors

Deposits with vendors are required payments based on certain contractual arrangements. Over 95% of the current balance is for deposits held with AmerisourceBergen. This is the primary pharmaceutical vendor used by UConn Health. As part of its contract, UConn Health is required to maintain a deposit with the vendor based on a percentage of the prior quarter's purchases in order to access preferred pricing. These deposits are non-interest bearing and are considered subject to the credit risk of the vendor. We do not expect a return of these funds within the next twelve months.

Capital and Intangible Assets

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Betterments and major improvements are capitalized, and maintenance and repairs are expensed as incurred. Equipment with a value of \$5,000 or more and a useful life of more than one year is capitalized.

UConn Health capitalizes fine, non-decorative art at cost. Fine art is not depreciated.

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of SBITA. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they were incurred in the primary project stage, application development state, or post-implementation stage, and the nature of the costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets:

Buildings and Building Improvement	3 - 50 years
Equipment	2 - 15 years
Computer software	3 - 15 years

Impairment of Long-Lived Assets

UConn Health records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During 2025, UConn Health disposed of a vascular c-arm. The value of this asset was \$208,000 and the loss on disposal was approximately \$62,500. UConn Health disposed of smaller items leading to a loss of disposal of \$461,500, none of these items were individually significant. The total loss was \$524,000 for fiscal year 2025.

Medical Malpractice

Healthcare providers and support staff of UConn Health are fully protected by State statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against UConn Health's malpractice self-insurance fund. Effective July 1, 1999, UConn Health developed a methodology by which it could allocate malpractice costs between the Hospital, UMG, and Dental practices. For the fiscal year ended June 30, 2025, these costs are included in the statement of revenues, expenses, and changes in net position.

Compensated Absences

UConn Health's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from UConn Health may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. UConn Health recognizes a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. This liability includes amounts attributable to services already rendered by employees, where the leave:

- Accumulates into future reporting periods,
- Is more likely than not to be used or paid,
- Is based on the pay rate in effect as of the financial statement date.

The accrual includes vacation, sick (to the extent it meets recognition criteria), and other paid leave benefits that are expected to be used or paid out. The accrual includes salary-related payments such as the employer's share of payroll taxes. Leave types such as parental, military, and jury duty are recognized only when the leave commences. Holidays are not accrued until used.

Third-Party Payors

Laws governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

Deferred Inflows of Resources

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UConn Health has one item that meet this criterion, right-to-use deferrals.

UConn Health also has lessor arrangements. The deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease revenue on a straight-line basis over the lease term.

State Funding for Employee Retirement and OPEB Plans

Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible UConn Health employees. UConn Health is no longer charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, UConn Health continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period as of June 30, 2025, UConn Health will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. See Note 17 for further details on the accounting treatment and financial statement impact.

Since UConn Health is an enterprise fund of the State and is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements.

Net Position

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

- *Net investment in capital assets*: Capital assets and right-to-use, net of accumulated depreciation and amortization, reduced by the outstanding principal balances of notes and leases that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted nonexpendable*: Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- *Restricted expendable*: Assets reduced by liabilities related to those assets that are expendable but where UConn Health is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- *Unrestricted*: The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not otherwise restricted that do not meet the definition of "restricted" or "net investment in capital and intangible assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. In general, all unrestricted amounts

in net position are assigned to support academic, clinical, and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

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

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

Revenues and Expenses

UConn Health breaks out revenues and expenses between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. *GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions*, requires recipients of government-mandated and voluntary non-exchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the non-exchange transaction definition is also recognized to the extent expended or, in the case of fixed-price contracts when the contract terms are met or completed.

UConn Health uses the criteria listed below:

- Operating revenues and expenses: Operating revenues consist of tuition and fees, patient services and pharmaceutical revenues, grants, contracts, other operating revenues. Operating expenses include all expense transactions incurred other than those related to investing or financing. These expenses are reported using functional classification. See Note 16 for operating expenses presented by natural classification.
- Non-operating revenues and expenses: All other revenues and expenses for UConn Health are reported as non-operating revenues and expenses including State appropriations, including bonding and capital, noncapital gifts, investment income and lease revenue. Interest expense and loss on disposal of property and equipment, net, are also reported as non-operating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by UConn Health and the amount that is ultimately paid by the students or on their behalf. Any aid applied directly to the student accounts in payment of tuition and fees is reflected as a scholarship allowance deducted from UConn Health's operating revenues. Student aid expense in the accompanying statement of revenues, expenses, and changes in net position includes financial aid payments made directly to the students.

University of Connecticut MOUs

UConn Health and the University of Connecticut maintain formal MOUs that govern certain shared operational activities. Under these agreements each party provides services to the other in exchange for payment. These services include and are not limited to public safety, marketing, library services, technology commercialization, research support and other miscellaneous services. The terms of these arrangements are set forth in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The revenue and expenses from these MOUs are recorded as part of operating revenue and expenses in the accompanying statement of revenues, expenses, and changes in net position. See Note 15 for further details.

Regulatory Matters

The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Strategy (OHS) and is required to file annual cost reports with Medicare.

Home Office Allocation

The Home Office allocation allocates substantially all central administrative costs to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a standalone basis. The Home Office expenses are allocated based on several different methodologies depending on cost type. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their functional classification category for financial reporting purposes. The natural classification can be found in Note 16.

Recently Adopted Accounting Pronouncements

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*. For fiscal year ended, June 30, 2025, the adoption of GASB 100 was considered with the adoption of GASB 101, *Compensated Absences* as a change in accounting principle.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. 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 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used or paid for time off or otherwise paid in cash or settled by noncash means. UConn Health adopted the requirements of this Standard as of July 1, 2024 and has applied the provisions of this Statement to the beginning of the earliest comparative period presented.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. UConn Health adopted this Statement on July 1, 2024 and has evaluated certain circumstances and does not have issues to disclose that have not been addressed in the footnotes of these financial statements.

CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2025, UConn Health adopted accounting pronouncement GASB 101, resulting in a change in accounting principle. GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, UConn Health restated the beginning balances of compensated absences liabilities as of July 1, 2024, by \$40.3 million. The most significant impact resulting from the adoption was a change in the accounting for sick leave, which is now recognized as a liability when it is more likely than not to be used or paid, in accordance with GASB 101.

The impact of adopting GASB 101 on select accounts on the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position as of June 30, 2024 was as follows:

Combined Statement of Net Position	June 30, 2024 As Previously Reported	Implementation of GASB 101	June 30, 2024 As Restated
Current Liabilities			
Accrued compensated absences, current portion	\$ 25,351,877	\$ 32,483,462	\$ 57,835,339
Noncurrent Liabilities			
Accrued compensated absences, net of current portion	30,538,504	7,793,996	38,332,500
Net Position			
Net investment in capital assets	620,097,945	-	620,097,945
Restricted for			
Nonexpendable			
scholarships	61,451	-	61,451
Expendable			
Research	2,090,393	-	2,090,393
Loans	391,407	-	391,407
Capital projects	14,025,512	-	14,025,512
Unrestricted	(2,110,033,661)	(40,277,458)	(2,150,311,119)
Minority interest - Uconn Health Imaging, LLC	511,510	-	511,510
Total Net Position	<u>\$ (1,472,855,443)</u>	<u>\$ (40,277,458)</u>	<u>\$ (1,513,132,901)</u>

Upcoming Accounting Pronouncement

UConn Health is still evaluating the impact on its financial statements of the following upcoming GASB 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. This Statement is effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide essential information about certain types of capital assets in order to make informed decisions and assess accountability between governments. This Statement is effective for fiscal years beginning after June 15, 2025.

2. CASH DEPOSITS AND INVESTMENTS

GASB Statement No. 40 requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in UConn Health's name.

UConn Health's cash and cash equivalents, current and noncurrent, balance was \$366,990,095 as of June 30, 2025 and included the following:

	2025
Cash maintained by State of Treasurer	\$ 272,784,608
Invested in State of Connecticut Short-Term Investment Fund	93,971,516
Deposits with Financial Institutions and Other	230,921
Currency (Change Funds)	3,050
Total cash and cash equivalents	366,990,095
Less: current balance	336,950,221
Total noncurrent balance	\$ 30,039,874

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, UConn Health benefits from this protection, though the extent to which the deposits of an individual State agency such as UConn Health are protected cannot be readily determined.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, banker's acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statements of net position.

UConn Health's cash management investment policy authorizes UConn Health to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The \$93,971,516 invested in the State of Connecticut Investment Pool is invested by the State-Treasurer in its Short-Term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2025.

In fiscal year 2025, UConn Health established a Renewal and Replacement Fund pursuant to Section 602 of the Special Obligation Student Fee Revenue Bonds Master Indenture. The governance of this fund is outlined in Section 612 of the same indenture. The fund are restricted and intended to support the ongoing maintenance and sound operating condition of UConn Health facilities and infrastructure.

As of June 30, 2025, the fund had a balance of \$30,039,874, which is included in the STIF balance referenced earlier in this disclosure. Investment interest was \$39,873 for the year ended June 30, 2025. The interest earned has been reinvested in the Renewal and Replacement Fund in accordance with the fund's governing provisions.

Funds Held by Outside Fiscal Agents

Certain funds are held by outside fiscal agents and are not under the direct control of UConn Health. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was \$2,584,501 as of June 30, 2025. Investment income earned on these assets is transferred to UConn Health in accordance with the applicable trust agreement. Income earned from those sources was \$123,770 for the year ended June 30, 2025.

Funds Held in Escrow

In fiscal year 2022, UConn Health established an escrow account with Western Alliance Bank and De Lage Landen Financial Services, Inc. The escrow balance was \$272,443 as of June 30, 2025. Interest income earned was \$411 for the year ended June 30, 2025. Additional information regarding this account can be found in Note 11.

3. HYPOTHECATION

Individual components of UConn Health are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the UConn Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. UConn Medical Group is allowed to borrow at up to 70% of its receivables. As of June 30, 2025, the Hospital and UMG had the following draws and availability under the State statute:

	2025	
	John Dempsey Hospital	UConn Medical Group
Amount drawn under hypothecation	\$ -	\$ -
Remaining amounts available under hypothecation	\$ 69,108,572	\$ 14,486,095

4. GROSS PATIENT SERVICE, PHARMACEUTICAL AND IMAGING REVENUE

Gross patient service revenues for John Dempsey Hospital, UConn Medical Group, Dental Clinics and Finance Corp; which includes UHPSI and UHI, are reported net of allowances and provisions for bad debt. UHPSI reports pharmaceutical revenue net of DIR fees. DIR refers to the compensation received by Medicare Part D sponsors or their Pharmacy Benefits Manager (PBM) after point-of-sale. Net patient service, pharmaceutical and imaging revenue for UConn Health are as follows:

		2025
John Dempsey Hospital		
Gross patient services revenue	\$ 2,333,715,826	
Less contractual allowances and provision for bad debt	<u>1,605,418,763</u>	
		\$ 728,297,063
UConn Medical Group		
Gross patient services revenue	387,032,796	
Less contractual allowances and provision for bad debt	<u>229,389,872</u>	
		157,642,924
Finance Corp		
Gross patient service revenue (UHPSI and UHI)	336,484,082	
Less contractual allowances, Direct and Indirect Remuneration (DIR) fees and provision for bad debt	<u>141,246,072</u>	
		195,238,010
Dental Clinics		
Gross patient services revenue	15,891,722	
Less contractual allowances and provision for bad debt	<u>4,374,473</u>	
		<u>11,517,249</u>
Total net patient services and pharmaceutical revenue		\$ <u>1,092,695,246</u>

Significant Concentrations

UConn Health has agreements with third-party payers that provide for payments at amounts different from its established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient revenues and associated year-end receivables for these programs are shown in the table below as of June 30, 2025.

	2025	
	Medicare	Medicaid
John Dempsey Hospital		
Net revenue	39%	16%
Accounts receivable	36%	7%
UConn Medical Group		
Net revenue	32%	13%
Accounts receivable	23%	10%
Finance Corp		
Net revenue	30%	41%
Accounts receivable	31%	27%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. UConn Health believes that it is in compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UConn Health.

In fiscal year 2025, JDH and UMG recorded \$10.8 million and \$23.6 million, respectively in supplemental revenue from the Department of Social Services (DSS), which is included in net patient service revenues in the statement of revenues, expenses, and changes in net position.

5. LEASE RECEIVABLE

As described in Note 1, UConn Health leases building space to external parties. Lease receivable is as follows:

	June 30, 2024			June 30, 2025		
	Balance	Additions	Reductions	Balance	Amounts due within 1 year	
Lease receivable	\$ 2,609,853	\$ 13,821,007	\$ (2,334,875)	\$ 14,095,985	\$ 1,009,565	
Total	<u>\$ 2,609,853</u>	<u>\$ 13,821,007</u>	<u>\$ (2,334,875)</u>	<u>\$ 14,095,985</u>	<u>\$ 1,009,565</u>	

For the fiscal year ended June 30, 2025, the statement of revenues, expenses, and changes in net position includes lease revenue and interest income of \$2,255,235 and \$181,780, respectively.

Future lease payments are summarized in the table below:

Fiscal Year Ending June 30	Lease Receivable	
	Principal	Interest
2026	\$ 1,009,565	\$ 942,113
2027	1,082,005	869,673
2028	1,159,648	792,030
2029	1,242,867	708,811
2030	1,332,602	619,612
2031-2035	8,003,736	1,517,802
2036-2040	114,917	50,861
2041-2045	150,645	18,147
Total lease receivable	<u>\$ 14,095,985</u>	<u>\$ 5,519,049</u>

6. CHARITY CARE

UConn Health's clinical operations provide charity care to eligible patients. There is a growing need for financial assistance due to an increase in the uninsured population and household debt. Many uninsured patients who were previously on Medicaid have transitioned to charity care in fiscal year 2025.

UConn Health's individual clinical entities maintain records to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies furnished under their respective charity care policies, the estimated cost of those services and supplies, and equivalent service statistics. No net patient revenue is recorded for these services, however, expenses associated with these services are included in the statement of revenues, expenses, and changes in net position.

Listed below, by entity, are the significant charity care services provided along with the associated cost for the fiscal year ended June 30, 2025. UHPSI by nature of its business does not engage in significant charity care activity.

	2025	
	<u>Charity Care Services</u>	<u>Cost of Services</u>
John Dempsey Hospital	\$ 12,104,762	\$ 3,357,861
UConn Medical Group	2,132,993	572,175
Educational Clinics	191,931	178,496
Total	<u>\$ 14,429,686</u>	<u>\$ 4,108,532</u>

7. ENDOWMENTS

UConn Health has designated the Foundation as its manager of endowment funds. The Foundation makes spending allocation distributions to UConn Health for each participating endowment. Distributions are spent by UConn Health in accordance with the respective purposes of the endowments and in accordance with the policies and procedures of UConn Health. Additional information is presented in Note 15.

8. RESIDENCY TRAINING PROGRAMS

UConn Health's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to UConn Health, in accordance with an established rate schedule, for services provided. UConn Health, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll, related fringe benefits and certain program expenses for the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements.

UConn Health's School of Dental Medicine also operates its Residency Training Program through the Consortium. Dental Residents work in local dental clinics honing their skills while providing services to traditionally underserved populations. Dental Residency costs are funded by the School of Dental Medicine.

9. CONTINGENCIES

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

10. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets at June 30, 2025, consisted of the following:

	<u>2025</u>
Land	\$ 13,537,051
Construction in progress	24,248,008
Fine art	1,369,612
Buildings	1,314,388,753
Equipment	292,033,094
Computer software	83,219,683
Equipment- Financed	71,009
	<u>1,728,867,210</u>
Less accumulated depreciation	955,844,306
Capital and intangible assets, net	<u>\$ 773,022,904</u>
Right-to-use assets building	\$ 60,400,507
Right-to-use assets equipment	36,937,573
Right-to-use assets subscriptions	39,833,484
	<u>137,171,564</u>
Less accumulated amortization	69,607,093
Right-to-use assets, net	<u>\$ 67,564,471</u>

Construction in progress at June 30, 2025, represents accumulated costs for various UConn Health construction projects. UConn Health has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in property and equipment category and depreciation will commence.

Plant and equipment activity and related information on accumulated depreciation for UConn Health for the fiscal year ended June 30, 2025 was as follows:

	2024	Additions	Deletions	2025
<u>Capital assets not being depreciated</u>				
Land	\$ 13,537,051	\$ -	\$ -	\$ 13,537,051
Construction in progress	38,816,708	35,741,601	(50,310,301)	24,248,008
Fine art	1,348,912	20,700	-	1,369,612
Total capital assets not being depreciated	<u>53,702,671</u>	<u>35,762,301</u>	<u>(50,310,301)</u>	<u>39,154,671</u>
<u>Depreciable capital assets</u>				
Buildings and building improvements	1,278,283,815	37,684,638	(1,579,700)	1,314,388,753
Equipment	290,799,943	20,646,271	(19,413,120)	292,033,094
Computer software	78,209,223	5,816,094	(805,634)	83,219,683
Equipment- financed	71,009	-	-	71,009
Total depreciable capital assets	<u>1,647,363,990</u>	<u>64,147,003</u>	<u>(21,798,454)</u>	<u>1,689,712,539</u>
<u>Less accumulated depreciation:</u>				
Buildings and building improvements	628,926,975	44,524,108	(1,579,700)	671,871,383
Equipment	224,993,940	18,505,705	(18,889,132)	224,610,513
Computer software	51,713,594	8,383,441	(805,634)	59,291,401
Equipment - financed	71,009	-	-	71,009
Total accumulated depreciation	<u>905,705,518</u>	<u>71,413,254</u>	<u>(21,274,466)</u>	<u>955,844,306</u>
<u>Depreciable capital assets, net</u>				
Buildings and building improvements	649,356,840	(6,839,470)	-	642,517,370
Equipment	65,806,003	2,140,566	(523,988)	67,422,581
Computer software	26,495,629	(2,567,347)	-	23,928,282
Equipment- financed	-	-	-	-
Total depreciable capital assets, net	<u>741,658,472</u>	<u>(7,266,251)</u>	<u>(523,988)</u>	<u>733,868,233</u>
Capital and intangible assets, net	<u>\$ 795,361,143</u>	<u>\$ 28,496,050</u>	<u>\$ (50,834,289)</u>	<u>\$ 773,022,904</u>
	2024	Additions	Deletions	2025
<u>Right-to-use assets</u>				
Right-to-use assets building	\$ 58,334,464	\$ 2,153,499	\$ (87,456)	\$ 60,400,507
Right-to-use assets equipment	33,888,580	3,512,491	(463,498)	36,937,573
Right-to-use assets subscriptions	35,410,808	7,695,019	(3,272,343)	39,833,484
Total right-to-use assets	<u>127,633,852</u>	<u>13,361,009</u>	<u>(3,823,297)</u>	<u>137,171,564</u>
<u>Right-to-use assets amortization</u>				
Right-to-use assets building	12,737,442	5,191,819	(87,456)	17,841,805
Right-to-use assets equipment	14,407,491	5,215,162	(463,498)	19,159,155
Right-to-use assets subscriptions	30,038,721	5,839,755	(3,272,343)	32,606,133
Total accumulated amortization	<u>57,183,654</u>	<u>16,246,736</u>	<u>(3,823,297)</u>	<u>69,607,093</u>
<u>Right-to-use assets, net</u>				
Right-to-use building	45,597,022	(3,038,320)	-	42,558,702
Right-to-use equipment	19,481,089	(1,702,671)	-	17,778,418
Right-to-use subscriptions	5,372,087	1,855,264	-	7,227,351
Right-to-use assets, net	<u>\$ 70,450,198</u>	<u>\$ (2,885,727)</u>	<u>\$ -</u>	<u>\$ 67,564,471</u>

11. LONG-TERM LIABILITIES, LEASES AND SUBSCRIPTIONS

Activity related to notes payable, leases, subscriptions and other long-term liabilities for the fiscal year ended June 30, 2025, was as follows:

	June 30, 2024			June 30, 2025	Amounts due
	Balance (Restated)	Additions	Reductions	Balance	within 1 year
Long-Term Liabilities:					
Right-to-use subscription liabilities	\$ 18,646,772	\$ 7,695,020	\$ (9,739,541)	\$ 16,602,251	\$ 8,207,623
Right-to-use lease liabilities	58,108,600	6,001,447	(7,845,163)	56,264,884	7,925,727
Total right-to-use liabilities	<u>76,755,372</u>	<u>13,696,467</u>	<u>(17,584,704)</u>	<u>72,867,135</u>	<u>16,133,350</u>
Business-type activities:					
Notes from Direct Borrowings -					
Secured note - De Lage Landen Financial Services, Inc, principal and interest payments begin August 2022 and continue until August 2028, with interest at 4.42%	12,561,890	-	(4,698,000)	7,863,890	-
Secured note - Siemens, principal and interest began February 2024 and continues until January 2029 with interest at 6.91%	1,476,958	-	(301,685)	1,175,273	299,311
Secured mortgage - Capital Lease Funding (KeyBank), principal and interest payments began January 2004 and continue until November 2024, with interest at 6.34%	826,105	-	(826,105)	-	-
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040	<u>154,093,070</u>	<u>-</u>	<u>(6,707,068)</u>	<u>147,386,002</u>	<u>7,036,815</u>
Total notes from direct borrowing	<u>168,958,023</u>	<u>-</u>	<u>(12,532,858)</u>	<u>156,425,165</u>	<u>7,336,126</u>
Other long-term liabilities:					
Malpractice reserve	10,198,000	13,507,870	(10,960,870)	12,745,000	3,184,000
Compensated absences	96,167,839	51,907,384	(42,593,803)	105,481,420	66,010,272
Pension liability	871,618,555	-	(871,618,555)	-	-
OPEB liability	<u>1,497,568,942</u>	<u>-</u>	<u>(1,497,568,942)</u>	<u>-</u>	<u>-</u>
Total other long-term liabilities	<u>2,475,553,336</u>	<u>65,415,254</u>	<u>(2,422,742,170)</u>	<u>118,226,420</u>	<u>69,194,272</u>
Total long-term liabilities	<u>\$ 2,721,266,731</u>	<u>\$ 79,111,721</u>	<u>\$ (2,452,859,732)</u>	<u>\$ 347,518,720</u>	<u>\$ 92,663,748</u>

Outstanding notes from direct borrowings related to business-type activities as of June 30, 2025, were \$156,425,165. The mortgage, which account for approximately \$147.4 million of the debt, is secured by the Outpatient Pavilion, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. Outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due if payment has not been made when due.

Additionally, UConn Health has approximately \$9.0 million debt secured by equipment. The Finance Corporation entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services Inc., and Western Alliance Bank, on behalf of UConn Health, to develop and implement a new campus network architecture. This project is expected to span over a period of up to 30 months, with software and support services expected to span over seven years. The Finance Corporation through UHI entered into a construction

loan with Siemens for installation of equipment located at 5 Munson Road, Farmington, CT. Outstanding notes from direct borrowings related to this business-type activity of \$9,039,163 as of June 30, 2025. UConn Health is treating both agreements as a financed purchase over time. Additionally, that portion of the agreements does not fall within the scope of GASB 87 due to the purchase option at the expiration of the agreement, which UConn Health plans to exercise.

In fiscal year 2025, UConn Health recorded interest expense of \$7,353,938 related to note borrowings.

Estimated cash basis interest and principal requirements for notes from direct borrowings for the remaining years of the notes as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Notes from Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 7,336,126	\$ 7,012,777
2027	10,211,126	6,986,159
2028	10,707,856	6,489,429
2029	11,072,527	5,970,110
2030	8,526,093	5,444,758
2031-2035	49,345,824	20,508,435
2036-2040	59,225,613	7,139,353
Total notes from direct borrowing	<u>\$ 156,425,165</u>	<u>\$ 59,551,021</u>

UConn Health routinely leases various facilities and equipment instead of purchasing the assets. The contracts at times, include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal year ended June 30, 2025, UConn Health recognized expense for lease variable payments related to common area maintenance and property taxes of \$539,336 and \$320,306, respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2025.

In fiscal year 2025, UConn Health recorded interest expense in the statement of revenues, expenses, and net position of \$2,840,799 related to lease liabilities.

The following is a schedule by fiscal year future minimum payments due for leases, together with the present value of the net minimum lease payments as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 7,925,727	\$ 3,432,088
2027	7,161,959	2,434,671
2028	6,088,186	2,046,173
2029	4,827,804	1,735,894
2030	3,968,892	1,494,344
2031-2035	13,502,024	5,183,631
2036-2040	8,163,348	2,440,148
2041-2045	4,626,944	490,518
Total lease liabilities	<u>\$ 56,264,884</u>	<u>\$ 19,257,467</u>

UConn Health has various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal year ended June 2025 include:

- Various desktop and server software subscriptions
- Electronic workflow software
- Budgeting, accounting, and information system software
- Performance measurements/benchmarking software
- Document management software
- Payroll and human resources services software
- Information technology security software

In fiscal year 2025, UConn Health recorded interest expense of \$1,336,522 related to SBITAs.

The following is a schedule by fiscal year of future minimum SBITA payments due as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,207,623	\$ 684,475
2027	5,083,558	314,617
2028	2,987,401	83,379
2029	192,831	15,427
2030	95,494	4,949
2031-2035	35,344	2,135
Total subscription liabilities	<u>\$ 16,602,251</u>	<u>\$ 1,104,982</u>

UConn Health had no other outflow of resources in relation to these subscriptions during the fiscal year June 30, 2025 that were not included in the measurement of the subscription liability.

Medical Malpractice Insurance

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The scope of UConn Health's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other UConn Health health care providers, and support staff.

UConn Health is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against UConn Health and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice fund.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. Operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2025, UConn Health Malpractice Fund had actuarial reserves of approximately \$12.7 million and assets of approximately \$22.2 million.

12. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

State Retirement Systems

UConn Health offers two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS); and the Alternate Retirement Plan (ARP) which is a defined contribution plan. Through employee participation in one of the above plans, employees are also enrolled in the State of Connecticut State Employee OPEB Plan (SEOPEBP). SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

Pension plan descriptions - SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. As of June 30, 2023, SERS consisted of plans in five tiers: Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). The percentage of UConn Health's eligible employees participating in SERS was approximately 69.2% in fiscal year 2025.

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

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

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

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution* rates for the fiscal year ended June 30, 2025 were as follows:

<u>SERS plan tiers</u>	<u>Plan %</u>
Tier I Hazardous	6% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level
Tier I Plan B	4% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level
Tier I Plan C	7.0% of earnings
Tier II Hazardous	6.0% of earnings
Tier II (all others)	2.0% of earnings
Tier IIA and III Hazardous	7.0 % of earnings
Tier IIA and III (all others)	4.0% of earnings
Tier IV Hazardous	8% of earnings
Tier IV (all others)	5% of earnings

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

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2%). Finally, all Tier IV employees must contribute 1% to the defined benefit component and may elect additional contributions of up to 3% of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1% of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011 and before July 1, 2017, who were otherwise eligible for the ARP, were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

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

Effective July 1, 2023, legislation altered UConn Health's funding structure for employer contributions to the SERS and TRS. Additional details are provided in Note 15. Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UConn Health did not make any payments to SERS or TRS during fiscal year 2025 and 2024.

Proportionate share of the collective net pension liability (NPL) and pension expense. In prior years, UConn Health's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, UConn Health's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, UConn Health's proportion was 4.18% for SERS and 0.03% for TRS.

With a zero percent proportionate share, UConn Health removed all related pension liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 17.

Alternate Retirement Plan

Defined Contribution Plan - UConn Health also offers the Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator, Empower Financial Services, Inc. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired prior to July 1, 2017, must contribute 6% of their eligible compensation, except for participants who elected the one-time option to remain at the previous employee contribution rate of 5%, and their employer must contribute 7% of eligible compensation. Participants hired on or after July 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, State Employees Retirement Act.

Legislation effective July 1, 2023, changed UConn Health's State funding structure concerning employer contributions (see Note 15). As a result, for the fiscal year ended June 30, 2024, UConn Health did not make contributions or report pension expenses for ARP, as these are funded by the State.

Post-Employment Benefits other than Pension

In addition to the pension benefits, the State provides post-retirement health care and life insurance benefits to UConn Health employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

General Information about the SEOPEBP

Plan description - The State's defined benefit OPEB plan, State of Connecticut State Employee OPEB Plan (SEOPEBP), provides OPEB benefits for employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

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

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

Similar to pension, effective July 1, 2023, legislation altered UConn Health's funding structure for employer contributions to the SEOPEBP. Additional details are provided in Note 15. Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UConn Health did not make any payments to SEOPEBP.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. In prior years, UConn Health's proportionate share of the NOL was determined by its share of total contributions. Due to the legislative changes effective after June 30, 2023, UConn Health's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, UConn Health's proportion was 9.6%.

With a zero percent proportionate share, UConn Health removed all related OPEB liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 17.

13. BOND FINANCED ALLOTMENTS

UConn Health recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from UConn Health resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted, and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). The Act authorized additional projects for the University and for the first time UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program.

The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a \$25.0 million reallocation from existing UCONN 2000 UConn Health allocations, and a \$207.0 million

increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018.

During the October 2011 special session, the Connecticut General Assembly adopted Public Act 11-2 which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized \$290,685,000 of State general obligation bonds to be issued over a ten-year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration will support the establishment of a bioscience cluster anchored by the Jackson Laboratory for Genomic Medicine; a research laboratory located on UConn Health's Farmington campus.

In the June 2015 Special Session, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act 15-01 (June Spec. Sess.), *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes*. The bill introduced language effective July 1, 2015, that allows the University to revise, delete or add particular projects to finance the implementation of UConn Health's EMR, thus giving the University the flexibility to reallocate existing UCONN 2000 authorizations to the project in future years. Any additional remaining UCONN 2000 authorizations are included in the unspent portion of bond proceeds held as Due from Affiliates in the statement of net position.

As of June 30, 2025, approved projects receiving bond funding from UConn General Obligation Bonds secured by the State's Debt Service Commitment had an allocated total of \$850.9 million. The Act also requires UConn Health to contribute not less than \$69.0 million through operations, eligible gifts, or other sources towards new UConn Health construction.

UConn Health reports revenues from these bonds as Capital Appropriations. As noted above, the current Phase III commitment to fund projects totals \$850.9 million for UConn Health. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for UConn Health. A corresponding receivable, Due from Affiliates, is recorded for the unspent portion of the bonds, \$7.0 million, at June 30, 2025, in the statement of net position.

In June, 2025, the General Assembly approved legislation under Bill No. 7288 authorizing \$28.0 million and \$43.0 million to UConn Health for fiscal years 2026 and 2027, respectively. The table below indicates how the Bill outlined the use of these funds.

	2026	2027
Deferred Maintenance	\$ -	\$ 30,000,000
Equipment, Library collections and Telecommunications	25,000,000	10,000,000
Telecommunications infrastructure upgrades, improvements and expansions	3,000,000	3,000,000
Total Bond Funds under Bill No. 7288	<u>\$ 28,000,000</u>	<u>\$ 43,000,000</u>

During fiscal year June 30, 2025, UConn Health was allotted under Bill No. 6942 and spent \$13.0 million on equipment, library collections and telecommunications. This amount was recorded as part of the capital appropriation in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Additional information is presented in Note 15.

14. COMMITMENTS

On June 30, 2025, UConn Health had individual outstanding commitments exceeding \$300,000 in amount, totaling \$5,134,834. Portions of this amount were included in the June 30, 2025, accounts payable and due to related parties. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on UConn Health's behalf. Such obligations are paid directly from proceeds of bond issuances and are included in the University's financial statements.

UConn Health agreed to pay \$84,576,845 during the 2025-2026 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll, related fringe benefits, and certain program expenses for interns and residents participating in the School of Medicine and Dental Medicine Residency Training Programs. These costs are to be funded by participating hospitals, which will remit payments to UConn Health, in accordance with an established rate schedule, for services provided. Dental Residency costs will be funded by the School of Dental Medicine.

15. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including UConn Health. UConn Health has an agreement through the University to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse UConn Health for certain services performed and for operating expenses of the Foundation. The following material transactions occurred between UConn Health and the Foundation during the year ended June 30, 2025:

	<u>2025</u>
Amount expensed to University for Foundation services	\$ <u>1,500,000</u>
Amount received from Foundation for personnel services and operating expenses	\$ <u>3,830,514</u>
Amount received from Foundation from endowments and gifts	\$ <u>1,699,979</u>

In addition, UConn Health directly engages in transactions with the University. The material terms of contracted arrangements are set forth in formal Memorandum of Understanding's (MOU) that are reviewed and agreed upon by both parties on an annual basis. For the fiscal year ended June 30, 2025, UConn Health recorded \$16.5 million in expenses and \$2.4 million in revenue related to services specified in the MOUs. UConn Health also paid the University for other expenses related to grants and contracts, services of educational departments, auxiliary enterprises and for miscellaneous goods and services.

Listed in the table below are the material expense and revenue transactions with the University excluding payments for Foundation services. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 as noted in Note 13.

	2025	
	Expenses Paid to University of Connecticut	Revenue from University of Connecticut
<u>Agreements under an MOU</u>	(\$ in thousands)	
University safety	\$ 8,991	\$ -
Research	2,007	1,737
Audit, compliance and privacy	1,564	-
Library services	989	-
Information technology	774	-
Communications (marketing)	599	-
Ombudsman and institutional equity	551	74
Document production	473	-
Government relations and other	276	327
Diversity and inclusion	190	-
Human resources	82	239
Total MOUs with University of Connecticut ^	<u>\$ 16,496</u>	<u>\$ 2,377</u>

^ A portion of this was included in Due to Affiliate in the accompanying statement of net position

UConn Health recorded a payable to the University for \$11.2 million related to these agreements.

UConn Health provides pharmaceutical, medical, dental, and psychiatric care to inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction (DOC). UConn Health billed and received from DOC \$7.7 million in fiscal year 2025 for services. For fiscal year 2025 UConn Health recorded a receivable from DOC for \$9,592 related to these services.

Through UConn Health, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports UConn Health's mission via State Appropriations. State appropriations represent amounts the State provides to UConn Health to support operations. In-kind fringe benefits take the form of forgone fringe benefit expense reimbursement related to salaries of certain State sponsored research projects.

For the fiscal year ended June 30, 2025, the amounts of the benefits recognized were as follows:

	2025
State of Connecticut appropriations \$	133,627,929
Fringe benefit differential Public Act 2024HB-05523 Section 44	<u>4,500,000</u>
Appropriations from State of Connecticut	\$ 138,127,929
In-kind fringe benefits from State of Connecticut:	<u>\$ 769,026</u>
Total appropriations and in-kind fringe benefits received from State of Connecticut	<u>\$ 138,896,955</u>

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amendments to the State's funding structure for constituent units of the state system of higher education. Under this legislation, effective July 1, 2023, the State funds all the UConn Health's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. UConn Health is responsible for funding all employee non-retirement fringe benefit costs. To achieve a budget-neutral effect, the State has (1) reduced the appropriation to UConn Health, and (2) no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2025, the State funded \$195.5 million of retirement and other post-employment benefit costs for UConn Health. This amount is inclusive of allocations for the State's unfunded pension and OPEB liabilities as well as administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2025, the State allotted \$54.9 million to UConn Health for one-time funding under the American Rescue Plan Act (ARPA) allocation, which was designated for temporary operating support. These amounts were recognized as federal and state aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, and are excluded from the appropriations detailed above.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. During fiscal year 2025, the State Bond Commission allocated \$13.0 million for equipment, library collections and telecommunications. This amount was recorded as part of capital appropriations in the accompanying Statement of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2025. Additional information is presented in Note 13.

16. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The table below details UConn Health's operating expenses by natural and functional classification for the fiscal year ended June 30, 2025 (amounts in thousands).

Functional Classification	Natural Classification					Total
	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	
Instruction	\$105,237	\$ 20,773	\$ 70,843	\$ 1,777	\$ -	\$ 198,630
Research	30,576	7,559	26,722	5,223	-	70,080
Patient services	463,035	114,044	416,422	6,903	-	1,000,404
Academic support	12,670	3,443	5,558	-	-	21,671
Institutional support	39,500	10,611	165,541	-	-	215,652
Operations and maintenance of plant	13,420	4,624	12,787	3,899	-	34,730
Depreciation and amortization	-	-	-	-	87,660	87,660
Student aid	33	-	27	-	-	60
Total	<u>\$664,471</u>	<u>\$161,054</u>	<u>\$697,900</u>	<u>\$ 17,802</u>	<u>\$ 87,660</u>	<u>\$1,628,887</u>

17. SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

As described in Note 1, in fiscal year 2025 UConn Health recorded a special item for the removal of pension and OPEB balances. This derecognition is classified as a special item under GASB Statements No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* because it is infrequent in occurrence and falls within management control, as demonstrated by their participation and influence in decisions regarding State funding changes.

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* do not require allocation of pension and OPEB liabilities to individual funds within the reporting entity unless those liabilities are directly related to and expected to be paid from those funds. Based on this guidance and legislative changes, UConn Health no longer recognizes these liabilities. The derecognition was recorded separately in other changes in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The total impact of the derecognition was approximately \$2,407.2 million. The following table shows the increase (decrease) to net position by plan and balance type as of June 30, 2025:

	SERS	TRS	SEOPEBP	Total
	(in thousands)			
Net Liability (NPL/NOL)	\$ 866,352	\$ 5,267	\$ 1,497,569	\$ 2,369,188
Deferred inflows of resources	208,636	1,258	566,743	776,637
Deferred outflows of resources	(233,519)	(2,606)	(502,480)	(738,605)
Total derecognition of pension and OPEB balances	<u>\$ 841,469</u>	<u>\$ 3,919</u>	<u>\$ 1,561,832</u>	<u>\$ 2,407,220</u>

18. SUBSEQUENT EVENTS

UConn Health has evaluated subsequent events through December 5, 2025, which represents the date the financial statements were available to be issued.

On November 7, 2025, The University of Connecticut Health Center Finance Corporation, through its newly created subsidiary UCHCFC Waterbury Health Corp. and on behalf of the University of Connecticut Health Center and its affiliates, (collectively, "UConn Health") submitted a bid to purchase certain assets and associated real property ("Waterbury Hospital") from Prospect Waterbury.

Waterbury Hospital is a 357-bed acute care hospital serving 13 towns in central and southwest Connecticut. It operates or owns numerous outpatient facilities in the greater Waterbury area, including primary care centers, imaging service centers, rehab centers, and a surgery center.

The bid included a purchase price of \$13,000,000 in cash consideration plus assumed liabilities, estimated at \$22,000,000, bringing the total purchase price to an estimated \$35,000,000. UConn Health intends to fund the purchase price with cash on hand, or through future UConn 2000 General Obligation bond issuances if permitted by legislation.

The bid was submitted to the United States Bankruptcy Court for the Northern District of Texas. Prospect, the current owner of the system including Waterbury Hospital and other hospital operations in Connecticut and throughout the United States, filed for Chapter 11 bankruptcy in the Northern District of Texas on January 11, 2025. The bankruptcy court has confirmed the sale of Prospect's other hospital operations in Connecticut and during the scheduled hearing on November 18th approved UConn Health as the purchaser for Waterbury Hospital.

No other subsequent events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

UCONN HEALTH
Required Supplementary Information
State Employees' Retirement System (SERS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)

Based on a valuation date lagging one year behind the fiscal year

Fiscal Year Ended June 30	SERS (\$ in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of collective NPL	0.00%	4.18%	4.07%	5.59%	5.01%	4.45%	3.62% *	5.50%	5.36%	5.29%
Proportionate share of the collective NPL	\$ -	\$ 866,352	\$ 896,735	\$ 1,188,398	\$ 1,188,704	\$ 1,014,303	\$ 784,023	\$ 1,159,362	\$ 1,230,753	\$ 873,351
UConn Health's covered payroll	\$ -	\$ 302,495	\$ 255,874	\$ 237,938	\$ 222,553	\$ 175,810	\$ 150,434	\$ 205,188	\$ 200,050	\$ 184,762
Proportionate share of the collective NPL as a percentage of covered payroll	0.00%	286.40%	350.46%	499.46%	534.12%	576.93%	521.17%	565.02%	615.22%	472.69%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%

* SERS % decline due to discontinuation of CMHC and the transfer of staff to DOC.

Schedule of UConn Health's Pension Contributions

Based on contributions for the Fiscal Year Ended June 30,

For the year ended June 30	SERS (\$ in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	\$ -	\$ -	\$ 136,225	\$ 115,854	\$ 99,867	\$ 80,994	\$ 70,177	\$ 52,170	\$ 84,860	\$ 80,493
Actual UConn Health contribution	-	-	136,225	115,854	99,867	80,994	70,177	52,170	84,860	80,493
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UConn Health's covered payroll	\$ -	\$ -	\$ 302,495	\$ 255,874	\$ 237,938	\$ 222,553	\$ 175,810	\$ 150,434	\$ 205,188	\$ 200,050
Actual UConn Health contributions as a percentage of covered payroll	0.00%	0.00%	45.03%	45.28%	41.97%	36.39%	39.92%	34.68%	41.36%	40.24%

See accompanying notes to required schedules.

UConn HEALTH
Required Supplementary Information
Connecticut Teachers' Retirement System (TRS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)

Based on a valuation date lagging one year behind the fiscal year

	<i>TRS</i> (\$ in thousands)									
Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of collective NPL	0.000%	0.031%	0.031%	0.031%	0.031%	0.026%	0.026%	0.019%	0.019%	0.0009%
Proportionate share of the collective NPL	\$ -	\$ 5,267	\$ 5,592	\$ 4,657	\$ 5,877	\$ 4,469	\$ 3,447	\$ 2,508	\$ 2,646	\$ 1,042
UConn Health's covered payroll	\$ -	\$ 1,439	\$ 1,290	\$ 1,429	\$ 1,138	\$ 1,138	\$ 1,103	\$ 834	\$ 762	\$ 573
Proportionate share of the collective NPL as a percentage of covered payroll	0.00%	366.02%	433.49%	325.89%	516.43%	392.71%	312.51%	300.72%	347.24%	181.85%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Schedule of UConn Health's Pension Contributions

Based on contributions for the Fiscal Year Ended June 30,

	<i>TRS</i> (\$ in thousands)									
For the year ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	\$ -	\$ -	\$ 572	\$ 574	\$ 491	\$ 397	\$ 448	\$ 280	\$ 239	\$ 181
Actual UConn Health contribution	-	-	572	574	491	397	448	280	239	237
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56)
UConn Health's covered payroll	\$ -	\$ -	\$ 1,439	\$ 1,290	\$ 1,429	\$ 1,263	\$ 1,138	\$ 1,103	\$ 834	\$ 762
Actual UConn Health contributions as a percentage of covered payroll	0.00%	0.00%	39.75%	44.50%	34.36%	31.43%	39.37%	25.39%	28.66%	31.10%

See accompanying notes to required schedules.

UCONN HEALTH
Required Supplementary Information

State Employee Other Post-Employment Benefits (OPEB) Plan

SCHEDULE OF UCONN HEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Based on a valuation date lagging one year behind the fiscal year

	OPEB (\$ in thousands)								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
UConn Health's proportion of the net OPEB liability	0.00%	9.60%	7.73%	7.69%	7.59%	7.31%	6.00%	6.96%	6.67%
UConn Health's proportion of the net OPEB liability \$	-	\$ 1,497,569	\$ 1,198,412	\$ 1,502,318	\$ 1,786,265	\$ 1,511,626	\$ 1,036,300	\$ 1,208,427	\$ 1,149,638
UConn Health's covered payroll \$	-	\$ 526,044	\$ 453,445	\$ 425,047	\$ 405,433	\$ 375,680	\$ 366,593	\$ 424,734	\$ 423,734
UConn Health's proportion share of the net OPEB liability as a percentage of its covered payroll	0.00%	284.69%	264.29%	353.45%	440.58%	402.37%	282.68%	284.51%	271.31%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%	1.94%

SCHEDULE OF UCONN HEALTH'S OPEB CONTRIBUTION

Based on contribution for the Fiscal Year Ended June 30,

	OPEB (\$ in thousands)								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ 81,655	\$ 65,567	\$ 66,784	\$ 65,804	\$ 55,031	\$ 48,134	\$ 46,451
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ 81,655	\$ 65,567	\$ 66,784	\$ 65,804	\$ 55,031	\$ 48,134	\$ 46,451
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
UConn Health's covered payroll	\$ -	\$ -	\$ 526,044	\$ 453,445	\$ 425,047	\$ 405,433	\$ 375,680	\$ 366,593	\$ 366,593
Contributions as a percentage of covered payroll	0.00%	0.00%	15.52%	14.46%	15.71%	16.23%	14.65%	13.13%	12.67%

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

UConn HEALTH
Required Supplementary Information

Notes to Required Pension and OPEB Schedules:

SERS, TRS, and SEOPEBP

Changes in Legislation

2024 to Present – Public Act 23-204 changed the State's funding structure for employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for UConn Health employees participating in the State's retirement plans. Accordingly, UConn Health ceased making contributions and reporting related covered payroll beginning with the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2025, UConn Health's proportionate share was reduced to zero for the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

SERS

Changes of Benefit Terms

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

Changes in Assumptions

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

TRS

Changes of Benefit Terms

2023 – Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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

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

UCONN HEALTH
Required Supplementary Information

Notes to Required Pension and OPEB Schedules (continued):

Changes in Assumptions

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

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

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

SEOPEBP

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 6.90% for contributory members and 3.65% for non-contributory members for the fiscal year 2024. For the fiscal years 2023, 2022, 2021, 2020, 2019, and 2018, the rates were 3.90%, 2.31%, 2.38%, 3.58%, 3.95%, and 3.68%, respectively.

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act.

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

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

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

OTHER SUPPLEMENTARY INFORMATION

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION
As of June 30, 2025

	2025			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents (Note 2)	\$ 215,291,950	\$ 121,658,271	\$ -	\$ 336,950,221
Patient receivables, net	24,423,858	68,047,679	-	92,471,537
Contract and other receivables	7,785,556	8,739,624	(5,877)	16,519,303
Funds held in escrow	272,443	-	-	272,443
Lease receivable - current portion	9,600	999,965	-	1,009,565
Due from Affiliates (Note 13)	6,958,829	-	-	6,958,829
Due from Primary Institution	-	11,505,593	(11,505,593)	-
Due from Department of Correction	9,592	-	-	9,592
Inventories	5,865,872	18,495,617	-	24,361,489
Prepaid expenses	9,822,286	2,149,013	-	11,971,299
Total current assets	<u>270,439,986</u>	<u>231,595,762</u>	<u>(11,511,470)</u>	<u>490,524,278</u>
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)	30,039,874	-	-	30,039,874
Deposits with vendors	14,159,611	14,637,066	-	28,796,677
Other assets	401,670	117,543	-	519,213
Investment in CSC	179,966	-	-	179,966
Due from Primary Institution	-	14,159,611	(14,159,611)	-
Due from State of Connecticut	61,887	-	-	61,887
Lease receivable - net of current portion	389,475	12,696,945	-	13,086,420
Right-to-use assets, net (Note 10)	50,298,668	76,085,603	(58,819,800)	67,564,471
Capital and intangible assets, net (Note 10)	471,929,383	301,093,521	-	773,022,904
Total noncurrent assets	<u>567,460,534</u>	<u>418,790,289</u>	<u>(72,979,411)</u>	<u>913,271,412</u>
Total assets	<u>\$ 837,900,520</u>	<u>\$ 650,386,051</u>	<u>\$ (84,490,881)</u>	<u>\$ 1,403,795,690</u>

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION(Continued)
As of June 30, 2025

	2025			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 46,513,302	\$ 27,455,340	\$ -	\$ 73,968,642
Due to State of Connecticut	5,451,952	3,634,489	-	9,086,441
Accrued salaries	21,832,855	13,207,551	-	35,040,406
Compensated absences - current portion (Note 11)	38,065,328	27,944,944	-	66,010,272
Due to John Dempsey Hospital	25,665,204	-	(25,665,204)	-
Due to third party payors	(4,296,621)	25,627,108	-	21,330,487
Due to Affiliates (Note 15)	11,174,167	-	-	11,174,167
Unearned revenue	1,784,079	854,146	-	2,638,225
Malpractice reserve (Note 11)	3,184,000	-	-	3,184,000
Right-to-use liabilities - current portion (Note 11)	7,585,098	11,645,559	(3,097,307)	16,133,350
Long-term debt - current portion (Note 11)	7,336,126	-	-	7,336,126
Total current liabilities	<u>164,295,490</u>	<u>110,369,137</u>	<u>(28,762,511)</u>	<u>245,902,116</u>
Noncurrent Liabilities				
Malpractice reserve (Note 11)	9,561,000	-	-	9,561,000
Compensated absences - net of current portion (Note 11)	22,761,340	16,709,808	-	39,471,148
Right-to-use liabilities - net of current portion (Note 11)	39,432,448	79,077,080	(61,775,743)	56,733,785
Long-term debt - net of current portion (Note 11)	149,089,039	-	-	149,089,039
Total noncurrent liabilities	<u>220,843,827</u>	<u>95,786,888</u>	<u>(61,775,743)</u>	<u>254,854,972</u>
Total liabilities	<u>\$ 385,139,317</u>	<u>\$ 206,156,025</u>	<u>\$ (90,538,254)</u>	<u>\$ 500,757,088</u>
Deferred inflows of resources right-to-use assets	\$ 345,482	\$ 13,642,671	\$ -	\$ 13,988,153
NET POSITION				
Net investment in capital assets	\$ 318,791,217	\$ 286,456,485	\$ 6,047,373	\$ 611,295,075
Restricted for				
Nonexpendable				
Scholarships	61,451	-	-	61,451
Expendable				
Research	2,519,137	-	-	2,519,137
Loans	467,084	-	-	467,084
Capital projects	38,564,154	-	-	38,564,154
Unrestricted	91,326,457	144,130,870	-	235,457,327
Minority interest - Uconn Health Imaging, LLC	686,222	-	-	686,222
Total net position	<u>\$ 452,415,721</u>	<u>\$ 430,587,355</u>	<u>\$ 6,047,373</u>	<u>\$ 889,050,449</u>

UConn Health
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	2025				
	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of \$8,093)	\$ 27,594,150	\$ -	\$ 27,594,150	\$ -	\$ 27,594,150
Patient services and pharmaceutical revenues (net of charity care of \$14,430) (Notes 4 & 6)	364,398,183	728,297,063	1,092,695,246	-	1,092,695,246
Federal grants and contracts	87,936,172	-	87,936,172	-	87,936,172
Nonfederal grants and contracts	31,596,780	-	31,596,780	-	31,596,780
Contract and other operating revenues	180,016,389	137,437,928	317,454,317	(148,259,642)	169,194,675
Total operating revenues	<u>691,541,674</u>	<u>865,734,991</u>	<u>1,557,276,665</u>	<u>(148,259,642)</u>	<u>1,409,017,023</u>
OPERATING EXPENSES					
Educational and General					
Instruction	231,824,171	-	231,824,171	(33,193,832)	198,630,339
Research	70,079,903	-	70,079,903	-	70,079,903
Patient services	238,042,398	782,647,087	1,020,689,485	(20,285,737)	1,000,403,748
Academic support	21,670,949	-	21,670,949	-	21,670,949
Institutional support	303,506,746	-	303,506,746	(87,855,048)	215,651,698
Operations and maintenance of plant	35,101,744	-	35,101,744	(371,604)	34,730,140
Depreciation and amortization (Note 10)	60,294,142	31,705,233	91,999,375	(4,339,385)	87,659,990
Student aid	60,021	-	60,021	-	60,021
Total operating expenses	<u>960,580,074</u>	<u>814,352,320</u>	<u>1,774,932,394</u>	<u>(146,045,606)</u>	<u>1,628,886,788</u>
Operating loss	<u>(269,038,400)</u>	<u>51,382,671</u>	<u>(217,655,729)</u>	<u>(2,214,036)</u>	<u>(219,869,765)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations (Note 15)	138,896,955	-	138,896,955	-	138,896,955
Gifts	5,816,480	-	5,816,480	-	5,816,480
Federal and State aid	54,885,680	-	54,885,680	-	54,885,680
Hospital transfer	(25,107,999)	25,107,999	-	-	-
Loss on disposal	(252,869)	(271,119)	(523,988)	-	(523,988)
Interest income	19,775	162,005	181,780	-	181,780
Lease revenue	46,404	2,208,831	2,255,235	-	2,255,235
Investment income, net	11,677,119	-	11,677,119	-	11,677,119
Interest on capital asset - related debt	(10,120,869)	(4,613,925)	(14,734,794)	3,203,535	(11,531,259)
Net nonoperating revenues	<u>175,860,676</u>	<u>22,593,791</u>	<u>198,454,467</u>	<u>3,203,535</u>	<u>201,658,002</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(93,177,724)</u>	<u>73,976,462</u>	<u>(19,201,262)</u>	<u>989,499</u>	<u>(18,211,763)</u>
OTHER CHANGES IN NET POSITION					
Capital appropriations (Note 13)	13,000,000	-	13,000,000	-	13,000,000
Derecognition of pension and OPEB balances (Note 17)	1,520,979,627	886,240,774	2,407,220,401	-	2,407,220,401
Contributions for minority interest - UHI	174,712	-	174,712	-	174,712
Net other changes in net position	<u>1,534,154,339</u>	<u>886,240,774</u>	<u>2,420,395,113</u>	<u>-</u>	<u>2,420,395,113</u>
Increase in net position	1,440,976,615	960,217,236	2,401,193,851	989,499	2,402,183,350
NET POSITION					
Net position-beginning of year	(965,968,205)	(511,945,112)	(1,477,913,317)	5,057,874	(1,472,855,443)
Cumulative effect of change in accounting method - GASB 101	(22,592,689)	(17,684,769)	(40,277,458)	-	(40,277,458)
Net position-beginning of year as restated	<u>(988,560,894)</u>	<u>(529,629,881)</u>	<u>(1,518,190,775)</u>	<u>5,057,874</u>	<u>(1,513,132,901)</u>
Net position-end of year	<u>\$ 452,415,721</u>	<u>\$ 430,587,355</u>	<u>\$ 883,003,076</u>	<u>\$ 6,047,373</u>	<u>\$ 889,050,449</u>

**STATISTICAL
SECTION**

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 27,594	\$ 24,843	\$ 24,934	\$ 23,871	\$ 23,475	\$ 21,636	\$ 20,655	\$ 18,613	\$ 17,499	\$ 15,728
Patient services and pharmaceutical revenues*	1,092,695	965,244	841,853	743,493	628,899	513,608	534,494	580,697	539,777	532,876
Federal grants and contracts	87,936	90,068	88,587	96,326	68,185	58,055	58,196	50,748	58,148	59,529
Nonfederal grants and contracts	31,597	28,616	26,463	26,357	24,977	27,872	30,016	29,337	29,009	27,116
Contract and other operating revenues	169,195	150,719	173,418	158,365	152,990	162,725	159,745	127,188	114,284	108,017
Total operating revenues	<u>1,409,017</u>	<u>1,259,490</u>	<u>1,155,255</u>	<u>1,048,412</u>	<u>898,526</u>	<u>783,896</u>	<u>803,106</u>	<u>806,583</u>	<u>758,717</u>	<u>743,266</u>
State appropriations	138,897	151,802	340,328	344,029	330,872	296,520	250,846	279,513	278,211	289,287
Transfer from/(to) State and outside programs	-	-	-	20,000	-	-	-	-	-	-
Gifts	5,816	6,365	5,419	4,417	3,496	6,950	6,146	5,706	4,079	6,865
COVID-19 relief funding	54,886	51,500	72,966	87,428	15,598	22,518	-	-	-	-
Interest income	182	145	279	351	340	-	-	-	-	-
Lease revenue	2,255	2,409	2,614	2,837	2,249	-	-	-	-	-
Investment income (net of investment expense)	11,677	14,010	10,055	129	31	600	1,385	654	104	141
Net nonoperating revenues	<u>213,713</u>	<u>226,231</u>	<u>431,661</u>	<u>459,191</u>	<u>352,586</u>	<u>326,588</u>	<u>258,377</u>	<u>285,873</u>	<u>282,394</u>	<u>296,293</u>
Total Revenues	<u>\$ 1,622,730</u>	<u>\$ 1,485,721</u>	<u>\$ 1,586,916</u>	<u>\$ 1,507,603</u>	<u>\$ 1,251,112</u>	<u>\$ 1,110,484</u>	<u>\$ 1,061,483</u>	<u>\$ 1,092,456</u>	<u>\$ 1,041,111</u>	<u>\$ 1,039,559</u>

	For the Year Ended June 30, (percent of total revenues)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Student tuition and fees (net of scholarship allowances)	1.7%	1.7%	1.6%	1.6%	1.9%	1.9%	1.9%	1.7%	1.7%	1.5%
Patient services and pharmaceutical revenues*	67.3%	65.0%	53.0%	49.3%	50.3%	46.3%	50.4%	53.2%	51.8%	51.3%
Federal grants and contracts	5.4%	6.1%	5.6%	6.4%	5.4%	5.2%	5.5%	4.6%	5.6%	5.7%
Nonfederal grants and contracts	1.9%	1.9%	1.7%	1.7%	2.0%	2.5%	2.8%	2.7%	2.8%	2.6%
Contract and other operating revenues	10.5%	10.1%	10.9%	10.5%	12.2%	14.7%	15.0%	11.6%	11.0%	10.4%
Total operating revenues	<u>86.8%</u>	<u>84.8%</u>	<u>72.8%</u>	<u>69.5%</u>	<u>71.8%</u>	<u>70.6%</u>	<u>75.7%</u>	<u>73.8%</u>	<u>72.9%</u>	<u>71.5%</u>
State appropriations	8.6%	10.2%	21.5%	22.9%	26.5%	26.7%	23.6%	25.6%	26.7%	27.8%
Transfer from/(to) State and outside programs	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gifts	0.4%	0.4%	0.3%	0.3%	0.3%	0.6%	0.6%	0.5%	0.4%	0.7%
COVID-19 relief funding	3.4%	3.5%	4.6%	5.8%	1.2%	2.0%	0.0%	0.0%	0.0%	0.0%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lease revenue	0.1%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income (net of investment expense)	0.7%	0.9%	0.6%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
Net nonoperating revenues	<u>13.2%</u>	<u>15.2%</u>	<u>27.2%</u>	<u>30.5%</u>	<u>28.2%</u>	<u>29.4%</u>	<u>24.4%</u>	<u>26.2%</u>	<u>27.1%</u>	<u>28.5%</u>
Total Revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

* Pharmaceutical revenues partial year fiscal year 2020 and first complete year in fiscal year 2021

SCHEDULE OF EXPENSES BY FUNCTION

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	\$ 198,630	\$ 205,287	\$ 142,971	\$ 175,456	\$ 178,910	\$ 170,526	\$ 157,396	\$ 179,948	\$ 169,130	\$ 168,299
Research	70,080	72,677	50,692	77,186	57,554	55,173	52,832	56,102	59,400	58,233
Patient services	1,000,404	1,077,149	907,678	970,226	964,236	846,526	663,701	747,637	713,342	648,071
Academic support	21,671	22,765	14,193	22,124	24,986	20,087	15,173	19,322	19,186	18,070
Institutional support	215,652	195,205	145,407	141,613	159,055	89,592	126,922	112,126	82,233	80,638
Operations and maintenance of plant	34,730	30,596	17,801	27,616	26,886	25,112	37,659	38,223	37,295	38,714
Depreciation and amortization	87,660	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469
Student aid	60	25	404	98	39	25	71	364	194	84
Total operating expenses	1,628,887	1,693,092	1,365,508	1,495,862	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578
Transfer to State and outside programs	-	-	-	-	-	-	1,991	-	-	-
Interest on capital asset - related debt	11,531	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487
Total nonoperating expenses	11,531	11,285	10,586	9,547	9,424	9,354	11,610	9,909	10,214	10,487
Total Expenses	\$ 1,640,418	\$ 1,704,377	\$ 1,376,094	\$ 1,505,409	\$ 1,493,577	\$ 1,289,288	\$ 1,137,939	\$ 1,216,268	\$1,143,040	\$1,064,065

	For the Year Ended June 30, (percent of total expenses)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	12.1%	12.0%	10.4%	11.7%	12.0%	13.2%	13.8%	14.8%	14.8%	15.8%
Research	4.3%	4.3%	3.7%	5.1%	3.9%	4.3%	4.6%	4.6%	5.2%	5.5%
Patient services	61.0%	63.2%	66.0%	64.5%	64.5%	65.7%	58.3%	61.5%	62.4%	60.9%
Academic support	1.3%	1.3%	1.0%	1.5%	1.7%	1.6%	1.3%	1.6%	1.7%	1.7%
Institutional support	13.1%	11.5%	10.5%	9.4%	10.6%	6.9%	11.2%	9.2%	7.2%	7.6%
Operations and maintenance of plant	2.2%	1.8%	1.3%	1.8%	1.8%	1.9%	3.3%	3.1%	3.3%	3.6%
Depreciation and amortization	5.3%	5.2%	6.3%	5.4%	4.9%	5.7%	6.5%	4.4%	4.5%	3.9%
Student aid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	99.3%	99.3%	99.2%	99.4%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Interest expense	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%
Total nonoperating expenses	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%
Total Expenses	100%	100%	100%	100%	100.0%	100%	100%	100%	100%	100%

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Salaries and wages	\$ 664,471	\$ 605,094	\$ 550,183	\$ 504,575	\$ 465,759	\$ 443,132	\$ 418,558	\$ 438,122	\$ 444,948	\$ 452,363
Fringe benefits	161,054	385,289	146,527	412,259	509,160	396,019	254,030	369,185	331,533	264,911
Supplies and other expenses	697,900	600,118	568,593	483,364	428,553	353,870	368,279	333,986	291,166	282,218
Utilities	17,802	13,203	13,843	14,121	8,194	14,020	12,887	12,429	13,133	12,617
Depreciation and amortization	87,660	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469
Total operating expenses	<u>1,628,887</u>	<u>1,693,092</u>	<u>1,365,508</u>	<u>1,495,862</u>	<u>1,484,153</u>	<u>1,279,934</u>	<u>1,126,329</u>	<u>1,206,359</u>	<u>1,132,826</u>	<u>1,053,578</u>
Transfer to State and outside programs	-	-	-	-	-	-	1,991	-	-	-
Interest on capital asset - related debt	11,531	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487
Total nonoperating expenses	<u>11,531</u>	<u>11,285</u>	<u>10,586</u>	<u>9,547</u>	<u>9,424</u>	<u>9,354</u>	<u>11,610</u>	<u>9,909</u>	<u>10,214</u>	<u>10,487</u>
Total Expenses	<u>\$ 1,640,418</u>	<u>\$ 1,704,377</u>	<u>\$ 1,376,094</u>	<u>\$ 1,505,409</u>	<u>\$ 1,493,577</u>	<u>\$ 1,289,288</u>	<u>\$ 1,137,939</u>	<u>\$ 1,216,268</u>	<u>\$1,143,040</u>	<u>\$1,064,065</u>

	For the Year Ended June 30, (percent of total expenses)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Salaries and wages	40.5%	35.5%	40.0%	33.5%	31.2%	34.4%	36.8%	36.0%	38.9%	42.5%
Fringe benefits	9.8%	22.6%	10.6%	27.4%	34.1%	30.7%	22.3%	30.4%	29.0%	24.9%
Supplies and other expenses	42.5%	35.2%	41.3%	32.1%	28.7%	27.4%	32.4%	27.5%	25.5%	26.5%
Utilities	1.1%	0.8%	1.0%	0.9%	0.5%	1.1%	1.1%	1.0%	1.1%	1.2%
Depreciation and amortization	5.4%	5.2%	6.3%	5.5%	4.9%	5.7%	6.4%	4.3%	4.6%	3.9%
Total operating expenses	<u>99.3%</u>	<u>99.3%</u>	<u>99.2%</u>	<u>99.4%</u>	<u>99.4%</u>	<u>99.3%</u>	<u>99.0%</u>	<u>99.2%</u>	<u>99.1%</u>	<u>99.0%</u>
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Interest on capital asset - related debt	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%
Total nonoperating expenses	<u>0.7%</u>	<u>0.7%</u>	<u>0.8%</u>	<u>0.6%</u>	<u>0.6%</u>	<u>0.7%</u>	<u>1.0%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>1.0%</u>
Total Expenses	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total revenues (from schedule of revenues by source)	\$ 1,622,730	\$ 1,485,721	\$ 1,586,916	\$ 1,507,603	\$ 1,251,112	\$ 1,110,484	\$ 1,061,483	\$ 1,092,456	\$ 1,041,111	\$ 1,039,559
Total expenses (from schedule of expenses by natural classification and function)	1,640,418	1,704,377	1,376,094	1,505,409	1,493,577	1,289,288	1,137,939	1,216,268	1,143,040	1,064,065
Income (Loss) before other changes in net position	(17,688)	(218,656)	210,822	2,194	(242,465)	(178,804)	(76,456)	(123,812)	(101,929)	(24,506)
Transfer from affiliate	-	-	-	228	2,000	-	-	-	-	-
Capital appropriations	13,000	21,000	40,000	13,000	680	-	13,000	88,806	43,479	175,000
Derecognition of pension and OPEB balances	2,407,220	-	-	-	-	-	-	-	-	-
Contributions - minority interest UConn Health Imaging, LLC	175	667	-	-	-	-	-	-	-	-
Loss on disposal	(524)	(225)	(85)	(779)	(196)	(332)	(1,898)	(3,092)	(989)	(695)
Net other changes in net position	2,419,871	21,442	39,915	12,449	2,484	(332)	11,102	85,714	42,490	174,305
Total changes in net position	2,402,183	(197,214)	250,737	14,643	(239,981)	(179,136)	(65,354)	(38,098)	(59,439)	149,799
Net position-beginning of year (as previously stated)	(1,472,855)	(1,275,641)	(1,525,946)	(1,539,857)	(1,299,314)	(1,120,178)	(1,014,953)	126,332	185,771	35,972
Cumulative effect of implementing GASB 75	-	-	-	-	-	-	-	(1,103,187)	-	-
Cumulative effect of implementing GASB 87 and 96	-	-	(432)	(732)	(563)	-	-	-	-	-
Cumulative effect of implementing GASB 101	(40,278)	-	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes and error corrections	-	-	-	-	-	-	(39,871)	-	-	-
Net position-beginning of year as restated	(1,513,133)	(1,275,641)	(1,526,378)	(1,540,589)	(1,299,877)	(1,120,178)	(1,054,824)	(976,855)	185,771	35,972
Net position, ending	\$ 889,050	\$ (1,472,855)	\$ (1,275,641)	\$ (1,525,946)	\$ (1,539,858)	\$ (1,299,314)	\$ (1,120,178)	\$ (1,014,953)	\$ 126,332	\$ 185,771
Net investment in capital assets	\$ 611,295	\$ 620,098	\$ 620,796	\$ 646,777	\$ 690,037	\$ 731,730	\$ 784,280	\$ 867,913	\$ 823,325	\$ 734,480
Restricted for										
Nonexpendable										
Scholarships	61	61	61	61	61	61	61	61	61	61
Expendable										
Research	2,519	2,090	224	1,093	1,107	1,792	1,588	(127)	(8)	(876)
Loans	467	391	333	283	244	283	589	523	31	953
Capital projects	38,564	14,026	54,484	26,185	3,444	4,363	7,881	37,660	37,061	117,466
Unrestricted	235,458	(2,110,033)	(1,951,539)	(2,200,345)	(2,234,751)	(2,037,543)	(1,914,577)	(1,920,983)	(734,138)	(666,313)
Minority interest - UConn Health Imaging, LLC	686	512	-	-	-	-	-	-	-	-
Total net position	\$ 889,050	\$ (1,472,855)	\$ (1,275,641)	\$ (1,525,946)	\$ (1,539,858)	\$ (1,299,314)	\$ (1,120,178)	\$ (1,014,953)	\$ 126,332	\$ 185,771

SCHEDULE OF LONG-TERM DEBT

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Loans payable	\$ 9,039	\$ 14,039	\$ 14,767	\$ 16,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Right-to-use liabilities	72,867	76,755	56,134	64,801	42,383	-	-	-	-	-
Capital leases	-	-	-	-	-	4,289	3,275	1,701	2,187	-
Mortgage agreement	147,386	154,919	163,208	171,081	178,560	185,664	192,412	198,823	204,914	210,700
Total long-term debt	\$ 229,292	\$ 245,713	\$ 234,109	\$ 252,810	\$ 220,943	\$ 189,953	\$ 195,687	\$ 200,524	\$ 207,101	\$ 210,700

FACULTY AND STAFF

	For the Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BARGAINING UNIT										
Faculty	653.0	641.0	607.1	592.7	579.2	566.8	565.6	539.6	529.4	517.6
University Health Professionals	3,260.4	3,160.4	2,938.1	2,680.2	2,681.0	2,630.0	2,558.9	2,526.6	2,477.0	2,462.8
All other	865.6	836.8	798.9	719.3	728.2	747.1	730.7	1,299.0	1,356.0	1,404.6
Total FTE's	4,779.0	4,638.2	4,344.1	3,992.2	3,988.4	3,943.9	3,855.2	4,365.2	4,362.4	4,385.0
EXEMPT										
Faculty	64.6	62.5	60.3	60.0	60.0	54.9	54.3	55.2	56.2	56.8
Managerial	200.4	184.4	161.6	143.0	139.0	133.0	131.8	139.1	153.9	160.6
All other	441.2	449.1	438.1	403.6	367.8	350.2	334.9	340.7	335.1	329.3
Total FTE's	706.2	696.0	660.0	606.6	566.8	538.1	521.0	535.0	545.2	546.7
TOTAL FTE's	5,485.2	5,334.2	5,004.1	4,598.8	4,555.2	4,482.0	4,376.2	4,900.2	4,907.6	4,931.7

The FTE information prior to 2019 includes CMHC

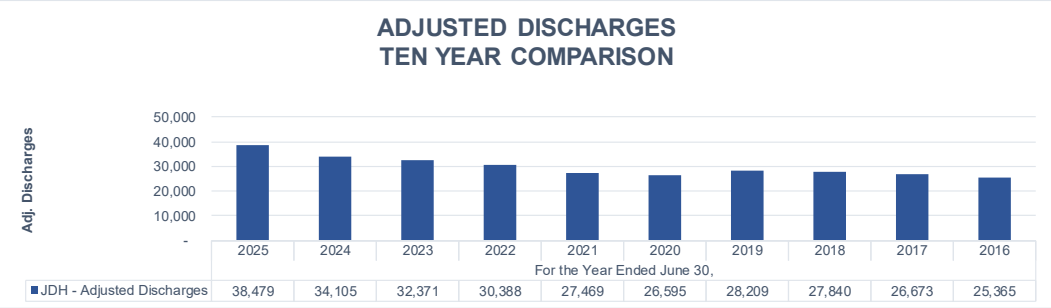
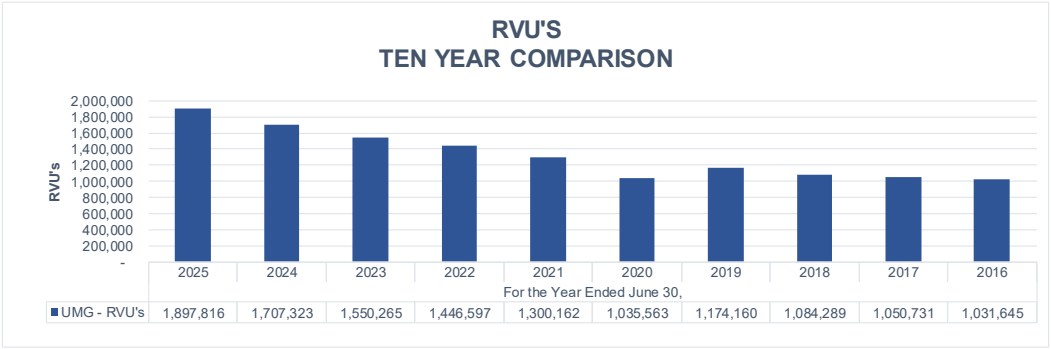
**SCHEDULE OF CAPITAL ASSET INFORMATION
DETAIL FOR BUILDINGS ONLY - BY FUNCTION**

		For the Fiscal Year Ended June 30,									
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Academic											
Net assignable square feet (in thousands)		84	84	84	84	84	84	84	82	82	74
Number of buildings/major areas of Main Building*		2	2	2	2	2	2	2	2	2	1
Research buildings											
Net assignable square feet (in thousands)		478	478	478	478	478	478	478	456	456	456
Number of buildings/major areas of Main Building*		7	7	7	7	7	7	7	6	6	6
Patient care buildings											
Net assignable square feet (in thousands)		873	873	873	873	873	868	868	885	885	885
Number of buildings/major areas of Main Building*		6	6	6	6	6	6	6	6	6	6
Administrative and support buildings											
Net assignable square feet (in thousands)		985	985	985	985	985	985	985	865	865	873
Number of buildings/major areas of Main Building*		11	11	11	11	11	11	11	11	11	12
Total net assignable square feet (in thousands)		<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2415</u>	<u>2415</u>	<u>2288</u>	<u>2288</u>	<u>2288</u>
Number of buildings/major areas of Main Building*		<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>25</u>

*The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted. Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized according to their primary use. Parking garages are included under administrative and support buildings, and the parking is included in the NASF. Total NASF for G1, G2, and G3 = 818 (in thousands). Buildings 9 and 28 were incorporated into Building 8 in 2009. For the purposes of this schedule, they are considered to have always been part of Building 8.

RVU'S AND DISCHARGES

	For the Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
UMG - RVU's	1,897,816	1,707,323	1,550,265	1,446,597	1,300,162	1,035,563	1,174,160	1,084,289	1,050,731	1,031,645
	For the Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
JDH - Adjusted Discharges	38,479	34,105	32,371	30,388	27,469	26,595	28,209	27,840	26,673	25,365



DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

Year	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2025	\$ 365,727,600,000	3,688,631	\$ 99,150	3.4%
2024	\$ 342,112,700,000	3,625,511	\$ 94,363	4.2%
2023	\$ 314,865,500,000	3,632,752	\$ 86,674	3.9%
2022	\$ 307,116,000,000	3,614,683	\$ 84,963	5.1%
2021	\$ 290,146,700,000	3,544,930	\$ 81,848	8.5%
2020	\$ 290,641,600,000	3,561,513	\$ 81,606	5.1%
2019	\$ 284,136,600,000	3,570,160	\$ 79,587	3.8%
2018	\$ 265,636,709,000	3,588,236	\$ 74,030	4.5%
2017	\$ 251,389,254,000	3,568,714	\$ 70,443	4.8%
2016	\$ 252,249,206,000	3,586,640	\$ 70,330	5.5%

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(a) Source: U.S. Department of Commerce

(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS**State of Connecticut****Current Year and Ten Years Ago**

<u>Name</u>	2025		
	Employees in CT	Percentage of Total CT Employment	Rank
Yale New Haven Health System	30,056	1.6%	1
Hartford Healthcare	23,355	1.2%	2
Yale University	17,089	0.9%	3
TRX Corp	16,500	0.9%	4
General Dynamics Electric Boat	16,071	0.9%	5
CVS Health Corp. and subsidiaries	8,942	0.5%	6
Walmart Stores Inc	8,572	0.5%	7
Trinity Health of New England	7,705	0.4%	8
The Travelers Cos. Inc.	7,400	0.4%	9
Sikorsky, a Lockheed Martin Company	7,092	0.4%	10
Total	142,782	7.8%	

<u>Name</u>	2016		
	Employees in CT	Percentage of Total CT Employment	Rank
Yale New Haven Health System	19,920	1.1%	1
Hartford Healthcare	18,135	1.0%	2
Yale University	15,018	0.8%	3
United Technologies Corp	15,000	0.8%	4
General Dynamics Electric Boat	10,230	0.6%	5
Wal-Mart Stores, Inc.	8,800	0.5%	6
Sikorsky, a Lockheed Martin Company	8,000	0.4%	7
The Travelers Cos. Inc.	7,400	0.4%	8
The Hartford Financial Services Group	7,000	0.4%	9
Mohegan Sun	6,735	0.4%	10
Total	116,238	6.4%	

Source: Hartford Business Journal

(1) Formerly Raytheon Technologies; presence in Connecticut includes Collins Aerospace and Pratt & Whitney.

(2) Data from 2023 survey.

(3) Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.

(4) Data from Q1 2024.

(5) Figure from Fall 2015.

(6) Approximate figure as of March 2016.

(7) On Nov. 6, 2015, Lockheed Martin acquired Sikorsky Aircraft from Farmington-based United Technologies Corp. for \$9 billion.

(8) Employee numbers are approximate.

UConn
HEALTH

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**APPENDIX I-B – EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE
OF TRUST**

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APPENDIX I-B – EXCERPTS FROM THE GENERAL OBLIGATION MASTER INDENTURE OF TRUST

The following are the excerpts of certain provisions of the Master Indenture of Trust (the “Master Indenture”) and should not be regarded as full statements of the Master Indenture. Reference is made to the Master Indenture in its entirety for a complete statement of the provisions thereof.

AUTHORIZATION AND ISSUANCE OF THE BONDS

201. Authority for this Indenture. This Indenture is made and entered into by virtue of and pursuant to the provisions of the Act. The University has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the University in accordance with the Act and to carry out powers expressly given thereby, and that each and every covenant and agreement herein contained and made is necessary or convenient to carry out and effectuate the purpose of the Act.

202. Authorization for Issuance of Bonds and Obligation of University. In order to provide sufficient funds for the UConn 2000 Infrastructure Improvement Program, Bonds of the University are hereby authorized to be issued without limitation as to amount except as herein provided or as may be limited by law and the Bonds shall be issued subject to the terms, conditions and limitations established in this Indenture and the Act.

It is hereby expressly provided that the Bonds shall be general obligations of the University for the payment of which, in accordance with their terms, the full faith and credit of the University are hereby pledged and are payable out of any revenues or other assets, receipts, funds or moneys of the University, subject only to any agreements permitted by the Act and this Indenture with the holders of particular notes or bonds pledging any particular revenues, assets, receipts, funds or moneys. All Bonds issued hereunder shall be additionally secured and entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by this Indenture and the covenants of the University and the State contained herein to secure the full and final payment of the principal, or Redemption Price, if applicable, thereof and the interest thereon. Bonds issued hereunder shall not be deemed to constitute a debt or liability of the State or any municipality thereof or a pledge of the faith and credit of the State or of any such municipality and the Bonds, Notes, Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred shall not constitute a debt or liability issued or guaranteed by or otherwise of the State within the meaning of Section 3-21 of the General Statutes of the State, except the amount required by the Act to be so included. All Bonds shall contain on the face thereof a statement to the effect that the Bonds shall not constitute a debt or liability of the State or any municipality or any political subdivision of the State but shall be payable solely from the resources of the University described in and pursuant to this Indenture under which they are issued.

GENERAL TERMS AND PROVISIONS OF THE BONDS

301. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds shall be issued in the form of fully registered Bonds without coupons. The Bonds shall be in such form as provided in this Indenture substantially as set forth in Exhibit B with such insertions, omissions and variations as may be deemed necessary or appropriate by an Authorized Officer of the University executing the same and as shall be permitted by the Act, this Indenture and the applicable Supplemental Indenture authorizing such Bonds.

3. Each Bond shall be lettered and numbered as provided in this Indenture or the applicable Supplemental Indenture so as to be distinguished from every other Bond.

4. The date of original issuance of each Bond shall be the date as provided in the Supplemental Indenture. Bonds issued in exchange for Bonds of the same Series shall be dated the date of authentication and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication precedes the first Interest Payment Date of such Series, in which case such Bonds shall bear interest from the date of original issuance of such Series, or (ii) such date of authentication is an Interest Payment Date, in which case such Bonds shall bear interest from their date of authentication; provided that if, as shown by the records of the Trustee, interest on such Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer shall bear interest from the date to which interest has been paid in full on the Bonds surrendered.

304. Exchange, Transfer and Registry of Bonds.

1. All the Bonds issued under this Indenture shall be subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the University shall maintain and keep, at the principal corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the University shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the University shall make all necessary provision to permit the exchange of Bonds at the principal corporate trust office of the Trustee.

2. The Bonds shall be transferable only upon the books of the University, which shall be kept for the purpose at the principal corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the University shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, tenor and Series and maturity as the surrendered Bond.

3. The registered owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount, tenor and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the University for a new Bond or Bonds upon the request of the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney.

4. The University and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the University as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the University nor any Fiduciary shall be affected by any notice to the contrary. The University agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Indenture, in so treating such registered owner.

305. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the University shall execute and the Trustee shall authenticate and make available for delivery Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the University or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (ii) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds surrendered for such purpose within 60 days after the first authentication and delivery of any of the Bonds of the same Series, or (iii) as otherwise provided in this Indenture, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the University nor the Trustee shall be required (a) to register, transfer or exchange Bonds of any Series for a period of fifteen days next preceding an interest payment on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption; or (b) to register, transfer or exchange any Bonds called for redemption.

306. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the University shall execute, and thereupon the Trustee shall authenticate and make available for delivery, a new Bond of like Series, tenor, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee of evidence satisfactory to the University and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the University and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the University and the Trustee may prescribe and paying such expenses as the University and Trustee may incur. All Bonds so surrendered to the Trustee shall be promptly cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the University, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the University or the Fiduciary for the benefit of the Bondholders.

REDEMPTION OF BONDS

406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. All interest installments which shall have matured on or prior to the redemption date shall continue to be payable to the registered owner. If there shall be drawn for redemption less than all of a Bond, the University shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been

called for redemption and, except with respect to any mandatory redemption, shall not be deemed to be in default hereunder.

THE PLEDGE, FUNDS AND ACCOUNTS

601. Pledge Effected by Indenture. The Trust Estate is hereby pledged to secure the payment of the principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of this Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions herein set forth. In accordance with the Act, and pursuant to each Supplemental Indenture authorizing Bonds to be additionally secured by the State Debt Service Commitment, the amount of the State Debt Service Commitment in each fiscal year shall be pledged for the punctual payment of the Special Debt Service Requirements on such Bonds as the same arise and shall become due and payable. The pledges made or provided for in this Section pursuant to Section 8 of the Act is and shall be deemed a statutory lien as provided in subsection (2) of section 42a-9-102 of the General Statutes of the State and shall be valid and binding from the date hereof; the revenues, receipts, moneys or funds so pledged and hereafter received by the University shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any pledge made hereunder shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the University, irrespective of whether such parties have notice thereof.

602. Establishment of Funds and Accounts. The University hereby establishes and creates the following funds and accounts to be held by the Treasurer or the Trustee:

- (1) Bond Proceeds Fund
 - (a) Construction Account - Trustee
 - (b) Costs of Issuance Accounts - Treasurer
- (2) Debt Service Fund - Trustee
 - (a) Interest Account
 - (b) Principal Installment Account
- (3) Renewal and Replacement Fund - Trustee
- (4) Redemption Fund - Trustee

The University reserves the right and power, subject to this Indenture, to establish additional funds, accounts and sub-accounts hereunder. All funds, accounts and sub-accounts created under this Indenture, in addition to other funds, accounts or sub-accounts from time to time established hereunder, shall be held and maintained by the Treasurer, the Trustee or the University in accordance with the terms of this Indenture.

603. Bond Proceeds Fund. Subject to Section 501, there shall be deposited into the Bond Proceeds Fund the proceeds of all Bonds issued under this Indenture.

a. Construction Account. (1) Within the Bond Proceeds Fund the Trustee shall maintain a separate account designated "Construction Account".

(2) Monies in the Construction Account shall be expended only for the UConn 2000 Infrastructure Improvement Program, subject to the provisions of this Section of this Indenture.

(3) Except as may be limited by the purposes for which a Series is issued as set forth in this Indenture or in the Supplemental Indenture authorizing any such Series, amounts in the Construction Account shall be expended by the University from time to time only to payments:

(a) for the financing of UConn 2000 Projects for the UConn 2000 Infrastructure Improvement Program,

(b) of principal, redemption price, if any and interest when due (whether at the maturity of principal or the due date of interest or upon redemption) on any Notes of the University,

(c) to the State, of monies paid or advanced by the State, to the University and used by the University for the UConn 2000 Infrastructure Improvement Program,

(d) to the University, of monies paid or advanced by the University and used by the University for the UConn 2000 Infrastructure Improvement Program,

(e) to the extent that other monies are not available, of Principal Installments of and interest on Bonds when due, and

(f) to any other valid purpose of the University under the Act.

(4) There shall be paid into the Construction Account the amounts required to be so paid by the provisions of this Indenture or any Supplemental Indenture, and there may be paid by the University into the Construction Account any moneys received by the University from any other source, unless required to be otherwise applied as provided by this Indenture or any Supplemental Indenture. The University may establish within the Construction Account separate sub-accounts for UConn 2000 Phase I Projects, for UConn 2000 Phase II Projects and for UConn 2000 Phase III Projects and a sub-account for proceeds of Special Eligible Gifts, each of which shall be maintained by the Trustee.

(5) The University is further authorized and directed to order each disbursement from the Construction Account upon a certification filed with the Treasurer and Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the Project and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the Project and, pursuant to Section 910 hereof, is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iii) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Construction Account, (iv) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (v) specify the name and address of the person to whom payment is due or has been made.

(6) The proceeds of insurance maintained pursuant to this Indenture against physical loss of or damage to each Project, or of contractors' performance bonds with respect to each Project, received during the period of construction thereof, shall be paid into the appropriate sub-account in the Construction Fund or, subject to the Tax Regulatory Agreement, into the Debt Service Fund, as the case may be.

(7) If the University has established with the Trustee separate subaccounts, then the completion of construction of UConn 2000 Phase I Projects and UConn 2000 Phase II Projects, as the case may be, shall be evidenced by a certificate of an Authorized Officer of the University filed with the Treasurer and Trustee stating the date of such completion and the amount, if any, estimated to be required for the payment of any remaining part of the costs of any UConn 2000 Phase I Projects or UConn 2000 Phase II Projects, as the case may be, financed by Bonds. Upon the filing of such certificate, any balance in the separate sub-account in the Construction Account established for UConn 2000 Phase I Projects in excess of the amount, if any, stated in such certificate shall, upon written direction of the University, be applied to the Cost of Construction of any UConn 2000 Phase II Project or UConn 2000 Phase III Projects, as the case may be, or be deposited in the Redemption Fund and applied to the purchase or redemption of Bonds pursuant to Section 4.07 herein.

(8) Pursuant to a Supplemental Indenture, the University may, from time to time, deposit any amounts of Special Eligible Gifts into the Construction Account and may pledge the amounts thereof as additional security for other Indebtedness issued as Bonds hereunder.

b. Costs of Issuance Account. Within the Bond Proceeds Fund is a Costs of Issuance Account created pursuant to Section 602 of this Indenture and shall be maintained by the Treasurer. There shall be deposited in the Costs of Issuance Account (i) all moneys required to be deposited therein both pursuant to this Indenture and pursuant to a Supplemental Indenture under which Bonds are issued and (ii) all other moneys of the University available therefore, as determined by the University. The Treasurer in consultation with the University shall apply amounts in the Costs of Issuance Account to pay the Costs of Issuance incurred in connection with the authorization, issuance and delivery of the corresponding Bonds.

After payment of all Costs of Issuance on the Bonds, any interest earnings in the Bond Proceeds Fund remaining shall be remaining amounts and credited to the General Fund of the State and, prior thereto, any such amounts shall be credited to such fund or account thereof as shall be necessary to comply with the Tax Regulatory Agreement and Section 910 hereof and, upon determination of the Treasurer, to meet an expenditure exception to the rebate requirement of the Code.

c. Amounts in the Construction Account may be invested by the Trustee, at the direction of the University with the consent of the Treasurer and amounts in the Costs of Issuance Account may be invested by the Treasurer, each in obligations permitted for State general obligation bonds pursuant to paragraph (f) of Section 3-20 of the General Statutes to the extent same are Investment Obligations and maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the costs to which such moneys are applicable provided, however, interest earnings thereon shall be transferred to the Costs of Issuance Account. Pursuant to Section 17(b) of the Act the Treasurer shall establish such requirements for compliance with Code, including the execution of a Tax Regulatory Agreement in order for the University to comply with Section 910 hereof.

604. Debt Service Fund. In order to provide for the punctual payment of Principal Installments and interest on the Bonds, the University shall pay to the Trustee from Assured Revenues the Debt Service Fund Requirement for deposit in the Debt Service Fund and, consistent with Sections 909(B) and 914 hereof and the Act, with respect to Bonds additionally secured by the State Debt Service Commitment, shall rely on the amount of the State Debt Service Commitment applicable to the Debt Service Fund Requirement being directly deposited into the Debt Service Fund on or before 12 Noon, Hartford, Connecticut time on the Interest Payment Date with respect to interest on such Bonds and on the Principal Installment Date with respect to Principal or Sinking Fund Installments on such Bonds by the Treasurer, such amounts having been appropriated out of the resources of the General Fund of the State, as part of the contract of the State with the Bondholders of the Bonds additionally secured by the State Debt Service Commitment by Section 5(c) of the Act.

(A) The Trustee shall pay out of the Interest Account of the Debt Service Fund to the respective Paying Agents for any Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of interest on Outstanding Bonds and Swap Payments due on such date and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(B) The Trustee shall pay out of the Principal Installment Account of the Debt Service Fund to the respective Paying Agents on or before each Principal Installment Date the amounts required for the payment of principal due on Outstanding Bonds on such date and such amounts shall be applied by the Paying Agents to such payments.

(C) The amount accumulated in the Principal Installment Account for each Sinking Fund Installment may, and if so directed by the University shall, be applied (together with amounts accumulated in

the Interest Account with respect to interest on Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or

(2) to the redemption, pursuant to Article IV, of such Bonds then redeemable by their terms at the Redemption Price referred to in clause (1) hereof.

(D) Upon the purchase or redemption of any Bond pursuant to subsection (C) of this Section, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in subsection (G) of this Section (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installment due on a future date.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Section 403, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Principal Installment Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of such Principal Installment Account to the appropriate Paying Agents on the day preceding each such Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(F) The University may, from time to time, by written instructions direct the Trustee to make purchases under subsection (C) above only upon receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified hereunder for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at any equal price above the amount of moneys available for purchase, then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five days next preceding any date on which such Bonds are subject to redemption.

(G) If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are purchased or redeemed other than pursuant to this Article, the University may from time to time and at any time by written notice to the Trustee, specify the portion, if any, of such Bonds so purchased or redeemed and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 30 days after such notice is delivered to the Trustee. All such Bonds to be applied as a credit shall be surrendered to the

Trustee for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installments for the purpose of calculation of Sinking Fund Installments due on a future date.

606. Renewal and Replacement Fund.

(A) The University shall provide from time to time for deposit of amounts into the Renewal and Replacement Fund so that the amounts therein equals the Renewal and Replacement Requirement.

(B) The University is hereby authorized to apply the amounts in the Renewal and Replacement Fund to the payment or reimbursement of the extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UConn 2000 Project financed by the University under this Indenture and other facilities forming part of the physical university plant so to permit the University to operate and maintain the physical university plant in sound operating condition.

(C) The University is further authorized and directed to order each disbursement from the Renewal and Replacement Fund upon a certification filed with the Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the project or other facilities financed with such disbursement and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the project or other facilities, (iii) if the money in the Renewal and Replacement Fund is proceeds of a tax exempt obligation, then, pursuant to Section 912 hereof, such disbursement is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iv) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds Fund (v) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (vi) specify the name and address of the person to whom payment is due or has been made.

607. Redemption Fund.

(A) The Trustee shall establish in the Redemption Fund a separate Series account for the Bonds of each Series.

(B) Any monies which are required or permitted to be deposited into a Series account established as aforesaid, of the Redemption Fund pursuant to this Indenture shall be set aside in such sub-account. Upon deposit of such monies in any such Series account or within thirty (30) days thereafter, the University may give written direction to the Trustee signed by an Authorized Officer, of the Redemption Date, of the maturity or maturities of the Bonds of such Series to be purchased or redeemed and of the principal amounts of each maturity or maturities to be purchased or redeemed, subject to any limitations with respect thereto contained in this Indenture and the Supplemental Indenture authorizing such Series.

(1) Monies so held in each such separate account by the Trustee shall be applied to the purchase or retirement of Bonds of the Series in respect of which such account was created as follows:

The Trustee shall promptly apply such monies to the purchase of Bonds of such maturity or maturities of the Series in respect of which such account was created, as may be directed by an Authorized Officer in the manner provided in this paragraph (B) and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds shall then be subject to

redemption, such price, however, not to exceed the Redemption Price applicable by operation of the Redemption Fund which would be payable on the next ensuing Redemption Date on which Bonds of the Series so purchased are redeemable according to their terms. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence the Trustee may purchase any Bonds of such Series. The Trustee shall pay the interest accrued on Bonds so purchased to the date of delivery thereof to the Trustee from the Interest Account and the balance of the purchase price from the applicable Account established within the Redemption Fund, as hereinabove provided, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Supplemental Indenture authorizing the issuance thereof.

In the event the Trustee is able to purchase a principal amount equivalent to the sum of the deposits in the Account as provided in this paragraph of Bonds for such Account in accordance with and under the foregoing provisions of this paragraph (B) at a purchase price less than the sum of such deposits to such Account, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the University shall direct the Trustee to transfer the balance of monies remaining in such Account to, and deposit the same in the Debt Service Fund.

(2) In the event the Trustee is unable to purchase Bonds of a Series in accordance with and under the foregoing provisions of this paragraph, and there is \$100,000 or more in the Account established for such Series of Bonds, the Trustee shall call for redemption on the next ensuing Redemption Date such amount of Bonds of such maturity or maturities of the Series in respect of which such Account was created as may be directed by an Authorized Officer in the manner provided in this paragraph (B) and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture, as at the Redemption Price applicable by operation of the Redemption Fund in the next ensuing Redemption Date, will exhaust said Account as nearly as may be. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence the Trustee shall redeem Bonds of such Series in inverse order of their maturities and by lot within a maturity. Such redemption shall be made pursuant to the provisions of Article IV hereof. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of redemption from the Interest Account and the Redemption Price from the applicable Account.

(C) Except as otherwise required in paragraph (B) hereof, and subject to the provisions of any Supplemental Indenture directing or permitting the application of any part of the monies in the Redemption Fund to the purchase or redemption of Bonds of any particular Series, and to the redemption provisions of the Bonds, amounts in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds (accrued interest on such Bonds to be provided out of the Interest Account), provided however, the University shall direct the selection of the Bonds to be purchased and the purchase price thereof, within the limits provided by law, and the amount and date of redemption of the Bonds to be redeemed, so as to apply amounts in said Sub-Account to such purposes as rapidly as in its judgment is reasonably practicable. Such purchases shall be made in such manner as the Trustee shall determine and such redemption shall be made in the manner provided in Article IV.

(D) The University may, from time to time, by written instruction direct the Trustee to make purchases under paragraphs (B) and (C) above only after receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under paragraphs (B) and (C) above for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the monies available for purchase pursuant to such tenders are not sufficient to

permit acceptance of all tenders and there shall be tenders at an equal price above the amount of monies available for purchase then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

(E) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof (as specified below) shall be credited toward a part or all of any one or more of such Sinking Fund Installments, as directed by the University, or, failing such direction by the 15th day of the second month preceding the date of the applicable Sinking Fund Installment, toward such Sinking Fund Installments in inverse order of their due dates. Such applicable Redemption Prices shall be the respective Redemption Prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

(F) Amounts in the Redemption Fund may, and at the direction of the University shall, be invested in Investment Obligations maturing not later than five days prior to the date when such monies must be applied to the purchase or redemption of Bonds in accordance with Article IV.

(G) The University may direct the Trustee to withdraw amounts in the Redemption Fund which constitute interest earned and gains realized by the investments of monies held in the Redemption Fund and the Trustee shall forthwith deposit the amount so withdrawn, as Assured Revenues into the Debt Service Fund.

(H) With respect to any Bonds additionally secured by the State Debt Service Commitment, no redemption, purchase or investment under this Section shall be effective without the consent of the Treasurer.

INVESTMENT OF FUNDS

701. Investment of Funds and Accounts held by Trustee.

(1) Except as otherwise set forth in Sections 607 and 1401, the Trustee shall upon direction of the University in writing, signed by an Authorized Officer, deposit monies or cause monies to be deposited from any fund or account held by the Trustee, in Investment Obligations, or may make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation and which are permitted by State law to be a depository of public funds; provided that each such Investment Obligation or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in such other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the State or the United States of America, of a market value equal at all times to the amount of the other similar banking arrangement; provided further, however, with respect to amounts of the State Debt Service Commitment deposited in the Debt Service Fund, Investment Obligations shall include only those defined in (i) thereof or such similar banking arrangements secured as heretofore described and effective only with the consent of the Treasurer. Other similar banking arrangements shall include repurchase agreements of banks, trust companies or investment banking institutions, which require the deposit of the collateral security as described above with the Trustee; such collateral to be evaluated at least once a week.

(2) Except as otherwise provided for in this Indenture: Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such fund or account and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(3) Except as otherwise provided in this Indenture, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the University in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Indenture as of the end of the preceding month.

(4) The Trustee and University shall not permit the deposit of any monies with any Depository, other than the Trustee, in an amount exceeding fifteen per centum (15%) of the amount which an officer of such Depository shall certify to the Trustee and University as the combined capital and surplus of such Depository provided, however, such provision shall not apply or be construed to apply as a restriction on investments in Investment Obligations.

CONCERNING THE TRUSTEE

808. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days' written notice to the University and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed, as provided in Section 809, in which event such resignation shall take effect immediately on the appointment of such successor; provided that no resignation shall take effect until a successor Trustee shall have been appointed and shall have accepted such appointment.

809. Removal of Trustee. 1. During any period in which no Event of Default shall have occurred or be continuing, the Trustee may be removed for any reason, with or without cause (i) by the University, by written instrument delivered to the Trustee, or (ii) by the holders of at least 25% of the Outstanding Bonds, by written instrument or concurrent instruments in writing signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the University and the Trustee.

2. During any period in which any Event of Default shall have occurred or be continuing, the Trustee may be removed (i) by the University, with cause, by written instrument delivered to the Trustee, or (ii) by the holders of at least 25% of the Outstanding Bonds, with cause, by written instrument or concurrent written instruments signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the University and the Trustee. Notwithstanding the foregoing, holders of at least 25% of the Outstanding Bonds may cancel or overturn any removal of the Trustee undertaken by the University pursuant to this paragraph (2) by written instrument or concurrent written instruments signed and acknowledged by such holders or their attorneys-in-fact and delivered to the University and the Trustee prior to the date of removal of the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the University or of the holders of not less than ten percent of the Outstanding Bonds.

3. The removal of the Trustee will not relieve the Trustee of liability for (i) any action or omission to act in breach of its fiduciary duties hereunder that occurred prior to the date of removal, or (ii) acting or proceeding in violation of, or failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee that occurred prior to the date of removal.

810. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the University covenants and agrees that it will thereupon appoint a successor Trustee. If in the reasonable judgment of the University any such event referred to in the preceding sentence is likely to occur, the University, in its sole discretion and without the request of Holders of Bonds as required in Section 808 hereof, may remove the Trustee and the University covenants and agrees that it will thereupon appoint a successor Trustee. The University shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the University written notice, as provided in Section 808, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 810 in succession to the Trustee shall be a bank or trust company having its principal corporate trust office in the State, and having a capital and surplus aggregating at least One Hundred Million Dollars (\$100,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

PARTICULAR COVENANTS

901. Payment of Bonds. The University shall duly and punctually pay or cause to be paid, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

903. Operating Budget. Pursuant to the Act for the ensuing Fiscal Year and prior to each such ensuing Fiscal Year or as soon as possible during such Fiscal Year, the University shall adopt an Operating Budget for the University and, pursuant to this Indenture, shall include amounts necessary to provide for the amounts necessary to meet the Renewal and Replacement Fund Requirement.

For the purposes of calculating and budgeting the Renewal and Replacement Fund Requirement with respect to a Project or Projects financed under this General Obligation Indenture, the University shall be entitled for the purpose of this covenant to not include such expenses in its Operating Budget and to the extent applicable, to rely on a person with whom the University contracts to perform and pay for such expenses to such extent as the contract requires such person to perform and pay for such services for such period as the contract covers and so long as the University is of the opinion and determines that such person is competent to perform and financially capable of paying such expenses.

906. Power to Issue Bonds and Make Pledges. The University is duly authorized pursuant to law to create and issue the Bonds and to adopt this Indenture and to pledge its moneys, securities and funds purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. The moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledges created by this Indenture, and all corporate action on the part of the University to that end has been duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the University in accordance with their terms and the terms of this Indenture. The University shall at all times, to the extent permitted by law, defend,

preserve and protect the pledges of the moneys, securities and funds pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever including defending, preserving and protecting such pledges as statutory liens as set forth in Section 8 of the Act and as provided in subsection (2) of Section 42a-9-102 of the General Statutes of the State.

907. Indebtedness and Liens. (A) Except as provided below in this section, the University shall not issue any bonds, notes or other evidences of indebtedness secured by a pledge of particular revenues, receipts, funds or moneys constituting Assured Revenues, and other than the lien and pledge created or provided for by this Indenture with respect to the State Debt Service Commitment and on the Bond proceeds, the Debt Service Fund and the Redemption Fund, shall not create or cause to be created any lien or charge on Assured Revenues and on any account or funds established hereunder.

(B) (1) Nothing in this Indenture shall prevent the University from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Assured Revenues to be derived on and after such date as this General Obligation Indenture shall be discharged and satisfied as provided in Section 1401, or (B)(2) if authorized by law, other than the Act, for University purposes other than the UConn 2000 Infrastructure Improvement Program (a) from issuing its general obligation or other indebtedness payable out of Assured Revenues and (b) may be additionally secured by a pledge, assignment or encumbrance of particular Assured Revenues other than the State Debt Service Commitment, so long as prior to the issuance thereof such particular Assured Revenues have not been pledged, assigned or encumbered pursuant to this Indenture or a Dedication Instrument and the authorizing documents with respect to (a) and, if applicable (b) hereof shall be filed with the Trustee, accompanied by a Counsel's Opinion stating, in effect, that such indebtedness is authorized by law and is within the requirements of this provision (B)(2).

(C) Nothing in this Indenture shall prevent the University, in accordance with the Act, from authorizing by resolution of the Board of Trustees and issuing its Revenue Bonds for financing any one Project, or more than one Project or any combination of Projects pursuant to a financing program of the University or otherwise as set forth in the resolution of the Board of Trustees, or pledging, assigning or encumbering any Project Revenues, or other receipts, funds, moneys, or assets of the University derived from one or more Projects, including Assured Revenues that may be restricted by the terms thereof to such a particular Project or Projects to be so financed, or any special capital reserve fund created therefor pursuant to the Act.

(D) Nothing in this Indenture shall prevent the University from pledging, assigning or otherwise encumbering any or a portion of Assured Revenues, other than the State Debt Service Commitment (herein "Encumbered Assured Revenues), subject to the conditions and limitations described below to secure bonds, notes or other evidences of indebtedness by the University including, pursuant to a Supplemental Indenture, Bonds (herein "Other Indebtedness") so long as before or simultaneously with each and any such pledge, assignment or encumbrance there is delivered to or filed with the Trustee:

(1) a copy of the Dedication Instrument effecting such pledge, assignment or other encumbrance, certified as correct by an Authorized Officer of the University,

(2) if any such Other Indebtedness is variable rate indebtedness, a certificate of an Authorized Officer specifying the maximum rate therefore, or the budgeted rate, as applicable, and the aggregate principal amount and the stated maturities of and mandatory sinking fund requirements, if any, for such Other Indebtedness to which such rate applies and certifying that a liquidity facility or source of payment other than Assured Revenues is available in the event of a mandatory tender by the holders of such Other Indebtedness thereunder,

(3) a Counsel's Opinion to the effect that (a) such Dedication Instrument is a legal, valid and binding obligation of the University in accordance with its terms and does not adversely affect the pledge of the State Debt Service Commitment to pay Outstanding Bonds additionally secured thereby, and (b) that the approvals required by the Act as a condition or conditions precedent to the issuance of

such Other Indebtedness as securities under the Act and as Projects to be financed thereby have been obtained.

908. Issuance of Additional Bonds; Execution of Swaps. 1. No additional Series of Bonds may be authorized and issued under this Indenture unless:

(a) the University delivers to the Trustee a Certificate of an Authorized Officer and the State Treasurer stating that the principal amount thereof, together with the principal amount of the bonds, notes and other obligations of the University theretofore authorized and unissued and theretofore authorized, issued and outstanding, will not exceed in aggregate principal amount any limitation thereon imposed by law; and

(b) in the event the Additional Bonds are Bonds additionally secured by the State Debt Service Commitment, a Counsel's Opinion is delivered to the Trustee to the effect that the provision of the Act relating to the State appropriation of all amounts of the State Debt Service Commitment has not been amended, repealed or modified and is in full force and effect.

2. No Swap (a) with respect to Bonds additionally secured by the State Debt Service Commitment, shall be entered into by the University unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds additionally secured by the State Debt Service Commitment is filed thereupon with the Trustee and (b) with respect to Other Indebtedness issued as Bonds hereunder, shall be entered into by the University without meeting requirements, if any, set forth in the Supplemental Indenture authorizing such Bonds.

909. UConn 2000 Infrastructure Improvement Program. (A) The University shall with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of this Indenture, use and apply the proceeds of the Bonds for the UConn 2000 Infrastructure Improvement Program and shall do all such acts and things appropriate or necessary to receive and collect Assured Revenues.

(B) The University, as its rate covenant, hereby covenants for the benefit of the State and its Bondholders that so long as any Bonds are Outstanding that it has established and will charge, collect and increase, from time to time, and in time, tuition, fees and charges for its educational services, its auxiliary enterprises, including dormitory housing, food services and sale of textbooks and use of the physical university plant and for all other services and goods provided by the University, in an amount of which, together with other Assured Revenues or other revenues otherwise available to the University including proceeds available from the special external gift fund established pursuant to the Act, shall in each of its Fiscal Years be sufficient to pay when due, the Special Debt Service Requirements on Outstanding Bonds and to permit the University to operate and maintain itself as an institution dedicated to excellence in higher education and to operate and maintain the physical university plant in sound operating condition and to otherwise permit the performance of all covenants included in the financing documents.

(C) The University shall not lease or finance or lease-finance any land or building outside the Storrs campus through any other State agency or quasi-public agency other than those leases, financings or lease purchases in the ordinary course of its activities and provided the annual expenditure thereof during the period of agreements related thereto whether expressed as rent, debt service, lease purchase payments or the like does not exceed for each item which is the subject matter of the lease, finance or lease-finance agreement, fifty thousand dollars in any year and such limitation shall apply so long as the University is authorized in accordance with section 7(a) of the Act to issue securities under sections 1 to 25, inclusive of the Act.

(D) The University covenants that it will promptly proceed with the construction of each UConn 2000 Project financed in whole or in part by the issuance of Bonds in conformity with law and all

requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible.

(E) The University covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to each Project with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in Connecticut, and shall be payable to the University. The University shall be deemed to be in compliance with this Paragraph E to the extent any Project is covered by the State under a State insurance policy or to the extent the State is a self-insurer on such Project.

910. Tax Exemption. In the event Bonds are sold under this Indenture or a Supplemental Indenture hereto as federally tax-exempt bonds, the University covenants that it will not take any action or fail to take any action with respect to the proceeds of such Bonds that would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

911. No Impairment of Rights of Bondholders. Except to the extent otherwise provided in this Indenture, the University shall not enter into any contract or take any action by which the rights of the Bondholders may be restricted, precluded or otherwise impaired.

914. Pledge of State to Bondholders. Pursuant to the Act, the University includes the following pledge and undertaking for the State, in this Indenture and in the Bonds issued hereunder:

Pursuant to the Act, the State has pledged and hereby agrees with the Holders of any Bonds issued under this Indenture and the Act, and with those Bondholders pursuant to the provisions of the Act, that the State will not limit or alter the rights vested in the University by this Indenture and the Act until such Bonds, together with the interest thereon, are fully met and discharged and such contracts (this Indenture and the Bonds) are fully performed on the part of the University, provided nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Holders of such Bonds of the University.

SUPPLEMENTAL INDENTURES

1001. Modification and Amendment Without Consent. The University may, at any time or from time to time enter, into Supplemental Indentures without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider for any one or more of the following purposes:

(1) (a) To modify, amend or revise the UConn 2000 Infrastructure Improvement Program as reflected on Appendix A, consistent and in accordance with the Act and this Indenture and (b) to provide for the issuance of Bonds or Notes or Swaps pursuant to the provisions of this Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the University for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this Indenture;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the University by the terms of this Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in this Indenture;

(5) To confirm as further assurance any pledge under this Indenture subject to any lien, claim or pledge created or to be created by the provisions of this Indenture, of the moneys, securities or funds;

(6) To modify any of the provisions of this Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such indentures shall contain a specific reference to the modifications contained in such subsequent indentures;

(7) To cure any ambiguity, or defect or inconsistent provision in this Indenture or to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Indenture as theretofore in effect;

(8) Consistent with Section 910 hereof, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes;

(9) To grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as therefore in effect; or

(10) To grant such rights and remedies and make such other covenants subject to this Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with this Indenture as theretofore in effect.

1002. Amendments and Supplemental Indentures Effective With Consent of Bondholders. The provisions of this Indenture may also be modified or amended, at any time or from time to time, by a Supplemental Indenture, subject to the consent of Bondholders and State Bond Commission in accordance with and subject to the provisions of Article XI hereof, such Supplemental Indenture to become effective upon the execution thereof by the University and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the University and by the Secretary of the State Bond Commission.

1003. General Provisions Relating to Supplemental Indentures. This Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the University to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 905 or the right or obligation of the University to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture entered into by the University and the Trustee when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the University and enforceable in accordance with its terms.

The Trustee is hereby authorized to enter into any Supplemental Indenture and to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions of this Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

AMENDMENTS OF INDENTURE

1101. Powers of Amendment. Except as otherwise provided in Article X hereof, any modification or amendment of this Indenture and of the rights and obligations of the University and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as hereinafter provided in Section 1102, of the Holders of not less than 66 2/3% in principal amount of the Outstanding Bonds of each Series affected by such amendment or amendments or Supplemental Indenture or Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section and further provided, however, that no such modification or amendment shall permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond; or (ii) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the University and all Holders of Bonds. The Trustee may receive an opinion of counsel, including Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Indenture.

1102. Consent of Bondholders. (A) The University and the Trustee may at any time enter into a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the University to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided).

(B) Such Supplemental Indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the University and the Trustee and filed by the University in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the University and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1102 provided.

(C) Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 shall be conclusive that

the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof).

(D) At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the University and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

(E) At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the University and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the University by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The University shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the University, the Trustee, each Paying Agent and the Holders of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the University, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

1103. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the University and of the Holders of the Bonds hereunder may be modified or amended in any respect upon the execution by the University and the Trustee of a Supplemental Indenture and filing with the Trustee by the University of a copy of said Supplemental Indenture certified by an Authorized Officer of the University and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of the University shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the University shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture. At the time of any consent or other action taken under this Indenture, the University shall furnish the Trustee a certificate of an Authorized Officer of the University, upon which the Trustee may rely, describing all Bonds so to be excluded.

1107. Consent of Bond Facility Provider. For purposes of this Article XI, but only so long as the Bond Facility provider has not defaulted on its obligations under the Bond Facility, the provider of a Bond Facility shall be considered the sole Holder of all Bonds to which such Bond Facility relates, except as otherwise provided in an applicable Supplemental Indenture.

1108. Approval of State Bond Commission. Any amendment under this Article shall be deemed a substantive amendment of this Indenture for which the Act requires the approval of the State Bond Commission.

EVENTS OF DEFAULT

1201. Events of Default. Each of the following events is hereby declared an “event of default” if:

(1) the University shall default in the payment of the principal of or Redemption Price, if any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(2) the State shall default in observance of its pledge and agreement as set forth in the Act and Section 914 of this Indenture or, with respect to Bonds secured by the State Debt Service Commitment, the Treasurer shall fail to pay the amount of the State Debt Service Commitment as provided as part of the contract of the State with the Bondholders of such Bonds and in accordance with Section 604 hereof; or

(3) the University shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code, or (vii) take any action for the purpose of effecting any of the foregoing; or

(4) except as provided in (1) above, the University shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds.

1202. Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraphs (1) and (2) of Section 1201, the Trustee shall proceed or, upon the happening and continuance of any Event of Default specified in paragraph 3 of Section 1201, the Trustee may proceed and, upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of Section 804, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including (a) the right to require the University to receive and collect revenues, including Assured Revenues adequate to carry out the covenants and agreements as to, and any specific pledge of, such Assured Revenues and to require the University to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act and (b) pursuant to Section 5(C), Section 12 and Section 21 of the Act and Section 604 and Section 914 hereof, under the contract of the State with the Bondholders secured by the State Debt Service Commitment, the right to require the Treasurer to pay the annual amount of the State Debt Service Commitment and otherwise enforce and compel the performance of any duty required by sections 1 to 25, inclusive, of the Act and in accordance with this Indenture or the Act to be performed by any officer mentioned in said sections 1 to 25, inclusive, and to perform the duties of the State under or as contracted for and pledged by such sections first mentioned in this clause (b);

(2) by bringing suit upon the Bonds or under the Act upon the contract of the State with the Bondholders of Bonds secured by the State Debt Service Commitment;

(3) by action or suit in equity, to require the University or the State with respect to Bonds secured by the State Debt Service Commitment, to account as if each were the trustee of any express trust for the holders of the Bonds; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or a Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the University or State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable provided, however, with respect to Bonds secured by a pledge of the State Debt Service Commitment the right or remedy of the Trustee shall not be construed to include any right to appoint a receiver pursuant to section 12 of the Act or any acceleration of payments of Principal Installments of or interest on such Bonds and with respect to Other Indebtedness issued as Bonds hereunder the right or remedy to appoint a receiver pursuant to section 12 of the Act or to so accelerate shall be available only if included in the Supplemental Indenture authorizing such Bonds.

(C) All remedies conferred upon or reserved to the Holders of Bonds hereunder may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by a Supplemental Indenture and may be cumulative as provided in Section 1208 hereof. Nothing herein shall preclude the University from providing in an applicable Supplemental Indenture or in any Bond Facility, any Swap or any related Swap Facility authorized thereby, that the exercise of any remedy hereunder or the waiver of any event of default hereunder by the Trustee or the Holder of any such Bond shall be subject to the prior written consent of the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility. Such Supplemental Indenture or related Bond Facility or related Swap Facility may provide that any and all notices required to be given under this Article XII by the University or the Trustee to the Holder of any Bond shall also be given to the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility.

1203. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on any Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

Third: To the payment to other persons entitled to payment hereunder or under the applicable Supplemental Indenture.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the University, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. Unless otherwise required by the book-entry system for the Bonds, the Trustee shall not be required to make payment to the Holder of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

1204. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the University, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1205. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, except for paragraph (C) of Section 1202, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise that in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

1206. Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been afforded to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected, to take any such action; request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture

or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds of this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of the University to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place expressed in said Bond.

Anything to the contrary notwithstanding contained in this Section 1206, or any other provision of this Indenture, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

1210. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to an officer in the Corporate Trust Administration Department of the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds except by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

DEFEASANCE

1401. Defeasance. If the University shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then, at the option of the University, expressed in an instrument in writing signed by an Authorized Officer of the University and delivered to the Trustee, the covenants, agreements and other obligations of the University to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the University, execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the University all moneys, securities and funds held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

1402. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section. Any Outstanding Bonds of any Series

shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption as provided in Article IV of this Indenture on said date of such Bonds, (b) there shall have been deposited with the Trustee either (i) moneys in an amount which shall be sufficient, (ii) non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed or (iii) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (ii), provided that such obligations shall be held in trust by the Trustee or a bank or trust company or national banking association meeting the requirements for a successor Trustee under Section 809 hereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, or other bank or trust company, at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed, qualified certificates evidencing ownership of the right to payments of principal or interest on such obligations, moneys deposited with the Trustee pursuant to this Section and principal or interest payments on any such securities shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge.

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DEFINITIONS OF CERTAIN TERMS OF THE INDENTURES

Definitions. [Section 101]. The following terms shall have the following meanings for all purposes of the Master Indenture and the supplements thereto, including the Thirty-third Supplemental Indenture, except as otherwise defined:

“2026 Bonds” means the University of Connecticut General Obligation Bonds, 2026 Series A authorized by, and issued pursuant to Article II of the Thirty-second Supplemental Indenture and Article II of the Thirty-third Supplemental Indenture.

“2026 Notes” means the University of Connecticut General Obligation Bond Anticipation Notes (Federally Taxable), Series 2026 authorized by, and issued pursuant to Article II of the Thirty-third Supplemental Indenture.

“Accreted Value” shall mean, as of the date of computation with respect to any capital appreciation bonds, an amount equal to:

- a. the initial reoffering price of such capital appreciation bonds, plus
- b. the interest accrued thereon from the date of delivery compounded on each _____ and _____ (through and including the maturity date of such Bond) at the “approximate reoffering yield” of such Bond, provided that the accreted value on any date other than _____ and _____ shall be calculated by straight line interpolation of the accreted values as of the immediately preceding and succeeding _____ and _____. The term “approximate reoffering yield” means, with respect to any particular Bond, the yield to maturity of such Bond from the initial date of delivery thereof calculated on the basis of semiannual compounding on each _____ and _____.

“Act” means Public Act No. 95-230, as amended.

“Additional Bonds” means all Bonds issued under the Master Indenture other than the Initial Bonds and Refunding Bonds for the UConn 2000 Infrastructure Improvement Program.

“Assured Revenues” means those revenues of the University (i) other than Project Revenues particularly pledged under Dedication Instruments of the University for the payment of Revenue Bonds or State Bonds or patient revenues or any other revenues derived from the clinical operations of the University or (ii) not otherwise expressly by an existing contract or by statute or by grant restricted or encumbered for specific purposes and, except as limited by the foregoing (i) and (ii) shall include (a) revenues from fees, tuition, rentals, charges, gifts, investments, endowments and from grants, subsidies, contracts, leases or other agreements made by or with the federal government, the State or any political subdivision, agency or instrumentality of the federal government or the State, or others, including the State Debt Service Commitment, the Minimum State Operating Provision and Special Eligible Gifts, and (b) any payment made or required to be made to the University, or to the Trustee, under any Swap or Swap Facility, including, without limitation, Swap Receipts, Termination Receipts and any payment receipts in respect of a Swap for application by the University for Project Operating Expenses.

“Authorized Denomination” means \$5,000 or any integral multiple thereof for current interest bonds and for capital appreciation bonds shall mean denominations such that the accreted value of each capital appreciation bond on the maturity date thereof will be \$5,000 or an integral multiple thereof.

“Authorized Officer” means, in the case of the University, the Chairman or Vice-Chairman of the Board of Trustees, the financial affairs committee of the Board of Trustees (acting by resolution and constituting the finance committee of the Board of Trustees within the meaning of the Act), the President, the Provost and Executive Vice President for Academic Affairs, the Chief Financial Officer, or the Director of Debt Management (for the purpose of making disbursements and investments only), the Controller (for the purpose of making disbursements and investments only), or any other person duly authorized by the bylaws or resolution of the University to perform the act or sign the document in question.

“Board of Trustees” means the board of trustees of the University.

“Bond” or **“Bonds”** means the 1996 Series A Bonds, together with any Additional Bonds issued under and pursuant to the Master Indenture.

“Bondholders” or **“Holder of Bonds”** or **“Holder”** or **“Owner”** (when used with reference to Bonds) or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond;

“Bond Facility” shall mean an insurance policy, surety bond or agreement, standby purchase agreement, line of credit, letter of credit or other credit enhancement or liquidity facility entered into for the same or similar purposes, with respect to Bonds.

“Bond Proceeds Fund” means such fund of the University established by Section 602 of the Master Indenture and governed by Section 603 of the Master Indenture.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in the State or in any of the cities in which the principal office of the Trustee, any Paying Agent or any remarketing agent is located, are required or are authorized by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Calendar Year” means a twelve-month period commencing January 1 and ending December 31 of any year.

“Capital Appreciation Bonds” shall mean those Bonds for which interest is compounded periodically on each _____ and _____ (through and including the maturity dates thereof) and payable in an amount equal to the then current accreted value only at the maturity or earlier redemption thereof, all as so designated in the supplemental indentures.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“Construction Account” means such account of the Bond Proceeds Fund established under Section 601 of the Master Indenture.

“Costs of Issuance” means all costs related to the proceedings under which Bonds are issued under the Indenture including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility, a Swap Facility, a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of

rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University or Treasurer on behalf of the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Internal Revenue Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with the Master Indenture.

"Costs of Issuance Account" means such account established by Section 602 of the Master Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Treasurer, in consultation with the University (who may be the Attorney General or other counsel to the University); provided, however, that for the purposes of Article II and Article IX of the Master Indenture such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Current Interest Bonds" shall mean those Bonds which bear interest payable on _____ and _____ of each year through and including the maturity dates thereof, which may be either serial or term obligations.

"Debt Service Fund" means the fund from which debt service on all Outstanding Bonds of the University shall be paid as provided in the Act, established by Section 602 of the Master Indenture.

"Debt Service Fund Requirement" means, as of any date of computation, an amount at least equal to the aggregate amount of Principal Installments and Interest Requirements as the same become due and payable on all Outstanding General Obligation Bonds of the University.

"Dedication Instrument" means any document or agreement (including a Supplemental Indenture with respect to Other Indebtedness if issued hereunder), duly authorized and executed by or on behalf of the University and approved by resolution of the Board of Trustees of the University, in order to accomplish the UConn 2000 Infrastructure Improvement Program, to the extent permitted by applicable law and the Master Indenture, (a) authorizing the issuance of (i) Revenue Bonds and providing a pledge or assignment of all or any portion of Project Revenues to secure such Revenue Bonds or (ii) General Obligation Bonds and providing a pledge or assignment of all or any portion of Assured Revenues (other than the State Debt Service Commitment) to secure any Other Indebtedness and (b) containing such other terms, provisions or restrictions as the University may deem necessary or appropriate in connection with the foregoing purposes, in each case as each such document, agreement or resolution may be amended or supplemented from time to time in accordance with terms thereof and hereof and the provisions of the Act including any financing documents and financing transaction proceedings as defined in the Act.

"Event of Default" shall have the meaning given to such terms in Article XII of the Master Indenture.

"Fiduciary" or **"Fiduciaries"** means the Trustee, any Paying Agent, or either or both of them, as may be appropriate.

"Fiscal Year" shall mean a twelve-month period commencing on the first day of July of any year.

"GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board ("GASB").

“General Obligation Bonds” shall mean the bonds of the University issued under the Master Indenture.

“Indenture” or **“Master Indenture”** means the General Obligation Master Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions thereof.

“Initial Bonds” shall mean the initial general obligation bonds issued under the Master Indenture pursuant to the Act and the First Supplemental Indenture.

“Interest Payment Date” shall mean each date on which interest is payable on General Obligation Bonds under the Master Indenture or the applicable Dedication Instrument, or, if such date is not a Business Day, the immediately succeeding Business Day.

“Interest Requirement” means, as of the date of computation with respect to a Calendar Year, an amount equivalent to the aggregate maximum amount coming due during such Calendar Year on any Interest Payment Date, of (i) interest which may be payable on Outstanding Bonds and (ii) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

“Investment Obligations” shall mean and includes any of the following:

- (i) Direct obligations of or obligations guaranteed by the United States of America;
- (ii) Any bond, debenture, note, participation or other similar obligation issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers’ Home Administration and Export-Import Bank;
- (iii) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by a Federal Agency backed by the full faith and credit of the United States of America other than as provided in (i) hereof;
- (iv) Any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State or obligation which may be purchased with proceeds of general obligation bonds of the State under Section 3-20 of the General Statutes as then in effect;
- (v) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or Project Notes issued by Public Housing

Authorities or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(vi) Direct and general obligations of or obligations guaranteed by the State of Connecticut, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;

(vii) Deposits in interest-bearing time or demand deposits or certificates of deposit secured by (a) obligations described in (i) hereof or (b) obligations described in (v) hereof, or (c) obligations described in (iv) hereof;

(viii) Deposits in interest-bearing time or demand deposits or certificates of deposit secured by obligations described in (ii), (iii) or (iv) hereof;

(ix) Participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971; and

(x) the Tax Exempt Proceeds Fund, established by the Treasurer pursuant to Section 3-24a of the General Statutes.

“Maturity Amount” shall mean with respect to a capital appreciation bond its accreted value on its maturity date, being the amount to be paid on a capital appreciation bond at maturity.

“Minimum State Operating Provision” means the commitment of the State to appropriate, annually, an amount for the University for operations after receiving a request from the University therefor and consideration of other amounts available to the University for its operations which amount so appropriated shall be consistent with the University continuing to operate in furtherance and pursuant to the provisions of Section 2 of article eighth of the Constitution of the State and applicable law as an institution dedicated to the excellence in higher education, including the operation of the components of UConn 2000 at Storrs and elsewhere in the State pursuant to Section 5 of the Act; provided, however, nothing in Section 1 to 25, inclusive, of the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous fiscal year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor entity.

“Notes” shall mean any obligations or other evidences of indebtedness or borrowing of the University, other than Bonds, issued for the purposes of the Act to provide funds for deposit in the Bond Proceeds Fund and issued in anticipation of Bonds.

“Notional Amount” means the non-payable or the theoretical amount with reference to which Swap Payments and Swap Receipts are calculated, as specified as such for each Swap in the documentation applicable thereto.

“Operating Budget” means the annual operating budget of the University approved by the Board of Trustees pursuant to law.

“Other Indebtedness” shall have the meaning given in Section 907 of the Master Indenture.

“Outstanding” (1) when used with reference to Bonds, other than Bonds referred to in Section 1105 of the Master Indenture, shall mean, as of any date, a Bond or Bonds of such Series theretofore or thereupon being authenticated and delivered under the Master Indenture except:

(i) any Bonds canceled by the Trustee, and Paying Agent or the University at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Master Indenture for such purpose (whether at or prior to maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV of the Master Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 and Section 1106 of the Indenture; and

(iv) Bonds deemed to have been paid as provided in Section 1401 of the Master Indenture.

(2) When used with reference to General Obligation Bonds which are State Bonds, shall have the meaning, as of any date, given in the applicable Dedication Instrument.

“Outstanding Bonds” means any Bond with respect to which a Principal Installment, Interest Payment, Sinking Fund Installment or other payment is or will be due in the future and for which moneys or defeasance securities have not been deposited in escrow.

“Paying Agent” for the Bonds of any series means the bank or trust company located within or without the State and its successor or assigns, appointed by the University pursuant to the provisions of the Master Indenture and any successor or assign so appointed and approved.

“Preliminary Official Statement” shall mean the preliminary official statement of the University relating to the 2026 Bonds and the 2026 Notes.

“Principal” or **“principal”** means (1) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), provided, however, when used in connection with (a) the authorization and issuance of Bonds and (b) the order of priority of payments of Bonds after a default under Article XII of the Master Indenture, “Principal” or “principal” means the Original Principal Amount of a Capital Appreciation Bond (being the initial public offering price of such Bond and the difference between the Accreted Value and the Original Principal Amount being deemed interest), and provided further, however, that when used in connection with determining whether the Bondholders of the requisite principal amount of Outstanding Bonds have given any required consent, notice, waiver, request, demand, authorization, direction or notice, “Principal” or “principal” means the Accreted Value, and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Amount” means the outstanding principal of a Current Interest Bond and, in the case of a capital appreciation bond, its Accreted Value.

“Principal Installment” for any Calendar Year, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of said Series which mature in such Year, reduced by the aggregate principal amount of such Bonds which would be retired before such Year by reason of the payment when due of, and application, in accordance

with the Master Indenture, of Sinking Fund Installments payable before such Year for the retirement of such Bonds, plus (ii) the unsatisfied balance (determined as provided in the Master Indenture) of the Sinking Fund Installments, if any, due during such Year for the Bonds of such Series.

“Principal Installment Date” means each date on which Principal and Sinking Fund Installments, if any, is payable on the Bonds as provided in or pursuant to the Master Indenture (or, if such date is not a Business Day, the immediately succeeding Business Day).

“Project” means, in accordance with the Act, any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom, building, research facility, faculty facility, office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful for instruction in a program of education provided by the university; or any multipurpose structure designed to combine two or more of the functions performed by the types of structures enumerated in this subsection, including, without limitation, improvements, reconstruction, replacements, additions and equipment acquired in connection with a project or in connection with operation of any facilities of the University existing on the effective date of the Act. “Project” includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of the structures mentioned in this definition. “Project” also includes landscaping, site preparation, furniture, machinery, equipment and other similar items useful for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily under applicable accounting principles considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the Board of Trustees in the financing transaction proceedings.

“Project Revenues” means revenues received from projects existing on the effective date of the Act, from Project or Projects under construction or from a combination of projects existing on the effective date of this Act and Projects, the acquisition, construction or accomplishment of which, the University has entered into a binding commitment, anticipated by the Board of Trustees to produce annual revenues in an amount not less than the anticipated annual cost of operation, maintenance and repair of any such Project or Projects, and annual debt service payments on any financing transaction proceedings under which Revenue Bonds have been issued for the Project or Projects during the term effected under the Act, as determined by the Board of Trustees.

“Record Date” means the close of business on the fifteenth day preceding an Interest Payment Date, or if such day shall not be a Business Day, the immediately preceding Business Day.

“Redemption Fund” means such fund of the University established by Section 602 of the Master Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Master Indenture.

“Refunding Bond” means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 205 of the Master Indenture.

“Reimbursement Obligations” means any obligation of the University to make payments to a provider of a Bond Facility in reimbursement of or as interest on (which interest may be higher than the

interest rate on the related Bond) an advance or other payment made by such provider for the purpose of paying

- (i) the Principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any Bonds, or
- (ii) the purchase price, plus accrued interest, if any, of any Bonds tendered pursuant to the provisions of the applicable supplemental Indenture,

but only to the extent the principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Reimbursement Obligations shall not include (i) any payments of any fees, expenses, or other similar obligations to any such provider, unless specifically included as a part thereof and approved as a portion of the Special Debt Service Requirement or (ii) any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Reimbursement Obligations may be evidenced by Bonds designated as “Bank Bonds,” which may bear a higher interest rate than the rate borne by the Bonds to which they relate.

“Renewal and Replacement Fund” means such account established by Section 602 of the Master Indenture.

“Renewal and Replacement Fund Requirement” means that amount necessary for the University to meet the extraordinary renewal and replacement expenses of Projects financed by the University under the UConn 2000 Infrastructure Improvement Program and other facilities forming part of the physical university plant so as to permit the University to operate and maintain the physical university plant in sound operating condition and in conformity with Section 909(B) of the Master Indenture, as determined in each Operating Budget or otherwise.

“Revenue Bonds” means special obligation securities issued by the University pursuant to the Act.

“Series of Bonds” or **“Bonds of a Series”** or words of similar meaning, means the Series of Bonds authorized by the Master Indenture and a Supplemental Indenture.

“Sinking Fund Installment” means, for any Calendar Year as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Master Indenture or a Supplemental Indenture to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

“Special Debt Service Requirements” means for any period, and with respect to the Bonds, subject to the Master Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments and interest accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, or with respect to securities not secured by the State Debt Service Commitment during such period to establish or maintain reserves, sinking funds or other funds or accounts at the respective levels required to be established or maintained therein in accordance with the proceedings authorizing the issuance of securities, (C) annual expenses of issuance and administration with respect to securities, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of securities, (E) net amounts owing under interest

rate agreements authorized and effective under Section 10 of the Act, (F) arbitrage rebate requirements pursuant to subsection (b) of Section 17 of the Act on securities secured by the State Debt Service Commitment and (G) any other annual costs or expenses necessary or proper to be paid in connection with the securities, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the financing transaction proceedings.

“Special Eligible Gift” means a gift to the University of cash or assets which may be reduced to cash by the University which the donor has specifically designated as a donation for use by the University in furtherance of UConn 2000 or which explicitly or implicitly by the terms thereof the University may use for UConn 2000 and which the University determines to so use therefor pursuant to subsection (a) of Section 9 of the Act.

“State” means the State of Connecticut.

“State Bonds” means general obligation bonds of the State issued or to be issued by the State for the purpose of financing capital improvements for the infrastructure of the University.

“State Debt Service Commitment” means with respect to the Bonds issued as general obligations of the University pursuant to subsection (c) of Section 7 of the Act for the UConn 2000 Infrastructure Improvement Program and additionally secured by this State Debt Service Commitment under the Master Indenture and any Supplemental Indenture, an annual amount, commencing in the State Fiscal Year ending June 30, 1996, and any Fiscal Year thereafter for any Special Debt Service Requirements when due and payable.

“Supplemental Indenture” means any series or supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of Article X or Article XI of the Master Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of Article X or Article XI of the Master Indenture amending or supplementing the provisions of the Master Indenture as originally executed or as theretofore amended or supplemented.

“Swap” means any financial arrangement (i) that is entered into by the University with an entity that is a Swap Provider at the time the arrangement is entered into; (ii)(a) which provides that the University shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, and that such entity shall pay to the University an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; (b) which provides that the University shall pay to such entity an amount based on the interest accruing on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the University an amount based on the interest accruing at a fixed rate on the Notional Amount (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or (c) which is included as part of or covered by the financial transaction described in (ii)(a) or (ii)(b) above or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect

thereto executed by the University for the purpose of moderating interest rate fluctuations or otherwise pursuant to the Act, as amended; and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the University and authenticated or otherwise registered by the Trustee hereunder as a Swap with respect to a Series of Bonds or Notes. “Swap” shall also include any such financial arrangement described in clauses (ii) and (iii) above entered into by the University with a Swap Provider, as a replacement of a Swap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the University with respect to a Series of Bonds or Notes.

“Swap Facility” means an insurance policy, surety bond, letter of credit or other credit enhancement with respect to a Swap or any similar facility entered into for the same or similar purposes and may include Investment Obligations properly pledged to the University hereunder pursuant to the Swap Facility or by the Swap Provider, in each case sufficient to maintain any existing rating of the University’s Bonds. Payments by the University under a Swap Facility related to a Swap shall be deemed Swap Payments under the Master Indenture and shall not be deemed Reimbursement Obligations and payments to the University under a Swap Facility related to a Swap shall be deemed Swap receipts. Payment by the University under a Swap Facility applicable to any fees, expenses or similar other charges or obligations thereunder shall be a Cost of Issuance or an operating expense, as applicable.

“Swap Payment” means the net amount required to be paid by the University under a Swap that is applicable to the interest rate exchange effected thereunder, but not any (a) fees, expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or operation expense, as applicable) or (b) an Termination Payment or other payments by the University on account of termination of the Swap.

“Swap Provider” means a financial institution whose long term debt obligations, or whose obligations under a Swap are fully covered by a Swap Facility whose long term debt obligations are (i) rated at least as high by at least two nationally recognized rating agencies as the greater of (a) the University’s Bonds additionally secured by the State Debt Service Commitment and (b) the State’s general obligation bonds or (ii) secured by a pledge of Investment Obligations in amounts sufficient to achieve the ratings described in (i) hereof or (iii) meeting the requirements of Section 908.2 of the Master Indenture.

“Swap Receipt” means the net amount required to be paid to the University under a Swap, but shall not include any Termination Receipt.

“Tax Regulatory Agreement” means a tax regulatory agreement, including any supplements and amendments thereto, of the University, signed by an Authorized Officer and by the Treasurer, to be delivered in connection with the issuance of any Bonds under the Master Indenture and setting forth the expectations, certifications and representations concerning the use of the proceeds of such Bonds and other matters relating to compliance with the Code and consistent with the covenant of the University pursuant to Section 910 of the Master Indenture.

“Termination Payment” means with respect to a Swap an amount required to be paid by the University to the Swap Provider or related Swap Facility as a result of the termination of the Swap or required to be paid by the University into a collateral account as security for any termination provided that any payment by the University on account of termination of a Swap shall be subject to amortization over several fiscal years to be determined and approved by the Treasurer in the Swap.

“Termination Receipt” means with respect to a Swap an amount required to be paid by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

“Thirty-second Supplemental Indenture” means the Thirty-second Supplemental Indenture, dated as of March 1, 2026 authorizing a portion of the 2026 Bonds (secured by the State Debt Service Commitment).

“Thirty-third Supplemental Indenture” means the Amended and Restated Thirty-third Supplemental Indenture dated as of March 1, 2026, authorizing a portion of the 2026 Bonds and the 2026 Notes (secured by the State Debt Service Commitment).

“Treasurer” means the Treasurer of the State or the Deputy Treasurer.

“Trust Estate” means all of the funds, securities, property, rights, privileges and interests granted, bargained, sold, conveyed, pledged and assigned unto the Trustee in the Granting Clauses of the Master Indenture securing the payment of the principal or redemption price, if any, of and interest on the Bonds according to their terms and all other amounts due in connection therewith and the performance and observance by the University of all the covenants expressed or implied therein and in Bonds.

“Trustee” means U. S. Bank Trust Company, National Association, as successor to U.S. Bank National Association and Fleet National Bank of Connecticut, and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 810 of the Master Indenture.

“UConn 2000 Infrastructure Improvement Program” means the promotion, planning, designing, developing, encouraging, assisting, acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of any UConn 2000 Project and assisting directly or indirectly in the financing of the cost thereof pursuant to the Act including the program of the University pursuant to which it issues bonds under the Master Indenture.

“UConn 2000 Phase I Project” means any Project which is identified and referenced in Section 5 of the Act as a Phase I Project, as same may be revised, deleted or added in accordance with the Act and the Master Indenture.

“UConn 2000 Phase II Project” means any Project which is identified and referenced in Section 5 of the Act as a Phase II Project, as same may be revised, deleted or added in accordance with the Act and the Master Indenture.

“UConn 2000 Phase III Project” means any Project which is identified and referenced in Section 10a-109e of the Act as a Phase III Project, as the same may be revised, deleted or added in accordance with the Act and the Indenture.

“UConn 2000 Project” means any UConn 2000 Phase I Project, UConn 2000 Phase II Project and UConn 2000 Phase III Project which the Board of Trustees by resolution authorizes to finance with Bonds under the Indenture provided such resolution is submitted to the Governor and has not been disapproved by the Governor within thirty (30) days of its submission.

“Underwriters of the 2026 Bonds” means the initial purchasers of the 2026 Bonds pursuant to a contract of purchase duly executed by the University, the Treasurer and such purchasers.

“Underwriter of the 2026 Notes” means the initial purchasers of the 2026 Notes pursuant to a contract of purchase duly executed by the University, the Treasurer and such purchaser.

“Underwriters” means the Underwriters of the 2026 Bonds and the Underwriter of the 2026 Notes.

“University” means the University of Connecticut, a constituent unit of the State system of public higher education, including The University of Connecticut Health Center and pursuant to the Act having perpetual succession as a body politic and corporate and an instrumentality and agency of the State or any body, agency, or instrumentality of the State or the State which shall hereafter succeed to the powers, duties and functions of the University under the Indenture.

“Variable Interest Rate” means a variable interest rate to be borne by any Bond or Note within a Series of Bonds or Notes or by any Swap (whether a Swap Payment or Swap Receipt). The method or computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Series of Bonds or Notes or the Swap relating thereto. Such Supplemental Indenture or Swap shall also specify either (i) the particular period or periods of time for which such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

“Variable Interest Rate Bonds or Notes or Swap Payments” means Bonds or Notes which bear a Variable Interest Rate or a Swap Payment which by the terms of the Swap requires and provides for a Variable Interest Rate Swap Payment by the University.

“Variable Interest Rate Calculation Rate” means with respect to each Calendar Year (i) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate, which is not capped pursuant to the Swap or a Swap Facility, and/or is for a period or periods of time ending prior to the next immediate Interest Payment Date, the interest rate thereon in effect (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto) until the next date of change (being the date of calculation referred to in the definition of Variable Interest Base Rate) and thereafter for the balance of such Calendar Year the Variable Interest Base Rate or (ii) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate which, for a period of time ending on or after the next immediate Interest Payment Date, is either capped by its terms or pursuant to the Swap or a Swap Facility or is fixed, the lesser of (a) the interest rate by which the Variable Interest Rate is so capped if less than the rate calculated in (i) hereof or (b) the Variable Interest Rate, so fixed, on the Variable Interest Rate Bonds or Notes or Swap Payments, respectively (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto).

FORM OF OPINIONS OF LEAD BOND COUNSEL AND CO-BOND COUNSEL

Upon the delivery of the 2026 Bonds, Pullman & Comley, LLC, Lead Bond Counsel, and Hawkins Delafield & Wood LLP, Co-Bond Counsel, propose to issue their final approving opinions in substantially the following form:

_____, 2026

University of Connecticut
352 Mansfield Road
Storrs, Connecticut 06269

Honorable Erick Russell, Treasurer
State of Connecticut
Office of the Treasurer
165 Capitol Avenue, Suite 2003
Hartford, Connecticut 06106

We have acted as bond counsel to the University of Connecticut (the “University”), in connection with the issuance of \$_____ General Obligation Bonds, 2026 Series A (the “2026 Bonds”) of the University, a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the “State”), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2026 Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a–109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the “Act”), the General Obligation Master Indenture of Trust, as amended and supplemented by certain supplemental indentures (the “Master Indenture”), including the Thirty-second Supplemental Indenture (the “Thirty-second Supplemental Indenture”) and the Amended and Restated Thirty-third Supplemental Indenture (the “Thirty-third Supplemental Indenture” and together with the Thirty-second Supplemental Indenture and the Master Indenture, the “Indentures.”). The Master Indenture was entered into as of November 1, 1995, by and between the University and Fleet National Bank of Connecticut, as original trustee (predecessor to U.S. Bank Trust Company, National Association) (the “Trustee”).

The University is authorized to issue bonds, in addition to the 2026 Bonds, upon the terms, conditions and covenants set forth in the Act and the Master Indenture, and such bonds, when issued, shall, with the 2026 Bonds and with all other such bonds theretofore issued under the Master Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Master Indenture, in accordance with its terms.

We have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary in order to render this opinion. We have relied upon, without undertaking to verify the same by independent investigation, originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials,

including certificates of officials of the University and the State Treasurer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

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

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2026 Bonds, and to perform its obligations under the terms and conditions of the Indentures including provisions relating to the receipt of Assured Revenues, particularly annual amounts of the State Debt Service Commitment as covenanted in the Master Indenture.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms.

3. The 2026 Bonds have been duly authorized and executed by the University in accordance with law and the terms of the Indentures and when authenticated by the Trustee are legal, valid and binding general obligations of the University in accordance with their terms for the payment of the Principal Installment of, interest on and Redemption Price of which, the full faith and credit of the University has been pledged. The 2026 Bonds are entitled to the equal benefit, protection, and security of provisions, covenants and remedies provided by the Act and the Indentures.

4. Pursuant to the Act, the 2026 Bonds are additionally secured by a pledge of and lien on the State Debt Service Commitment in the manner and to the extent set forth in and created by the Indentures. The Indentures create a valid pledge of and lien upon the Trust Estate and the annual amounts of the State Debt Service Commitment, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Act and as part of the contract of the State with the holders of the 2026 Bonds, the State has appropriated all amounts of the State Debt Service Commitment (including the Principal Installments of, interest on and Redemption Price of the 2026 Bonds) out of the resources of the general fund of the State and the State Treasurer has the legal duty and is mandated and obligated to pay such amount to the Trustee, as paying agent on the 2026 Bonds as the same arise and shall become due and payable. Such appropriation, mandate and obligation of payment do not require further legislative approval.

6. Pursuant to the Act, the 2026 Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at, and subsequent to, the issuance and delivery of the 2026 Bonds in order that interest on the Series 2026 Bonds be excludable from gross income under Section 103 of the Code. The opinions set forth in paragraph 7 below are subject to the condition that the University and the State Treasurer comply

with all such requirements of the Code. The University and the State Treasurer have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2026 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2026 Bonds.

On the date of delivery of the 2026 Bonds, the University and the State Treasurer will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the University and the State Treasurer covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the 2026 Bonds will, for federal income tax purposes, be excludable from gross income.

In rendering the opinion in paragraph 7 below, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the 2026 Bonds, and (ii) continuing compliance by the University and the State Treasurer with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing statutes and court decisions, interest on the 2026 Bonds is excludable from gross income under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax imposed on such corporations. We are further of the opinion under existing statutes and court decisions that, for any 2026 Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2026 Bonds. In rendering our opinion, we have relied on certain representations, certifications of fact, and statement of reasonable expectations made by the University and the State Treasurer in connection with the 2026 Bonds and assumed continuing compliance by the University and the State Treasurer with certain representations and ongoing covenants relating to certain requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under the Code.

8. Under existing statutes, interest on the 2026 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and interest on the 2026 Bonds 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 2026 Bonds. Further, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2026 Bonds or the ownership or disposition thereof other than as expressly set forth in paragraphs 7 and 8 above. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the 2026 Bonds.

The rights of the owners of the 2026 Bonds and the enforceability of the 2026 Bonds and the Indentures may be limited by bankruptcy, 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.

Very truly yours,

FORM OF OPINIONS OF LEAD BOND COUNSEL AND CO-BOND COUNSEL

Upon the delivery of the 2026 Notes, Pullman & Comley, LLC, Lead Bond Counsel, and Hawkins Delafield & Wood LLP, Co-Bond Counsel, propose to issue their final approving opinions in substantially the following form:

_____, 2026

University of Connecticut
352 Mansfield Road
Storrs, Connecticut 06269

Honorable Erick Russell, Treasurer
State of Connecticut
Office of the Treasurer
165 Capitol Avenue, Suite 2003
Hartford, Connecticut 06106

We have acted as bond counsel to the University of Connecticut (the “University”), in connection with the issuance of \$_____ General Obligation Bond Anticipation Notes (Federally Taxable), Series 2026 (the “2026 Notes”) of the University, a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the “State”), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2026 Notes are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a–109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the “Act”), the General Obligation Master Indenture of Trust, as amended and supplemented by certain supplemental indentures (the “Master Indenture”), including the Thirty-third Supplemental Indenture (the “Thirty-third Supplemental Indenture” and together with the Master Indenture, the “Indentures.”). The Master Indenture was entered into as of November 1, 1995, by and between the University and Fleet National Bank of Connecticut, as original trustee (predecessor to U.S. Bank Trust Company, National Association) (the “Trustee”).

The University is authorized to issue bonds, in addition to the 2026 Notes, upon the terms, conditions and covenants set forth in the Act and the Master Indenture, and such bonds, when issued, shall, with the 2026 Notes and with all other such bonds theretofore issued under the Master Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Master Indenture, in accordance with its terms.

We have examined such laws, certified proceedings, and other certifications and documents as we have deemed necessary in order to render this opinion. We have relied upon, without undertaking to verify the same by independent investigation, originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the University and the State Treasurer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of

all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

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

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds and notes, including the 2026 Notes, and to perform its obligations under the terms and conditions of the Indentures including provisions relating to the receipt of Assured Revenues, particularly annual amounts of the State Debt Service Commitment as covenanted in the Master Indenture.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms.

3. The 2026 Notes have been duly authorized and executed by the University in accordance with law and the terms of the Indentures and when authenticated by the Trustee are legal, valid and binding general obligations of the University in accordance with their terms for the payment of the Principal Installment of, interest on and Redemption Price of which, the full faith and credit of the University has been pledged. The 2026 Notes are entitled to the equal benefit, protection, and security of provisions, covenants and remedies provided by the Act and the Indentures.

4. Pursuant to the Act, the 2026 Notes are additionally secured by a pledge of and lien on the State Debt Service Commitment in the manner and to the extent set forth in and created by the Indentures. The Indentures create a valid pledge of and lien upon the Trust Estate and the annual amounts of the State Debt Service Commitment, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Act and as part of the contract of the State with the holders of the 2026 Notes, the State has appropriated all amounts of the State Debt Service Commitment (including the Principal Installments of and interest on the 2026 Notes) out of the resources of the general fund of the State and the State Treasurer has the legal duty and is mandated and obligated to pay such amount to the Trustee, as paying agent on the 2026 Notes as the same arise and shall become due and payable. Such appropriation, mandate and obligation of payment do not require further legislative approval.

6. Pursuant to the Act, the 2026 Notes do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

7. Under existing statutes and court decisions, interest on the 2026 Notes is includable in gross income under Section 103 of the Code.

8. Under existing statutes, interest on the 2026 Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and interest on the 2026 Notes 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 2026 Notes. Further, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2026 Notes or the ownership or disposition thereof other than as expressly set forth in paragraphs 7 and 8 above. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

The rights of the owners of the 2026 Notes and the enforceability of the 2026 Notes and the Indentures may be limited by bankruptcy, 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.

Very truly yours,

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FORM OF CONTINUING DISCLOSURE AGREEMENT
BY THE UNIVERSITY OF CONNECTICUT

In Connection With The Issuance and Sale of the University of Connecticut
\$ _____ General Obligation Bonds, 2026 Series A

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated as of _____, 2026 and is executed and delivered by the University of Connecticut (the “University”) and U.S. Bank Trust Company, National Association (the “Dissemination Agent”) in connection with the issuance of University of Connecticut \$ _____ General Obligation Bonds, 2026 Series A (the “Bonds”). The Bonds are being issued pursuant to a General Obligation Master Indenture of Trust, dated as of November 1, 1995, as supplemented and amended to date (the “Indenture”), between the University and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association and Fleet National Bank of Connecticut), as Trustee (the “Trustee”). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the University covenant and agree as follows:

SECTION 1. **Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondholder” or the term “Holder”, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

“Disclosure Representative” shall mean the Controller or the Chief Financial Officer of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the initial Dissemination Agent hereunder, which is U.S. Bank Trust Company, National Association, or any successor Dissemination Agent designated in writing by the University and acceptable to the State and which has filed with U.S. Bank Trust Company, National Association a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system for municipal securities disclosure (<http://emma.msrb.org>) or any other repository of disclosure information that may be designated by the SEC (defined below).

“Filing Date” shall have the meaning given to such term in Section 3(a) of this Disclosure Agreement.

“Listed Events” shall mean, with respect to the Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule (defined below) which are listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

“Official Statement” shall mean the Official Statement dated _____, 2026 relating to the Bonds.

“Participating Underwriters” shall mean any or all of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of Connecticut acting by and through the Treasurer of the State.

“Tax-exempt” shall mean that interest on the Bonds is excludable from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The University, commencing with fiscal year ending June 30, 2026, shall, or shall cause the Dissemination Agent to, not later than February 28 of each year, or in the event of a change in the University’s fiscal year from the present July 1 to June 30 fiscal year, within eight months after the end of such fiscal year (the “Filing Date”), provide to the MSRB through EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to the Filing Date (except that in the event the University elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the University to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the University has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements of the University shall be submitted as soon as practicable after the audited financial statements become available. The University shall promptly notify the Dissemination Agent of any change in the University’s fiscal year.

(b) If by five (5) Business Days prior to the Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the University to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB through EMMA by the Filing Date, the Dissemination Agent shall send a reminder notice to the University and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the University and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the University has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Report. The University's Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements (including notes) of the University and University of Connecticut Health Center ("UConn Health"), provided, however, if audited financial statements are not available by the Filing Date, the University may file unaudited financial statements in lieu of such audited financial statements until such audited financial statements become available, which financial statements may be individual, combined or consolidated, prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, and consistently applied, unless otherwise explained in notes to the financial statements.

(b) Financial information and operating data of the University for the preceding fiscal year which shall include annual or year-end information of the University as applicable, of the type included in the Official Statement as set forth below:

(1) student statistical information of the type set forth in Appendix A to the Official Statement ("Appendix A") under the headings,

- (i) Schedule of First Year Enrollment Storrs Campus;
- (ii) Average Total SAT Scores;
- (iii) Total Enrollment Data (Head Count);
- (iv) Percentage of Enrollment by Residence Status;
- (v) In-State Undergraduate Tuition and Other Fees;
- (vi) Financial Aid to University Students (excluding Tuition Waivers);

(2) to the extent not otherwise incorporated in the financial statements of the University provided in accordance with Section 4(a) hereof, revenue, expense and fund data of the type set forth in the Official Statement under the headings,

- (i) Statement of Revenues, Expenses and Changes in Net Position;
- (ii) Statement of Current Funds Operations;
- (iii) Schedule of State Operating Support and Fringe Benefits to the University;
- (iv) State Legislative Bond Authorizations for the University;
- (v) Grants and Contracts;
- (vi) Summary of Total Assets, Revenue and Expenditures of UConn Foundation;
- (vii) Debt Service on General Obligation Bonds;
- (viii) Total UConn 2000 Debt Obligations Outstanding;

(3) student statistical information of UConn Health and, to the extent not otherwise incorporated in the financial statements of UConn Health provided in accordance with Section 4(a) hereof, revenue, expense and fund data all of the type set forth in Appendix A under the headings:

- (i) Average Total MCAT and DAT Scores;
- (ii) Passing Rates on National Exams;
- (iii) Annual Cost of an In-State Student Enrolled at UConn Health by School;
- (iv) Percentage of Enrollment by Residence Status;
- (v) Statement of Revenues, Expenses and Changes in Net Position;
- (vi) Statement of Current Funds Operations;
- (vii) Grants and Contracts;
- (viii) Long Term Liabilities;

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the University and the financial and operating condition of the University; provided, however, that the references above to specific section headings of the Official Statement used as a means of identification shall not prevent the University from reorganizing such material in subsequent official statements and Annual Reports.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under Section 4(a) hereof, or official statements of debt issues with respect to which the University is the issuer, which have been (i) made available to the public on EMMA or (ii) filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The University shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the Listed Events relating to the Bonds to the MSRB in a timely manner not in excess of ten (10) Business Days after the occurrence of any of such Listed Events:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers (other than mandatory sinking fund redemptions);
- (9) Bond defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the University or the State;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the University or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University or the State.

(13) the consummation of a merger, consolidation, or acquisition involving the University or the State or the sale of all or substantially all of the assets of the University or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional paying agent or trustee or the change of the name of the paying agent or trustee, if material;
- (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the University, any of which reflect financial difficulties.

Note to clauses (15) and (16): For the purposes of the events identified in clauses (15) and (16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative and inform such person of the event. “Actual knowledge” for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the University obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13), (14), or (15) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the University shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the University to be material, the University shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the University elects to have the Dissemination Agent file notice of any Listed Event, the University will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

(a) The University’s and the Dissemination Agent’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, the University’s obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the University delivers to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the University’s obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Trustee (if other than the Dissemination Agent), and (iii) J. P. Morgan Securities LLC, as representative of the Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 7. Dissemination Agent.

(a) The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without

appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the University and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the University or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the University shall forthwith appoint a Dissemination Agent to act. The University shall give or cause to be given written notice of any such appointment to the Bondholder and the Trustee (if the Trustee is not the Dissemination Agent).

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the University shall have delivered an opinion of counsel, addressed to the University, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the University shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the University (such as bond counsel) and acceptable to the University, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Bondholders consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Bondholders pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the University shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank Trust Company, National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relating to the Bonds.

SECTION 10. Default. In the event of a failure of the University or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the University to give the University

opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the University or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the University in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the University.

(b) The Dissemination Agent shall have all such immunities and liabilities vested in the Trustee under the Indenture.

SECTION 12. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to EMMA.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State, and by applicable federal laws.

SECTION 17. State of Connecticut Terms and Conditions. The Dissemination Agent hereby confirms that it has reviewed the State of Connecticut Terms and Conditions (the "Terms") attached hereto as Attachment A and agrees and warrants that it will comply with the provisions of the terms that are applicable to it.

Dated as of _____, 2026

UNIVERSITY OF CONNECTICUT

By: _____
Name: Jeffrey Geoghegan
Title: Executive Vice President for Finance
and Chief Financial Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Dissemination Agent

By: _____
Name:
Title:

EXHIBIT A
To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: University of Connecticut (the “University”)

Name of Bond Issue:

Date of Issuance:

NOTICE IS HEREBY GIVEN that the University has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between the University and U.S. Bank Trust Company, National Association (the “Dissemination Agent”) dated as of _____, _____. The University has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _____.

Dated: _____

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: University

ATTACHMENT A [TO COME FROM STATE]

FORM OF CONTINUING DISCLOSURE AGREEMENT
BY THE UNIVERSITY OF CONNECTICUT

In Connection With The Issuance and Sale of the University of Connecticut
\$ _____ General Obligation Bond Anticipation Notes (Federally Taxable), Series 2026

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated as of _____, 2026 and is executed and delivered by the University of Connecticut (the “University”) and U.S. Bank Trust Company, National Association (the “Dissemination Agent”) in connection with the issuance of University of Connecticut \$ _____ General Obligation Bond Anticipation Notes (Federally Taxable), Series 2026 (the “Notes”). The Notes are being issued pursuant to a General Obligation Master Indenture of Trust, dated as of November 1, 1995, as supplemented and amended to date (the “Indenture”), between the University and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association and Fleet National Bank of Connecticut), as Trustee (the “Trustee”). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the University covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Noteholders (defined below) and the beneficial owners of the Notes, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Disclosure Representative” shall mean the Controller or the Chief Financial Officer of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the initial Dissemination Agent hereunder, which is U.S. Bank Trust Company, National Association, or any successor Dissemination Agent designated in writing by the University and acceptable to the State and which has filed with U.S. Bank Trust Company, National Association a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system for municipal securities disclosure) or any other repository of disclosure information that may be designated by the SEC (defined below).

“Listed Events” shall mean, with respect to the Notes, any of the events listed in subsection (b)(5)(i)(C) of the Rule (defined below) which are listed in Section 3(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

“Noteholder” or the term “Holder”, when used with reference to a Note or Notes, shall mean any person who shall be the registered owner of any Note and any beneficial owner thereof.

“Official Statement” shall mean the Official Statement dated _____, 2026 relating to the Notes.

“Participating Underwriters” shall mean any or all of the original underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of Connecticut acting by and through the Treasurer of the State.

SECTION 3. Reporting of Listed Events.

(a) The University shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the Listed Events relating to the Notes to the MSRB in a timely manner not in excess of ten (10) Business Days after the occurrence of any of such Listed Events:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers (other than mandatory sinking fund redemptions);
- (9) Note defeasances;
- (10) release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the University or the State;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the University or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University or the State.

- (13) the consummation of a merger, consolidation, or acquisition involving the University or the State or the sale of all or substantially all of the assets of the University or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional paying agent or trustee or the change of the name of the paying agent or trustee, if material;
- (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the University, any of which reflect financial difficulties.

Note to clauses (15) and (16): For the purposes of the events identified in clauses (15) and (16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative and inform such person of the event. “Actual knowledge” for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the University obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Note calls only), (10), (13), (14), or (15) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the University shall as soon as possible determine if such event would constitute material information for Noteholders, and if such event is determined by the University to be material, the University shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the University elects to have the Dissemination Agent file notice of any Listed Event, the University will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 4. Termination of Reporting Obligation.

(a) The University’s and the Dissemination Agent’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes.

(b) In addition, the University’s obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the University delivers to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee (if other than the Dissemination Agent) to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the University’s obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Trustee (if other than the Dissemination Agent), and (iii) J _____, as representative of the Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 5. Dissemination Agent.

(a) The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the University and the registered owners of the Notes, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the University or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the University shall forthwith appoint a Dissemination Agent to act. The University shall give or cause to be given written notice of any such appointment to the Noteholder and the Trustee (if the Trustee is not the Dissemination Agent).

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the University shall have delivered an opinion of counsel, addressed to the University, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the University shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the University (such as bond counsel) and acceptable to the University, to the effect that the amendment does not materially impair the interests of the Holders of the Notes or (ii) the Noteholders consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Noteholders pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the University shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank Trust Company, National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relating to the Notes.

SECTION 8. Default. In the event of a failure of the University or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at

least 25% of the aggregate principal amount of Outstanding Notes who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Notes, or any Noteholder may, after providing fifteen (15) days written notice to the University to give the University opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Notes or the Noteholders under this Disclosure Agreement in the event of any failure of the University or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the University in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the University.

(b) The Dissemination Agent shall have all such immunities and liabilities vested in the Trustee under the Indenture.

SECTION 10. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to EMMA.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Notes and the Holders from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Indenture.

SECTION 14. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State, and by applicable federal laws.

SECTION 15. State of Connecticut Terms and Conditions. The Dissemination Agent hereby confirms that it has reviewed the State of Connecticut Terms and Conditions (the "Terms") attached hereto as Attachment A and agrees and warrants that it will comply with the provisions of the terms that are applicable to it.

Dated as of _____, 2026

UNIVERSITY OF CONNECTICUT

By: _____
Name: Jeffrey Geoghegan
Title: Executive Vice President for Finance
and Chief Financial Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Dissemination Agent

By: _____
Name:
Title:

ATTACHMENT A
(TO COME FROM STATE)

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FORM OF STATE CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State of Connecticut (the “State”) will agree, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the State substantially in the following form, to provide, or cause to be provided (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the State, and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds and Notes.

This Continuing Disclosure Agreement (“Agreement”) is made as of the ____ day of _____ 2026 by the State of Connecticut (the “State”) acting by its undersigned officer, duly authorized, and U.S. Bank Trust Company, National Association, as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance of \$_____ University of Connecticut General Obligation Bonds, 2026 Series A (the “Bonds”) and \$_____ General Obligation Bond Anticipation Notes (Federally Taxable), Series 2026 (the “Notes”). The Bonds and Notes are being issued pursuant to a General Obligation Master Indenture of Trust entered into by the University of Connecticut (the “Issuer”) and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association and Fleet National Bank, as Trustee (the “Trustee”) dated as of November 1, 1995, as supplemented and amended from time to time (the “Indenture”) for the benefit of the beneficial owners from time to time of the Bonds and Notes.

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

“Final Official Statement” means Part II of the official statement of the Issuer dated March __, 2026 prepared in connection with the Bonds and Notes.

“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 and Notes 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. Material Events.

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

- (a) incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and
- (b) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

The obligations of the State under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds and Notes, or (ii) such time as the State ceases to be an obligated person with respect to the Bonds and Notes 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 and Notes. 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 or Notes of such failure. The present address of the Assistant Treasurer for Debt Management is 165 Capitol Avenue, 2nd Floor, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Bonds or Notes 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 or Notes, including, without limitation, an Event of Default under the Indenture, or a breach of any duty or obligation of the Trustee under the Indenture.

Section 8. Miscellaneous.

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

(b) The State and the Dissemination Agent shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds or Notes. 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 and Notes or an approving vote by the holders of not less than 51% of the aggregate principal amount of each of the Bonds and Notes then outstanding pursuant to the terms of the Indenture. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

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

(f) Attachment A is incorporated herein and for purposes of Attachment A, "Bank" shall refer to U.S. Bank Trust Company, National Association.

[Remainder of Page Left Blank]

STATE OF CONNECTICUT

By: _____
Erick Russell
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Dissemination Agent

By: _____
Authorized Officer

Attachment A
(State Contracting Provisions)

**INFORMATION STATEMENT OF THE
STATE OF CONNECTICUT**

FEBRUARY 15, 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 March 2, 2025 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	<i>Balanced Budget Requirement</i>	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	<i>Spending Cap</i>	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	<i>Biennial Budget</i>	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	<i>Line-Item Veto</i>	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	<i>Debt Limit</i>	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	<i>Regular Revenue Forecasting, Monitoring of Fiscal Progress and Multiple-Year Planning Tools</i>	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	<i>Rescission Authority and Deficit Mitigation</i>	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	<i>Budget Reserve Fund</i>	There exists both a constitutional and a statutory regime for funding and using the Budget Reserve Fund.
Financial Controls	<i>GAAP Based Budgeting</i>	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	<i>Bond Covenant</i>	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, almost all of the volatility transfer amount would be used to make additional transfers to the State's major pension funds. 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, Special Act No. 25-1 of the November 2025 Special Session directed \$500 million of the Fiscal Year 2025 volatility cap be transferred to 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 spent by the Governor, with the legislature's approval, prior to February 4, 2026; and after said date, any remaining funds were to stay in the Budget Reserve Fund and any remaining appropriations were to lapse. The Governor obligated \$169.2 million of such appropriation under his authority by February 4, 2026, leaving \$330.8 million of unobligated funds. On February 4, 2026, the Governor issued a new emergency declaration to extend the use of the remaining \$330.8 million through June 30, 2027. The General Assembly concurred and passed legislation by the necessary three-fifths vote. Any unspent amount of the remaining \$330.8 million by June 30, 2027, will first fill the Budget Reserve Fund to the statutory 18% limit before being transferred to reduce the unfunded liabilities of the State Employees' Retirement System and/or the Teachers' Retirement System.

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, 2025 was \$4,826.5 million, representing the maximum 18% statutory cap plus the \$500 million deposit pursuant to Special Act No. 25-1 of the November Special Session. The balance in the Budget Reserve Fund for the last four fiscal years and the application of excess are shown below:

**Budget Reserve Fund
(In Millions)**

Fiscal Year	2022	2023	2024	2025
Budget Reserve Fund Beginning Balance	\$ 3,112.0	\$ 3,313.4	\$ 3,315.8	\$ 4,105.1
Plus Surplus	1,261.3	555.3	401.0	110.2
Plus Volatility Cap Excess	<u>3,047.5</u>	<u>1,321.8</u>	<u>1,321.3</u>	<u>2,098.7</u>
Total	\$ 7,420.8	\$ 5,190.5	\$ 5,038.2	\$ 6,314.0
Application of Excess Above Cap:				
State Employees' Retirement Fund	(3,203.8)	(1,046.7)	(514.0)	(894.7)
Teachers' Retirement System	<u>(903.6)</u>	<u>(828.0)</u>	<u>(419.2)</u>	<u>(592.8)</u>
Budget Reserve Fund Ending Balance	\$ 3,313.4	\$ 3,315.8	\$ 4,105.1	\$ 4,826.5 ^(a)
BRF Net Increase / (Decrease)	\$ 201.4	\$ 2.4	\$ 789.2	\$ 721.5
BRF Balance as a % of Ensuing Fiscal Year				
Appropriations	15.0%	15.0%	18.0%	20.1% ^(a)

(a) Reflects 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.

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 2021 through 2025 appear in **Appendix II-D**.

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 2025 averaged \$10.1 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.

Composite / Asset Class	Long-Term Policy Target ¹	Benchmark
Global Equity²	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 ³
Real Estate	10%	Open End Diversified Core Equity (NFI-ODCE Index) ³
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.

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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 2021 through 2025 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 estimated budget (as of December 31, 2025) 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.

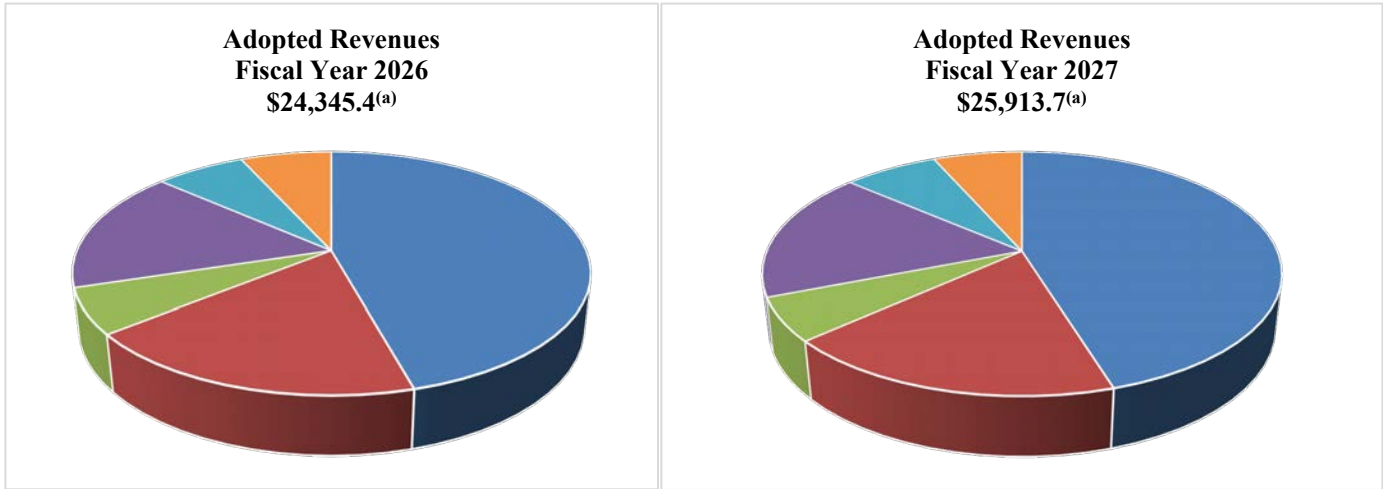
General Fund Revenues

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)



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	\$ 13,079.8	45.4%
	Sales and Use Tax	5,230.3	18.1%
	Corporate Business Tax	1,656.3	5.7%
	Other Taxes ^(b)	5,006.1	17.4%
	Unrestricted Federal Grants	2,035.3	7.1%
	Other Non-Tax Revenues ^(c)	1,822.8	6.3%

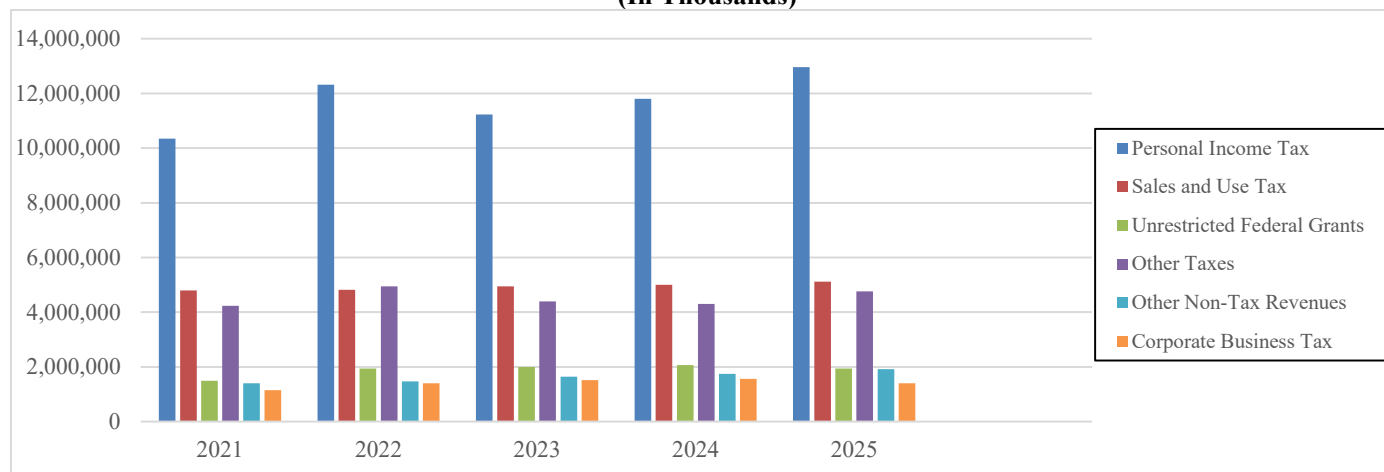
- (a) The pie charts reflect the total of the listed tax and revenue amounts of \$27,638.9 million for Fiscal Year 2026 and \$28,830.6 million for Fiscal Year 2027, while the amounts in the title of the pie charts reflect reductions resulting from tax refunds, earned income tax, R&D Credit Exchange, 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 \$2,916.9 million for Fiscal Year 2027. See **Appendix II-E** for anticipated adjustments to adopted tax revenues.
- (b) Other taxes are comprised of inheritance and estate taxes; pass-through entity tax; taxes on gross receipts of public service corporations, on net direct premiums of insurance companies, on cigarettes and alcoholic beverages, on real estate transfers, on admissions and dues, on health care providers and other miscellaneous taxes. See **Appendix II-E**.
- (c) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues; and designated Tobacco Settlement Revenues. See **Appendix II-E**.

SOURCE: Public Act No. 25-168

Historical General Fund Revenues

Actual General Fund revenues for Fiscal Years 2021 through 2025 are set forth in **Appendix II-D**. A summary of the composition of General Fund gross revenues for the last five fiscal years is illustrated below:

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



	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)	<u>4,229,834</u>	<u>4,947,333</u>	<u>4,391,202</u>	<u>4,300,735</u>	<u>4,757,253</u>
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.....	<u>(1,857,512)</u>	<u>(1,811,202)</u>	<u>(1,990,104)</u>	<u>(2,156,713)</u>	<u>(2,099,984)</u>
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.....	<u>114,500</u>	<u>126,200</u>	<u>112,500</u>	<u>99,190</u>	<u>--</u>
Total Other Revenues	<u>\$ 1,880,000</u>	<u>\$ 509,445</u>	<u>\$ 2,743,106</u>	<u>\$ 2,219,499</u>	<u>\$ 1,753,406</u>
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 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.

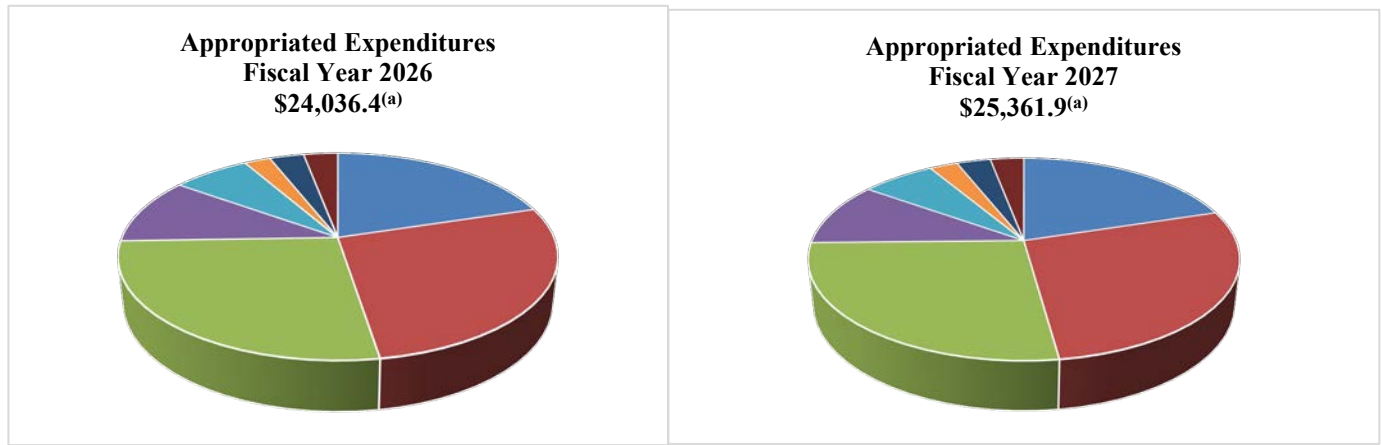
Other Non-Tax Revenues. Other non-tax revenues are derived from special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenue sources; and designated Tobacco Settlement Revenues.

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)



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	\$5,560.2	21.8%
Education, Libraries and Museums	6,965.7	27.4%
Non-Functional	6,601.9	25.9%
Health and Hospitals	2,513.2	9.9%
Corrections	1,590.6	6.2%
General Government	728.4	2.9%
Judicial	749.4	2.9%
Other Expenditures ^(b)	746.3	2.9%

(a) The pie charts reflect the total appropriated expenditures of \$24,130.6 million for Fiscal Year 2026 and \$25,455.6 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. See **Appendix II-E** for anticipated adjustments to appropriated expenditures.

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

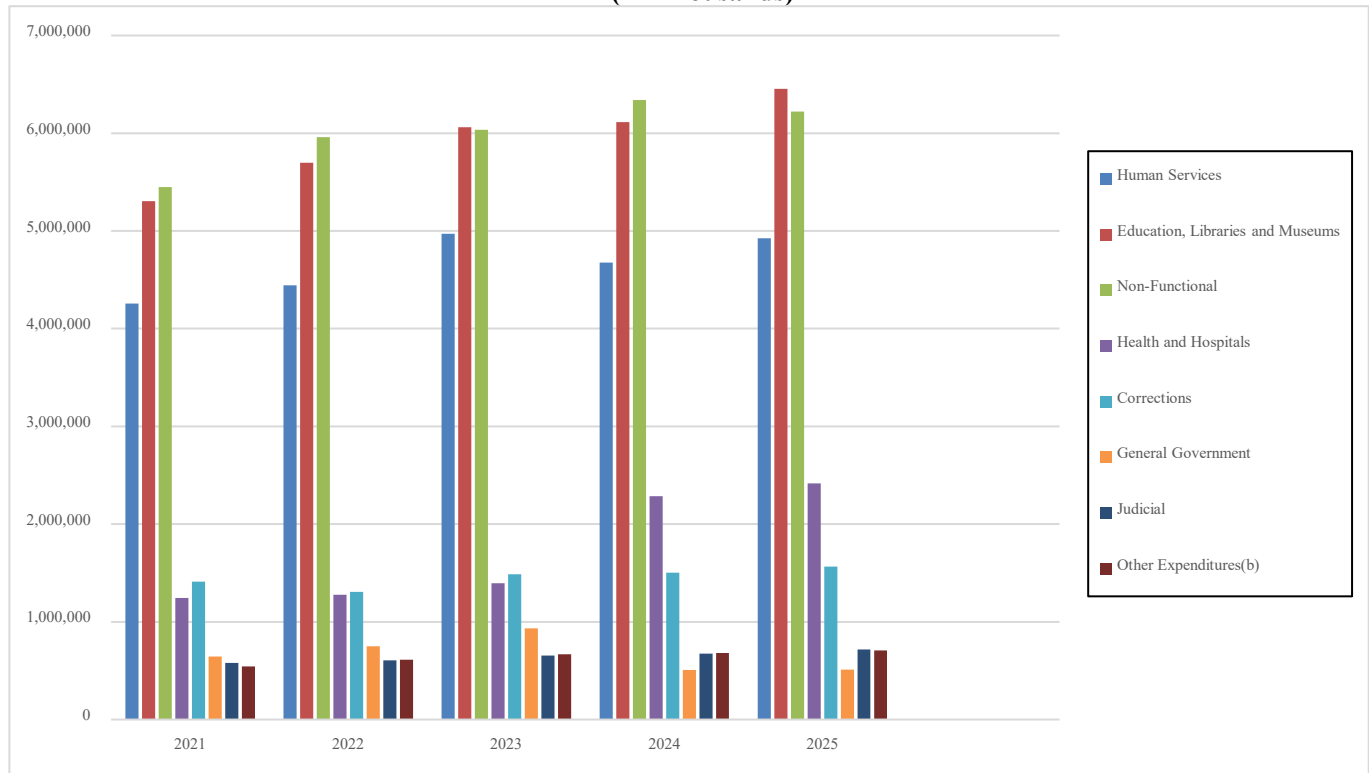
NOTE: Totals may not add due to rounding.

SOURCE: Public Act No. 25-168.

Historical General Fund Expenditures

Actual General Fund expenditures for Fiscal Years 2021 through 2025 are set forth in **Appendix II-D** to this Information Statement. A summary of the composition of General Fund expenditures for the last five fiscal years is illustrated below:

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



	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)	<u>543,308</u>	<u>612,359</u>	<u>666,478</u>	<u>679,889</u>	<u>705,771</u>
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.

	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2022</u>	<u>Fiscal Year</u> <u>2023</u>	<u>Fiscal Year</u> <u>2024</u>	<u>Fiscal Year</u> <u>2025</u>
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)	<u>1,830.6</u>	<u>1,906.4</u>	<u>2,000.0</u>	<u>2,083.4</u>	<u>2,213.4</u>
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 January 15, 2026, OPM and OFA issued their consensus revision to their November 10, 2025 consensus revenue estimate for the current biennium and the next three ensuing fiscal years as follows:

General Fund Consensus Revenue Estimate (in Millions)

<u>Fiscal Year:</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenue Estimate November 10, 2025	\$24,356.8	\$25,960.3	\$26,589.0	\$27,311.2	\$28,167.5
Revenue Estimate January 15, 2026	\$24,465.0	\$26,038.4	\$26,663.9	\$27,388.6	\$28,246.8
Increase/(Decrease) in Revenue Estimate	\$ 108.2	\$ 78.1	\$ 74.9	\$ 77.4	\$ 79.3

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	<u>1.1</u>
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 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* -- \$555.0 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, 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, 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. This change required invoking the provision allowing changes in the Fiscal Guardrails generally, and accordingly the Governor declared an emergency due to extraordinary circumstances and the General Assembly passed the legislation by the necessary margin.

Fiscal Year 2026 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 2026 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 2026 (in Millions)						
<u>Period Ending^(a)</u>	<u>OPM Report</u>			<u>Comptroller Report</u>		
	<u>Revenues</u>	<u>Expenditures^(b)</u>	<u>Surplus/ (deficit)</u>	<u>Revenues</u>	<u>Expenditures^(b)</u>	<u>Surplus/ (Deficit)</u>
October 31, 2025	\$24,356.8	\$24,192.4	\$164.4	\$24,356.8	\$24,192.4	\$164.4
November 30, 2025	\$24,524.7	\$24,388.4	\$136.3	\$24,524.7	\$24,388.4	\$136.3
December 31, 2025	\$24,465.0	\$24,379.1	\$ 85.9	\$24,465.0	\$24,379.1	\$ 85.9
January 31, 2026	\$24,466.3	\$24,389.0	\$ 77.3	N/A ^(c)	N/A ^(c)	N/A ^(c)

(a) Estimates reflect projections as of the period ending date for full Fiscal Year 2026.

(b) Expenditures include net appropriations, continued and estimated lapses and miscellaneous adjustments.

(c) Comptroller's estimates for this period are not yet available.

In OPM's February 20, 2026 letter, as of January 31, 2026, prior to taking into account the limit on transfers into the Budget Reserve Fund, the OPM Secretary forecasted that the balance in the Budget Reserve Fund as of the end of Fiscal Year 2026 would be approximately \$6.14 billion, or 25.5% of the net General Fund appropriations for the current fiscal year, after taking into account the projected operating surplus of \$77.3 million, which if unappropriated by the end of Fiscal Year 2026, will be deposited into the Early Childhood Education Endowment, and projected volatility cap transfer of \$1.81 billion.

The next report of OPM is expected on or about March 20, 2026 and the next monthly report of the Comptroller is expected on or about March 2, 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 2026 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 2026 operations of the General Fund.

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 November 2025 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.

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 are projected at \$25,795.8 million and expenditures totaling \$25,469.6 million are proposed, resulting in a surplus of \$326.2 million prior to the 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's proposed midterm budget adjustment includes \$242.6 million in net General Fund revenue decreases from the January 15, 2026 consensus revenue estimate for Fiscal Year 2027. The significant revenue changes include:

- Establishing a one-time tax rebate program for Connecticut residents worth \$200 for single filers with an adjusted gross income ("AGI") of \$200,000 or less, \$400 for joint filers with an AGI of \$400,000 or less, and \$320 for head of household filers with an AGI of \$320,000 or less. This is estimated to cost approximately \$500 million in Fiscal Year 2027 and would be paid for by increasing the volatility cap threshold in Fiscal Year 2026 only by \$500 million and transferring such revenue to Fiscal Year 2027.
- Decoupling from federal provisions enacted under Public Law 119-21 regarding corporate domestic research and experimental ("R&E") expenses incurred between income years 2022 and 2025, inclusive, requiring all expenses to be amortized over five years, but conform to federal provisions for R&E expenses incurred on or after January 1, 2026 which would allow corporations a 100% deduction in the year such expenses were incurred. This is estimated to generate approximately \$66.8 million in revenues.
- Extending a 6% research and development tax credit to be earned by pass-through entities and allow their owners, partners, and/or shareholders to claim the refundable tax credit on their personal income tax return. This is estimated to result in a revenue loss of approximately \$5 million.
- Establishing an individual coverage health reimbursement arrangement ("ICHRA") tax credit for small businesses that offer an ICHRA through Access Health CT's BusinessPlus platform, worth \$1,000 per employee per year for the first two years that an employer offers such health plan. This is estimated to result in a revenue loss of approximately \$5 million.
- Reducing the tax on hospitals by \$275 million from what was adopted during the 2025 legislative session while also reducing the inpatient tax rate to comply with Public Law 119-21 provisions.

- Elimination of certain fees totaling \$15.9 million.
- Decreasing the transfer of revenue from Fiscal Year 2026 to Fiscal Year 2027 from \$244 million to \$214 million, a decrease of \$30 million. This is expected to increase the projected Fiscal Year 2026 surplus by a corresponding amount.
- Reducing the General Fund subsidy to the Municipal Revenue Sharing Fund by \$21.4 million saving the General Fund \$21.4 million.

The Governor's proposed midterm budget adjustments include \$107.7 million in net General Fund expenditure increases in Fiscal Year 2027. Significant expenditure changes include:

- Reflecting updated active and retired state employee healthcare requirements resulting in increased expenditures of \$37.3 million.
- Adjusting pension funding to reflect new valuations resulting in increased expenditures of \$31.9 million.
- Reflecting increased UConn 2000 debt service requirements resulting in increased expenditures of \$28.3 million.
- Providing free breakfast for Connecticut students resulting in increased expenditures of \$12 million.
- All other expenditure changes net a negative \$1.8 million.

The above proposed actions would result in a projected Fiscal Year 2027 operating surplus of \$326.2 million prior to the application of the revenue cap (\$3.8 million after application of the revenue cap). Absent any action by the General Assembly to reduce or spend the unappropriated surplus by June 30, 2027, the unappropriated surplus would first fill the Budget Reserve Fund to the statutory 18% limit if it is not already at such limit, and any remaining amounts would be transferred to the Early Childhood Education Endowment.

In addition to the proposed midterm budget revisions, the Governor also presented a three-year budget report for Fiscal Years 2028, 2029, and 2030. The report indicated out-year projected revenue, expenditures and balances in the General Fund as follows:

Three Year Budget Report			
General Fund			
(in Millions)			
<u>Fiscal Year</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenues	\$26,429.6	\$27,159.3	\$28,032.6
Expenditures.....	\$26,163.8	\$26,845.9	\$27,425.5
Surplus / (Deficit)	\$ 265.8	\$ 313.4	\$ 607.1

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

The Governor has also proposed extending to June 30, 2027 the use of funds appropriated in Special Act 25-1 of the November 2025 Special Session to mitigate certain reductions in federal funding due to Public Law 119-21. Of the initial \$500 million appropriation, approximately \$186.8 million has been obligated.

Deliberations on the Governor's budget recommendations are expected to continue throughout the legislative session with a scheduled adjournment date of May 6, 2026.

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 the last five fiscal years are set forth in **Appendix II-D**.

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

<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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)

<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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	--	--	--	--	--
<u>Adjustments:</u>					
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)

<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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)

<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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)

<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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 February 1, 2026

Total General Fund Tax Receipts	\$21,697,000,000	
Multiplier	1.6	
Debt Limit		\$34,715,200,000
Outstanding Debt ^(a)	\$13,762,015,000	
Guaranteed Debt ^(b)	\$ 1,726,415,465	
Authorized Debt ^(c)	\$11,458,626,777	
Total Subject to Debt Limit		\$26,947,057,242
Aggregate Net Debt		\$26,947,057,242
Debt Incurring Margin ^(d)		\$ 7,768,142,758

- (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 77.6%. 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 February 1, 2026
(In Millions)

General Obligation Bonds	\$ 13,563.2
Pension Obligation Bonds	1,783.6
UConn 2000 Bonds	1,443.8
Other ^(b)	<u>247.2</u>
Long-Term General Obligation Debt Total	17,037.8
Short-Term General Obligation Debt Total	-0-
Gross Direct General Obligation Debt	<u>17,037.8</u>
 Net Direct General Obligation Debt	 \$ 17,037.8

- (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

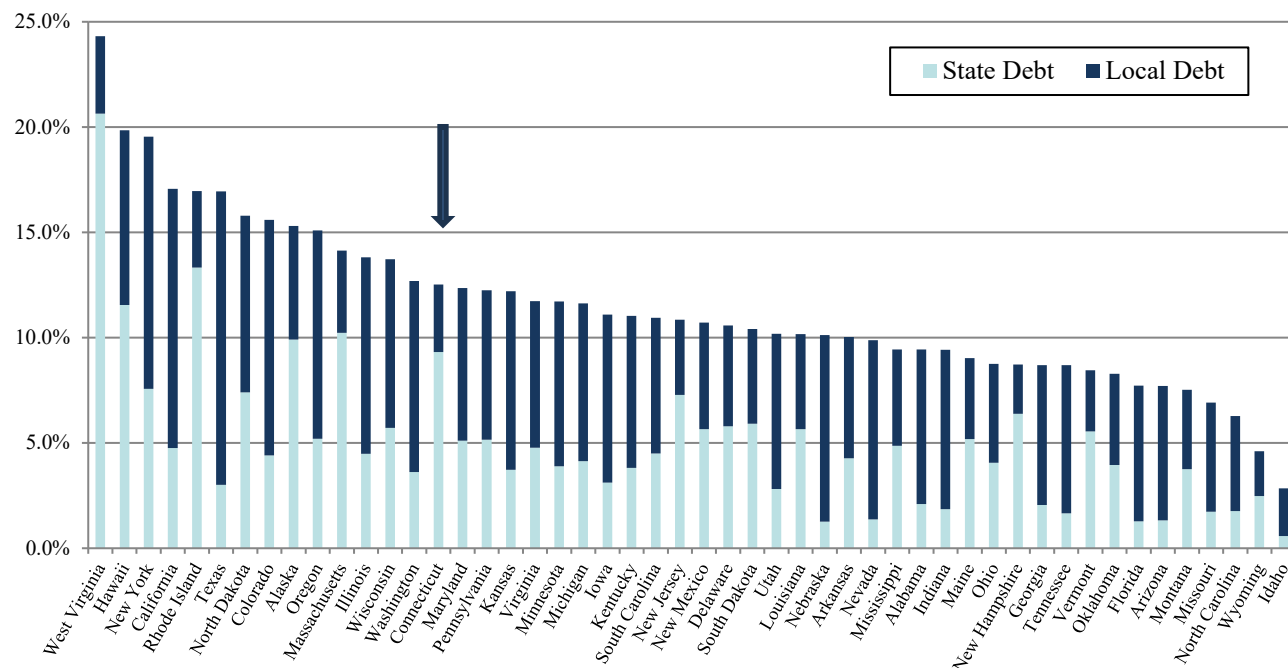
<u>Fiscal Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Gross Direct Debt (In Millions) ^(a)	\$18,799.7	\$18,596.0	\$17,840.8	\$17,136.1	\$16,906.0
Ratio of Debt to Personal Income ^(b)	63.4%	60.2%	54.3%	49.0%	48.4%
Ratio of Debt to Estimated Full Value of Equalized Grand List ^(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 February 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 February 1, 2026
(In Millions)

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments^(b)</u>	<u>Total Debt Service</u>
2026	\$ 823.5	\$ 317.5	\$ 1,141.0
2027	1,760.1	740.7	2,500.8
2028	1,707.1	658.2	2,365.3
2029	1,654.4	578.0	2,232.4
2030	1,613.1	499.5	2,112.6
2031	1,560.6	424.1	1,984.7
2032	1,470.0	350.4	1,820.4
2033	1,027.3	278.4	1,305.7
2034	930.2	232.9	1,163.1
2035	837.4	191.4	1,028.8
2036	714.3	155.0	869.3
2037	588.7	125.4	714.1
2038	485.6	100.8	586.4
2039	419.3	79.7	499.0
2040	373.1	61.5	434.6
2041	318.1	45.1	363.2
2042	255.1	31.5	286.6
2043	196.2	20.1	216.3
2044	158.7	12.3	171.0
2045	105.0	5.3	110.3
2046	40.0	1.0	41.0
Totals	\$ 17,037.8	\$ 4,908.8	\$ 21,946.6

(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:

<u>Year Issued</u>	<u>Amount Issued (In Millions)</u>	<u>Amount Outstanding (In Millions)</u>	<u>Maturities</u>	<u>Assumed Average Interest Rate</u>
2016	\$ 300.0	\$ 201.5	2026-2034	4.75%
2017	<u>300.0</u>	<u>215.3</u>	2026-2037	4.75%
Totals:	\$ 600.0	\$ 416.8		

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)

<u>Fiscal Year</u>	<u>Gross Debt</u>
2016	\$17,704.9
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

SOURCE: State Treasurer's Office

Future Issuance of Direct General Obligation Debt. The General Assembly has empowered the Commission to authorize direct general obligation bonds pursuant to certain bond acts. The table below shows, as of February 1, 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 February 1, 2026
(In Millions)

	State Direct Debt^(a)	Pension Obligation Bonds	UCONN 2000^(b)	Tax Increment^(c)	Total
Amount Authorized by Legislature	\$55,666.5	\$2,276.6	\$4,319.1	\$74.8	\$62,337.0
Amount Allocated by Commission	<u>50,243.7</u>	<u>2,276.6</u>	<u>4,319.1</u>	<u>74.8</u>	<u>56,914.2</u>
Available for Commission Allocation	5,422.8	0	0	0	5,422.8
Amount Authorized by Legislature	55,666.5	2,276.6	4,319.1	74.8	62,337.0
Amount Issued	<u>44,804.3</u>	<u>2,276.6</u>	<u>3,736.2</u>	<u>68.0</u>	<u>50,885.1</u>
Authorized by Legislature but Unissued	10,862.2	0	582.9	6.8	11,451.9
Amount Allocated by Commission	50,243.7	2,276.6	4,319.1	74.8	56,914.2
Amount Issued	<u>44,804.3</u>	<u>2,276.6</u>	<u>3,736.2</u>	<u>68.0</u>	<u>50,885.1</u>
Allocated by Commission but Unissued	5,439.4	0	582.9	6.8	6,029.1

(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)

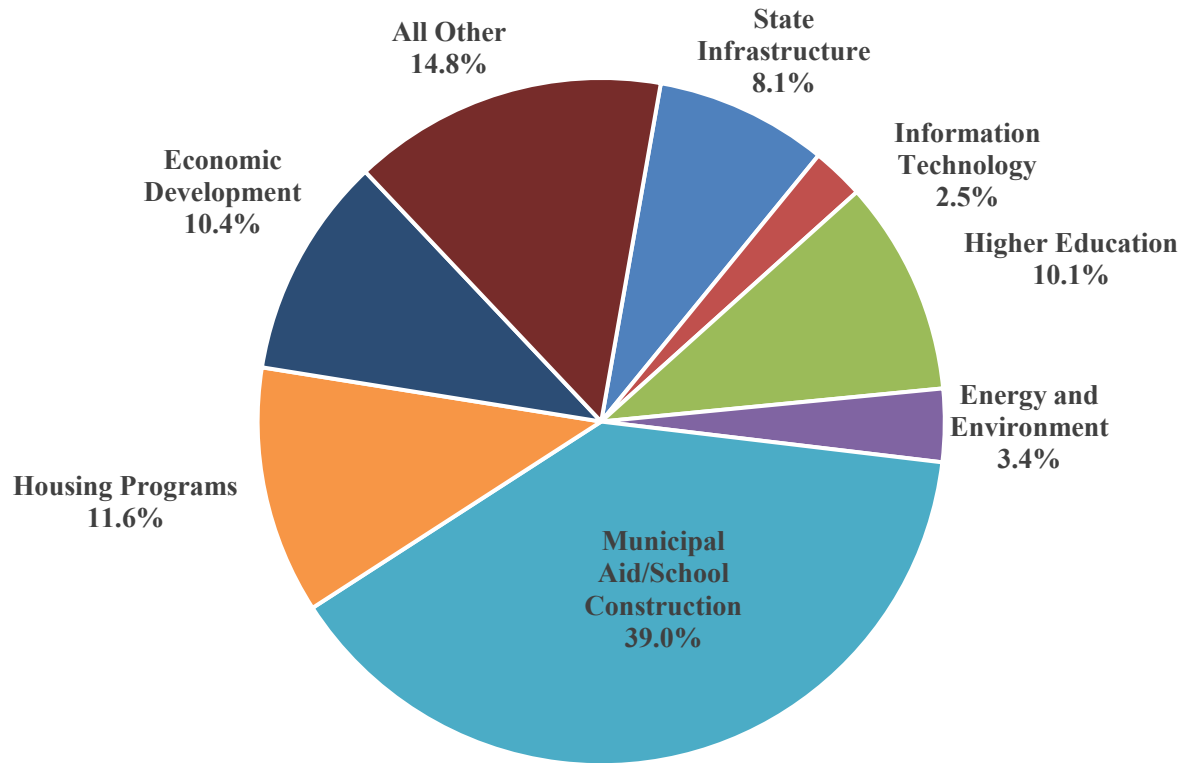
Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
New										
Authorizations	1,875.6	1,800.0	1,895.4	1,903.5	2,174.5	2,541.8	2,659.8	2,822.5	3,797.3	3,605.7
Reductions	<u>(263.3)</u>	<u>(406.3)</u>	<u>(3.4)</u>	<u>0.0</u>	<u>(156.2)</u>	<u>(410.5)</u>	<u>(73.0)</u>	<u>(55.8)</u>	<u>(361.6)</u>	<u>(54.0)</u>
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	3,435.8	3,551.7

(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 February 1, 2026
(In Millions)

Amount Authorized by Legislature ^(a)	\$ 26,477.9
Amount Allocated by the Commission	<u>25,503.9</u>
Available for Commission Allocation	974.0
Amount Authorized by Legislature ^(a)	26,477.9
Amount Issued ^(b)	<u>18,500.2</u>
Authorized by Legislature but Unissued	7,977.7
Amount Allocated by the Commission	25,503.9
Amount Issued ^(b)	<u>18,500.2</u>
Allocated by the Commission but Unissued	7,003.7
Amount Outstanding	8,453.6

(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)

<u>Indebtedness Secured by SCRF</u>	<u>Authorized Debt</u>	<u>Outstanding Debt</u>	<u>Minimum SCRF Requirement</u>
Capital Region Development Authority	\$ ^(a)	\$50.1 ^(b)	\$ 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 ^(c)	^(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 December 31, 2025.

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 February 1, 2026, \$50.1 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 February 1, 2026, the State has paid \$77.6 million of debt service with respect to such bonds which has not been reimbursed. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

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. With the passage of Public Act No. 25-174, the State expects to authorize new school construction grant commitments of approximately \$701 million (the total project cost of approximately \$971 million) that take effect in Fiscal Year 2026. It is anticipated that new school construction grant commitments of approximately \$297 million may be authorized in Fiscal Year 2026. As of June 30, 2025, the Commissioner of Administrative Services estimates that current grant obligations for school construction projects are approximately \$4.5 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 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”)

SERS 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 contains appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2026. The employer contribution requirement for Fiscal Year 2027 was not available when the 2025 Budget Act was adopted. The Governor has proposed appropriation adjustments for Fiscal Year 2027 that, if adopted by the legislature, will permit fully funding the employer contribution requirement.

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)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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	<u>194.8</u>	<u>202.2</u>	<u>223.1</u>	<u>257.8</u>	<u>246.3</u>
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 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

<u>Group</u>	<u>Number of Active Members^(a)</u>	<u>Average Age (years)^(a)</u>	<u>Average Service (years)^(a)</u>	<u>Normal Cost^(b)</u>	<u>Normal Rate (percent of payroll)</u>
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	<u>17,345</u>	<u>40.6</u>	<u>3.3</u>	<u>36,245</u>	<u>2.79</u>
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.

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 workforce 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	<u>2.8</u>	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 contains appropriations sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2026. The employer contribution requirement for Fiscal Year 2027 was not available when the 2025 Budget Act was adopted. The Governor has proposed appropriation adjustments for Fiscal Year 2027 that will, if adopted by the legislature, permit fully funding the employer contribution requirement.

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)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund					
Contributions	\$ 1,249.8	\$ 1,443.7	\$ 1,578.0	\$ 1,554.5	\$ 1,601.4
Employee					
Contributions ^(b)	<u>324.1</u>	<u>337.3</u>	<u>339.3</u>	<u>367.0</u>	<u>364.1</u>
Total Contributions ^(c)	<u>\$ 1,573.9</u>	<u>\$ 1,781.0</u>	<u>\$ 1,917.3</u>	<u>\$ 1,921.5</u>	<u>\$ 1,965.5</u>
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 GovInvest a report titled Connecticut Pension Stress Test – State Employees Retirement System (SERS) and Teacher Retirement Systems (TRS) (the “2024 Stress Test Report”). The analysis utilizes the valuations for SERS and TRS as of June 30, 2023 and does not include the results of the November 2024 SERF Valuation or November 2024 TRF Valuation. However, the results were rolled forward one year (i) with respect SERF, to account for the actual Fiscal Year 2024 investment return of 11.52% and \$514 million in supplemental contributions and (ii) with respect to TRS, to account for the actual Fiscal Year 2024 investment return of 11.50% and \$420.1 million in supplemental contributions. The 2024 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 grow from current levels of \$3.6 billion per year for the next 20 years until the unfunded liability is paid off in Fiscal Year 2047.
- Without the Fiscal Year 2024 additional deposits of approximately \$930 million, the annual contribution plateau would have occurred around \$3.7 billion per year and cost the State an additional \$2.1 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 2025, 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 grow faster than projected revenues over the next five years, potentially leading to budget crowd out. Increases at TRS drive this growth, increasing 10 percent per year on average from Fiscal Years 2027-2030 under these scenarios.

It should be noted that the 2024 Stress Test Report did not reflect updated consensus revenues and actual Fiscal Year 2024 contributions, actuarial smoothing of investment returns, newer actuarial valuations or recalculation of future ADECs based on actual performance varying from assumed performance. The State commissioned a report for 2025 which has not yet been delivered.

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, 2025 in each of these funds. See also **FINANCIAL PROCEDURES** herein.

TABLE 24
Pension Fund Investment Allocations
As of June 30, 2025*

	<u>State Employees'</u> <u>Retirement Fund</u>	<u>Teachers'</u> <u>Retirement Fund</u>
Domestic Equity Fund	30.2%	30.4%
Developed Markets Equity Fund	13.1	13.2
Emerging Markets Equity Fund	5.5	5.6
Real Estate Fund	6.2	6.2
Infrastructure and Natural Resources	3.5	3.6
Core Fixed Income Fund	13.4	13.5
Non-Core Fixed Income Fund	4.9	5.0
Liquidity Fund	1.5	0.8
Private Equity Fund	11.8	11.8
Private Credit Fund	5.8	5.8
Absolute Return / Risk Mitigation Strategy	4.1	4.1
	100.0%	100.0%

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

Investment Returns

Annualized Net Returns on Investment Assets in
Retirement Funds
Periods Ending June 30, 2025

	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>15 Year</u>	<u>20 Year</u>	<u>25 Year</u>
SERF	10.13%	8.99%	7.39%	8.19%	6.78%	6.04%
TRF	10.15%	8.84%	7.29%	8.10%	6.80%	6.07%

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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	<u>5,006.0</u>	<u>5,044.1</u>	<u>9,357.5</u>	<u>8,208.2</u>	<u>7,890.9</u>
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	<u>90.8</u>	<u>450.4</u>	<u>7,568.8</u>	<u>12,911.3</u>	<u>13,151.2</u>
Total Receipts	\$ 136,476.4	\$ 126,833.8	\$ 130,983.0	\$ 139,967.6	\$ 166,434.2
Fund Expenditures	<u>\$ (92,804.7)</u>	<u>\$ (75,931.9)</u>	<u>\$ (82,433.0)</u>	<u>\$ (97,333.5)</u>	<u>\$ (142,149.3)</u>
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 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 CT 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 CT 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 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. Connecticut manages these flood control systems under agreements with the Army Corps of Engineers or the United States Department of Agriculture, Natural Resources Conservation Service. Several municipalities in Connecticut 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 funding 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.

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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 or 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.

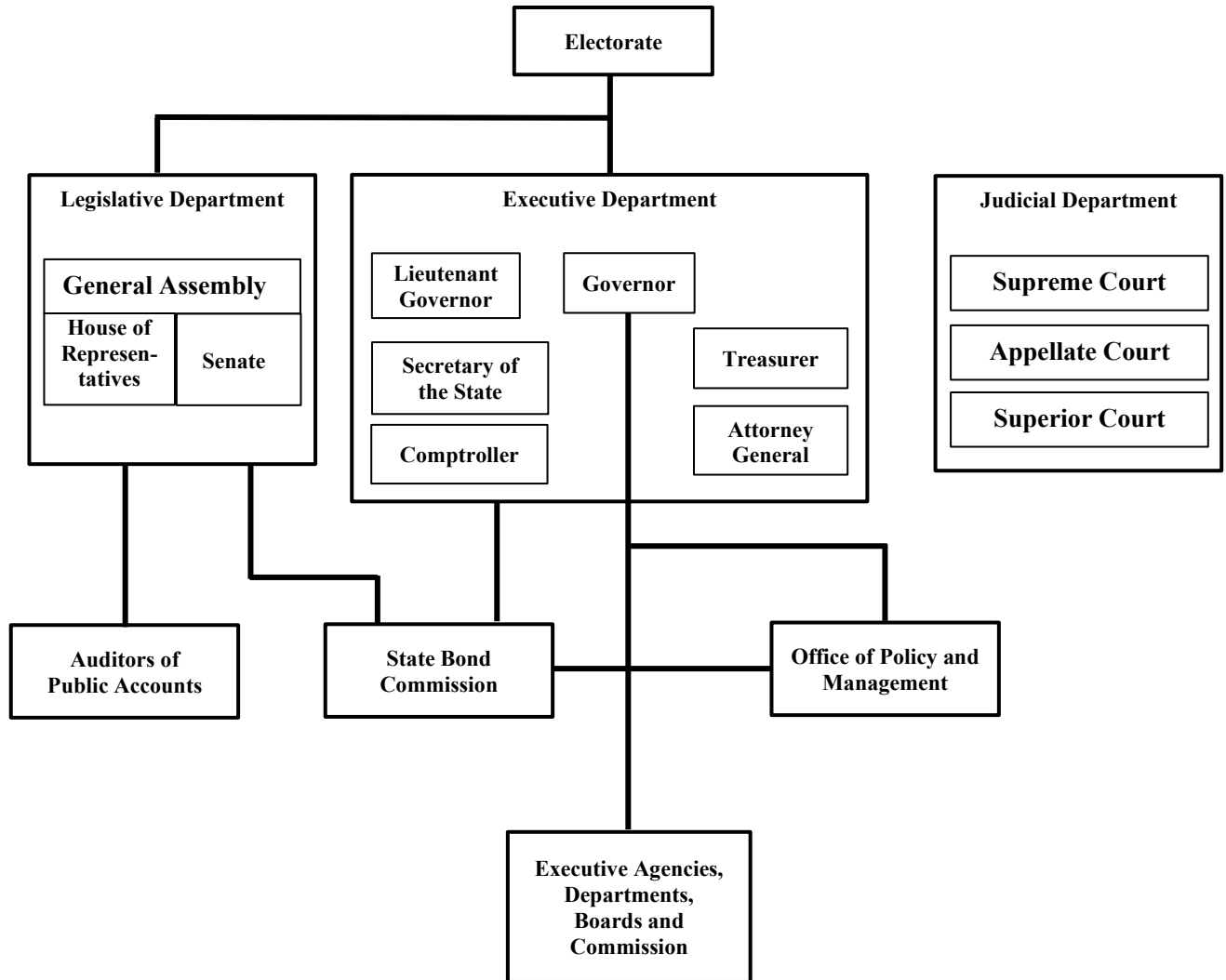
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute 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

<u>Function Headings^(b)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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	<u>3,965</u>	<u>4,060</u>	<u>4,154</u>	<u>4,218</u>	<u>4,260</u>
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

<u>Function Headings</u>	<u>General Fund</u>	<u>Special Transportation Fund</u>	<u>Other Appropriated Funds</u>	<u>Special Funds – Non-Appropriated</u>	<u>Federal Funds</u>	<u>TOTALS</u>
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 49 such bargaining units representing State employees. The General Statutes establish the general parameters of the collective bargaining process with respect to bargaining units representing State employees. At any given point in time, there are generally a number of collective bargaining units with agreements under negotiation. All collective bargaining agreements require approval of the General Assembly. The General Assembly may approve any such agreement as a whole by a majority vote of each house or may reject any such agreement as a whole by a majority vote of either house. An arbitration award may be rejected in whole by a two-thirds vote of either house of the General Assembly upon a determination that there are insufficient funds for full implementation of the award.

If an agreement is rejected, the matter shall be returned to the parties who shall initiate arbitration. The parties may submit any award issued pursuant to such arbitration to the General Assembly in the same manner as the rejected agreement. If the arbitration award is rejected by the General Assembly, the matter shall be returned again to the parties for further arbitration. Any award issued pursuant to such further arbitration shall be deemed approved by the General Assembly.

The General Statutes deny State employees the right to strike. Questions concerning employment or bargaining practices prohibited by the sections of the General Statutes governing collective bargaining with regard to State employees may generally be brought before the State Board of Labor Relations.

Information regarding employees participating in collective bargaining units and employees not covered by collective bargaining is shown in the following table:

TABLE A-4
Full-Time Work Force
Collective Bargaining Units and Those Not Covered by Collective Bargaining

<u>Bargaining Unit/Status Group</u>	<u>Percentage of State Employees Represented^(a)</u>	<u>Contract Status, if any^(b)</u>
<u>Covered by Collective Bargaining</u>		
Administrative and Residual (P-5)	6.20	Contract in place through 6/30/2025
Administrative Clerical (NP-3)	4.38	Contract in place through 6/30/2025
American Federation of School Administrators	0.14	Contract in place through 6/30/2025
Assistant Attorneys General (P-6)	0.37	Contract in place through 6/30/2025
Assistant Attorney General Dept. Heads (P-7)	0.03	Contract in place through 6/30/2025
Board for State Academic Awards Prof	0.13	Contract in place through 6/30/2025
Community College Administration - AFSCME	0.18	Contract in place through 6/30/2025
Community College Administration – CCCC	1.41	Contract in place through 6/30/2025
Community College AFT – Counselors/Librarians	0.02	Contract in place through 6/30/2025
Community College Faculty – AFT	0.27	Contract in place through 6/30/2025
Community College Faculty – CCCC	1.01	Contract in place through 6/30/2025
Connecticut Association of Prosecutors	0.39	Contract in place through 6/30/2025
Correctional Officers (NP-4)	7.69	Contract in place through 6/30/2025
Correctional Supervisor (NP-8)	0.92	Contract in place through 6/30/2025
Criminal Justice Inspectors	0.14	Contract in place through 6/30/2025
Criminal Justice Residual	0.24	Contract in place through 6/30/2025
DCF Program Supervisors - AFSCME	0.19	Contract in place through 6/30/2025
DPDS Asst Public Defenders	0.40	Contract in place through 6/30/2025
DPDS Supervising Attorneys - AFSCME	0.03	Contract in place through 6/30/2025
Education Administrative (P-3A)	0.43	Contract in place through 6/30/2025
Education Technical (P-3B)	1.07	Contract in place through 6/30/2025
Engineering, Scientific and Technical (P-4)	5.05	Contract in place through 6/30/2025
GEU-UAW Graduate Empl Union	3.28	Contract in place through 6/30/2025
Health Care Unit-Non-Professional (NP-6)	4.84	Contract in place through 6/30/2025
Health Care Unit-Professional (P-1)	5.77	Contract in place through 6/30/2025
Higher Education – Professional Employees	0.00	Contract in place through 6/30/2025
Judicial - Judicial Marshals	0.98	Contract in place through 6/30/2025
Judicial – Law Clerks	0.09	Contract in place through 6/30/2025
Judicial – Non-Professional	2.48	Contract in place through 6/30/2025
Judicial – Professional	2.26	Contract in place through 6/30/2025
Judicial – Professional B	0.35	Contract in place through 6/30/2025
Judicial - Supervising Judicial Marshals	0.08	Contract in place through 6/30/2025
Judicial – Professional Appellate	0.04	Contract in place through 6/30/2025
Protective Services (NP-5)	1.47	Contract in place through 6/30/2025
Service/Maintenance (NP-2)	6.66	Contract in place through 6/30/2025
Social and Human Services (P-2)	6.92	Contract in place through 6/30/2025
State Vocational Federation of Teachers	2.30	Contract in place through 6/30/2025
State Police (NP-1)	1.69	Contract in place through 6/30/2026
State Police Lieutenants and Captains (NP-9)	0.07	Contract in place through 6/30/2025
State University-Faculty	2.53	Contract in place through 6/30/2025
State University- Non-Faculty Professional	1.81	Contract in place through 6/30/2025
UHC – Faculty	0.16	Contract in place through 6/30/2025
UHC – Faculty AAUP	1.09	Contract in place through 6/30/2025
UHC University Health Professionals	6.10	Contract in place through 6/30/2025
UConn – Faculty	3.73	Contract in place through 6/30/2025
UConn – Law School Faculty	0.08	Contract in place through 6/30/2025
UConn - Non-Faculty	3.86	Contract in place through 6/30/2025
UConn – UAW Postdoc	0.24	Contract in place through 6/30/2026
Total Covered by Collective Bargaining	89.34	
<u>Not Covered by Collective Bargaining</u>		
Auditors of Public Accounts	0.23	Not Applicable
Other Employees	10.43	Not Applicable
Total Not Covered by Collective Bargaining		
Total Full-Time Work Force	100.00	

(a) Percentage expressed reflects approximately 54,343 filled full-time positions as of February 1, 2026.

(b) The State is currently in negotiations with the collective bargaining units regarding successor contracts.

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 includes 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)

<u>Calendar Year</u>	<u>Connecticut</u>		<u>New England</u>		<u>United States</u>	
	<u>Total</u>	<u>% Change</u>	<u>Total</u>	<u>% Change</u>	<u>Total</u>	<u>% Change</u>
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

<u>Calendar Year</u>	<u>Connecticut</u>		<u>Connecticut Per Capita as Percent of</u>	
	<u>Total</u> <u>(Millions of Dollars)</u>	<u>Per Capita</u> <u>(Dollars)</u>	<u>New England</u>	<u>United States</u>
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

<u>Calendar Year</u>	<u>Connecticut</u> <u>(Current)</u>	<u>New England</u> <u>(Current)</u>	<u>U.S.</u> <u>(Current)</u>	<u>Connecticut</u> <u>(Constant)</u>	<u>New England</u> <u>(Constant)</u>	<u>U.S.</u> <u>(Constant)</u>
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

	<u>Connecticut</u> ^(a)	<u>Percent of</u> <u>Total</u>	<u>U.S.</u> ^(a)	<u>Percent of</u> <u>Total</u>
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.....	<u>32.7</u>	<u>9.4</u>	<u>2,023.1</u>	<u>8.1</u>
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

<u>Calendar</u> <u>Year</u>	<u>Connecticut</u>		<u>New England</u> ^(a)		<u>United States</u> ^(b)	
	<u>\$</u> ^(c)	<u>Percent</u> <u>Growth</u>	<u>\$</u> ^(c)	<u>Percent</u> <u>Growth</u>	<u>\$</u> ^(c)	<u>Percent</u> <u>Growth</u>
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

Calendar Year	Gross State Product					
	Connecticut		New England		United States	
	<u>\$^(a)</u>	<u>Percent Growth</u>	<u>\$^(a)</u>	<u>Percent Growth</u>	<u>\$^(a)</u>	<u>Percent Growth</u>
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)

<u>Calendar Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Sector</u>								
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	<u>27,594</u>	<u>27,629</u>	<u>27,375</u>	<u>27,627</u>	<u>28,248</u>	<u>29,560</u>	<u>31,195</u>	<u>32,408</u>
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		New England^(a)		United States^(b)	
	<u>Employment^(b)</u>	<u>Percent Growth</u>	<u>Employment^(b)</u>	<u>Percent Growth</u>	<u>Employment^(b)</u>	<u>Percent Growth</u>
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	<u>Establishment Employment</u>	<u>Percent Growth</u>	<u>Residential Employment</u>	<u>Percent Growth</u>
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

	<u>Connecticut</u>		<u>United States</u>	
	<u>Total^(a)</u>	<u>Percent</u>	<u>Total^(a)</u>	<u>Percent</u>
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)	<u>63.1</u>	<u>3.7</u>	<u>8,211.0</u>	<u>5.2</u>
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		New England		United States	
	<u>Number^(a)</u>	<u>Percent Growth</u>	<u>Number^(a)</u>	<u>Percent Growth</u>	<u>Number^(a)</u>	<u>Percent Growth</u>
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	<u>Transportation Equipment</u>	<u>Fabricated Metals</u>	<u>Computer & Electronics</u>	<u>Machinery</u>	<u>Other^(b)</u>	<u>Total Manufacturing Employment^(c)</u>
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

	<u>2020</u>	<u>2021</u>	<u>Calendar Year</u> <u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Percent</u> <u>of</u> <u>2024</u> <u>Total</u>	<u>Compound</u> <u>Annual</u> <u>Growth Rate</u> <u>2020-2024</u>
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	<u>1,618.1</u>	<u>1,594.4</u>	<u>1,823.3</u>	<u>1,755.4</u>	<u>1,894.6</u>	<u>10.9%</u>	<u>4.0%</u>
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

<u>Federal Fiscal Year</u>	<u>Connecticut Total Contract Award (Millions)</u>	<u>Connecticut Rank Among States Total Awards</u>	<u>Percent Change from Prior Year</u>	
			<u>Connecticut</u>	<u>U.S.</u>
2015	\$12,147	5 th	(8.0)	(2.8)
2016	14,132	4 th	16.3	10.1
2017	11,647	7 th	(17.6)	7.7
2018	14,696	6 th	26.2	11.8
2019	18,358	5 th	24.9	7.1
2020	22,356	4 th	21.8	11.1
2021	16,966	4 th	(24.1)	(30.1)
2022	17,262	5 th	1.7	12.5
2023	18,190	4 th	5.4	(11.7)
2024	16,071	5 th	(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		New England		United States	
	Number^(a)	Percent Growth	Number^(a)	Percent Growth	Number^(a)	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.

TABLE B-17
Retail Trade In Connecticut

		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
<u>NAICS</u>												
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	<u>7,568.9</u>	<u>12.2</u>	<u>10,614.4</u>	<u>14.6</u>	<u>12,027</u>	<u>15.4</u>	<u>13,101</u>	<u>16.1</u>	<u>14,115</u>	<u>16.9</u>	<u>7.6</u>
	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

<u>Calendar Year</u>	<u>Unemployment Rate</u>		
	<u>Connecticut</u>	<u>New England</u>	<u>United States</u>
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 ^(a)	3.6	4.0	4.2

(a) Reflects average for the first six months.

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:



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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:

Opinion Unit	Fund/Entity	Percentage of Opinion Unit's Total	
		Assets	Revenues/ Additions
Governmental Activities	Special Transportation Fund, Transportation Special Tax Obligations Fund, and Transportation Restricted Grants Fund	7%	10%

Opinion Unit	Fund/Entity	Percentage of Opinion Unit's Total	
		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.

State of Connecticut

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.

State of Connecticut

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).

State of Connecticut

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%
<i>Net Position (Deficit) - Beginning (Restated)*</i>	<i>(47,186)</i>	<i>(48,800)</i>	<i>7,500</i>	<i>7,033</i>	<i>(39,686)</i>	<i>(41,767)</i>	<i>-5.0%</i>
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

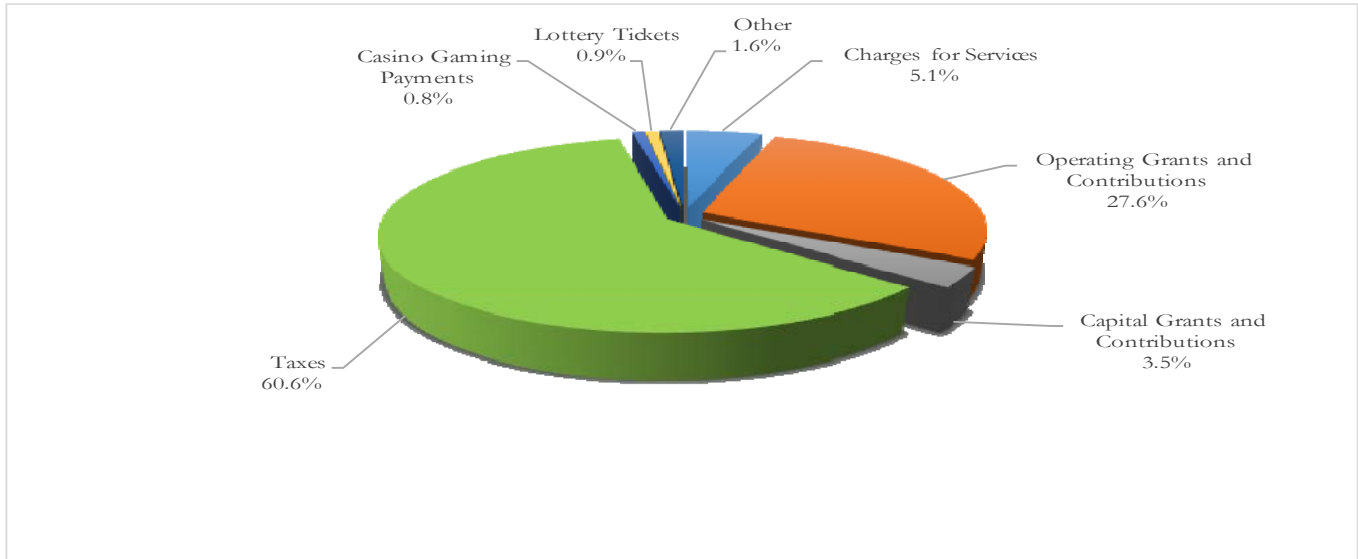
This year the State's governmental activities received 60.6 percent of its revenue from taxes and 31.0 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 59.9 percent and grants and contributions were 30.5 percent of total revenues. Charges for services such 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.

State of Connecticut

Governmental Activities

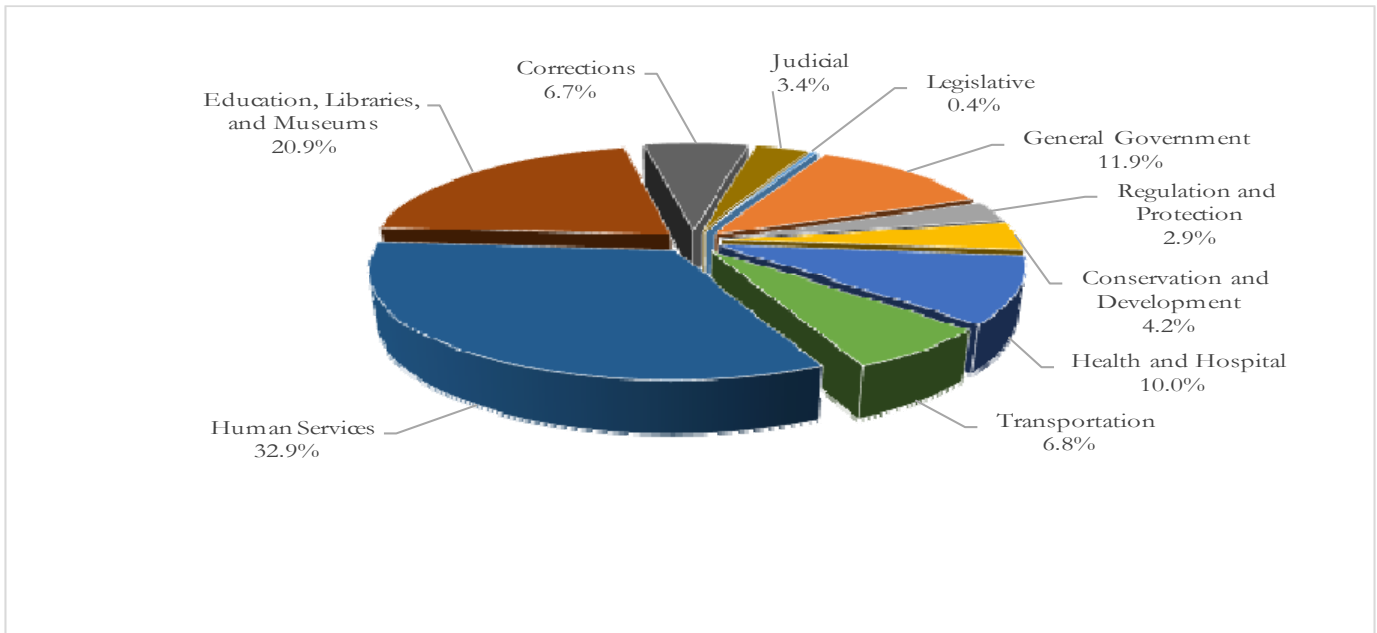
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$1.0 billion (or 2.6 percent). This increase was primarily due to an increase in taxes as well as operating grants and contributions of \$869.0 million 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

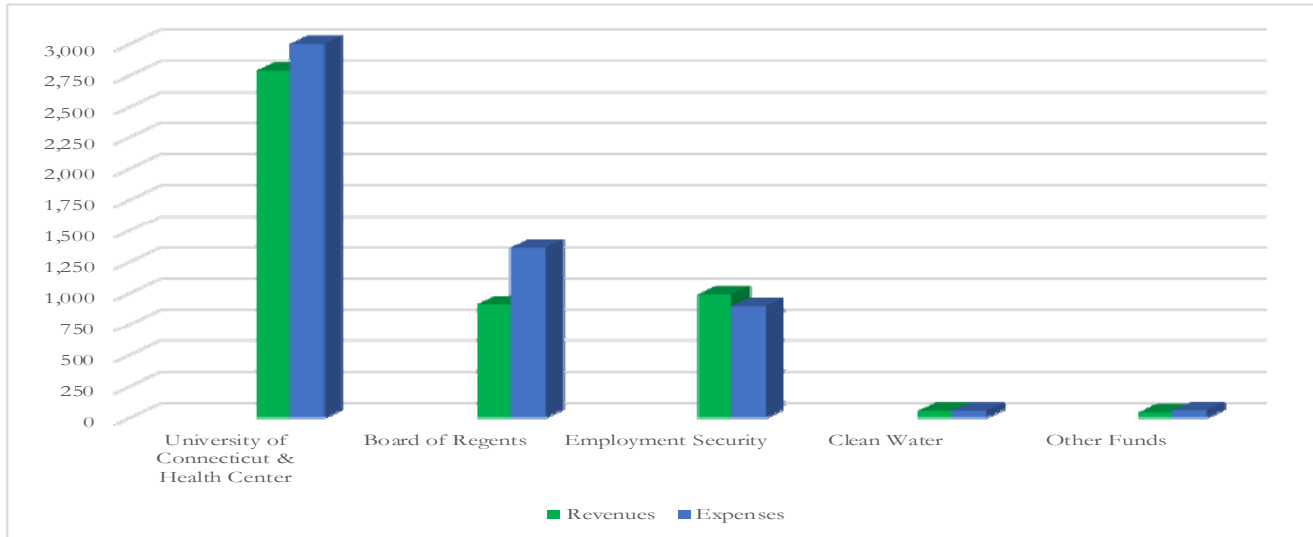


State of Connecticut

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 constraints 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.

State of Connecticut

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.

State of Connecticut

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.

State of Connecticut

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	<u>\$ 27,298</u>	<u>\$ 27,520</u>	<u>\$ 1,224</u>	<u>\$ 1,320</u>	<u>\$ 28,522</u>	<u>\$ 28,840</u>	

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

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

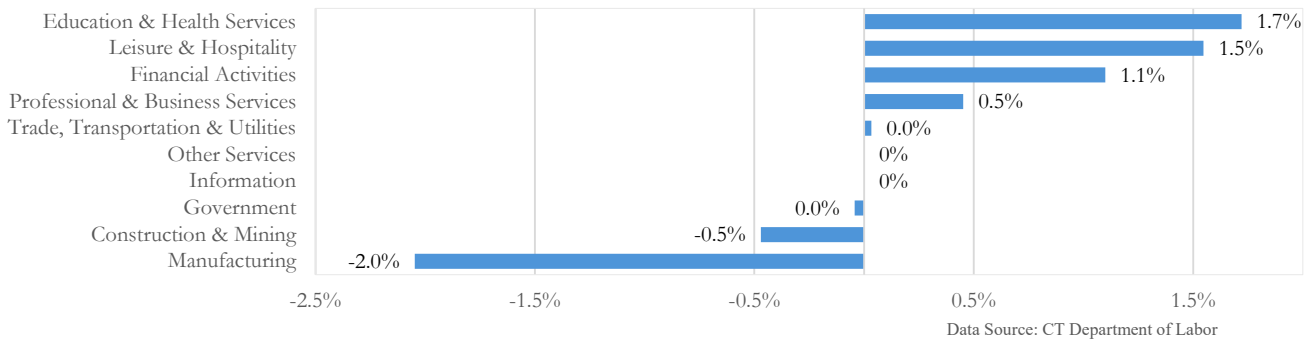
The State's other long-term obligations decreased by (\$495.0) million (or 0.9 percent) during the fiscal year. This decrease was due mainly to a decrease in the Net Pension Liability and Net OPEB Liability (Governmental activities) of (\$869.0) million (or 1.6 percent). Additional information on the 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 Nonfarm Employment Year-over-Year Percentage Change

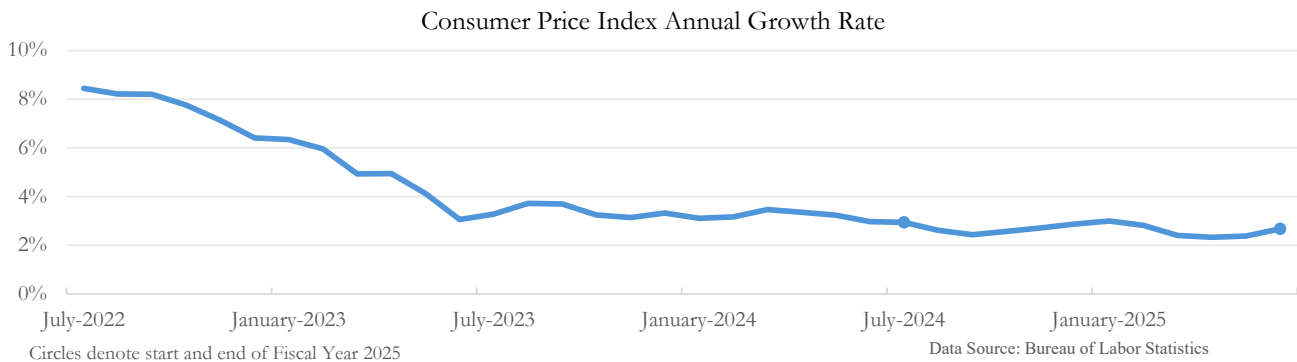


Connecticut added 7,500 (0.4 percent) new payroll jobs in FY 2025, and private industry employment reached a new all-time high in January. The state's civilian labor force, those working or actively looking for work, expanded by 13,545 workers (0.7 percent), and reached an all-time high of 1,960,219 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.

State of Connecticut

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.

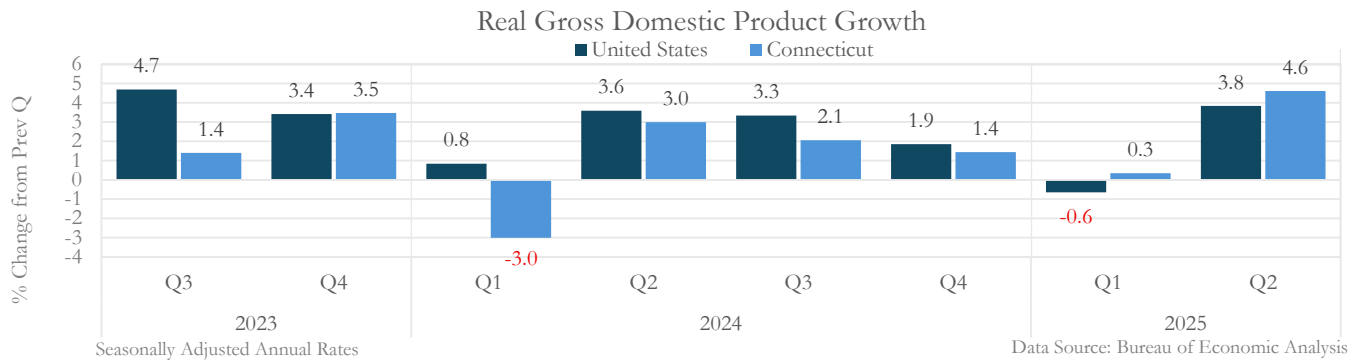
Yet FY 2025 marked a housing market turning point. Average monthly listings grew by 11.8 percent, and the number of sales increased 2.7 percent year-over-year according to Realtor.com and the Warren Group, respectively. Connecticut's housing market is expected to remain tight as demand continues to exceed 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

State of Connecticut

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

State of Connecticut

(\$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*

State of Connecticut

STATEMENT OF NET POSITION

June 30, 2025

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
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.

State of Connecticut

STATEMENT OF NET POSITION (Continued)

June 30, 2025

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
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	<u>\$ 5,837,989</u>	<u>\$ 17,926</u>	<u>\$ 5,855,915</u>	<u>\$ 505,466</u>
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)	<u>(58,632,609)</u>	<u>2,140,411</u>	<u>(56,492,198)</u>	<u>473,989</u>
Total Net Position (Deficit)	<u>\$ (45,960,541)</u>	<u>\$ 7,770,199</u>	<u>\$ (38,190,342)</u>	<u>\$ 3,439,007</u>

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

State of Connecticut

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services, Fees, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
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.

State of Connecticut

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	<u>\$ 10,053,011</u>	<u>\$ 1,344,841</u>	<u>\$ 875,577</u>	<u>\$ 2,629,162</u>	<u>\$ 415,485</u>	<u>\$ 1,905,967</u>	<u>\$ 17,224,043</u>
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	<u>3,583,575</u>	<u>5,868</u>	<u>49,643</u>	<u>927,443</u>	<u>19,788</u>	<u>191,938</u>	<u>4,778,255</u>
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	<u>4,032,245</u>	<u>1,338,973</u>	<u>745,807</u>	<u>1,123,313</u>	<u>387,480</u>	<u>1,662,092</u>	<u>9,289,910</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 10,053,011</u>	<u>\$ 1,344,841</u>	<u>\$ 875,577</u>	<u>\$ 2,629,162</u>	<u>\$ 415,485</u>	<u>\$ 1,905,967</u>	<u>\$ 17,224,043</u>

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

State of Connecticut

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.

Total Net Position - Governmental Activities	\$	54,894
		(45,960,541)

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

State of Connecticut

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.

State of Connecticut

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.

State of Connecticut

STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2025

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	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.

State of Connecticut

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
	Enterprise Funds						Activities
	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.

State of Connecticut

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	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.

State of Connecticut

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	<u>\$ 69,830,903</u>	<u>\$ 4,559,922</u>	<u>\$ 8,289</u>	<u>\$ 487,945</u>	<u>\$ 724,787</u>	<u>\$ 890,148</u>
Deferred Outflows of Resources						
Related to Pensions & Other Postemployment Benefits	\$ -	\$ -	\$ -	\$ -	\$ 19,898	\$ -
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,898</u>	<u>\$ -</u>
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	<u>5,459,388</u>	<u>16,487</u>	<u>-</u>	<u>-</u>	<u>79,056</u>	<u>1</u>
Noncurrent Liabilities:						
Pension & OPEB Liability	-	-	-	-	28,924	-
Noncurrent Portion of Long-Term Obligations	-	-	-	-	9,612	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,536</u>	<u>-</u>
Total Liabilities	<u>\$ 5,459,388</u>	<u>\$ 16,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,592</u>	<u>\$ 1</u>
Other Deferred Inflows						
Related to Pensions & Other Postemployment Benefits	\$ -	\$ -	\$ -	\$ -	\$ 4,134	\$ -
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,134</u>	<u>\$ -</u>
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	<u>\$ 64,371,515</u>	<u>\$ 4,543,435</u>	<u>\$ 8,289</u>	<u>\$ 487,945</u>	<u>\$ 622,959</u>	<u>\$ 890,147</u>

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

State of Connecticut

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.

State of Connecticut

STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2025

(Expressed in Thousands)

	Connecticut Housing Finance Authority (12/31/2024)	Connecticut Lottery Corporation	Connecticut Airport Authority	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Assets						
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.

State of Connecticut

STATEMENT OF NET POSITION COMPONENT UNITS (Continued)

June 30, 2025

(Expressed in Thousands)

	Connecticut Housing Finance Authority (12/31/2024)	Connecticut Lottery Corporation	Connecticut Airport Authority	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Liabilities						
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	<u>701,240</u>	<u>42,301</u>	<u>97,318</u>	<u>733,229</u>	<u>445,873</u>	<u>2,019,961</u>
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	<u>5,414,480</u>	<u>201,882</u>	<u>312,798</u>	<u>242,744</u>	<u>238,881</u>	<u>6,410,785</u>
Total Liabilities	<u>\$ 6,115,720</u>	<u>\$ 244,183</u>	<u>\$ 410,116</u>	<u>\$ 975,973</u>	<u>\$ 684,754</u>	<u>\$ 8,430,746</u>
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	<u>\$ 239,936</u>	<u>\$ 27,154</u>	<u>\$ 167,324</u>	<u>\$ 626</u>	<u>\$ 70,426</u>	<u>\$ 505,466</u>
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)	<u>\$ 764,506</u>	<u>\$ (54,831)</u>	<u>\$ 638,815</u>	<u>\$ 88,081</u>	<u>\$ 2,002,436</u>	<u>\$ 3,439,007</u>

The Accompanying Notes to the Financial Statements are an Integral Part of these Statements.

State of Connecticut

STATEMENT OF ACTIVITIES COMPONENT UNITS

For the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	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	<u>\$ 2,498,246</u>	<u>\$ 2,365,285</u>	<u>\$ 24,444</u>	<u>\$ 114,244</u>	<u>(116,752)</u>	<u>2,845</u>	<u>73,938</u>	<u>(441)</u>	<u>46,137</u>	<u>5,727</u>
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					<u>108,511</u>	<u>6,377</u>	<u>8,325</u>	<u>4,461</u>	<u>24,443</u>	<u>152,117</u>
Change in Net Position					(8,241)	9,222	82,263	4,020	70,580	157,844
Net Position (Deficit)-Beginning					<u>772,747</u>	<u>(64,053)</u>	<u>556,552</u>	<u>-</u>	<u>2,008,511</u>	<u>3,273,757</u>
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)					<u>772,747</u>	<u>(64,053)</u>	<u>556,552</u>	<u>84,061</u>	<u>1,931,856</u>	<u>3,281,163</u>
Net Position (Deficit)-Ending					<u>\$ 764,506</u>	<u>\$ (54,831)</u>	<u>\$ 638,815</u>	<u>\$ 88,081</u>	<u>\$ 2,002,436</u>	<u>\$ 3,439,007</u>

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):

<u>Special Revenue</u>		
Regional Market	\$	(340)
<u>Capital Projects</u>		
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 Type	Amortized Cost	Investment Maturities (in years)	
		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	<u>\$ 10,938,863</u>	<u>\$ 10,938,863</u>	<u>\$ -</u>

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	<u>\$ 3,891,490</u>	<u>100.0%</u>

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	<u>\$ 7,289,318</u>

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	<u>\$ 143,656</u>	<u>\$ 25,122</u>	<u>\$ 67,376,095</u>

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.

Notes to the Financial Statements
State of Connecticut
June 30, 2025

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 Type	Fair Value	Investment Maturities (in Years)			
		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):

Foreign Currency	Total	Cash	Cash Equivalent Collateral	Fixed Income Securities			Equities		Real Estate Investment Trust Fund
				Government Securities	Corporate Debt	Mortgage and Asset Backed	Common Stock	Preferred Stock and Mutual Funds	
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	2024
	Fair Value	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	<u>\$ 2,905,326</u>	<u>\$ 2,801,552</u>

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 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, 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	<u>\$ 22,466</u>	<u>\$ 22,466</u>	<u>\$ -</u>	<u>\$ -</u>

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	<u>1,193</u>	<u>\$ 147</u>		
Total Investments in Securities at Fair Value	<u>\$ 23,659</u>			

As of June 30, 2025, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10
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):

Investment Type	Other Investments				
	Fair Value	Quality Ratings			
		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):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		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):

Investment Type	Component Units					
	Fair Value	Quality Ratings				
		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		Component Units
	Governmental Activities	Business-Type Activities	
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		Total
	General Fund	Transportation Fund	
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		Component Units
	Governmental Activities	Business-Type Activities	
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	<u>\$ 962,796</u>	<u>\$ 1,058,715</u>	<u>\$ 579,602</u>

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	<u>\$ 1,336,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336,925</u>
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	<u>\$ 431,993</u>	<u>\$ 17,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,362</u>
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	<u>\$ 369,265</u>	<u>\$ 5,172,642</u>	<u>\$ 2,726,520</u>	<u>\$ 187,116</u>	<u>\$ 8,455,543</u>

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:					
CHEA	\$ 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	<u>\$ 5,543,251</u>	<u>\$ 262,259</u>	<u>\$ 314,159</u>	<u>\$ 5,491,351</u>

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	<u>2,777,431</u>
Accumulated Depreciation/ Amortization	<u>1,302,676</u>
Capital Assets, Net	<u>\$ 1,474,755</u>

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 may 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.

Asset Class	SERS		TRS		JRS	
	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	<u>\$ 18,968,706</u>	<u>\$ 15,771,213</u>	<u>\$ 234,111</u>
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	<u>\$ 2,941,573</u>	<u>\$ 2,194,180</u>	<u>\$ 30,460</u>	<u>\$ 5,166,213</u>

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	<u>\$ 34,786,236</u>	<u>\$ 187,794</u>

Notes to the Financial Statements
State of Connecticut
June 30, 2025

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):

<u>State Employees' Retirement System</u>		<u>Primary</u>	<u>Component</u>
<u>Year</u>		<u>Government</u>	<u>Units</u>
1		\$ 444,291	\$ (4,459)
2		807,152	672
3		(55,907)	1,211
4		(126,132)	5,315
5		9,905	2,111
		<u>\$ 1,079,309</u>	<u>\$ 4,850</u>

<u>Teachers' Retirement System</u>		<u>Primary</u>
<u>Year</u>		<u>Government</u>
1		\$ 330,796
2		674,559
3		(92,099)
4		(93,248)
5		64,584
6		22,031
		<u>\$ 906,623</u>

<u>Judges' Retirement System</u>		<u>Primary</u>
<u>Year</u>		<u>Government</u>
1		\$ 11,184
2		9,309
3		(3,631)
4		(2,724)
5		-
		<u>\$ 14,138</u>

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:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
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.

Asset Class	MERS	
	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	-
	<u>\$ 389,824</u>	<u>\$ 22,967</u>

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	<u>188,311</u>
Total pension liability - beginning	<u>4,644,500</u>
Total pension liability - ending (a)	<u>\$ 4,832,811</u>
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	<u>290,742</u>
Plan net position - beginning	<u>\$ 3,229,803</u>
Plan net position - ending (b)	<u>\$ 3,520,545</u>
Net pension liability - ending (a) -(b)	<u>\$ 1,312,266</u>

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.

<u>Asset Class</u>	<u>SEOPEBP</u>		<u>RTHP</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Expected 20 year Geometric Real Rate of Return</u>
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):

	<u>Total Primary Government</u>	
	<u>SEOPEBP</u>	<u>RTHP</u>
Total OPEB Liability	\$ 19,277,639	\$ 3,493,571
Fiduciary Net Position	3,126,113	258,353
Net OPEB Liability	<u>\$ 16,151,526</u>	<u>\$ 3,235,218</u>
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	<u>\$ 769,873</u>	<u>\$ 21,765</u>	<u>\$ 791,638</u>

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	<u>\$ 19,167,151</u>	<u>\$ 219,593</u>

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	-
	<u>\$ 73,392</u>	<u>\$ (5,229)</u>

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	<u>\$ 1,797,460</u>	<u>\$ 3,900,424</u>	<u>\$ 46,144</u>	<u>\$ 72,706</u>
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	<u>\$ 1,812,240</u>	<u>\$ 1,089,069</u>		

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		Primary Government	Component Units
Year			
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)
		<u>\$ (2,937,652)</u>	<u>\$ (33,697)</u>
Retired Teachers' Health Plan		Primary Government	
Year			
1		\$ 29,239	
2		42,312	
3		16,036	
4		165,361	
5		228,932	
Thereafter		207,790	
		<u>\$ 689,670</u>	

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	<u>\$ 292,732</u>	<u>\$ 64,063</u>	<u>\$ 3,865,052</u>	<u>\$ 4,221,847</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 660	\$ -	\$ 24,769	\$ 25,429
Securities Lending Obligation	-	5,092	291,865	296,957
Total Liabilities	<u>\$ 660</u>	<u>\$ 5,092</u>	<u>\$ 316,634</u>	<u>\$ 322,386</u>
Net Position				
Held in Trust For Employee Pension and Other Benefits	\$ 292,072	\$ 58,971	\$ 3,548,418	\$ 3,899,461
Total Net Position	<u>\$ 292,072</u>	<u>\$ 58,971</u>	<u>\$ 3,548,418</u>	<u>\$ 3,899,461</u>

	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	<u>153,313</u>	<u>1,167</u>	<u>956,472</u>	<u>1,110,952</u>
Investment Income (loss)	13,153	5,938	332,338	351,429
Less: Investment Expenses	-	(430)	(24,065)	(24,495)
Net Investment Income	<u>13,153</u>	<u>5,508</u>	<u>308,273</u>	<u>326,934</u>
Other	3,797	40	12,072	15,909
Total Additions	<u>170,263</u>	<u>6,715</u>	<u>1,276,817</u>	<u>1,453,795</u>
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	<u>136,544</u>	<u>1,484</u>	<u>841,603</u>	<u>979,631</u>
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)	<u>258,353</u>	<u>53,740</u>	<u>3,113,204</u>	<u>3,425,297</u>
End of Year	<u>\$ 292,072</u>	<u>\$ 58,971</u>	<u>\$ 3,548,418</u>	<u>\$ 3,899,461</u>

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):

Fiscal Year(s)	Business-Type Activities		Component Units	
	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	<u>\$ 17,420</u>	<u>\$ 5,681</u>	<u>\$ 195,122</u>	<u>\$ 74,598</u>

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):

Fiscal Year(s)	Governmental Activities		Business-Type Activities		Component Units	
	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):

Fiscal Year(s)	Governmental Activities		Business-Type Activities		Component Units	
	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	<u>\$ 44,964</u>	<u>\$ 28,984</u>

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	<u>27,519,813</u>	<u>4,280,224</u>	<u>4,501,956</u>	<u>27,298,081</u>	<u>2,407,741</u>
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	<u>56,902,279</u>	<u>11,757,673</u>	<u>12,243,316</u>	<u>56,416,636</u>	<u>98,288</u>
Governmental Activities Long-Term Liabilities	<u>\$ 84,422,092</u>	<u>\$ 16,037,897</u>	<u>\$ 16,745,272</u>	<u>\$ 83,714,717</u>	<u>\$ 2,506,029</u>
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	<u>1,319,524</u>	<u>-</u>	<u>94,814</u>	<u>1,224,710</u>	<u>90,632</u>
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	<u>749,291</u>	<u>118,104</u>	<u>127,366</u>	<u>740,029</u>	<u>156,131</u>
Business-Type Long-Term Liabilities	<u>\$ 2,068,815</u>	<u>\$ 118,104</u>	<u>\$ 222,180</u>	<u>\$ 1,964,739</u>	<u>\$ 246,763</u>
Primary Government Long-Term Liabilities	<u>\$ 86,490,907</u>	<u>\$ 16,156,001</u>	<u>\$ 16,967,452</u>	<u>\$ 85,679,456</u>	<u>\$ 2,752,792</u>
* 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):

<u>Long-Term Debt</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due within Year</u>
Bonds Payable (includes 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
Subscription Liability	323	323
Other	43,316	1,021
Total	<u>\$ 6,899,673</u>	<u>\$ 483,966</u>

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):

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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.

Notes to the Financial Statements**State of Connecticut****June 30, 2025**

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			<u>1,114,220</u>
Plus/(Less) premiums and discounts:			
UConn			18,187
Board of Regents			7,648
Clean Water			67,991
Drinking Water			16,664
Revenue Bonds, net			<u>\$ 1,224,710</u>

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	<u>\$ 1,114,220</u>	<u>\$ 417,905</u>	<u>\$ 1,532,125</u>

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			<u>5,964,365</u>
Plus/(Less) premiums and discounts:			
CHEFA			43,814
CHEFA			5,971
CAA			2,642
CRDA			1,041
CT Green Bank			(40)
Revenue Bonds, net			<u>\$ 6,017,793</u>

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
	<u>\$ 5,964,365</u>	<u>\$ 3,419,999</u>	<u>\$ 9,384,364</u>

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	<u>\$ 9,433,031</u>

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	<u>\$ 71,128</u>

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 Hartford pursuant to section 7-370c of the general statutes, 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	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	Business-Type Activities
	Workers' Compensation	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):

Notes to the Financial Statements

State of Connecticut

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	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 Discreetly 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 12-217j) 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	
<i>Corporate Income Tax (as of 6/30/2025)</i>	\$ 74,275,623
<i>Insurance Companies (as of 6/30/2025)</i>	\$ 50,878,716
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 10,666,578
The Urban and Industrial Sites Reinvestment Tax Program	
<i>Corporate Income Tax (as of 6/30/2025)</i>	\$ 5,525,111
<i>Insurance Companies (as of 6/30/2025)</i>	\$ 412,112
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 8,400,000
The Insurance Reinvestment Fund Program	
<i>Insurance Companies (as of 6/30/2025)</i>	\$ 21,334,470
The Connecticut Neighborhood Assistance Act Credit Program	
<i>Corporate Income Tax (as of 6/30/2025)</i>	\$ 1,774,622
<i>Insurance Companies (as of 6/30/2025)</i>	\$ 847,352
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 1,239,066
Historic Structures Rehabilitation	
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 1,945,406
Housing Program Contribution	
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 10,000,000
Historic Rehabilitation	
<i>Insurance Companies Tax (as of 6/30/2025)</i>	\$ 4,723,832
<i>Public Service Tax (as of 6/30/2025)</i>	\$ 5,662,836
Research and Development Expenditures	
<i>Corporate Income Tax (as of 6/30/2025)</i>	\$ 53,247,243
Manufacturing Facility Credit	
<i>Corporate Income Tax (as of 6/30/2025)</i>	\$ 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 remarketed \$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

State of Connecticut

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		Actual	Variance with Final Budget positive (negative)	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final			Original	Final		
Revenues								
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.

State of Connecticut

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)	<u>\$ 6,158</u>	<u>\$ (431,166)</u>

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

State of Connecticut

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%

State of Connecticut

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%

State of Connecticut

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%

State of Connecticut

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)	<u>\$ (570,744)</u>	<u>\$ (1,118,549)</u>	<u>\$ (856,030)</u>	<u>\$ 19,805</u>	<u>\$ (10)</u>	<u>\$ (3,786)</u>	<u>\$ 57</u>	<u>\$ 26,844</u>	<u>\$ 12,662</u>	<u>\$ 7,538</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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

State of Connecticut

**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

State of Connecticut

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 compiled, 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).

State of Connecticut

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 compiled, 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).

State of Connecticut

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)	<u>\$ 955,979</u>	<u>\$ 247,179</u>	<u>\$ 207,546</u>	<u>\$ 470,471</u>	<u>\$ 419,837</u>	<u>\$ 450,465</u>	<u>\$ 355,228</u>	<u>\$ 375,742</u>	<u>\$ 835,123</u>	<u>\$ 967,052</u>
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)	<u>\$ 54,908</u>	<u>\$ 52,969</u>	<u>\$ 103,489</u>	<u>\$ 90,888</u>	<u>\$ 144,100</u>	<u>\$ 132,499</u>	<u>\$ 136,924</u>	<u>\$ 146,880</u>	<u>\$ 110,371</u>	<u>\$ 100,475</u>
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%

State of Connecticut

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

February 27, 2026

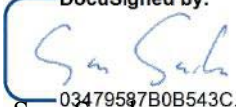
The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT 06106

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, 2021-2025. 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, 2021-2025.

The statements have been prepared on a statutory basis of accounting for appropriated funds and on a cash basis of accounting for all other funds. These methods of accounting have been applied in accordance with the governing statutory requirements for all periods shown. In fiscal year 2025, statutory provisions provided appropriations of projected expenditure accrual within budgeted funds.

Sincerely,

DocuSigned by:

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Sean Scanlon
Comptroller

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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

February 24, 2026
State Capitol
Hartford, Connecticut

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GENERAL FUND^(a)

**Balance Sheet
As of June 30
(In Thousands)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets					
Cash and Short-Term Investments	\$ 342,496	\$ 1,717,891	\$ 577,190	\$ 37,241	\$ --
Accrued Taxes Receivable	1,733,156	1,641,988	1,574,133	1,866,264	1,888,036
Accrued Accounts Receivable	17,572	20,434	--	25,222	27,681
Loans Receivable	<u>3,412</u>	<u>3,412</u>	<u>3,413</u>	<u>3,413</u>	<u>3,412</u>
Total Assets	<u>\$ 2,096,636</u>	<u>\$ 3,383,725</u>	<u>\$ 2,154,736</u>	<u>\$ 1,932,140</u>	<u>\$ 1,919,129</u>
Liabilities, Reserves, Fund Balances and Surplus					
Liabilities					
Deficiency in Cash and Short-Term Investments	\$ --	\$ --	\$ --	\$ --	\$ 276,933
Accounts Payable Nonfunctional Change to Accruals	665,656	873,763	500,240	691,444	783,826
Due to Other Funds	<u>462</u>	<u>9,995</u>	<u>258</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>\$ 666,118</u>	<u>\$ 883,758</u>	<u>\$ 500,498</u>	<u>\$ 691,444</u>	<u>\$ 1,060,759</u>
Reserves and Fund Balances					
Petty Cash Funds	\$ 995	\$ 991	\$ 1,001	\$ 990	\$ 987
Statutory Surplus Reserves	475,864	1,261,301	555,275	400,997	150,000
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
Appropriations Continued to Following Years	758,445	834,261	691,048	438,495	401,925
Reserve for Receivables	3,412	3,412	3,412	3,412	3,412
Fund Balance Related to Statutory GAAP Budgeting	<u>191,802</u>	<u>191,802</u>	<u>191,802</u>	<u>191,802</u>	<u>191,802</u>
Total Reserves and Fund Balance	<u>\$ 1,430,518</u>	<u>\$ 2,499,967</u>	<u>\$ 1,654,238</u>	<u>\$ 1,240,696</u>	<u>\$ 858,370</u>
Unappropriated Surplus (Deficit)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities, Reserves and Surplus	<u>\$ 2,096,636</u>	<u>\$ 3,383,725</u>	<u>\$ 2,154,736</u>	<u>\$ 1,932,140</u>	<u>\$ 1,919,129</u>

(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)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Unappropriated Surplus (Deficit), July 1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Revenues (per Appendix II-D-6)	20,531,419	21,990,857	22,822,894	22,716,130	23,891,247
Total Expenditures (per Appendix II-D-7)	19,436,205 ^(a)	20,655,131 ^(b)	22,198,901 ^(c)	22,779,387 ^(d)	23,517,490 ^(e)
Operating Balance	\$ 1,095,214	\$ 1,335,726	\$ 623,993	\$ (63,257)	\$ 373,757
Reserved for Prior Year Appropriations					
Less Appropriations Carried Forward	(619,340)	(75,816)	(68,488)	464,254	36,570
Other Adjustments	(10)	1,391	(230)	-0-	(84)
Reserved from Prior Year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Subtotal	\$ 475,864	\$ 1,261,301	\$ 555,275	\$ 400,997	\$ 410,243
Transferred or Reserved for:					
Statutory Transfer to Early Childhood					
Education Endowment	--	--	--	--	(300,000)
Budget Reserve Fund	--	--	--	(76,021)	(110,243) ⁽ⁱ⁾
SERS/TRS Fund	<u>(475,864)^(f)</u>	<u>(1,261,301)^(f)</u>	<u>(555,275)^(g)</u>	<u>(324,976)^(h)</u>	<u>--</u>
Unappropriated Surplus (Deficit), June 30	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

- (a) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of \$(619.3) million.
- (b) 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.
- (c) Total Expenditures includes prior year appropriations less appropriations carried forward to Fiscal Years 2024 and 2025 in the amount of \$(68.5) million.
- (d) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of \$460.1 million.
- (e) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of \$251.9 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)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Taxes:					
Personal Income	\$ 10,340,437 ^(a)	\$ 12,131,800 ^(b)	\$ 11,223,390 ^(c)	\$ 11,803,047 ^(d)	\$ 12,963,930 ^(e)
Sales and Use	4,792,675	4,818,083	4,944,772	5,003,036	5,120,521
Corporations	1,153,079	1,401,153	1,516,588	1,555,553	1,402,569
Insurance Companies	229,761	240,969	295,687	300,167	324,109
Inheritance and Estate	303,339	220,223	218,352	129,551	146,119
Alcoholic Beverages	79,111	78,916	80,242	78,860	75,798
Cigarettes	351,077	326,709	290,789	251,816	233,750
Admissions, Dues, Cabaret	36,022	41,011	40,677	38,870	42,888
Public Service Corporations	243,671	295,681	278,205	343,767	336,689
Real Estate Conveyance	385,028	384,454	287,187	284,563	296,967
Miscellaneous / Health Provider	1,052,109	1,051,776	851,995	908,490	933,904
Pass-Through Entity Tax	1,549,716	2,307,594	2,048,068	1,964,652	2,367,029
Refunds of Taxes	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)	(2,099,984)
R&D Credit Exchange	(7,093)	(5,756)	(6,061)	(9,028)	(6,449)
Other Revenue:					
Licenses, Permits, Fees	329,568	368,612	331,212	368,570	332,013
Sales of Commodities and Services	22,872	22,816	17,880	18,651	17,586
Transfer – Special Revenue	410,301	395,023	395,602	382,557	354,018
Investment Income	2,945	20,607	206,218	293,314	338,294
Transfers — To Other Funds ^(f)	--	--	--	--	--
Fines, Escheats and Rents	183,115	220,749	230,698	275,757	262,064
Miscellaneous	257,766	272,825	260,885	180,034	208,942
Refunds of Payments	(37,661)	(74,708)	(75,821)	(85,660)	(124,546)
Federal Grants	1,496,315	1,934,869	1,997,837	2,060,692	1,935,142
Indian Gaming Payments	228,883	248,686	278,974	305,655	332,729
Statutory Transfer to Budget Reserve					
Fund for Volatility Adjustment	(1,241,460)	(3,047,454)	(1,321,793)	(1,321,350)	(2,098,709)
Statutory Transfers To / From Other					
Funds	227,356	147,421	421,415	(258,721)	195,872
Total Revenues^(g)	<u>\$ 20,531,419</u>	<u>\$ 21,990,857</u>	<u>\$ 22,822,894</u>	<u>\$ 22,716,130</u>	<u>\$ 23,891,247</u>

(a) Personal Income includes withholding of \$7,243,803,612 and Estimates and Finals of \$3,096,633,081.

(b) Personal Income includes withholding of \$7,886,242,302 and Estimates and Finals of \$4,245,558,091.

(c) Personal Income includes withholding of \$8,317,165,509 and Estimates and Finals of \$2,906,224,724.

(d) Personal Income includes withholding of \$8,666,448,405 and Estimates and Finals of \$3,136,598,180.

(e) Personal Income includes withholding of \$9,152,951,035 and Estimates and Finals of \$3,810,979,433.

(f) Transfer to Pequot/Mohegan Fund.

(g) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

GENERAL FUND

Statement of Expenditures Fiscal Year Ended June 30 (In Thousands)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Legislative	\$ 69,727	\$ 75,577	\$ 84,112	\$ 89,523	\$ 98,600
General Government					
Executive	11,698	12,145	16,064	17,884	16,469
Financial Administration	551,398	651,650	827,435	396,502	397,457
Legal	83,260	85,905	90,948	92,442	97,222
Total General Government	<u>646,356</u>	<u>749,700</u>	<u>934,447</u>	<u>506,828</u>	<u>511,148</u>
Regulation and Protection of Persons and Property					
Public Safety	204,080	212,845	219,355	232,223	246,111
Regulative	80,025	90,838	126,452	111,566	115,280
Total Regulation and Protection	<u>284,105</u>	<u>303,683</u>	<u>345,807</u>	<u>343,789</u>	<u>361,391</u>
Conservation and Development					
Agriculture	13,316	14,358	18,256	18,581	16,320
Environment	54,015	56,836	59,789	58,310	60,287
Historical Sites, Commerce and Industry	122,145	161,905	158,513	169,686	169,173
Total Conservation and Development	<u>189,476</u>	<u>233,099</u>	<u>236,558</u>	<u>246,577</u>	<u>245,780</u>
Health and Hospitals					
Public Health	68,396	76,953	92,277	81,526	91,460
Developmental Services	543,884	559,262	597,218	1,452,373	1,544,165
Mental Health	631,292	640,158	705,647	751,374	780,723
Total Health and Hospitals	<u>1,243,572</u>	<u>1,276,373</u>	<u>1,395,142</u>	<u>2,285,273</u>	<u>2,416,348</u>
Human Services	<u>4,257,971</u>	<u>4,444,984</u>	<u>4,969,383</u>	<u>4,675,934</u>	<u>4,925,367</u>
Education, Libraries and Museums					
Department of Education	3,265,830	3,349,271	3,339,499	3,439,085	3,710,393
CT Tech High School System	0	0	190,315	193,279	209,749
University of Connecticut	394,370	421,975	445,433	402,704	377,298
Higher Education and the Arts	35,593	38,252	38,048	13,724	34,534
Libraries	8,798	9,011	8,899	9,675	10,378
Teachers' Retirement	1,281,216	1,468,617	1,601,870	1,578,730	1,637,352
Community—Technical Colleges	151,803	201,442	219,501	255,335	234,958
State University	166,236	209,052	216,545	221,594	239,946
Total Education, Libraries and Museums	<u>5,303,846</u>	<u>5,697,620</u>	<u>6,060,110</u>	<u>6,114,126</u>	<u>6,454,608</u>
Corrections	<u>1,412,659</u>	<u>1,305,228</u>	<u>1,485,572</u>	<u>1,502,814</u>	<u>1,564,002</u>
Judicial	<u>580,979</u>	<u>606,544</u>	<u>653,109</u>	<u>675,221</u>	<u>717,260</u>
Non-Functional					
Debt Service	2,219,492	2,328,964	2,506,352	2,710,141	2,496,942
Miscellaneous	3,228,021	3,629,730	3,528,309	3,629,213	3,726,044
Total Non-Functional	<u>5,447,513</u>	<u>5,958,694</u>	<u>6,034,661</u>	<u>6,339,354</u>	<u>6,222,986</u>
Total Expenditures^(a)	<u>\$19,436,204</u>	<u>\$20,651,502</u>	<u>\$22,198,901</u>	<u>\$22,779,439</u>	<u>\$23,517,490</u>

(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 ESTIMATED FINANCIAL RESULTS FOR FISCAL YEAR 2026 AND ADOPTED BUDGET FOR FISCAL YEAR 2027

(In Millions)

	Adopted Budget Fiscal Year <u>2025^(e)</u>	Financial Results Fiscal Year <u>2025^(f)</u>	Adopted Budget Fiscal Year <u>2026^(g)</u>	Estimated Financial Results Fiscal Year <u>2026⁽ⁱ⁾</u>	Adopted Budget Fiscal Year <u>2027^(g)</u>
Revenues					
<u>Taxes</u>					
Personal Income Tax	\$ 11,233.4	\$ 12,963.9	\$ 12,630.9	\$ 13,601.8	\$ 13,079.8
Sales & Use	5,428.2	5,120.5	5,103.1	5,279.2	5,230.3
Corporation	1,526.5	1,402.6	1,659.5	1,381.7	1,656.3
Pass-Through Entity Tax	1,877.3	2,367.0	2,115.3	2,440.6	2,170.3
Public Service	296.8	336.7	319.4	324.7	322.2
Inheritance & Estate	182.2	146.1	176.0	186.0	235.7
Insurance Companies	266.8	324.1	323.9	348.9	328.6
Cigarettes	262.0	233.7	228.1	217.1	215.8
Real Estate Conveyance	292.6	297.0	295.2	313.6	299.3
Alcoholic Beverages	78.8	75.8	79.1	76.2	79.5
Admissions and Dues	31.0	42.9	39.7	43.3	40.2
Health Provider Tax	957.4	912.0	916.9	891.0	1,293.2
Miscellaneous	<u>69.2</u>	<u>21.9</u>	<u>21.9</u>	<u>21.9</u>	<u>21.3</u>
Total Taxes	\$ 22,502.2	\$ 24,244.3	\$ 23,909.0	\$ 25,126.0	\$ 24,972.5
Less Refunds of Taxes	(1,971.9)	(1,904.7)	(1,966.8)	(2,100.6)	(2,040.8)
Less Earned Income Tax	(196.2)	(195.4)	(235.4)	(235.4)	(240.5)
Less R&D Credit Exchange	<u>(7.8)</u>	<u>(6.4)</u>	<u>(9.8)</u>	<u>(9.8)</u>	<u>(10.1)</u>
Net Taxes	\$ 20,326.3	\$ 22,137.8	\$ 21,697.0	\$ 22,780.2	\$ 22,681.1
<u>Other Revenues</u>					
Transfers- Special Revenues	\$ 411.9	\$ 354.0	\$ 376.3	\$ 372.5	\$ 385.7
Indian Gaming Payments	286.0	332.7	334.6	364.6	349.9
Licenses, Permits, Fees	330.7	332.0	362.9	371.9	335.6
Sales of Commodities & Services	17.8	17.6	17.3	17.6	17.6
Rents, Fines & Escheats	175.2	262.1	203.2	228.1	198.3
Investment Income	201.7	578.7	301.5	273.8	251.4
Miscellaneous	158.0	208.9	189.1	167.1	194.1
Less Refunds of Payments	<u>(67.1)</u>	<u>(124.5)</u>	<u>(89.7)</u>	<u>(112.2)</u>	<u>(92.1)</u>
Total Other Revenue	\$ 1,514.2	\$ 1,961.5	\$ 1,695.2	\$ 1,683.4	\$ 1,640.5
<u>Other Sources</u>					
Federal Grants	\$ 1,886.5	\$ 1,935.1	\$ 1,853.2	\$ 1,827.1	\$ 2,035.3
Transfers from Tobacco Settlement Funds	(70.4)	105.5	91.8	91.8	90.2
Transfers (to)/from Other Funds ^(a)	106.7	(150.0)	(261.4)	(93.5)	89.3
Transfers to BRF – Volatility Adjustment ^(b)	(659.6)	(2,098.7)	(730.4)	(1,810.4)	(622.7)
Transfer to Housing Trust Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(13.6)</u>	<u>0.0</u>
Total Other Sources	\$ <u>1,263.2</u>	\$ <u>(208.1)</u>	\$ <u>953.2</u>	\$ <u>1.4</u>	\$ <u>1,592.1</u>
Total Budgeted Revenue ^(c)	\$ 23,103.7	\$ 23,891.2	\$ 24,345.4	\$ 24,465.0	\$ 25,913.7
Revenue Cap Deduction	--	--	(304.3)	--	(323.9)
Total Available Revenue	\$ 23,103.7	\$ 23,891.2	\$ 24,041.1	\$ 24,465.0	\$ 25,589.8

	Adopted Budget Fiscal Year 2025 ^(e)	Financial Results Fiscal Year 2025 ^(f)	Adopted Budget Fiscal Year 2026 ^(g)	Estimated Financial Results Fiscal Year 2026 ⁽ⁱ⁾	Adopted Budget Fiscal Year 2027 ^(g)
Appropriations/ Expenditures					
Legislative	\$ 108.3	\$ 98.6	\$ 110.5	\$ 109.5	\$ 117.7
General Government	581.3	511.1	626.1	555.5	728.4
Regulation & Protection	355.1	361.4	352.5	357.7	356.5
Conservation & Development	224.8	245.8	255.9	273.8	272.1
Health & Hospitals	2,342.0	2,416.3	2,441.7	2,480.7	2,513.2
Human Services	4,633.2	4,925.4	5,079.1	5,328.4	5,560.2
Education, Libraries & Museums	6,358.5	6,454.6	6,935.4	6,934.8	6,965.7
Corrections	1,516.7	1,564.0	1,570.5	1,595.0	1,590.6
Judicial	694.7	717.3	740.3	739.4	749.4
Non- Functional					
Debt Service	2,594.4	2,446.6	2,509.6	2,501.1	2,591.8
Miscellaneous	<u>3,579.5</u>	<u>3,776.4</u>	<u>3,509.1</u>	<u>3,523.2</u>	<u>4,010.1</u>
Subtotal	\$ 22,988.6	\$ 23,517.5	\$ 24,130.6	\$ 24,399.1	\$ 25,455.6
Other Reductions and Lapses	<u>(182.7)</u>	<u>(0.0)</u>	<u>(94.2)</u>	<u>(20.0)</u>	<u>(93.7)</u>
Net Appropriations/ Expenditures	\$ 22,805.9	\$ 23,517.5	\$ 24,036.4	\$ 24,379.1	\$ 25,361.9
Operating Balance ^(h)	--	--	\$ 4.8	\$ 85.9	\$ 227.9
Operating Balance Plus Revenue	297.8	373.8	309.1	--	551.8
Miscellaneous Adjustments	--	--	--	--	--
Operating Surplus / (Deficit)^(d)	\$ 297.8	\$ 373.8	\$ 309.1	\$ 85.9	\$ 551.8
Transfer to Early Childhood Education Endowment ⁽ⁱ⁾	--	(300.0)	(309.1)	(85.9)	(551.8)
Surplus / (Deficit)	\$ 297.8	\$ 73.8	\$ 0.0	\$ 0.0	\$ 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) Per Public Act No. 25-168.
- (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) Estimates reflect the Office of Policy and Management's January 20, 2026 monthly forecast letter to the State Comptroller as of the period ending December 31, 2025.

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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