# State of Connecticut Single Audit Report

**For the Fiscal Year Ended June 30, 2018**

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

# STATE OF CONNECTICUT
# Single Audit Report
## For the Year Ended June 30, 2018

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# Letter of Transmittal

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
JOHN C. GERAGOSIAN 210 CAPITOL AVENUE ROBERT J. KANE
HARTFORD, CONNECTICUT 06106-1559

March 28, 2019

Governor Ned Lamont
Members of the General Assembly

We have conducted the Statewide Single Audit of the State of Connecticut for the fiscal year ended June 30, 2018.

This report on that audit complies with state audit requirements and with those audit requirements placed upon the state as a condition of expending more than $9,821,000,000 in federal financial assistance during the fiscal year ended June 30, 2018. This audit was performed in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards for financial audits issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

We also call to your attention Section III of the Schedule of Findings and Questioned Costs relating to the state's administration of federal financial assistance programs. Section III of the Schedule contains many recommendations, all of which need to be addressed in order to ensure the proper administration of federal funds and their continued receipt at current or increased levels.

We would like to take this opportunity to express our appreciation to the Office of the State Comptroller, and the various state agencies that administer major federal programs, for their assistance and cooperation. That cooperation and assistance contributed greatly to the efficient completion of this Statewide Single Audit.

Finally, we wish to acknowledge the work done by our staff in planning for and carrying out this Statewide Single Audit. This audit work has been performed with dedication, creativity and professionalism. We are pleased to deliver this report for the fiscal year ended June 30, 2018.

Respectfully submitted,

John C. Geragosian
Auditor of Public Accounts

Robert J. Kane
Auditor of Public Accounts

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

# INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont
Members of the General Assembly

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent 6% of the assets, 2% of the net position and 8% of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, Connecticut Community Colleges, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 54% of the assets, 42% of the net position and 35% of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units.

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 98% of the assets and 98% of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100% of the assets and 100% of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 54% of the assets, 42% of the net position and 35% of the revenues of the Enterprise Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In addition, the financial statements of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Clean Water Fund, Drinking Water Fund, Connecticut Housing Finance Authority, Connecticut Airport Authority, Materials Innovation and Recycling Authority, Connecticut Health and Educational Facilities Authority, Capital Region Development Authority, Connecticut Innovations Incorporated, Connecticut Green Bank, Connecticut Lottery Corporation and Connecticut Health Insurance Exchange were audited by other auditors in accordance with standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The audits of the financial statements of the Bradley International Airport Parking Facility, Connecticut State University System, Connecticut Community Colleges, and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As described in Note 13 to the financial statements, the State of Connecticut adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which resulted in the State of Connecticut restating net position for the recognition of other postemployment benefit activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

### *Other Matters*

*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 schedules and information, and the other postemployment benefits schedules, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, 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 the course of 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 and Other 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports 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 taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2018, State of Connecticut Comprehensive Annual Financial Report* and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor

January 15, 2019
State Capitol
Hartford, Connecticut

# 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, 2018. 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 $11.1 billion (or 18.9 percent) as a result of this year's operations. Net position (deficit) of governmental activities decreased by $10.7 billion (or 16.4 percent) and net position of business-type activities increased by $327.9 million (or 4.9 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative $54.6 billion and $7.0 billion, respectively.

Component units reported net position of $2.3 billion, an increase of $74.6 million or 3.3 percent from the previous year. The majority of the net position is attributable to the Connecticut Housing Finance Authority, a major component unit.

As a result of implementing GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* the State adjusted the beginning unrestricted net position by recording $677.8 million deferred outflows of resources for subsequent contributions and $20.7 billion net OPEB liability for the primary government. As explained in Note 22, this was the primary reason for a $20.0 billion adjustment to the beginning unrestricted net position in fiscal year 2017.

**Fund Financial Statements**
The governmental funds reported combined ending fund balance of $4.8 billion, an increase of $2.0 billion in comparison with the prior year. Of this total fund balance, $195.3 million represents nonspendable fund balance, $3.5 billion represents restricted fund balance, $1.4 billion represents committed fund balance, and $10.9 million represents assigned fund balance. A negative $241.8 million unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which decreased by $587.9 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 $1.2 billion compared to the prior year's balance of $212.9 million. The primary reason for the increase was a new revenue volatility provision, contained in Public Act 17-2, of the June Special Session, required that any estimated and final income tax payments above a threshold of $3.15 billion be transferred to the Budget Reserve Fund. Estimated and final income tax collections totaled $4.6 billion, which resulted in a revenue volatility deposit of $1.5 billion to the Budget Reserve Fund. After a transfer was made to close the fiscal year end deficit in the General Fund, the budget Reserve Fund had a balance of $1.2 billion.

Tax revenues in the governmental funds increased $2.2 billion or 13.5 percent. General fund tax revenues increased $2.0 billion or 12.9 percent.

The Enterprise funds reported net position of $7.0 billion at year-end, an increase of $327.9 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 $83.4 billion for governmental activities at year-end, of which $24.3 billion was bonded debt.

Total long-term debt was $2.2 billion for business-type activities at year-end, of which $1.5 billion was bonded debt.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements. The State's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information to provide additional support to the basic financial statements.

**Government-wide Financial Statements – Reporting the State as a Whole**
The Statement of Net Position and the Statement of Activities beginning on page 37 together comprise the government-wide financial statements. These financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

The statement of net position presents information on all of the State's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them reported as net position. Net position is displayed in three components – net investment in capital assets; restricted; and unrestricted.

The statement of activities presents information showing how the State's net position changed during fiscal year 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

- **Governmental Activities** – The State's basic services fall under this activity including legislative, general government, regulation and protection, conservation and development, health and hospital, transportation, human services, education, corrections, and judicial. Taxes and intergovernmental revenues are major funding sources for these programs.

- **Business-type Activities** – The State operates certain activities much like private-sector companies by charging fees to cover all or most of the costs of providing goods and services. The major business-type activities of the State include the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Community Colleges), Employment Security Fund, and Clean Water Fund.

- **Discretely Presented Component Units** – A number of entities are legally separate from the State, yet the State remains financially accountable for them. The major component units of the State are Connecticut Housing Finance Authority, Connecticut Lottery Corporation, and Connecticut Airport Authority.

**Fund Financial Statements – Report the State's Most Significant Funds**
The fund financial statements beginning on page 42 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds –** Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

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

  The State reports five individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Debt Service Fund, Transportation Fund, Restricted Grants and Accounts Fund, and Grants and Loan Programs Fund, all of which are considered major funds. Data from the other eighteen 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 proprietary funds. Information is presented separately in the proprietary fund statements for the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Connecticut Community Colleges), Employment Security, and Clean Water all of which are considered major funds. Data from the other enterprise funds is combined into a single, aggregated presentation. Individual fund data for all nonmajor proprietary funds is provided in the combining statements immediately following the required supplementary information.

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

- **Component Units –** The government-wide financial statements report information for all component units into a single, aggregated presentation. Information is provided separately in the component unit fund statements for the Connecticut Housing Finance Authority, Connecticut Lottery, and Connecticut Airport Authority. Data from the other component units is combined into a single, aggregated presentation. Individual fund data for all other nonmajor component units is provided in the combining statements immediately following the required supplementary information.

**Reconciliation between Government-wide and Fund Statements**
The financial statements include schedules on pages 43 and 45 which reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements.

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is expenditures on the governmental fund statements.

- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

- Net Pension Liability and Net OPEB Liability are included on the government-wide statements, but are not reported on the governmental fund statements.

- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflows of resource on the governmental fund statements.

**Notes to the Financial Statements**
The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

**Required Supplementary Information (RSI)**
Following the basic financial statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, within the RSI there is a reconciliation schedule for Budgetary vs. GAAP basis of accounting. The RSI also includes information regarding employer contributions for pension and other postemployment benefits, change in employers' net pension liability and OPEB liability, and investment return for the State's pension and OPEB plans.

**Supplementary Information**
The combining financial statements for the State's nonmajor governmental, nonmajor enterprise, nonmajor fiduciary funds, and nonmajor discretely presented component units.

**Statistical Section**
This section provides up to ten years of financial, economic, and demographic information.

## FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

### Net Position

The combined net position deficit of the State decreased $11.1 billion or 18.9 percent. In comparison, last year the combined net position deficit increased $802 million or 2.1 percent. The net position deficit of the State's governmental activities decreased $10.7 billion (16.4 percent) to $54.6 billion during the current fiscal year.

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2018 | 2017* | 2018 | 2017 | 2018 | 2017* |
| **ASSETS** | | | | | | |
| Current and Other Assets | $ 5,818 | $ 4,074 | $ 2,659 | $ 2,477 | $ 8,477 | $ 6,551 |
| Noncurrent Assets | 17,417 | 16,653 | 7,112 | 6,888 | 24,529 | 23,541 |
| *Total Assets* | 23,235 | 20,727 | 9,771 | 9,365 | 33,006 | 30,092 |
| **Deferred Outflows of Resources** | 9,084 | 11,183 | 12 | 14 | 9,096 | 11,197 |
| **LIABILITIES** | | | | | | |
| Current Liabilities | 4,967 | 4,716 | 673 | 691 | 5,640 | 5,407 |
| Long-term Liabilities | 80,877 | 92,031 | 2,066 | 1,976 | 82,943 | 94,007 |
| *Total Liabilities* | 85,844 | 96,747 | 2,739 | 2,667 | 88,583 | 99,414 |
| **Deferred Inflows of Resources** | 1,076 | 328 | 7 | 3 | 1,083 | 331 |
| **NET POSITION** | | | | | | |
| Net Investment in Capital Assets | 4,321 | 4,568 | 4,287 | 4,126 | 8,608 | 8,694 |
| Restricted | 3,027 | 2,888 | 1,099 | 1,018 | 4,126 | 3,906 |
| Unrestricted | (61,949) | (72,803) | 1,651 | 1,565 | (60,298) | (71,238) |
| *Total Net Position (Deficit)* | $ (54,601) | $ (65,347) | $ 7,037 | $ 6,709 | $ (47,564) | $ (58,638) |

* Restated for implementation of GASB 75

Total investment in capital assets net of related debt was $4.3 billion (buildings, roads, bridges, etc.); and $3.0 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of $62.0 billion for governmental activities. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds outstanding of $18.8 billion to finance various municipal grant programs (e.g., school construction) and $2.2 billion issued to finance a contribution to a pension trust fund; and b) other long-term obligations in the amount of $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 $327.9 million (4.9 percent) to $7.0 billion during the current fiscal year. Of this amount, $4.3 billion was invested in capital assets and $1.1 billion was restricted for specific purposes, resulting in unrestricted net positions of $1.6 billion. These resources are not available to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

Changes in net position for the years ended June 30, 2018 and 2017 were as follows:

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

| | Governmental Activities | | Business-Type Activities | | Total | | % change |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017* | 2018 | 2017 | 2018 | 2017* | 18-17 |
| **REVENUES** | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | $ 2,642 | $ 3,038 | $ 2,947 | $ 2,887 | $ 5,589 | $ 5,925 | -5.7% |
| Operating Grants and Contributions | 7,563 | 7,368 | 350 | 367 | 7,913 | 7,735 | 2.3% |
| Capital Grants and Contributions | 651 | 863 | 5 | 1 | 656 | 864 | -24.1% |
| General Revenues | | | | | | | |
| Taxes | 18,309 | 16,141 | - | - | 18,309 | 16,141 | 13.4% |
| Casino Gaming Payments | 273 | 270 | - | - | 273 | 270 | 1.1% |
| Lottery Tickets | 336 | 326 | - | - | 336 | 326 | 3.1% |
| Other | 166 | 153 | 29 | 16 | 195 | 169 | 15.4% |
| *Total Revenues* | 29,940 | 28,159 | 3,331 | 3,271 | 33,271 | 31,430 | 5.9% |
| **EXPENSES** | | | | | | | |
| Legislative | 72 | 225 | - | - | 72 | 225 | -68.0% |
| General Government | 1,518 | 3,978 | - | - | 1,518 | 3,978 | -61.8% |
| Regulation and Protection | 542 | 1,704 | - | - | 542 | 1,704 | -68.2% |
| Conservation and Development | 636 | 2,129 | - | - | 636 | 2,129 | -70.1% |
| Health and Hospital | 1,612 | 4,733 | - | - | 1,612 | 4,733 | -65.9% |
| Transportation | 1,284 | 2,780 | - | - | 1,284 | 2,780 | -53.8% |
| Human Services | 5,950 | 16,513 | - | - | 5,950 | 16,513 | -64.0% |
| Education, Libraries, and Museums | 3,189 | 9,042 | - | - | 3,189 | 9,042 | -64.7% |
| Corrections | 1,335 | 3,856 | - | - | 1,335 | 3,856 | -65.4% |
| Judicial | 605 | 1,873 | - | - | 605 | 1,873 | -67.7% |
| Interest and Fiscal Charges | 889 | 878 | - | - | 889 | 878 | 1.3% |
| University of Connecticut & Health Center | - | - | 2,402 | 2,310 | 2,402 | 2,310 | 4.0% |
| Board of Regents | - | - | 1,365 | 1,360 | 1,365 | 1,360 | 0.4% |
| Employment Security | - | - | 696 | 726 | 696 | 726 | -4.1% |
| Clean Water | - | - | 44 | 36 | 44 | 36 | 22.2% |
| Other | - | - | 58 | 66 | 58 | 66 | -12.1% |
| *Total Expenses* | 17,632 | 47,711 | 4,565 | 4,498 | 22,197 | 52,209 | -57.5% |
| Excess (Deficiency) Before Transfers | 12,308 | (19,552) | (1,234) | (1,227) | 11,074 | (20,779) | |
| Transfers | (1,562) | (1,667) | 1,562 | 1,667 | - | - | |
| *Increase (Decrease) in Net Position* | 10,746 | (21,219) | 328 | 440 | 11,074 | (20,779) | |
| Net Position (Deficit) - Beginning (as restated) | (65,347) | (44,128) | 6,709 | 6,269 | (58,638) | (37,859) | |
| *Net Position (Deficit) - Ending* | (54,601) | (65,347) | 7,037 | 6,709 | (47,564) | (58,638) | -18.9% |

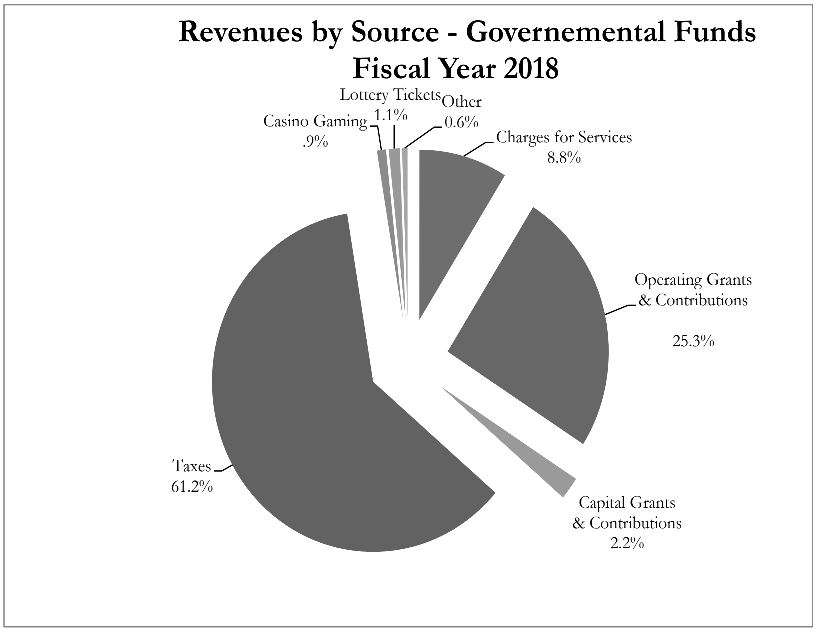
*Restated for implementation of GASB 75

### Changes in Net Position

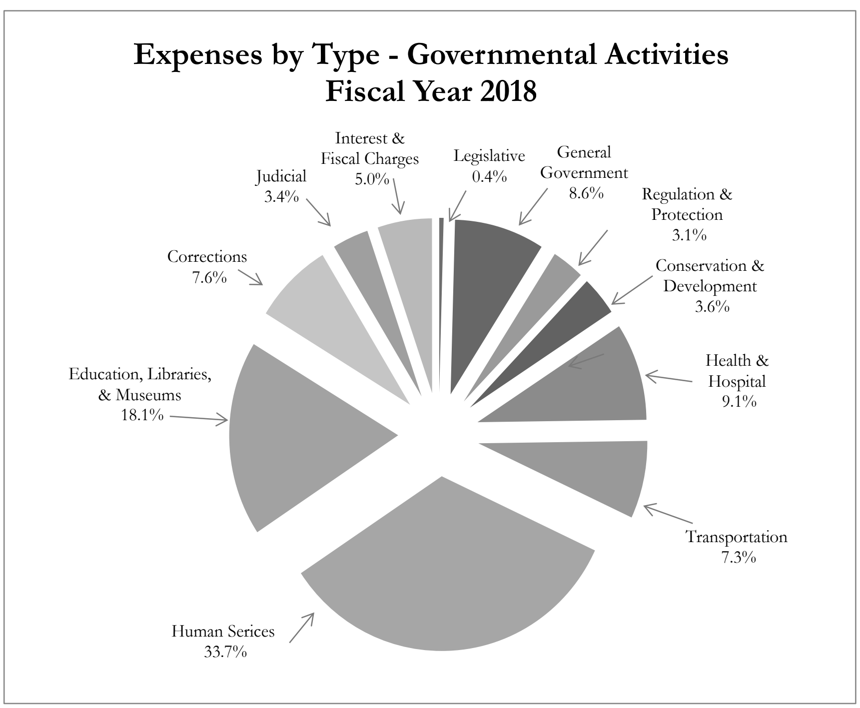
This year the State's governmental activities received 61.2 percent of its revenue from taxes and 27.4 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 57.3 percent and grants and contributions were 29.3 percent of total revenues. Charges for services such as licenses, permits and fees, rents and fines, and other miscellaneous collections comprised 8.9 percent of total revenue in fiscal year 2018, compared to 10.8 percent in fiscal year 2017.

**Governmental Activities**

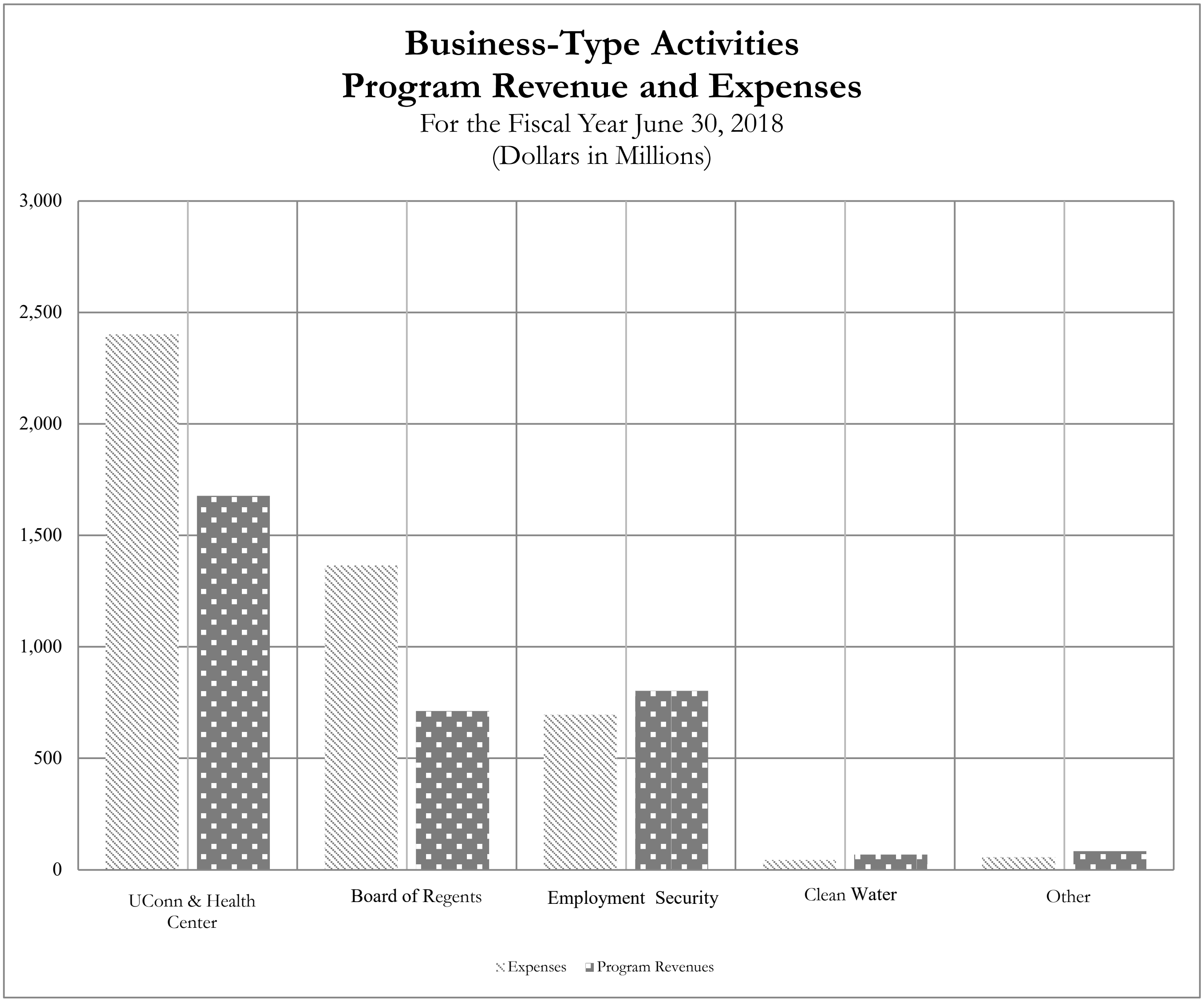
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $1.8 billion, or 6.4 percent. This increase is primarily due to an increase of $2.2 billion in taxes.




The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by $30.1 billion, or 63.0 percent. The decrease is mainly attributable to the restatement of the prior year expenditures by $20.0 million because of the implementation of GASB 75.



**Business-Type Activities**
Net position of business-type activities increased by $327.9 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.




During the year, total revenues of business-type activities increased 1.8 percent to $3.3 billion, while total expenses increased 1.5 percent to $4.6 billion. In comparison, last year total revenues decreased 4.7 percent, while total expenses increased 2.0 percent. The increase in total expenses of $67 million was due mainly to an increase in University of Connecticut and Health Center expenses of $92 million or 4.0 percent. Although total expenses exceeded total revenues by $1.3 billion, this deficiency was reduced by transfers of $1.6 billion, resulting in an increase in net position of $327.9 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 $4.8 billion, an increase of $2.0 billion over the prior year ending fund balances. Of the total governmental fund balances, $3.5 billion represents fund balance that is considered restricted for specific purposes by external constrains or enabling legislation; $195.3 million represents fund balance that is non-spendable and $1.4 billion represents fund balance that is committed or assigned for specific purposes. A negative $241.8 million unassigned fund balance offsets these amounts.

### General Fund

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance of $1.2 billion, an increase of $1.6 billion in comparison with the prior year. Of this total fund balance, $1.4 billion represents non-spendable fund balance or committed for specific purposes, leaving a deficit of $241.1 million in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Nonspendable fund balance increased by $2.8 million or 5.3 percent.
- Committed fund balance increased by $1.1 million or 38.9 percent. The primary reason for the increase was a new revenue volatility provision that required any estimated and final income tax payments above a threshold of $3.15 billion be transferred to the Budget Reserve Fund. Estimated and final income tax collections totaled $4.6 billion, which resulted in a revenue volatility deposit of $1.5 billion to the Budget Reserve Fund.
- Unassigned fund balance deficit decreased by $580.1 million. This was primarily associated to a delay in Federal approval for Medicaid reimbursements related to supplemental hospital payments.

At the end of fiscal year 2018, General Fund revenues were 11.7 percent, or $2.2 billion, higher than fiscal year 2017 revenues. This change in revenue results from increases of $2.3 billion primarily attributable to taxes ($2.0 billion), licenses, permits, and fees ($29.5 million), federal grants ($304.3 million), lottery tickets ($9.8 million), and casino gaming payments ($3.1 million). These increases were offset by decreases of $137.4 million primarily attributable to fines, forfeits, and rents ($83.7 million), charges for services ($5.9 million), and other revenue ($47.8 million).

At the end of fiscal year 2018, General Fund expenditures were 5.5 percent, or $939.2 million, higher than fiscal year 2017. This was primarily attributable to increases in human services ($550.1 million), general government ($210.8 million), and education, libraries, and museums ($91.9 million).

### Debt Service Fund

At the end of fiscal year 2018, the Debt Service Fund had a fund balance of $901.9 million, all of which was restricted, an increase of $74.8 million in comparison with the prior year.

### Transportation Fund

The State's Transportation Fund had a fund balance of $321.5 million at the end of fiscal 2018. Of this amount, $23.3 million was in nonspendable form and $298.2 million was restricted or committed for specific purposes. Fund balance increased by $139.4 million during the current fiscal year.

At the end of fiscal year 2018, Transportation Fund revenues increased by $227.2 million, or 15.8 percent, and expenditures increased by $33.6 million, or 3.6 percent. The growth in revenue was primarily due to an increase in tax receipts.

### Restricted Grants and Accounts Fund

At the end of fiscal year 2018, the Restricted Grants and Accounts Fund had a fund balance of $278.2 million, all of which was restricted for specific purposes, a decrease of $149.8 million in comparison with the prior year.

Total revenues were 6.5 percent, or $496.4 million, lower than in fiscal year 2017. Overall, total expenditures were 2.7 percent, or $205.3 million, lower than fiscal year 2017.

**Grant and Loan Programs**
As of June 30, 2018, the Grant and Loan Programs Fund had a fund balance of $887.3 million, all of which was restricted or committed for specific purposes, an increase of $44.0 million in comparison with the prior year.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Proprietary funds report activities of the State that are similar to for-profit business. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds is provided in that section.

## FINANCIAL ANALYSIS OF THE STATE'S FIDUCIARY FUNDS

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. The net positions of the State's Fiduciary funds totaled $35.9 billion, an increase of $1.7 billion when compared to the prior year ending net position.

**Budget Highlights - General and Transportation Funds**
The State budget is formulated during odd-numbered years; the General Assembly generates a two-year (biennial) budget. The process begins with the Executive Branch, when the governor asks the commissioner of each state agency to prepare draft budgets for the following biennium. Over several months the governor's budget office, the Office of Policy and Management (OPM), compiles this information, makes changes as it sees fit, and then works to match the agencies' spending projections with revenue estimates for the same period.

The results referred to as the 'governor's budget,' is delivered to the General Assembly in a formal address by the governor in early February. The annual budget address often includes policy initiatives, spending proposals, and vehicles through which additional revenue may be generated. In the address, the governor identifies his priorities for the biennium.

Thereafter, the legislature goes through a similar process to determine spending priorities and corresponding revenue requirements. Later in the session, the Appropriations and Finance Committees approve a budget, which is often different from the governor's. Negotiations with the governor's office reconcile the two versions and determine the final budget language and the state's fiscal path for the following two years. Lastly, the budget must be voted on and passed by both the House and Senate and signed into law by the governor.

The General Fund ended Fiscal Year 2018 with a deficit of $482,860,543 on the statutory basis of accounting. A transfer from the Budget Reserve Fund eliminated the shortfall. The Transportation Fund had an operating surplus of $148,105,872, which left a positive fund balance of $245,720,926 at the close of Fiscal Year 2018.

Despite the deficit in the General Fund, there was a vast improvement in the balance of the Budget Reserve Fund at year-end. The reserves at the beginning of Fiscal Year 2018 were $212,886,689. However, a new revenue volatility provision, contained in Public Act 17-2, June Special Session, required that any estimated and final income tax payments above a threshold of $3.15 billion be transferred to the Budget Reserve Fund (BRF). For a number of reasons discussed below, estimated and final income tax collections totaled $4,621,333,283 in FY 2018, which resulted in a revenue volatility deposit of $1,471,333,283 to the BRF. After the transfer to the General Fund was made to close the FY 2018 deficit, the BRF had a balance of $1,201,359,429 as of June 30, 2018.

An additional transfer of $16.1 million from the BRF to the Retired Teachers' Health Service Fund, as required by Public Act 18-81, brought the BRF balance to $1,185,259,429, or approximately 6.2 percent of FY 2019 General Fund budgeted appropriations.

Fiscal Year 2018 began with considerable uncertainty as the state entered the year without an approved budget. The first four months of operations were conducted under an interim spending plan issued the Governor's Office under Executive Order 58. In addition, during the fiscal year, an agreement was ratified with the state employee labor unions (known as the State Employees Bargaining Agent Coalition or SEBAC) to lower wage and benefit costs in FY 2018 and in subsequent years.

In late October 2017, the 2018-2019 biennial budget was passed by the Connecticut General Assembly and signed into law. The budget plan for FY 2018 had net General Fund appropriations of $18.690 billion, which represented growth of 4.6 percent over FY 2017 appropriation levels. Other statutory revisions during the fiscal year later brought FY 2018 net General Fund appropriations to $18.674 billion.

In the end General Fund FY 2018, expenditures totaled $18.611 billion on the statutory basis of accounting. This represented growth of 4.8 percent over actual FY 2017 spending levels, a net increase of $847.7 million. Further analysis indicates that spending growth was concentrated in specific areas for FY 2018. For example, a significant portion of the net increase was related to higher Supplemental Hospital Payments ($562 million above FY 2017 levels) that were part of the FY 2018 budget plan. It should be noted that the increases in these supplemental payments will be offset in part by higher Federal Medicaid reimbursements. Other significant areas of expenditure growth included several fixed cost categories such as higher contributions for teachers' retirement (+$258.9 million or 25.6 percent more than FY 2017); increased debt service payments (+$182.3 million or 10.3 percent above the prior year); higher Medicaid spending (+$105.9 million or growth of 4.4 percent); and $91.2 million in new other post-employment benefit (OPEB) contributions, which are set aside for future state employee retirement health costs.

In part due to SEBAC 2017, there were reductions in a number of areas that helped mitigate spending growth in FY 2018. For example, General Fund salaries were $119.4 million lower in FY 2018 than in FY 2017, a reduction of 4.4 percent. The General Fund's pension contribution to the State Employee Retirement System (SERS) was approximately $73 million lower than the prior year, a decline of 6.5 percent. Spending was reduced for other employee benefit categories including active employee medical insurance (-$36.2 million, down 5.6 percent) and employer Social Security payments (-$11.2 million, down 5.2 percent). Continuing a trend from the previous year, General Fund block grant support for the higher education units fell by $64.0 million or 10.4 percent compared with FY 2017.

Overall, factoring in the $1.47 billion revenue volatility transfer out to the Budget Reserve Fund, General Fund revenue collections fell below the budget plan for FY 2018 by $558.5 million, or approximately 3.0 percent. Without the new volatility transfer, General Fund revenues would have exceeded the budget plan by $912.8 or 4.9 percent.

The most notable revenue category in FY 2018 was the Personal Income Tax, which came in nearly $1.59 billion above its budget target. It should be noted, however, the components of the income tax out-performed the budget plan at different growth rates. The withholding portion of the income tax came in about 1.8 percent above the budget plan while the estimated and finals portion ended the year approximately 47.2 percent over the budget target. Over the course of the fiscal year, several Federal tax provisions had a significant impact on collections in this latter category.

The change in the Personal Income Tax related to the Federal tax changes that took effect at the beginning of calendar 2018. Some analysts noted that higher income taxpayers may have been holding off selling investments in recent years in anticipation of lower Federal tax rates. However, after the Federal tax changes became effective on January 1, 2018, more investors began selling assets held during the stock market run up, which increased estimated quarterly or final payments made during the second half of FY 2018.

Another key factor for FY 2018 revenue was related to an October 2008 Federal law that eliminated a common mechanism used by hedge fund managers that enabled them to defer receipt of incentive or management fees earned by charging them to an offshore fund. Under the new rules (Internal Revenue Code Section 475A) hedge fund managers had to recognize these profits, earned prior to January 1, 2009, as income before December 31, 2017. As a result, a significant amount of the estimated payments collected during FY 2018 were related to hedge fund managers bringing these profits back to the United States from overseas. As the Office of the State Comptroller noted at the time, these revenue windfalls should be considered one-time in nature and not used to expand ongoing program expenditures that may not be sustainable.

The positive performance in the Personal Income Tax was offset in part by weakness in other tax categories that came in below their FY 2018 budget targets. These tax categories included Sales and Use (-$18.3 million), Corporations (-$12.5 million), Public Service Corporations (-$34.3 million), Cigarettes and Tobacco (-$17.8 million), Real Estate Conveyance (-$13.1 million), Admissions, Dues and Cabaret (-$1.2 million) and Miscellaneous taxes (-$12.8 million). In contrast, the Inheritance and Estate Tax over-performed budget expectations by $43.7 million or 24.3 percent. Finally, General Fund Federal grant revenue came in $623.2 million below the budget plan, partly due to a delay in Federal approval for Medicaid reimbursements related to the supplemental hospital payments. These reimbursements are expected to be received in FY 2019.

The Transportation Fund had revenue of $1,630.1 million in FY 2018, which exceeded the budget plan by $37.5 million. The strongest performing revenue category was the Oil Companies tax, which benefitted from higher oil prices and finished the year $40.7 million above target. Transportation Fund spending of $1,483.7 million grew by $51.9 million or 3.6 percent from the prior fiscal year. The largest programmatic spending increases were for public transportation initiatives including rail operations, which grew $36.9 million or 23.1 percent, and bus operations, which increased $13.5 million or 8.9 percent. In addition, debt service costs rose by $31.8 million or 5.9 percent over FY 2017 levels. These increases were offset in part by lower salary costs, which declined by $7.3 million or 3.3 percent and lower spending on employee benefits, which decreased by a net $8.9 million or 4.6 percent.

## 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, 2018 totaled $20.5 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was $779.6 million.

Major capital asset events for governmental activities during the fiscal year include additions to buildings, land, and infrastructure of $821.2 million and depreciation expense of $731.7 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 | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | $ 1,833 | $ 1,788 | $ 69 | $ 69 | $ 1,902 | 1,857 |
| Buildings | 2,744 | 2,836 | 3,697 | 3,385 | 6,441 | 6,221 |
| Improvements Other Than Buildings | 106 | 127 | 201 | 197 | 307 | 324 |
| Equipment | 45 | 49 | 410 | 344 | 455 | 393 |
| Infrastructure | 5,652 | 5,096 | - | - | 5,652 | 5,096 |
| Construction in Progress | 5,053 | 4,988 | 723 | 877 | 5,776 | 5,865 |
| Total | $ 15,433 | $ 14,884 | $ 5,100 | $ 4,872 | $ 20,533 | $ 19,756 |

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 $27.9 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

The following table is a two-year comparison of bonded debt presented for both governmental and business-type activities:

### State of Connecticut's Bonded Debt (in millions)
### General Obligation and Revenue Bonds

| | Governmental Activies | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| General Obligation Bonds | $ 18,763 | $ 18,399 | $ - | $ - | $ 18,763 | $ 18,399 |
| Transportation Related Bonds | 5,541 | 5,042 | - | - | 5,541 | 5,042 |
| Revenue Bonds | - | - | 1,494 | 1,443 | 1,494 | 1,443 |
| Long-Term Notes | - | 177 | - | - | - | 177 |
| Premiums and Deferred Amounts | 1,919 | 1,887 | 178 | 175 | 2,097 | 2,062 |
| Total | $ 26,223 | $ 25,505 | $ 1,672 | $ 1,618 | $ 27,895 | $ 27,123 |

The State's total bonded debt increased by $772.7 million (2.8 percent) during the current fiscal year. This increase resulted mainly from an increase in Transportation related bonds of $498.7 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 pprovisions of the General Statutes shall be excluded from the calculation. As of July 2018, the State had a debt incurring margin of $2.7 billion.

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

| | Governmental Activies | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2018 | 2017* | 2018 | 2017 | 2018 | 2017* |
| Net Pension Liability | $ 34,566 | $ 37,192 | $ - | $ - | $ 34,566 | $ 37,192 |
| Net OPEB Liability | 20,591 | 20,655 | - | - | 20,591 | 20,655 |
| Compensated Absences | 498 | 513 | 197 | 193 | 695 | 706 |
| Workers Compensation | 747 | 718 | - | - | 747 | 718 |
| Nonexchange Financial Guarantee | 532 | - | - | - | 532 | - |
| Other | 260 | 120 | 355 | 327 | 615 | 447 |
| Total | $ 57,194 | $ 59,198 | $ 552 | $ 520 | $ 57,746 | $ 59,718 |

* Restated for implementation of GASB 75

The State's other long-term obligations decreased by $2.0 billion (3.3 percent) during the fiscal year. This decrease was due mainly to a decrease in the net pension liability (Governmental activities) of $2.6 billion or 7.1 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

During FY 2018 Connecticut's economy experienced moderate growth, with some notable improvements toward the end of the year. Nevertheless, Connecticut continues to lag behind the nation's economic recovery in several key areas. A decade after its onset and despite progress on a number of fronts, Connecticut has yet to recover fully from the effects of the Great Recession.

According to state Department of Labor (DOL) statistics, Connecticut gained 14,100 nonfarm seasonally adjusted payroll jobs over the course of FY 2018 and had a total of 1,698,000 employed residents as of June 2018. As the fiscal year closed, unemployment stood at 4.4 percent, down three-tenths of a point from a year earlier when it was 4.7 percent. Connecticut had recovered 86.1 percent (102,600 jobs) of the 119,100 seasonally adjusted jobs lost in the Great Recession (March 2008 to February 2010) by the end of the fiscal year. Looking at year-over-year job growth, construction and manufacturing were the fastest growing sectors of the state labor market on a percentage basis.

The Connecticut housing market's results were mixed for FY 2018. Berkshire Hathaway Home Services reported results for the Connecticut housing market for June 2018 compared with June 2017. Sales of single-family homes fell 7.99 percent, while the median sale price rose 4.69 percent. New listings decreased by 5.57 percent in Connecticut and the median list price increased by 6.82 percent to $299,000. Average days on the market grew 20.29 percent in June 2018 compared to the same month in the previous year (83 days on average, up from 69 days).

The Federal Housing Finance Agency (FHFA) reported housing price appreciation statistics by state for the period ending June 30, 2018. FHFA's Housing Price Index (HPI) tracks changes in home values for individual properties owned or guaranteed by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Over the past year, Connecticut home prices continued to grow more slowly than most of the nation. Connecticut homes appreciated only 2.38 percent for the year, which ranked 48th in the nation overall. The U.S. average appreciation for the period was 6.49 percent. A comparison of five-year housing prices showed similar results: Single-family houses in Connecticut appreciated 6.69 percent for the period versus a 33.09 percent increase for the nation as a whole.

In November 2018, the Bureau of Economic Analysis (BEA) released Real Gross Domestic Product (GDP) results by state for the second quarter of 2018. Connecticut experienced a seasonally adjusted annual growth rate of 3.1 percent, which ranked 43rd in the nation overall. This growth rate was slower than both the national average of 4.2 percent and the New England regional average of 3.7 percent.

According to BEA, Connecticut's personal income grew by a 4.2 percent annual rate between the first and second quarters of 2018. Based on this result, Connecticut ranked 22nd in the nation for second quarter income growth. While this growth rate was equal to the national average, it represented the strongest performance in the New England region for the period.

Despite the deep recession of 2008 and the relatively moderate pace of recovery, Connecticut continues to be a wealthy state. The Bureau of Economic Analysis reports that in 2017, Connecticut had a per capita personal income (PCPI) of $71,823. This PCPI ranked first in the United States and was 139 percent of the national average of $51,640. The 2017 PCPI reflected an increase of 3.3 percent from 2016. The 2016-2017 national change was 3.6 percent. In 2007, the PCPI of Connecticut was $58,122 and ranked first in the United States. The 2007-2017 compound annual growth rate of PCPI was 2.1 percent in Connecticut. The compound annual growth rate for the nation was 2.6 percent.

Connecticut's high income is partially explained by the high level of educational achievement attained by its residents. According to the U.S. Census Bureau, 38.4 percent of Connecticut's population age 25 and over has a Bachelor's degree or higher, which was fourth in the nation among U.S. states.

Connecticut has a long history of technological innovation dating back centuries and innovation will continue to be a key factor for Connecticut's economic growth moving forward. In recent years, Connecticut has remained near the top on a number of science, technology and innovation-related categories. According to a report by the Connecticut Economic

Resource Center (CERC), Connecticut ranked third in the country for the percentage of employees with advanced degrees. In addition, the State's workforce is extremely industrious, ranking fifth among U.S. states in productivity. Connecticut was fourth in the nation for private research and development per capita and seventh in patents issued per capita. The Milken Institute ranked Connecticut sixth in the nation on its State Technology and Science Index, with high marks for human capital investment and research and development. Connecticut also had a top ten finish on the 2017 State New Economy Index published by the Information and Technology Foundation.

As in many other states, Connecticut's traditional core sectors have been reshaped by national trends and global competition. Manufacturing's contribution to the state economy, while still vitally important, has been significantly reduced in recent decades. In January 1991, manufacturing payroll employment in Connecticut totaled over 290,000 jobs. By the end of FY 2018, that job total was 163,700, a decline of 44 percent for the period. In the July 2018 Connecticut Economic Digest, the Connecticut Department of Labor (DOL) reported that manufacturing's contribution to the change in Connecticut's Real Gross State Product (GSP) was an increase of $16.2 billion from 1997 to 2007, representing about a quarter of the growth for the period. However, from 2007 to 2016, Connecticut's manufacturing sector was responsible for an $18.6 billion reduction in Real GSP. DOL pointed to a decline in chemical manufacturing as a key component in this drop in Connecticut, largely due to the downsizing or the departure of several large pharmaceutical firms.

Despite this trend, Connecticut continues to be a leader in the field of high tech manufacturing, producing jet engines and parts, submarines, helicopters, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military. According the state's Office of Military Affairs, Connecticut ranked fourth in the nation in 2018 estimated U.S. defense spending per capita and second in the nation for defense procurement purchases (not including military pay).

Finance, insurance and real estate (FIRE) is an important industry grouping that represents over a quarter of the State's Real Gross Domestic Product (GDP). Connecticut's FIRE sector has lost more than 10 percent of the jobs held at the pre-recession peak in March of 2008, a reduction of 14,800 jobs. These are some of the highest paying jobs within the state. Over the past decade, the strongest job gains continue to be in fields with below average wages, including educational & health services and leisure & hospitality.

Economic improvements seen at the end of FY 2018 have continued into the first half of FY 2019. As of this writing, Connecticut has gained additional jobs and seen the unemployment rate reduced further. The State's General Fund is currently on track to end the year with a modest surplus, and if projections hold, the Budget Reserve Fund (BRF) balance will increase for the second year in a row. It should be noted, however, that April is the most significant month for revenue collections, especially for final income tax payments. Therefore, this information represents the best available at this time. The Office of the State Comptroller will continue to provide updated monthly budget projections for the remainder the fiscal year.

Looking forward to the next biennium, Connecticut faces a number of challenges as fixed costs related to entitlements, state pensions, retirement health costs, and debt service represent a growing share of the state budget. Future budget stability will continue to be dependent on economic growth coupled with spending restraint. Due to its highly educated, productive workforce and its capacity for innovation, Connecticut is well positioned to create a strong economy moving into the future.

## CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3352.

# *BASIC FINANCIAL STATEMENTS*

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# *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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# STATEMENT OF NET POSITION

June 30, 2018
*(Expressed in Thousands)*

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| **Assets** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 2,369,102 | $ 852,178 | $ 3,221,280 | $ 261,108 |
| Deposits with U.S. Treasury | - | 576,874 | 576,874 | - |
| Investments | 116,676 | 66,044 | 182,720 | 520,168 |
| Receivables, (Net of Allowances) | 3,440,876 | 601,359 | 4,042,235 | 91,797 |
| Due from Primary Government | - | - | - | 4,068 |
| Inventories | 40,311 | 11,531 | 51,842 | 6,203 |
| Restricted Assets | - | 357,914 | 357,914 | 1,182,760 |
| Internal Balances | (157,508) | 157,508 | - | - |
| Other Current Assets | 8,083 | 35,977 | 44,060 | 16,286 |
| Total Current Assets | 5,817,540 | 2,659,385 | 8,476,925 | 2,082,390 |
| Noncurrent Assets: | | | | |
| Cash and Cash Equivalents | - | 577,883 | 577,883 | - |
| Due From Component Units | 57,471 | - | 57,471 | - |
| Investments | - | 55,255 | 55,255 | 222,631 |
| Receivables, (Net of Allowances) | 1,024,664 | 1,113,123 | 2,137,787 | 117,564 |
| Restricted Assets | 901,920 | 260,013 | 1,161,933 | 5,242,463 |
| Capital Assets, (Net of Accumulated Depreciation) | 15,432,608 | 5,100,741 | 20,533,349 | 776,166 |
| Other Noncurrent Assets | 145 | 4,525 | 4,670 | 67,496 |
| Total Noncurrent Assets | 17,416,808 | 7,111,540 | 24,528,348 | 6,426,320 |
| Total Assets | $ 23,234,348 | $ 9,770,925 | $ 33,005,273 | $ 8,508,710 |
| **Deferred Outflows of Resources** | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | $ 440 | $ - | $ 440 | $ 10,999 |
| Unamortized Losses on Bond Refundings | 69,139 | 12,222 | 81,361 | 93,418 |
| Related to Pensions | 9,014,590 | - | 9,014,590 | 94,049 |
| Other Deferred Outflows | - | 238 | 238 | 38 |
| Total Deferred Outflows of Resources | $ 9,084,169 | $ 12,460 | $ 9,096,629 | $ 198,504 |
| **Liabilities** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 959,168 | $ 396,246 | $ 1,355,414 | $ 121,797 |
| Due to Component Units | 4,068 | - | 4,068 | - |
| Due to Primary Government | - | - | - | 57,471 |
| Due to Other Governments | 291,118 | 2,243 | 293,361 | - |
| Current Portion of Long-Term Obligations | 2,539,841 | 158,122 | 2,697,963 | 310,190 |
| Amount Held for Institutions | - | - | - | 227,870 |
| Unearned Revenue | 19,484 | 36,530 | 56,014 | - |
| Medicaid Liability | 663,706 | - | 663,706 | - |
| Liability for Escheated Property | 412,037 | - | 412,037 | - |
| Other Current Liabilities | 77,737 | 79,410 | 157,147 | 46,291 |
| Total Current Liabilities | 4,967,159 | 672,551 | 5,639,710 | 763,619 |
| Noncurrent Liabilities: | | | | |
| Non-Current Portion of Long-Term Obligations | 80,877,252 | 2,066,898 | 82,944,150 | 5,595,415 |
| Total Noncurrent Liabilities | 80,877,252 | 2,066,898 | 82,944,150 | 5,595,415 |
| Total Liabilities | $ 85,844,411 | $ 2,739,449 | $ 88,583,860 | $ 6,359,034 |
| **Deferred Inflows of Resources** | | | | |
| Related to Pensions | $ 1,075,511 | $ - | $ 1,075,511 | $ 41,150 |
| Other Deferred Inflows | - | 6,881 | 6,881 | 679 |
| Total Deferred Inflows of Resources | $ 1,075,511 | $ 6,881 | $ 1,082,392 | $ 41,829 |
| **Net Position** | | | | |
| Net Investment in Capital Assets | $ 4,321,358 | $ 4,287,451 | $ 8,608,809 | $ 466,064 |
| Restricted For: | | | | |
| Transportation | 225,262 | - | 225,262 | - |
| Debt Service | 831,585 | 4,508 | 836,093 | 6,521 |
| Federal Grants and Other Accounts | 281,165 | - | 281,165 | - |
| Capital Projects | 573,991 | 172,113 | 746,104 | 124,330 |
| Grant and Loan Programs | 890,304 | - | 890,304 | - |
| Clean Water and Drinking Water Projects | - | 758,542 | 758,542 | - |
| Bond Indenture Requirements | - | - | - | 879,623 |
| Loans | - | 2,962 | 2,962 | - |
| Permanent Investments or Endowments: | | | | |
| Expendable | - | 63,733 | 63,733 | 124,058 |
| Nonexpendable | 118,673 | 16,275 | 134,948 | 476,949 |
| Other Purposes | 105,274 | 80,414 | 185,688 | 34,204 |
| Unrestricted (Deficit) | (61,949,017) | 1,651,057 | (60,297,960) | 194,602 |
| Total Net Position (Deficit) | $ (54,601,405) | $ 7,037,055 | $ (47,564,350) | $ 2,306,351 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| Functions/Programs | Expenses | Program Revenues: Charges for Services, Fees, Fines, and Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Governmental Activities: | | | | |
| Legislative | $ 71,859 | $ 1,738 | $ - | $ - |
| General Government | 1,518,254 | 905,635 | 71,702 | - |
| Regulation and Protection | 541,574 | 637,229 | 152,611 | - |
| Conservation and Development | 635,923 | 198,643 | 239,478 | - |
| Health and Hospitals | 1,611,855 | 616,659 | 184,817 | - |
| Transportation | 1,283,529 | 49,778 | - | 650,615 |
| Human Services | 5,950,282 | 83,541 | 6,159,243 | - |
| Education, Libraries, and Museums | 3,188,852 | 17,817 | 594,324 | - |
| Corrections | 1,335,350 | 8,495 | 141,491 | - |
| Judicial | 605,361 | 122,305 | 19,168 | - |
| Interest and Fiscal Charges | 888,410 | - | - | - |
| Total Governmental Activities | 17,631,249 | 2,641,840 | 7,562,834 | 650,615 |
| Business-Type Activities: | | | | |
| University of Connecticut & Health Center | 2,402,077 | 1,441,195 | 224,473 | 5,099 |
| Board of Regents | 1,365,312 | 644,082 | 56,317 | - |
| Employment Security | 696,456 | 773,609 | 30,235 | - |
| Clean Water | 44,267 | 30,072 | 27,995 | - |
| Other | 57,810 | 58,280 | 11,189 | - |
| Total Business-Type Activities | 4,565,922 | 2,947,238 | 350,209 | 5,099 |
| Total Primary Government | $ 22,197,171 | $ 5,589,078 | $ 7,913,043 | $ 655,714 |
| **Component Units** | | | | |
| Connecticut Housing Finance Authority (12/31/17) | $ 193,459 | $ 165,984 | $ - | $ - |
| Connecticut Lottery Corporation | 1,280,217 | 1,267,638 | - | - |
| Connecticut Airport Authority | 83,922 | 99,630 | - | 9,799 |
| Other Component Units | 296,625 | 292,103 | 6,384 | 4,738 |
| Total Component Units | $ 1,854,223 | $ 1,825,355 | $ 6,384 | $ 14,537 |

General Revenues:
- Taxes:
  - Personal Income
  - Corporate Income
  - Sales and Use
  - Other
- Restricted for Transportation Purposes:
  - Motor Fuel
  - Other
- Casino Gaming Payments
- Tobacco Settlement
- Lottery Tickets
- Unrestricted Investment Earnings

Transfers-Internal Activities

Total General Revenues, Contributions, and Transfers

Change in Net Position

Net Position (Deficit)- Beginning (as restated)

Net Position (Deficit)- Ending

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | |
|---|---|---|---|
| Governmental Activities | Business-Type Activities | Total | Component Units |
| $ (70,121) | $ - | $ (70,121) | $ - |
| (540,917) | - | (540,917) | - |
| 248,266 | - | 248,266 | - |
| (197,802) | - | (197,802) | - |
| (810,379) | - | (810,379) | - |
| (583,136) | - | (583,136) | - |
| 292,502 | - | 292,502 | - |
| (2,576,711) | - | (2,576,711) | - |
| (1,185,364) | - | (1,185,364) | - |
| (463,888) | - | (463,888) | - |
| (888,410) | - | (888,410) | - |
| (6,775,960) | - | (6,775,960) | - |
| - | (731,310) | (731,310) | - |
| - | (664,913) | (664,913) | - |
| - | 107,388 | 107,388 | - |
| - | 13,800 | 13,800 | - |
| - | 11,659 | 11,659 | - |
| - | (1,263,376) | (1,263,376) | - |
| (6,775,960) | (1,263,376) | (8,039,336) | - |
| - | - | - | (27,475) |
| - | - | - | (12,579) |
| - | - | - | 25,507 |
| - | - | - | 6,600 |
| - | - | - | (7,947) |
| 9,729,298 | - | 9,729,298 | - |
| 791,301 | - | 791,301 | - |
| 4,219,398 | - | 4,219,398 | - |
| 2,352,951 | - | 2,352,951 | - |
| 1,135,660 | - | 1,135,660 | - |
| 80,163 | - | 80,163 | - |
| 272,957 | - | 272,957 | - |
| 116,850 | - | 116,850 | - |
| 336,239 | - | 336,239 | - |
| 48,663 | 29,014 | 77,677 | 82,563 |
| (1,562,226) | 1,562,226 | - | - |
| 17,521,254 | 1,591,240 | 19,112,494 | 82,563 |
| 10,745,294 | 327,864 | 11,073,158 | 74,616 |
| (65,346,699) | 6,709,191 | (58,637,508) | 2,231,735 |
| $ (54,601,405) | $ 7,037,055 | $ (47,564,350) | $ 2,306,351 |

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# *FINANCIAL SECTION*

# BALANCE SHEET
# GOVERNMENTAL FUNDS

June 30, 2018

*(Expressed in Thousands)*

| | General | Debt Service | Transportation | Restricted Grants & Accounts | Grant & Loan Programs | Other Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and Cash Equivalents | $ 481,013 | $ - | $ 127,540 | $ 406,366 | $ 312,752 | $ 1,032,717 | $ 2,360,388 |
| Investments | - | - | - | - | - | 116,676 | 116,676 |
| Securities Lending Collateral | - | - | - | - | - | 7,917 | 7,917 |
| Receivables: | | | | | | | |
| Taxes, Net of Allowances | 1,800,947 | - | 190,610 | - | - | - | 1,991,557 |
| Accounts, Net of Allowances | 387,855 | - | 25,358 | 26,928 | 3,804 | 35,853 | 479,798 |
| Loans, Net of Allowances | 3,419 | - | - | 70,489 | 591,745 | 359,011 | 1,024,664 |
| From Other Governments | 537,320 | - | - | 423,796 | - | 4,657 | 965,773 |
| Interest | - | 2,646 | 641 | - | - | - | 3,287 |
| Other | - | - | - | - | - | 2 | 2 |
| Due from Other Funds | 44,962 | - | 2,646 | 628 | 4 | 10,451 | 58,691 |
| Due from Component Units | 54,149 | - | - | 3,322 | - | - | 57,471 |
| Inventories | 12,873 | - | 23,270 | - | - | - | 36,143 |
| Restricted Assets | - | 901,920 | - | - | - | - | 901,920 |
| Total Assets | $ 3,322,538 | $ 904,566 | $ 370,065 | $ 931,529 | $ 908,305 | $ 1,567,284 | $ 8,004,287 |
| **Liabilities, Deferred Inflows, and Fund Balances** | | | | | | | |
| **Liabilities** | | | | | | | |
| Accounts Payable and Accrued Liabilities | $ 372,777 | $ - | $ 29,045 | $ 203,360 | $ 17,672 | $ 94,602 | $ 717,456 |
| Due to Other Funds | 84,386 | 2,646 | - | 3,744 | 35 | 121,508 | 212,319 |
| Due to Component Units | - | - | - | 3,455 | - | 613 | 4,068 |
| Due to Other Governments | 288,738 | - | - | 2,380 | - | - | 291,118 |
| Unearned Revenue | 10,474 | - | - | - | - | 9,010 | 19,484 |
| Medicaid Liability | 267,049 | - | - | 396,657 | - | - | 663,706 |
| Liability For Escheated Property | 412,037 | - | - | - | - | - | 412,037 |
| Securities Lending Obligation | - | - | - | - | - | 7,917 | 7,917 |
| Other Liabilities | 51,210 | - | - | 18,610 | - | - | 69,820 |
| Total Liabilities | 1,486,671 | 2,646 | 29,045 | 628,206 | 17,707 | 233,650 | 2,397,925 |
| **Deferred Inflows of Resources** | | | | | | | |
| Receivables to be Collected in Future Periods | 684,824 | - | 19,512 | 25,076 | 3,311 | 33,122 | 765,845 |
| **Fund Balances** | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories/Long-Term Receivables | 56,441 | - | 23,270 | - | - | - | 79,711 |
| Permanent Fund Principal | - | - | - | - | - | 115,545 | 115,545 |
| Restricted For: | | | | | | | |
| Debt Service | - | 901,920 | - | - | - | - | 901,920 |
| Transportation Programs | - | - | 269,594 | - | - | - | 269,594 |
| Federal Grant and State Programs | - | - | - | 278,247 | - | - | 278,247 |
| Grants and Loans | - | - | - | - | 886,157 | - | 886,157 |
| Other | - | - | - | - | - | 1,175,933 | 1,175,933 |
| Committed For: | | | | | | | |
| Continuing Appropriations | 134,315 | - | 28,644 | - | - | - | 162,959 |
| Budget Reserve Fund | 1,201,359 | - | - | - | - | - | 1,201,359 |
| Assigned To: | | | | | | | |
| Grants and Loans | - | - | - | - | 1,130 | - | 1,130 |
| Other | - | - | - | - | - | 9,759 | 9,759 |
| Unassigned | (241,072) | - | - | - | - | (725) | (241,797) |
| Total Fund Balances | 1,151,043 | 901,920 | 321,508 | 278,247 | 887,287 | 1,300,512 | 4,840,517 |
| Total Liabilities, Deferred Inflows, and Fund Balances | $ 3,322,538 | $ 904,566 | $ 370,065 | $ 931,529 | $ 908,305 | $ 1,567,284 | $ 8,004,287 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2018
*(Expressed in Thousands)*

| | | |
|---|---|---|
| Total Fund Balance - Governmental Funds | | $ 4,840,517 |
| 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: | | |
| Cost of capital assets (excluding internal service funds) | 31,062,297 | |
| Less: Accumulated depreciation (excluding internal service funds) | (15,674,663) | |
| Net capital assets | | 15,387,634 |
| **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. | | 765,845 |
| **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. | | 69,139 |
| **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). | | 9,014,590 |
| **Long-term debt instruments** such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 16). Also, unamortized debt premiums and interest payable are reported in the Statement of Net Position but are not reported in the funds. These balances consist of: | | |
| General obligation bonds payable | (18,763,228) | |
| Transportation bonds payable | (5,540,495) | |
| Unamortized premiums | (1,919,483) | |
| Accrued interest payable | (239,523) | |
| Net long-term debt | | (26,462,729) |
| **Other liabilities** not due and payable in the current period and, therefore, not reported in the funds (see Note 16). | | |
| Net pension liability | (34,566,488) | |
| Net OPEB liability | (20,590,998) | |
| Obligations for worker's compensation | (747,234) | |
| Capital leases payable | (27,576) | |
| Compensated absences (excluding internal service funds) | (496,891) | |
| Claims and judgments payable | (195,543) | |
| Landfill postclosure care | (35,065) | |
| Nonexchange Financial guarantee | (531,560) | |
| Total other liabilities | | (57,191,355) |
| **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 | | (1,075,511) |
| **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. | | 50,465 |
| **Total Net Position - Governmental Activities** | | $ (54,601,405) |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | General | Debt Service | Transportation | Restricted Grants & Accounts | Grant & Loan Programs | Other Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Taxes | $ 17,033,551 | $ - | $ 1,215,570 | $ - | $ - | $ - | $ 18,249,121 |
| Licenses, Permits, and Fees | 302,383 | - | 339,681 | 8,128 | - | 96,937 | 747,129 |
| Tobacco Settlement | - | - | - | - | - | 116,850 | 116,850 |
| Federal Grants and Aid | 2,295,760 | - | 12,196 | 5,840,700 | - | 64,792 | 8,213,448 |
| State Grants and Aid | 619 | - | - | - | - | - | 619 |
| Lottery Tickets | 336,239 | - | - | - | - | - | 336,239 |
| Charges for Services | 33,223 | - | 65,530 | - | - | 1,042 | 99,795 |
| Fines, Forfeits, and Rents | 104,460 | - | 19,359 | - | - | 957 | 124,776 |
| Casino Gaming Payments | 272,957 | - | - | - | - | - | 272,957 |
| Investment Earnings | 15,911 | 7,757 | 4,910 | 2,682 | 10,446 | 6,937 | 48,643 |
| Interest on Loans | - | - | - | - | - | 20 | 20 |
| Miscellaneous | 267,590 | - | 6,699 | 1,263,010 | 51,264 | 132,301 | 1,720,864 |
| Total Revenues | 20,662,693 | 7,757 | 1,663,945 | 7,114,520 | 61,710 | 419,836 | 29,930,461 |
| **Expenditures** | | | | | | | |
| Current: | | | | | | | |
| Legislative | 105,600 | - | - | 1,657 | - | - | 107,257 |
| General Government | 1,258,744 | - | 5,949 | 432,781 | 542,708 | 96,840 | 2,337,022 |
| Regulation and Protection | 429,654 | - | 102,911 | 106,784 | 14,492 | 163,576 | 817,417 |
| Conservation and Development | 235,851 | - | 4,413 | 326,221 | 236,905 | 170,732 | 974,122 |
| Health and Hospitals | 1,652,242 | - | - | 755,784 | 18,453 | 57,481 | 2,483,960 |
| Transportation | - | - | 840,798 | 708,817 | 32,947 | - | 1,582,562 |
| Human Services | 4,952,257 | - | - | 4,234,825 | 1,255 | 3,064 | 9,191,401 |
| Education, Libraries, and Museums | 4,286,782 | - | - | 579,995 | 23,164 | 4,595 | 4,894,536 |
| Corrections | 2,012,224 | - | - | 25,081 | 3,130 | 1,747 | 2,042,182 |
| Judicial | 843,397 | - | - | 28,598 | - | 50,395 | 922,390 |
| Capital Projects | - | - | - | - | - | 879,431 | 879,431 |
| Debt Service: | | | | | | | |
| Principal Retirement | 1,580,587 | 301,345 | 525 | - | - | - | 1,882,457 |
| Interest and Fiscal Charges | 719,437 | 243,106 | 633 | 93,814 | 2,982 | 6,211 | 1,066,183 |
| Total Expenditures | 18,076,775 | 544,451 | 955,229 | 7,294,357 | 876,036 | 1,434,072 | 29,180,920 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,585,918 | (536,694) | 708,716 | (179,837) | (814,326) | (1,014,236) | 749,541 |
| **Other Financing Sources (Uses)** | | | | | | | |
| Bonds Issued | - | - | - | - | 855,437 | 1,720,639 | 2,576,076 |
| Premiums on Bonds Issued | - | 35,834 | - | - | 50,655 | 156,537 | 243,026 |
| Transfers In | 1,643,536 | 623,888 | 13,614 | 68,884 | - | 72,948 | 2,422,870 |
| Transfers Out | (2,587,385) | (14,057) | (579,337) | (38,864) | (47,734) | (712,719) | (3,980,096) |
| Refunding Bonds Issued | - | 368,545 | - | - | - | 123 | 368,668 |
| Payment to Refunded Bond Escrow Agent | - | (402,721) | - | - | - | - | (402,721) |
| Capital Lease Obligations | 3,774 | - | - | - | - | - | 3,774 |
| Total Other Financing Sources (Uses) | (940,075) | 611,489 | (565,723) | 30,020 | 858,358 | 1,237,528 | 1,231,597 |
| Net Change in Fund Balances | 1,645,843 | 74,795 | 142,993 | (149,817) | 44,032 | 223,292 | 1,981,138 |
| Fund Balances (Deficit) - Beginning | (494,418) | 827,125 | 182,151 | 428,064 | 843,255 | 1,077,220 | 2,863,397 |
| Change in Reserve for Inventories | (382) | - | (3,636) | - | - | - | (4,018) |
| Fund Balances (Deficit) - Ending | $ 1,151,043 | $ 901,920 | $ 321,508 | $ 278,247 | $ 887,287 | $ 1,300,512 | $ 4,840,517 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 1,981,138 |
| **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 | (2,575,952) | |
| Refunding bonds issued | (368,668) | |
| Premium on bonds issued | (243,026) | |
| Principal repayment: | | |
| Principal Retirement | 1,881,932 | |
| Payments to refunded bond escrow agent | 402,721 | |
| Capital lease payments | 6,562 | |
| Net debt adjustments | | (896,431) |
| **Some capital assets** acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Activities | | (3,238) |
| **Capital outlays** are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows: | | |
| Capital outlays (including construction-in-progress) | 1,275,829 | |
| Depreciation expense (excluding internal service funds) | (723,438) | |
| Retirements | (273) | |
| Net capital outlay adjustments | | 552,118 |
| **Inventories** are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which purchases exceeded consumption of inventories. | | (4,018) |
| **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: | | |
| Decrease in accrued interest | 394 | |
| Increase in interest accreted on capital appreciation debt | (18,021) | |
| Amortization of bond premium | 210,627 | |
| Amortization of loss on debt refundings | (18,205) | |
| Increase in Net OPEB Liability | 63,681 | |
| Decrease in Net OPEB obligation | 10,450,183 | |
| Increase in net deferred inflows related to other post employment benefits {OPEB} | (754,414) | |
| Increase in employer contributions subsequent to the OPEB measurement date | 133,771 | |
| Increase in net deferred outflows related to other post employment benefits {OPEB} | 1,210 | |
| Decrease in compensated absences | 14,495 | |
| Increase in workers compensation | (29,218) | |
| Increase in claims and judgments | (144,380) | |
| Decrease in landfill postclosure cost | 1,232 | |
| Increase in non-exchange financial guarantees | (531,560) | |
| Decrease in pension liability | 2,625,583 | |
| Decrease in net deferred inflows related to pensions | 6,576 | |
| Decrease in net deferred outflows related to pensions | 165,008 | |
| Increase in employer contributions subsequent to the NPL measurement date | | |
| Net expense accruals | | 12,176,962 |
| **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. | | 8,307 |
| **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. | | (2,959) |
| **Change in net position - governmental activities** | | $ 13,811,879 |

***The accompanying Notes to the Financial Statements are an integral part of this statement.***

# STATEMENT OF NET POSITION
# PROPRIETARY FUNDS

June 30, 2018

*(Expressed in Thousands)*

| | Business-Type Activities | | | | | | Governmental |
|---|---|---|---|---|---|---|---|
| | Enterprise Funds | | | | | | Activities |
| | University of Connecticut & Health Center | Board of Regents | Employment Security | Clean Water | Other Funds | Total | Internal Service Funds |
| **Assets** | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and Cash Equivalents | $ 466,106 | $ 324,355 | $ 1,298 | $ 5,061 | $ 55,358 | $ 852,178 | $ 8,714 |
| Deposits with U.S. Treasury | - | - | 576,874 | - | - | 576,874 | - |
| Investments | 640 | 65,404 | - | - | - | 66,044 | - |
| Receivables: | | | | | | | |
| Accounts, Net of Allowances | 142,783 | 24,511 | 189,970 | - | 6,309 | 363,573 | 80 |
| Loans, Net of Allowances | 2,326 | 1,633 | - | 200,004 | 22,898 | 226,861 | - |
| Interest | - | - | - | 3,787 | 195 | 3,982 | - |
| From Other Governments | - | 2,414 | 4,529 | - | - | 6,943 | - |
| Due from Other Funds | 54,088 | 133,347 | 672 | - | - | 188,107 | 4,500 |
| Inventories | 11,531 | - | - | - | - | 11,531 | 4,168 |
| Restricted Assets | 357,914 | - | - | - | - | 357,914 | - |
| Other Current Assets | 28,595 | 7,345 | - | - | 37 | 35,977 | 166 |
| Total Current Assets | 1,063,983 | 559,009 | 773,343 | 208,852 | 84,797 | 2,689,984 | 17,628 |
| Noncurrent Assets: | | | | | | | |
| Cash and Cash Equivalents | - | 148,471 | - | 337,361 | 92,051 | 577,883 | - |
| Investments | 15,833 | 32,471 | - | 6,951 | - | 55,255 | - |
| Receivables: | | | | | | | |
| Loans, Net of Allowances | 8,924 | 7,494 | - | 954,061 | 142,644 | 1,113,123 | - |
| Restricted Assets | 472 | - | - | 189,749 | 69,792 | 260,013 | - |
| Capital Assets, Net of Accumulated Depreciation | 3,167,754 | 1,908,704 | - | - | 24,283 | 5,100,741 | 44,974 |
| Other Noncurrent Assets | 3,733 | 568 | - | - | 224 | 4,525 | 145 |
| Total Noncurrent Assets | 3,196,716 | 2,097,708 | - | 1,488,122 | 328,994 | 7,111,540 | 45,119 |
| Total Assets | $ 4,260,699 | $ 2,656,717 | $ 773,343 | $ 1,696,974 | $ 413,791 | $ 9,801,524 | $ 62,747 |
| **Deferred Outflows of Resources** | | | | | | | |
| Unamortized Losses on Bond Refundings | $ 4,046 | $ - | $ - | $ 7,995 | $ 181 | $ 12,222 | $ - |
| Other Deferred Outflows | - | 238 | - | - | - | 238 | - |
| Total Deferred Outflows of Resources | $ 4,046 | $ 238 | $ - | $ 7,995 | $ 181 | $ 12,460 | $ - |
| **Liabilities** | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities | $ 255,870 | $ 117,615 | $ 694 | $ 10,224 | $ 11,843 | $ 396,246 | $ 1,500 |
| Due to Other Funds | 24,365 | 5,824 | 410 | - | - | 30,599 | 8,690 |
| Due to Other Governments | 2,199 | - | 44 | - | - | 2,243 | - |
| Current Portion of Long-Term Obligations | 66,963 | 26,720 | - | 53,831 | 10,608 | 158,122 | 84 |
| Unearned Revenue | - | 36,530 | - | - | - | 36,530 | - |
| Other Current Liabilities | 70,563 | 8,847 | - | - | - | 79,410 | - |
| Total Current Liabilities | 419,960 | 195,536 | 1,148 | 64,055 | 22,451 | 703,150 | 10,274 |
| Noncurrent Liabilities: | | | | | | | |
| Noncurrent Portion of Long-Term Obligations | 616,870 | 421,765 | - | 857,194 | 171,069 | 2,066,898 | 2,008 |
| Total Noncurrent Liabilities | 616,870 | 421,765 | - | 857,194 | 171,069 | 2,066,898 | 2,008 |
| Total Liabilities | $ 1,036,830 | $ 617,301 | $ 1,148 | $ 921,249 | $ 193,520 | $ 2,770,048 | $ 12,282 |
| **Deferred Inflows of Resources** | | | | | | | |
| Other Deferred Inflows | $ 6,856 | $ - | $ - | $ - | $ 25 | $ 6,881 | $ - |
| Total Deferred Inflows of Resources | $ 6,856 | $ - | $ - | $ - | $ 25 | $ 6,881 | $ - |
| **Net Position (Deficit)** | | | | | | | |
| Net Investment in Capital Assets | $ 2,550,230 | $ 1,738,204 | $ - | $ - | $ (983) | $ 4,287,451 | $ 45,119 |
| Restricted For: | | | | | | | |
| Debt Service | - | - | - | - | 4,508 | 4,508 | - |
| Clean and Drinking Water Projects | - | - | - | 600,095 | 158,447 | 758,542 | - |
| Capital Projects | 172,113 | - | - | - | - | 172,113 | - |
| Nonexpendable Purposes | 15,044 | 1,231 | - | - | - | 16,275 | - |
| Expendable Endowment | - | 63,733 | - | - | - | 63,733 | - |
| Loans | 2,962 | - | - | - | - | 2,962 | - |
| Other Purposes | 32,334 | 48,080 | - | - | - | 80,414 | - |
| Unrestricted (Deficit) | 448,376 | 188,406 | 772,195 | 183,625 | 58,455 | 1,651,057 | 5,346 |
| Total Net Position | $ 3,221,059 | $ 2,039,654 | $ 772,195 | $ 783,720 | $ 220,427 | $ 7,037,055 | $ 50,465 |

***The accompanying Notes to the Financial Statements are an integral part of this statement.***

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2018
*(Expressed in Thousands)*

| | Business-Type Activities | | | | | | Governmental |
|---|---|---|---|---|---|---|---|
| | Enterprise Funds | | | | | | Activities |
| | University of Connecticut & Health Center | Board of Regents | Employment Security | Clean Water | Other Funds | Totals | Internal Service Funds |
| **Operating Revenues** | | | | | | | |
| Charges for Sales and Services (Net of allowances & discounts $290,024) | $ 1,220,928 | $ 497,350 | $ - | $ - | $ 30,019 | $ 1,748,297 | $ 52,729 |
| Assessments | - | - | 744,376 | - | 35,617 | 779,993 | - |
| Federal Grants, Contracts, and Other Aid | 157,309 | 22,387 | 15,509 | - | - | 195,205 | - |
| State Grants, Contracts, and Other Aid | 19,441 | 24,420 | 14,726 | - | - | 58,587 | - |
| Private Gifts and Grants | 47,723 | 9,510 | - | - | - | 57,233 | - |
| Interest on Loans | - | - | - | 20,647 | 3,165 | 23,812 | - |
| Other | 117,272 | 24,797 | 29,233 | - | 1,146 | 172,448 | 185 |
| Total Operating Revenues | 1,562,673 | 578,464 | 803,844 | 20,647 | 69,947 | 3,035,575 | 52,914 |
| **Operating Expenses** | | | | | | | |
| Salaries, Wages, and Administrative | 2,178,192 | 1,220,661 | - | 1,242 | 20,897 | 3,420,992 | 33,074 |
| Unemployment Compensation | - | - | 696,456 | - | - | 696,456 | - |
| Claims Paid | - | - | - | - | 26,164 | 26,164 | - |
| Depreciation and Amortization | 160,822 | 97,692 | - | - | 1,123 | 259,637 | 17,949 |
| Other | 53,155 | 35,696 | - | 3,761 | 2,548 | 95,160 | - |
| Total Operating Expenses | 2,392,169 | 1,354,049 | 696,456 | 5,003 | 50,732 | 4,498,409 | 51,023 |
| Operating Income (Loss) | (829,496) | (775,585) | 107,388 | 15,644 | 19,215 | (1,462,834) | 1,891 |
| **Nonoperating Revenue (Expenses)** | | | | | | | |
| Interest and Investment Income | 6,692 | 7,933 | - | 11,271 | 3,118 | 29,014 | 450 |
| Interest and Fiscal Charges | (9,908) | (11,263) | - | (39,264) | (7,078) | (67,513) | - |
| Other - Net | 102,995 | 121,935 | - | 9,425 | (11,667) | 222,688 | (299) |
| Total Nonoperating Revenues (Expenses) | 99,779 | 118,605 | - | (18,568) | (15,627) | 184,189 | 151 |
| Income (Loss) Before Capital Contributions, Grants, and Transfers | (729,717) | (656,980) | 107,388 | (2,924) | 3,588 | (1,278,645) | 2,042 |
| Capital Contributions | 5,099 | - | - | - | - | 5,099 | - |
| Federal Capitalization Grants | - | - | - | 27,995 | 11,189 | 39,184 | - |
| Transfers In | 918,180 | 652,931 | - | 590 | 225 | 1,571,926 | - |
| Transfers Out | - | - | (9,700) | - | - | (9,700) | (5,000) |
| Change in Net Position | 193,562 | (4,049) | 97,688 | 25,661 | 15,002 | 327,864 | (2,958) |
| Total Net Position (Deficit) - Beginning | 3,027,497 | 2,043,703 | 674,507 | 758,059 | 205,425 | 6,709,191 | 53,423 |
| Total Net Position (Deficit) - Ending | $ 3,221,059 | $ 2,039,654 | $ 772,195 | $ 783,720 | $ 220,427 | $ 7,037,055 | $ 50,465 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | Business-Type Activities | | | | | | Governmental |
|---|---|---|---|---|---|---|---|
| | Enterprise Funds | | | | | | Activities |
| | University of Connecticut & Health Center | Board of Regents | Employment Security | Clean Water | Other | Totals | Internal Service Funds |
| **Cash Flows from Operating Activities** | | | | | | | |
| Receipts from Customers | $ 1,210,454 | $ 485,334 | $ 741,922 | $108,551 | $81,592 | $ 2,627,853 | $ 53,236 |
| Payments to Suppliers | (702,248) | (308,260) | - | (3,761) | (9,824) | (1,024,093) | (28,022) |
| Payments to Employees | (1,415,503) | (900,629) | - | (1,170) | (11,476) | (2,328,778) | (9,881) |
| Other Receipts (Payments) | 365,597 | 60,097 | (734,024) | (156,134) | (56,960) | (521,424) | 189 |
| Net Cash Provided by (Used in) Operating Activities | (541,700) | (663,458) | 7,898 | (52,514) | 3,332 | (1,246,442) | 15,522 |
| **Cash Flows from Noncapital Financing Activities** | | | | | | | |
| Proceeds from Sale of Bonds | 88,806 | - | - | - | | 88,806 | - |
| Retirement of Bonds and Annuities Payable | - | - | - | (53,891) | (9,529) | (63,420) | - |
| Interest on Bonds and Annuities Payable | - | - | - | (38,327) | (8,028) | (46,355) | - |
| Transfers In | 467,843 | 541,675 | - | 590 | 225 | 1,010,333 | - |
| Transfers Out | - | - | (9,700) | - | | (9,700) | (5,000) |
| Other Receipts (Payments) | 49,034 | 131,489 | (9,615) | - | (12,843) | 158,065 | (299) |
| Net Cash Flows from Noncapital Financing Activities | 605,683 | 673,164 | (19,315) | (91,628) | (30,175) | 1,137,729 | (5,299) |
| **Cash Flows from Capital and Related Financing Activities** | | | | | | | |
| Additions to Property, Plant, and Equipment | (361,918) | (87,459) | - | - | (593) | (449,970) | (14,007) |
| Proceeds from Capital Debt | 369,630 | - | - | - | - | 369,630 | - |
| Principal Paid on Capital Debt | (101,963) | (20,055) | - | - | - | (122,018) | - |
| Interest Paid on Capital Debt | (63,197) | (13,943) | - | - | - | (77,140) | - |
| Transfer In | 216,731 | 190,634 | - | - | - | 407,365 | - |
| Federal Grant | - | - | - | 27,995 | 11,817 | 39,812 | - |
| Other Receipts (Payments) | 79,060 | (72,438) | - | - | - | 6,622 | - |
| Net Cash Flows from Capital and Related Financing Activities | 138,343 | (3,261) | - | 27,995 | 11,224 | 174,301 | (14,007) |
| **Cash Flows from Investing Activities** | | | | | | | |
| Proceeds from Sales and Maturities of Investments | - | 45,231 | - | - | - | 45,231 | - |
| Purchase of Investment Securities | (609) | (32,270) | - | - | - | (32,879) | - |
| Interest on Investments | 6,169 | 6,719 | 10,515 | 11,304 | 3,147 | 37,854 | 450 |
| (Increase) Decrease in Restricted Assets | - | - | - | 139,942 | - | 139,942 | - |
| Other Receipts (Payments) | - | (12,346) | - | (34,689) | 19,522 | (27,513) | - |
| Net Cash Flows from Investing Activities | 5,560 | 7,334 | 10,515 | 116,557 | 22,669 | 162,635 | 450 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 207,886 | 13,779 | (902) | 410 | 7,050 | 228,223 | (3,334) |
| Cash and Cash Equivalents - Beginning of Year | 616,606 | 459,047 | 2,200 | 4,651 | 48,308 | 1,130,812 | 12,048 |
| Cash and Cash Equivalents - End of Year | $ 824,492 | $ 472,826 | $ 1,298 | $ 5,061 | $55,358 | $ 1,359,035 | $ 8,714 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities** | | | | | | | |
| Operating Income (Loss) | $ (829,496) | $(775,585) | $ 107,388 | $ 15,644 | $19,215 | $(1,462,834) | $ 1,891 |
| Adjustments not Affecting Cash: | | | | | | | |
| Depreciation and Amortization | 160,822 | 96,651 | - | - | 1,123 | 258,596 | 17,949 |
| Other | 148,036 | (7,300) | - | - | 295 | 141,031 | - |
| Change in Assets and Liabilities: | | | | | - | | |
| (Increase) Decrease in Receivables, Net | (4,267) | 10 | (97,181) | (68,158) | 1,680 | (167,916) | 26 |
| (Increase) Decrease in Due from Other Funds | - | 1,726 | 184 | - | - | 1,910 | 479 |
| (Increase) Decrease in Inventories and Other Assets | 1,517 | 810 | - | - | (16,621) | (14,294) | 4 |
| Increase (Decrease) in Accounts Payables & Accrued Liabilities | (18,312) | 20,230 | (1,738) | - | (2,360) | (2,180) | (4,827) |
| Increase (Decrease) in Due to Other Funds | - | - | (755) | - | - | (755) | - |
| Total Adjustments | 287,796 | 112,127 | (99,490) | (68,158) | (15,883) | 216,392 | 13,631 |
| Net Cash Provided by (Used In) Operating Activities | $ (541,700) | $(663,458) | $ 7,898 | $ (52,514) | $ 3,332 | $(1,246,442) | $ 15,522 |
| **Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets** | | | | | | | |
| Cash and Cash Equivalents - Current | $ 466,106 | $ 324,355 | | | | | |
| Cash and Cash Equivalents - Noncurrent | - | 148,471 | | | | | |
| Cash and Cash Equivalents - Restricted | 358,386 | - | | | | | |
| | $ 824,492 | $ 472,826 | | | | | |
| **Noncash Investing, Capital, and Financing Activities:** | | | | | | | |
| Amortization of Premiums, Discounts, and net loss on debt refunding's | $ 14,666 | | | | | | |
| Loss on disposal of capital assets | (5,075) | | | | | | |
| Acquisition of software license under long term purchase contract | 2,380 | | | | | | |
| Accruals of expenses related to construction in progress | 75 | | | | | | |
| Unrealized gain on investment | 179 | | | | | | |
| | $ 12,225 | | | | | | |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF FIDUCIARY NET POSITION
# FIDUCIARY FUNDS

June 30, 2018

*(Expressed in Thousands)*

| | Pension & Other Employee Benefit Trust Funds | Investment Trust Fund External Investment Pool | Private-Purpose Trust Fund Escheat Securities | Agency Funds | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current: | | | | | |
| Cash and Cash Equivalents | $ 88,480 | $ - | $ - | $ 138,515 | $ 226,995 |
| Receivables: | | | | | |
| Accounts, Net of Allowances | 41,225 | - | - | 10,903 | 52,128 |
| From Other Governments | 885 | - | - | - | 885 |
| From Other Funds | 2,523 | - | - | - | 2,523 |
| Interest | 1,372 | 2,363 | - | 101 | 3,836 |
| Inventories | | | | 11 | 11 |
| Investments (See Note 3) | 34,275,872 | 1,497,585 | - | - | 35,773,457 |
| Securities Lending Collateral | 2,597,918 | - | - | - | 2,597,918 |
| Other Assets | - | 47 | 3,259 | 330,323 | 333,629 |
| Noncurrent: | | | | | |
| Due From Employers | 19,113 | - | - | - | 19,113 |
| Total Assets | $ 37,027,388 | $ 1,499,995 | $ 3,259 | $ 479,853 | 39,010,495 |
| **Liabilities** | | | | | |
| Accounts Payable and Accrued Liabilities | $ 54,067 | $ 2,358 | $ - | $ 47,078 | 103,503 |
| Securities Lending Obligation | 2,597,918 | - | - | - | 2,597,918 |
| Due to Other Funds | 1,834 | - | - | 379 | 2,213 |
| Funds Held for Others | - | - | - | 432,396 | 432,396 |
| Total Liabilities | $ 2,653,819 | $ 2,358 | $ - | $ 479,853 | $ 3,136,030 |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | $ 33,465,407 | $ - | $ - | | $ 33,465,407 |
| Other Postemployment Benefits | 908,162 | - | - | | 908,162 |
| Pool Participants | - | 1,497,637 | - | | 1,497,637 |
| Individuals, Organizations, and Other Governments | - | - | 3,259 | | 3,259 |
| Total Net Position | $ 34,373,569 | $ 1,497,637 | $ 3,259 | | $ 35,874,465 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
# FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | Pension & Other Employee Benefit Trust Funds | Investment Trust Fund External Investment Pool | Private-Purpose Trust Fund Escheat Securities | Total |
|---|---|---|---|---|
| **Additions** | | | | |
| Contributions: | | | | |
| Plan Members | $ 744,525 | $ - | $ - | $ 744,525 |
| State | 3,560,636 | - | - | 3,560,636 |
| Municipalities | 200,361 | - | - | 200,361 |
| Total Contributions | 4,505,522 | - | - | 4,505,522 |
| Investment Income | 2,441,624 | 26,046 | - | 2,467,670 |
| Less: Investment Expense | (132,092) | (501) | - | (132,593) |
| Net Investment Income | 2,309,532 | 25,545 | - | 2,335,077 |
| Escheat Securities Received | - | - | 46,617 | 46,617 |
| Pool's Share Transactions | - | 115,526 | - | 115,526 |
| Other | 4,461 | - | - | 4,461 |
| Total Additions | 6,819,515 | 141,071 | 46,617 | 7,007,203 |
| **Deductions** | | | | |
| Administrative Expense | 8,045 | - | - | 8,045 |
| Benefit Payments and Refunds | 4,953,503 | - | - | 4,953,503 |
| Escheat Securities Returned or Sold | - | - | 44,035 | 44,035 |
| Distributions to Pool Participants | - | 25,544 | - | 25,544 |
| Other | 279,862 | - | 1,152 | 281,014 |
| Total Deductions | 5,241,410 | 25,544 | 45,187 | 5,312,141 |
| Change in Net Position Held In Trust For: | | | | |
| Pension and Other Employee Benefits | 1,578,105 | - | - | 1,578,105 |
| Individuals, Organizations, and Other Governments | - | 115,527 | 1,430 | 116,957 |
| Net Position - Beginning | 32,795,464 | 1,382,110 | 1,829 | 34,179,403 |
| Net Position - Ending | $ 34,373,569 | $ 1,497,637 | $ 3,259 | $ 35,874,465 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF NET POSITION
# COMPONENT UNITS

June 30, 2018
*(Expressed in Thousands)*

| Assets | Connecticut Housing Finance Authority (12-31-17) | Connecticut Lottery Corporation | Connecticut Airport Authority | Other Component Units | Total |
|---|---|---|---|---|---|
| Current Assets: | | | | | |
| Cash and Cash Equivalents | $ - | $ 21,998 | $ 103,337 | $ 135,773 | $ 261,108 |
| Investments | - | 6,175 | - | 513,993 | 520,168 |
| Receivables: | | | | | |
| Accounts, Net of Allowances | - | 27,183 | 10,349 | 33,572 | 71,104 |
| Loans, Net of Allowances | - | - | - | 11,734 | 11,734 |
| Other | - | 1,325 | - | 559 | 1,884 |
| Due From Other Governments | - | - | 7,075 | - | 7,075 |
| Due From Primary Government | - | - | 2,970 | 1,098 | 4,068 |
| Restricted Assets | 858,364 | - | 3,331 | 321,065 | 1,182,760 |
| Inventories | - | - | - | 6,203 | 6,203 |
| Other Current Assets | - | 5,916 | 116 | 10,254 | 16,286 |
| Total Current Assets | 858,364 | 62,597 | 127,178 | 1,034,251 | 2,082,390 |
| Noncurrent Assets: | | | | | |
| Investments | - | 119,045 | - | 103,586 | 222,631 |
| Accounts, Net of Allowances | - | - | - | 39,671 | 39,671 |
| Loans, Net of Allowances | - | - | - | 77,893 | 77,893 |
| Restricted Assets | 4,743,563 | - | 129,624 | 369,276 | 5,242,463 |
| Capital Assets, Net of Accumulated Depreciation | 3,465 | 819 | 325,731 | 446,151 | 776,166 |
| Other Noncurrent Assets | - | 8,112 | - | 59,384 | 67,496 |
| Total Noncurrent Assets | 4,747,028 | 127,976 | 455,355 | 1,095,961 | 6,426,320 |
| Total Assets | $ 5,605,392 | $ 190,573 | $ 582,533 | $ 2,130,212 | $ 8,508,710 |
| **Deferred Outflows of Resources** | | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | $ - | $ - | $ 10,999 | $ - | $ 10,999 |
| Unamortized Losses on Bond Refundings | 91,788 | - | 1,630 | - | 93,418 |
| Related to Pensions & Other Postemployment Benefits | 22,050 | 18,516 | 21,718 | 31,765 | 94,049 |
| Other | - | - | - | 38 | 38 |
| Total Deferred Outflows of Resources | $ 113,838 | $ 18,516 | $ 34,347 | $ 31,803 | $ 198,504 |
| **Liabilities** | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | $ 23,071 | $ 9,492 | $ 20,713 | $ 68,521 | $ 121,797 |
| Current Portion of Long-Term Obligations | 277,831 | 6,663 | 7,225 | 18,471 | 310,190 |
| Due To Primary Government | - | - | 3,321 | 54,150 | 57,471 |
| Amount Held for Institutions | - | - | - | 227,870 | 227,870 |
| Other Liabilities | - | 40,490 | 5,801 | - | 46,291 |
| Total Current Liabilities | 300,902 | 56,645 | 37,060 | 369,012 | 763,619 |
| Noncurrent Liabilities: | | | | | |
| Pension Liability | 67,070 | 108,239 | 140,265 | 96,480 | 412,054 |
| Noncurrent Portion of Long-Term Obligations | 4,449,350 | 119,472 | 113,104 | 501,435 | 5,183,361 |
| Total Noncurrent Liabilities | 4,516,420 | 227,711 | 253,369 | 597,915 | 5,595,415 |
| Total Liabilities | $ 4,817,322 | $ 284,356 | $ 290,429 | $ 966,927 | $ 6,359,034 |
| **Other Deferred Inflows** | | | | | |
| Unamortized Investment Earnings | $ - | $ - | $ - | $ 672 | $ 672 |
| Related to Pensions & Other Postemployment Benefits | 20,925 | 4,412 | 5,445 | 10,368 | 41,150 |
| Other Deferred Inflows | - | - | - | 7 | 7 |
| Total Deferred Inflows of Resources | $ 20,925 | $ 4,412 | $ 5,445 | $ 11,047 | $ 41,829 |
| **Net Position** | | | | | |
| Net Investment in Capital Assets | $ 3,465 | $ 819 | $ 218,031 | $ 243,749 | $ 466,064 |
| Restricted: | | | | | |
| Debt Service | - | - | 6,521 | - | 6,521 |
| Bond Indentures | 877,518 | - | 2,105 | - | 879,623 |
| Expendable Endowments | - | - | - | 124,058 | 124,058 |
| Nonexpendable Endowments | - | - | - | 476,949 | 476,949 |
| Capital Projects | - | - | 124,330 | - | 124,330 |
| Other Purposes | - | (80,498) | - | 114,702 | 34,204 |
| Unrestricted (Deficit) | - | - | (29,981) | 224,583 | 194,602 |
| Total Net Position | $ 880,983 | $ (79,679) | $ 321,006 | $ 1,184,041 | $ 2,306,351 |

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

# STATEMENT OF ACTIVITIES
# COMPONENT UNITS

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | | Program Revenues | | |
|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| Connecticut Housing Finance Authority (12/31/17) | $ 193,459 | $ 165,984 | $ - | $ - |
| Connecticut Lottery Corporation | 1,280,217 | 1,267,638 | - | - |
| Connecticut Airport Authority | 83,922 | 99,630 | - | 9,799 |
| Other Component Units | 296,625 | 292,103 | 6,384 | 4,738 |
| Total Component Units | $ 1,854,223 | $ 1,825,355 | $ 6,384 | $ 14,537 |

General Revenues:

Investment Income

Total General Revenues

Change in Net Position

Net Position - Beginning (as restated)

Net Position - Ending

*The accompanying Notes to the Financial Statements are an integral part of this statement.*

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|---|---|---|---|
| Connecticut Housing Finance Authority (12-31-17) | Connecticut Lottery Corporation | Connecticut Airport Authority | Other Component Units | Totals |
| $ (27,475) | $ - | $ - | $ - | $ (27,475) |
| - | (12,579) | - | - | (12,579) |
| - | - | 25,507 | - | 25,507 |
| - | - | - | 6,600 | 6,600 |
| (27,475) | (12,579) | 25,507 | 6,600 | (7,947) |
| 41,796 | 6,287 | 1,582 | 32,898 | 82,563 |
| 41,796 | 6,287 | 1,582 | 32,898 | 82,563 |
| 14,321 | (6,292) | 27,089 | 39,498 | 74,616 |
| 866,662 | (73,387) | 293,917 | 1,144,543 | 2,231,735 |
| $ 880,983 | $ (79,679) | $ 321,006 | $ 1,184,041 | $ 2,306,351 |

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# INDEX

# Note 1
## Summary of Significant Accounting Policies

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

### b. Reporting Entity
For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

Component units are reported in separate columns and rows in the government-wide financial statements (discrete presentation) to emphasize that they are legally separate from the primary government. Financial statements for the major component units are included in the accompanying financial statements after the fund financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

The following organizations (Connecticut Housing Finance Authority, Materials Innovation and Recycling Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and Capital Region Development Authority) are reported as component units because the State appoints a voting majority of the organization's governing board and is contingently liable for the portion of the organization's bonded debt that is secured by a special capital reserve fund, or other contractual agreement.

The State appoints a voting majority of the organization's governing board and has the ability to access the resources for the following organizations (Connecticut Innovations, Incorporated and Connecticut Green Bank) therefore, these organizations are reported as component units.

The Connecticut Lottery Corporation is reported as a component unit because the State appoints a voting majority of the corporation's governing board and receives a significant amount of revenues from the operations of the lottery.

The Connecticut Airport Authority 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 authority 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, 2017.

*Connecticut Airport Authority (CAA)*
The Connecticut Airport Authority was established in July 2011 to develop, improve and operate Bradley International Airport and the state's five general aviation airports (Danielson, Groton-New London, Hartford-Brainard, Waterbury-Oxford, and Windham airports).

*Materials Innovation and Recycling Authority (MIRA)*
MIRA is responsible for the planning, design, construction, financing, management, ownership, operations and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan.

*Connecticut Higher Education Supplemental Loan Authority (CHESLA)*
CHESLA was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its bond funds. CHESLA is a subsidiary of CHEFA.

*Connecticut Health and Educational Facilities Authority (CHEFA)*
CHEFA was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

*Connecticut Student Loan Foundation (CSLF)*
CSLF was established as a Connecticut state chartered nonprofit corporation established pursuant to State of Connecticut Statute Chapter 187a for the purpose of improving educational opportunity. CSLF is empowered to achieve this by originating and acquiring student loans and providing appropriate service incident to the administration of programs, which are established to improve educational opportunities. CSLF no longer originates or acquires student loans.

In July 2014, CSLF was statutorily consolidated with CHEFA as a subsidiary and became a quasi-public agency of the State of Connecticut.

*Capital Region Development Authority (CRDA)*
CRDA, formerly the Capital City Economic Development Authority 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 was established on July 1, 2011 as a quasi-public agency to supersede the Connecticut Clean Energy Fund. 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)*
The corporation was created in 1996 for the purpose of generating revenues for the State through the operation of a lottery.

In addition, the State also includes the following non-governmental nonprofit corporation as a component unit.

*University of Connecticut Foundation, Incorporated*
The Foundation was created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund. The Foundation is reported as a component unit because the nature and significance of its relationship with the State are such that it would be misleading to exclude the Foundation from the State's reporting entity.

## c. Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the reporting entity's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three components:

1. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds issued to buy, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the purchase, construction, or improvement of those assets or related debt should be included in this component of net position.

2. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

3. Unrestricted – This component of net position is the remaining balance of net position, after the determination of the other two components of net position.

When both restricted and unrestricted resources are available for use, the State generally uses restricted resources first, then unrestricted resources as needed. There may be occasions when restricted funds may only be spent in proportion to unrestricted funds spent.

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

***Fund Financial Statements***

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

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

The State reports the following major governmental funds:

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

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

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

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

***Grant and Loan Programs*** – This fund is used to account for resources that are restricted by state legislation for the purpose of providing grants and/or loans to municipalities and organizations located in the State.

The State reports the following major enterprise funds:

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

***Board of Regents*** - This fund is used to account for the operations of the State University System & the State Community Colleges which consists of four universities: Central, Eastern, Southern, and Western and twelve regional community colleges.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney General's Office. Since the colleges and universities are legally part of the state their financial operations are reported in the state's financial statements using the fund structure prescribed by GASB.

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

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

In addition, the State reports the following fund types:

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

***Pension Trust Funds*** - These funds account for resources held in the custody of the state for the members and beneficiaries of the State's pension plans. These plans are discussed more fully in Notes 10, 11, and 12.

***Other Postemployment Benefit (OPEB) Trust Funds*** - These funds account for resources held in trust for the members and beneficiaries of the state's other postemployment benefit plans which are described in notes 13 and 14.

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

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

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

## d. Measurement Focus and Basis of Accounting

***Government-wide, Proprietary, and Fiduciary Fund Financial Statements***

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***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 considered to be available if collection is expected within 12 months after year-end, and licenses and fees which are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

## e. Assets and Liabilities

***Cash and Cash Equivalents (see Note 3)***

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents consist of investments in the Short-Term Investment Fund which are reported at the fund's share price.

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

***Investments (see Note 3)***

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

- Nonparticipating interest-earning investment contracts.

- Money market investments that mature within one year or less at the date of their acquisition.

- Investments of the External Investment Pool fund (an Investment Trust fund).

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

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.

- The fair value of securities not publicly traded held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by an independent valuation committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

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

***Inventories***

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

***Capital Assets and Depreciation***

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation or in the case of gifts at acquisition value.

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

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

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 |
| 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 period 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, taking into account current conditions and trends.

***Deferred Outflows of Resources***

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods. These amounts are reported in the Statement of Net Position on the government-wide and fund financial statements in a separate section, after total assets.

*Unearned Revenues*

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned.

*Long-term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as an expense in the year they are incurred. Other significant long-term obligations include the net pension liability, OPEB obligation, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Capital Appreciation Bonds*

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

*Compensated Absences*

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

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

## f. Derivative Instruments

The State's derivative instruments consist of interest rate swap agreements, all of which have been determined by the State to be effective cash flow hedges. Accumulated decreases in the fair value of some of the swaps are reported as deferred outflows of resources in the Statement of Net Position. These agreements are discussed in more detail in Note No. 18.

## g. Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets in one period that are applicable to future periods. These amounts are reported in the Statement of Net Position and Balance Sheet in a separate section, after total liabilities.

## h. Interfund Activities

In the fund financial statements, interfund activities are reported as follows:

***Interfund receivables/payables*** - The current portion of interfund loans outstanding at the end of the fiscal year is reported as due from/to other funds; the noncurrent portion as advances to/from other funds. All other outstanding balances between funds are reported as due from/to other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***Interfund services provided and used*** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

***Interfund transfers*** - Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

*Interfund reimbursements* - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

## i. Endowments

The University of Connecticut and Health Center designate the University of Connecticut Foundation (a component unit of the State) as the manager of the University's and Health Center's endowment funds. The Foundation makes spending distributions to the University and Health Center for each participating endowment. The allocation is spent by the University and Health Center in accordance with the respective purposes of the endowments, the policies and procedures of the University and Health Center, and State statutes, and in accordance with the Foundation's endowment spending policy.

Additional information regarding endowments is presented in the UConn Foundation financial report.

## j. Supplemental Nutrition Assistance Program (SNAP)

Nutrition assistance distributed to recipients during the year is recognized as an expenditure and a revenue in the governmental fund financial statements.

## k. External Investment Pool

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 3). Pool income is determined based on distributions made to the pool's participants.

## l. Upcoming Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement is effective for fiscal years beginning after June 15, 2018. The State is currently evaluating the impact this standard will have on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance concerning the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for fiscal years beginning after December 15, 2019. The State is currently evaluating the impact this standard will have on its financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for fiscal years beginning after December 15, 2019. The State is currently evaluating the impact this standard will have on its financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. The purpose of this Statement is to improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. Also, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. This Statement is effective for reporting periods beginning after June 15, 2018. The State is currently evaluating the impact this standard will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statements objective are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for reporting periods beginning after December 15, 2019. The State is currently evaluating the impact this standard will have on its financial statements.

## m. Use of Estimates

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

# Note 2
## Nonmajor Fund Deficits

The following funds have deficit fund/net position balances at June 30, 2018, none of which constitutes a violation of statutory provisions (amounts in thousands).

| | | |
|---|---|---|
| **Capital Projects** | | |
| Transportation | $ | 718 |
| **Special Revenue** | | |
| Consumer Counsel & Public Utility Control | $ | 266 |
| Insurance | $ | 1,782 |
| Regional Market | $ | 90 |
| **Enterprise** | | |
| Bradley Parking Garage | $ | 13,589 |

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 Consumer Counsel and Public Utility Control, Insurance and Regional Market funds deficit were because of additional expenditures this fiscal year and lower revenue collections. These deficits should be eliminated in the future.

The Bradley parking garage is designed to generate cash flows from operations that, after operating and maintenance expenses are sufficient to service debt and make State and developer payments as well as to provide a return to the State of minimum guarantee payments, both of which are reflected as expenses in the accompanying statement of operations and accumulated deficit.

# Note 3
## Cash Deposits and Investments

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

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

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

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

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

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

*Primary Government*

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

*Short-Term Investment Fund (STIF)*

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

For financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State's financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of

STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

For disclosure purposes, certificates of deposit held by STIF are reported in this note as bank deposits, not as investments.
As of June 30, 2018, 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 |
|---|---|---|
| Federal Agency Securities | $ 1,395,827 | $ 1,395,827 |
| Bank Commercial Paper | 1,618,964 | 1,618,964 |
| Repurchase Agreements | 650,000 | 650,000 |
| Total Investments | $ 3,664,791 | $ 3,664,791 |

### *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, 2018, the weighted average maturity of STIF was 35 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 30 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, 2018, the amount of STIF's investments in variable-rate securities was $1,680 million.

### *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, 2018, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

**Short-Term Investment Fund**

| | | Quality Ratings | | |
|---|---|---|---|---|
| Investment Type | Amortized Cost | AAAm | AA+/A-1+ | A/A-1 |
| Federal Agency Securities | $ 1,395,827 | $ - | $ 1,395,827 | $ - |
| Corporate & Bank Commercial Paper | 1,618,964 | - | 1,370,320 | 248,644 |
| Repurchase Agreements | 650,000 | - | 450,000 | 200,000 |
| Total Investments | $ 3,664,791 | $ - | $ 3,216,147 | $ 448,644 |

### *Concentration of Credit Risk*

STIF reduces its exposure to this risk by insuring that at least 75 percent of fund assets will be invested in securities rated "A-1+" or equivalent. In addition exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAm) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 10 percent. As of June 30, 2018, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

| Investment Issuer | Amortized Cost |
|---|---|
| Federal Home Loan Bank | $ 632,327 |
| Federal Farm Credit Bank | $ 649,101 |
| Commercial Paper & Corporate Securities | $ 1,618,964 |
| Merrill Lynch | $ 200,000 |
| RBC Capital Markets | $ 450,000 |

*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-“ and its issuer rating is at least “C”, or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2018, $3,130,127 of the bank balance of STIF’s deposits of $3,131,627 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Uninsured and uncollateralized | $ 2,488,402 |
| Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State | 641,725 |
| Total | $ 3,130,127 |

*Combined Investment Funds (CIFS)*
The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. CIFS’ investments are reported at fair value in each fund’s statement of net position.

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

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Fiduciary Funds |
| Equity in the CIFS | $ 115,546 | $ 640 | $ 34,275,872 |
| Other Investments | 1,130 | 65,404 | 1,497,585 |
| Total Investments-Current | $ 116,676 | $ 66,044 | $ 35,773,457 |

The CIFS measure and record their investments using fair value measurement guidelines. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The guidelines recognize a three tiered fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs.

As of June 30, 2018, the CIFS had the following investments (amounts in thousands):

| | Fair Value Measurements | | | |
|---|---|---|---|---|
| **Investments by Fair Value Level** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Cash Equivalents | $ 848,350 | $ 47 | $ 848,303 | $ - |
| Asset Backed Securities | 260,196 | - | 260,196 | - |
| Government Securities | 3,661,834 | 1,264,152 | 2,397,682 | - |
| Government Agency Securities | 645,396 | - | 645,396 | - |
| Mortgage Backed Securities | 333,200 | - | 333,200 | - |
| Corporate Debt | 4,284,257 | - | 4,158,574 | 125,683 |
| Convertible Securities | 31,232 | - | 31,232 | - |
| Common Stock | 15,183,973 | 15,183,229 | - | 744 |
| Preferred Stock | 47,299 | 28,738 | 18,561 | - |
| Real Estate Investment Trust | 327,950 | 266,670 | 61,280 | - |
| Mutual Fund | 1,529,260 | 1,529,260 | - | - |
| Limited Partnerships | 1,948 | 1,948 | - | - |
| Total | $ 27,154,895 | $ 18,274,044 | $ 8,754,424 | $ 126,427 |
| **Investments Measured by Net Asset Value (NAV)** | | **Unfunded Commitments** | **Redemption Frequency** | **Redemption Notice Period** |
| Limited Liability Corporation | 1,156 | $ - | Illiquid | N/A |
| Limited Partnerships | 7,212,625 | 2,346,469 | Illiquid | N/A |
| Total | 7,213,781 | $ 2,346,469 | | |
| Total Investments in Securities at Fair Value | $ 34,368,676 | | | |

*Interest Rate Risk*

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

Following is a schedule which provides information about the interest rate risks associated with the CIFS' investments. The investments include short-term cash equivalents including certificates of deposit and collateral, long-term investments and restricted assets by maturity in years (amounts in thousands):

| Combined Investment Funds | | | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in Years) | | | |
| **Investment Type** | **Fair Value** | **Less Than 1** | **1 - 5** | **6 - 10** | **More Than 10** |
| Cash Equivalents | $ 848,350 | $ 848,350 | $ - | $ - | $ - |
| Asset Backed Securities | 260,196 | (20) | 90,406 | 80,632 | 89,178 |
| Government Securities | 3,661,834 | 182,298 | 1,502,443 | 813,202 | 1,163,891 |
| Government Agency Securities | 645,396 | 34,992 | 43,568 | 29,318 | 537,518 |
| Mortgage Backed Securities | 333,200 | 3,546 | 56,110 | 30,389 | 243,155 |
| Corporate Debt | 4,284,257 | 1,366,686 | 1,540,615 | 1,015,630 | 361,326 |
| Convertible Debt | 31,232 | 559 | 7,393 | 10,342 | 12,938 |
| | $ 10,064,465 | $ 2,436,411 | $ 3,240,535 | $ 1,979,513 | $ 2,408,006 |

*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, 2018, 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 | $ 2,476,345 | $ - | $ 184,538 | $ 1,505,804 | $ 503,975 | $ 212,661 | $ 69,367 | $ - |
| Aa | 683,693 | 5,809 | 1,953 | 419,447 | - | 2,305 | 254,179 | - |
| A | 822,926 | 5,170 | 3,352 | 483,844 | - | 3,013 | 327,547 | - |
| Baa | 844,884 | - | 3,376 | 426,795 | - | 303 | 414,410 | - |
| Ba | 842,978 | - | 978 | 250,481 | - | - | 580,648 | 10,871 |
| B | 950,296 | - | - | 178,461 | - | - | 771,276 | 559 |
| Caa | 444,618 | - | - | 32,051 | - | 63 | 412,016 | 488 |
| Ca | 3,980 | - | - | - | - | - | 3,980 | - |
| C | 30,106 | - | - | 23,463 | - | - | 6,643 | - |
| Prime 1 | 698,276 | 98,893 | - | - | - | - | 599,383 | - |
| Prime 2 | 70,027 | - | - | - | - | - | 70,027 | - |
| Prime 3 | 20,681 | - | - | - | - | - | 20,681 | - |
| Government fixed not rated | 159,772 | - | - | 18,351 | 141,421 | - | - | - |
| Non Government fixed not rated | 323,137 | - | - | 323,137 | - | - | - | - |
| Not Rated | 1,692,746 | 738,478 | 65,999 | - | - | 114,855 | 754,100 | 19,314 |
| | $ 10,064,465 | $ 848,350 | $ 260,196 | $ 3,661,834 | $ 645,396 | $ 333,200 | $ 4,284,257 | $ 31,232 |

*Foreign Currency Risk*

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

As of June 30, 2018, CIFS' foreign deposits and investments were as follows (amounts in thousands):

| Combined Investment Funds | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Fixed Income Securities | | | | Equities | | |
| Foreign Currency | Total | Cash | Cash Equivalent Collateral | Government Securities | Corporate Debt | Asset Backed | Mortgage Backed | Common Stock | Preferred Stock | Real Estate Investment Trust Fund |
| Argentine Peso | $ 8,484 | $ 128 | $ - | $ 7,676 | $ 680 | $ - | $ - | $ - | $ - | $ - |
| Australian Dollar | 413,205 | 902 | - | 74,622 | 7,449 | - | - | 313,811 | - | 16,421 |
| Brazilian Real | 144,229 | 6 | - | 92,493 | - | 61 | - | 51,150 | 519 | - |
| Canadian Dollar | 146,323 | 2,395 | 10,979 | 27,528 | - | (24) | - | 104,690 | - | 755 |
| Chilean Peso | 17,905 | - | - | 13,085 | - | - | - | 4,820 | - | - |
| Colombian Peso | 63,859 | 909 | - | 61,342 | 1,510 | - | - | 98 | - | - |
| Czech Koruna | 11,588 | - | - | 11,588 | - | - | - | - | - | - |
| Danish Krone | 114,298 | 201 | - | 1,064 | - | - | - | 113,033 | - | - |
| Dominican Rep Peso | 4,452 | - | | 4,452 | - | | | - | | |
| Egyptian Pound | 23,882 | 17,405 | - | 4,591 | - | - | - | 1,886 | - | - |
| Euro Currency | 2,263,544 | 9,333 | - | 230,051 | 19,917 | (133) | - | 1,974,339 | 18,875 | 11,162 |
| Ghanaian Cedi | 1,427 | - | - | - | 1,427 | - | - | - | - | - |
| Hong Kong Dollar | 671,898 | (151) | - | - | - | - | - | 668,241 | - | 3,808 |
| Hungarian Forint | 63,076 | 811 | - | 24,459 | - | - | - | 37,806 | - | - |
| Iceland Krona | 2 | 2 | - | - | - | - | - | - | - | - |
| Indian Rupee | 5,949 | - | - | 270 | 5,679 | - | - | - | - | - |
| Indonesian Rupiah | 91,768 | 1,760 | - | 41,373 | 45,931 | - | - | 2,704 | - | - |
| Israeli Shekel | 42,265 | 17 | - | - | - | - | - | 42,248 | - | - |
| Japanese Yen | 1,370,815 | 5,610 | - | 50,966 | - | 120 | - | 1,307,199 | - | 6,920 |
| Kazakhstan Tenge | 6,026 | - | - | - | 6,026 | - | - | - | - | - |
| Georgian Lari | 1,848 | - | - | - | 1,848 | - | - | - | - | - |
| Malaysian Ringgit | 87,957 | 607 | - | 87,085 | - | 9 | - | 256 | - | - |
| Mexican Peso | 183,022 | 1,066 | - | 176,104 | 5,929 | (150) | - | 73 | - | - |
| New Zealand Dollar | 110,392 | 499 | - | 94,018 | 694 | (95) | - | 15,276 | - | - |
| Nigerian Naira | 8,842 | 3,109 | - | - | 5,562 | - | - | 171 | - | - |
| Norwegian Krone | 49,242 | 85 | - | - | 237 | - | - | 48,920 | - | - |
| Peruvian Nouveau Sol | 30,029 | 22 | - | 23,590 | 6,417 | - | - | - | - | - |
| Philippine Peso | 1,447 | - | - | 1,447 | - | - | - | - | - | - |
| Polish Zloty | 162,453 | 259 | - | 90,007 | - | 1 | - | 72,186 | - | - |
| Pound Sterling | 1,223,684 | 2,351 | 106 | 258,745 | 4,875 | (71) | 985 | 939,362 | - | 17,331 |
| Romanian Leu | 14,263 | - | - | 14,263 | - | - | - | - | - | - |
| Russian Ruble | 71,739 | 122 | - | 71,617 | - | - | - | - | - | - |
| Singapore Dollar | 131,883 | 80 | - | 25,129 | - | - | - | 103,890 | - | 2,784 |
| South African Rand | 184,298 | 530 | - | 85,516 | 2,985 | - | - | 95,267 | - | - |
| South Korean Won | 358,179 | 69 | - | - | - | - | - | 351,268 | 6,842 | - |
| Sri Lanka Rupee | 3,899 | - | - | - | 3,899 | - | - | - | - | - |
| Swedish Krona | 160,132 | 198 | - | 4,212 | - | - | - | 155,722 | - | - |
| Swiss Franc | 436,611 | 507 | - | - | - | - | - | 436,104 | - | - |
| Thailand Baht | 84,763 | 310 | - | 36,892 | - | - | - | 47,561 | - | - |
| Turkish Lira | 51,194 | - | - | 35,943 | - | - | - | 15,251 | - | - |
| Ukarine Hryvana | 8,827 | - | - | - | 8,827 | - | - | - | - | - |
| Uruguayan Peso | 3,493 | - | - | 3,493 | - | - | - | - | - | - |
| | $ 8,833,192 | $ 49,142 | $ 11,085 | $ 1,653,621 | $ 129,892 | $ (282) | $ 985 | $ 6,903,332 | $ 26,236 | $ 59,181 |

*Derivatives*

As of June 30, 2018, the CIFS held the following derivative investments (amounts in thousands):

| | 2018 Fair Value | 2017 Fair Value |
|---|---|---|
| Adjustable Rate Securities | $ 724,765 | $ 652,183 |
| Asset Backed Securities | 257,317 | 255,114 |
| Mortgage Backed Securities | 269,910 | 215,946 |
| Collateralized Mortgage Obligations | 63,289 | 64,633 |
| Forward Mortgage Backed Securities (TBA's) | 140,844 | 118,185 |
| Interest Only | 341 | 470 |
| Options | (179) | 775 |
| Total | $ 1,456,287 | $ 1,307,306 |

The Inflation Linked Bond Fund held futures with a notional cost of $6,800. Also, the Core Fixed Income held futures with a notional cost of $109,624. The High Yield Debt Fund held futures with a negative notional cost of ($3,212), the Developed Market International Stock held futures with a notional cost of $61,021. The Emerging Market Debt also held futures with a negative notional cost of ($29,221).

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, 2018, the fair value of contracts to buy and contracts to sell was $9.5 billion and $9.4 billion, respectively.

*Custodial Credit Risk-Bank Deposits*

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2018, the CIFS had deposits with a bank balance of $106.0 million which was uninsured and uncollateralized.

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

*Other Investments*

The University of Connecticut measures and records its investments using fair value measurement guidelines. These guidelines have a three tired fair value hierarchy, as follows: Level 1; Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs. As of June 30, 2018, UConn had the following recurring fair value measurements. (amounts in thousands):

| Fair Value Measurements | | | | |
|---|---|---|---|---|
| **Investments by Fair Value Level** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Cash Equivalents | $ 834 | $ 834 | $ - | $ - |
| Fixed Income Securities | 1,719 | 1,719 | - | - |
| Equity Securities | 10,929 | 10,176 | 753 | - |
| Total | $ 13,482 | $ 12,729 | $ 753 | $ - |
| **Investments Measured by Net Asset Value (NAV)** | | **Unfunded Commitments** | **Redemption Frequency** | **Redemption Notice Period** |
| Private Capital Partnerships | $ 1,164 | $ 219 | N/A | N/A |
| Private Real Estate Partnerships | 66 | 39 | N/A | N/A |
| Natural Resource Partnerships | 526 | 86 | N/A | N/A |
| Long/Short Equities | 1 | - | N/A | N/A |
| Relative Value | 878 | - | N/A | N/A |
| Other | 469 | - | N/A | N/A |
| Total | 3,104 | $ 344 | | |
| Total Investments in Securities at Fair Value | $ 16,586 | | | |

As of June 30, 2018, the State had other investments and maturities as follows (amounts in thousands):

| Other Investments | | | | |
|---|---|---|---|---|
| | | Investment Maturities (in years) | | |
| Investment Type | Fair Value | Less Than 1 | 1-5 | 6-10 |
| State Bonds | $ 54,397 | $ - | $ 4,160 | $ 50,237 |
| U.S. Government and Agency Securities | 341,872 | 83,827 | 4,847 | 253,198 |
| Guaranteed Investment Contracts | 62,798 | - | 43,882 | 18,916 |
| Money Market Funds | 13,734 | 13,734 | - | - |
| Total Debt Investments | 472,801 | $ 97,561 | $ 52,889 | $ 322,351 |
| Endowment Pool | 15,044 | | | |
| Corporate Stock | 1,073 | | | |
| Other Investments | 469 | | | |
| Total Investments | $ 489,387 | | | |

### *Credit Risk*

As of June 30, 2018, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

| Other Investments | | | | | |
|---|---|---|---|---|---|
| | Fair | Quality Ratings | | | |
| Investment Type | Value | AA | A | BBB | Unrated |
| State Bonds | $ 54,397 | $ 3,030 | $ 51,367 | $ - | $ - |
| U.S. Government and Agency Securities | 258,562 | 258,562 | - | - | - |
| Guaranteed Investment Contracts | 62,798 | 14,565 | 17,221 | 12,960 | 18,052 |
| Money Market Funds | 13,734 | - | - | - | 13,734 |
| Total | $ 389,491 | $ 276,157 | $ 68,588 | $ 12,960 | $ 31,786 |

Connecticut State Universities reported $84 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

### *Custodial Credit Risk-Bank Deposits* (amounts in thousands):

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2018, $165,522 of the bank balance of the Primary Government of $168,898 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Uninsured and uncollateralized | $ 88,879 |
| Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State | 76,643 |
| Total | $ 165,522 |

### *Component Units*

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2017 and June 30, 2018, respectively (amounts in thousands):

| Major Component Units | | | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in years) | | | |
| Investment Type | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Collateralized Mortgage Obligations | $ 474 | $ - | $ - | $ 474 | $ - |
| GNMA & FNMA Program Assets | 1,603,090 | - | - | 1,099 | 1,601,991 |
| Mortgage Backed Securities | 509 | - | - | 69 | 440 |
| Money Market | 9,045 | 9,045 | - | - | - |
| Municipal Bonds | 58,479 | 316 | 1,867 | 2,457 | 53,839 |
| STIF | 631,881 | 631,881 | - | - | - |
| Structured Securities | 279 | - | - | - | 279 |
| U.S. Government Agency Securities | 878 | - | - | - | 878 |
| Total Debt Investments | 2,304,635 | $ 641,242 | $ 1,867 | $ 4,099 | $ 1,657,427 |
| Annuity Contracts | 125,220 | | | | |
| Total Investments | $ 2,429,855 | | | | |

The CHFA and the CLC own 94.8 percent and 5.2 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

***Interest Rate Risk***
*CHFA*
Exposure to declines in fair value is substantially limited to GNMA Program Assets. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity. This policy also requires the Authority to attempt to match its investments with anticipated cash flows requirements and to seek diversification by staggering maturities in such a way that avoids undue concentration of assets in a specific maturity sector.

***Credit Risk***
*CHFA*
The Authority's investments are limited by State statutes to United States Government obligations, including its agencies or instrumentalities, investments guaranteed by the state, investments in the state's STIF, and other obligations which are legal investments for savings banks in the state. The Fidelity Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities are fully collateralized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association, and Collateralized Mortgage Obligations are fully collateralized by the United States Department of Housing and Urban Development mortgage pools.

CHFA's investments were rated as of December 31, 2017 as follows (amounts in thousands):

| Component Units | | | | | |
|---|---|---|---|---|---|
| | Fair | | Quality Ratings | | |
| **Investment Type** | **Value** | **AAA** | **CCC** | **D** | **Unrated** |
| Collateralized Mortgage Obligations | $ 474 | $ - | $ 474 | $ - | $ - |
| Municipal Bonds | 58,479 | - | - | - | 58,479 |
| Money Market | 9,045 | - | - | - | 9,045 |
| STIF | 631,881 | 631,881 | - | - | - |
| Structured Securities | 279 | - | - | 279 | - |
| Total | $ 700,158 | $ 631,881 | $ 474 | $ 279 | $ 67,524 |

***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, 2017, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

***Security Lending Transactions***
Certain of the CIFS are permitted by State statute to engage in security lending transactions to provide incremental returns to the funds. The CIFS' Agent is authorized to lend available securities to authorized broker-dealers and banks subject to a formal loan agreement.

During the year, the Agent lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The Agent did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102 percent of the market value of the domestic loaned securities or 105 percent of the market 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 $2,605.1 million and $2,556.6 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 21.06 days and an average weighted maturity of 47.26 days.

# Note 4
## Receivables-Current

As of June 30, 2018, current receivables consisted of the following (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Component Units |
| Taxes | $ 2,227,247 | $ - | $ - |
| Accounts | 1,162,781 | 453,576 | 77,125 |
| Loans-Current Portion | - | 226,861 | 11,734 |
| Other Governments | 968,599 | 6,943 | 7,075 |
| Interest | 3,287 | 2,030 | 1,344 |
| Other (1) | 381 | 1,952 | 540 |
| Total Receivables | 4,362,295 | 691,362 | 97,818 |
| Allowance for Uncollectibles | (921,419) | (90,003) | (6,021) |
| Receivables, Net | $ 3,440,876 | $ 601,359 | $ 91,797 |

(1) Includes a reconciling amount of $379 thousand from fund financial statements to government-wide financial statements.

# Note 5
## Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2018 (amounts in thousands):

| | Governmental Activities | | |
|---|---|---|---|
| | General Fund | Transportation Fund | Total |
| Sales and Use | $ 818,446 | $ - | $ 818,446 |
| Income Taxes | 662,502 | - | 662,502 |
| Corporations | 24,469 | - | 24,469 |
| Gasoline and Special Fuel | - | 190,705 | 190,705 |
| Various Other | 531,125 | - | 531,125 |
| Total Taxes Receivable | 2,036,542 | 190,705 | 2,227,247 |
| Allowance for Uncollectibles | (235,595) | (95) | (235,690) |
| Taxes Receivable, Net | $ 1,800,947 | $ 190,610 | $ 1,991,557 |

# Note 6
## Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2018, consisted of the following (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Component Units |
| Accounts | $ - | $ - | $ 39,671 |
| Loans | 1,047,102 | 1,113,123 | 91,581 |
| Total Receivables | 1,047,102 | 1,113,123 | 131,252 |
| Allowance for Uncollectibles | (22,438) | - | (13,688) |
| Receivables, Net | $ 1,024,664 | $ 1,113,123 | $ 117,564 |

The Grants and Loans fund (governmental activities) makes loans through the Department of Economic and Community Development to provide financial support to businesses, municipalities, nonprofits, economic develop agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten year period with rates ranging from 2 percent to 4 percent.

Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was $850.7 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.2 percent. At year end, the noncurrent portion of loans receivable was $104.4 million.

# Note 7
## Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2018, 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 | $ 901,920 | $ - | $ - | $ - | $ 901,920 |
| Total-Governmental Activities | $ 901,920 | $ - | $ - | $ - | $ 901,920 |
| **Business-Type Activities:** | | | | | |
| UConn/Health Center | $ 358,386 | $ - | $ - | $ - | $ 358,386 |
| Clean Water | 82,850 | 106,899 | - | - | 189,749 |
| Other Proprietary | 61,973 | 7,819 | - | - | 69,792 |
| Total-Business-Type Activities | $ 503,209 | $ 114,718 | $ - | $ - | $ 617,927 |
| **Component Units:** | | | | | |
| CHFA | $ 533 | $ 2,304,635 | $ 3,193,257 | $ 103,502 | $ 5,601,927 |
| CAA | - | 129,802 | - | 3,153 | 132,955 |
| Other Component Units | 56,845 | 296,569 | 332,017 | 4,910 | 690,341 |
| Total-Component Units | $ 57,378 | $ 2,731,006 | $ 3,525,274 | $ 111,565 | $ 6,425,223 |

# Note 8
## Current Liabilities

### Accounts Payable and Accrued Liabilities

As of June 30, 2018, 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 | $ 148,895 | $ 223,882 | $ - | $ - | $ 372,777 |
| Transportation | 14,771 | 14,274 | - | - | 29,045 |
| Restricted Accounts | 191,917 | 11,443 | - | - | 203,360 |
| Grants and Loans | 8,896 | 115 | - | 8,661 | 17,672 |
| Other Governmental | 88,119 | 6,483 | - | - | 94,602 |
| Internal Service | 618 | 882 | - | - | 1,500 |
| Reconciling amount from fund financial statements to government-wide financial statements | - | - | 239,523 | 689 | 240,212 |
| Total-Governmental Activities | $ 453,216 | $ 257,079 | $ 239,523 | $ 9,350 | $ 959,168 |
| **Business-Type Activities:** | | | | | |
| UConn/Health Center | $ 110,590 | $ 96,053 | $ - | $ 49,227 | $ 255,870 |
| Board of Regents | 21,159 | 92,225 | 2,251 | 1,980 | 117,615 |
| Other Proprietary | 8,371 | - | 12,430 | 1,960 | 22,761 |
| Total-Business-Type Activities | $ 140,120 | $ 188,278 | $ 14,681 | $ 53,167 | $ 396,246 |
| **Component Units:** | | | | | |
| CHFA | $ - | $ - | $ 16,105 | $ 6,966 | $ 23,071 |
| Connecticut Lottery Corporation | 8,167 | - | 1,325 | - | 9,492 |
| Connecticut Airport Authority | 7,407 | 5,332 | 1,074 | 6,900 | 20,713 |
| Other Component Units | 1,476 | - | 858 | 66,187 | 68,521 |
| Total-Component Units | $ 17,050 | $ 5,332 | $ 19,362 | $ 80,053 | $ 121,797 |

# Note 9

## Capital Assets

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

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | $ 1,788,392 | $ 45,138 | $ 273 | $ 1,833,257 |
| Construction in Progress | 4,988,440 | 1,187,319 | 1,122,491 | 5,053,268 |
| Total Capital Assets not being Depreciated | 6,776,832 | 1,232,457 | 1,122,764 | 6,886,525 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 4,620,423 | 23,541 | 10,577 | 4,633,387 |
| Improvements Other than Buildings | 472,649 | 2,847 | 2,229 | 473,267 |
| Equipment | 2,621,857 | 134,130 | 142,890 | 2,613,097 |
| Infrastructure | 15,597,928 | 1,009,680 | - | 16,607,608 |
| Total Other Capital Assets at Historical Cost | 23,312,857 | 1,170,198 | 155,696 | 24,327,359 |
| Less: Accumulated Depreciation For: | | | | |
| Buildings | 1,784,824 | 115,835 | 10,577 | 1,890,082 |
| Improvements Other than Buildings | 345,558 | 23,849 | 2,229 | 367,178 |
| Equipment | 2,572,935 | 138,074 | 142,890 | 2,568,119 |
| Infrastructure | 10,501,941 | 453,956 | - | 10,955,897 |
| Total Accumulated Depreciation | 15,205,258 | 731,714 | 155,696 | 15,781,276 |
| Other Capital Assets, Net | 8,107,599 | 438,484 | - | 8,546,083 |
| Governmental Activities, Capital Assets, Net | $ 14,884,431 | $ 1,670,941 | $ 1,122,764 | $ 15,432,608 |

* Depreciation expense was charged to functions as follows:

| | |
|---|---|
| **Governmental Activities:** | |
| Legislative | $ 4,930 |
| General Government | 21,275 |
| Regulation and Protection | 24,420 |
| Conservation and Development | 10,869 |
| Health and Hospitals | 9,784 |
| Transportation | 576,786 |
| Human Services | 959 |
| Education, Libraries and Museums | 30,396 |
| Corrections | 27,211 |
| Judicial | 16,807 |
| Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets | 8,277 |
| **Total Depreciation Expense** | $ 731,714 |

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | $ 68,625 | $ 18 | $ - | $ 68,643 |
| Construction in Progress | 877,344 | 243,818 | 397,622 | 723,540 |
| Total Capital Assets not being Depreciated | 945,969 | 243,836 | 397,622 | 792,183 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 5,596,311 | 486,213 | 9,397 | 6,073,127 |
| Improvements Other Than Buildings | 430,629 | 18,936 | - | 449,565 |
| Equipment | 1,057,388 | 152,921 | 104,990 | 1,105,319 |
| Total Other Capital Assets at Historical Cost | 7,084,328 | 658,070 | 114,387 | 7,628,011 |
| Less: Accumulated Depreciation For: | | | | |
| Buildings | 2,211,146 | 171,160 | 6,601 | 2,375,705 |
| Improvements Other Than Buildings | 233,564 | 14,990 | - | 248,554 |
| Equipment | 713,231 | 73,405 | 91,442 | 695,194 |
| Total Accumulated Depreciation | 3,157,941 | 259,555 | 98,043 | 3,319,453 |
| Other Capital Assets, Net | 3,926,387 | 398,515 | 16,344 | 4,308,558 |
| Business-Type Activities, Capital Assets, Net | $ 4,872,356 | $ 642,351 | $ 413,966 | $ 5,100,741 |

**Component Units**

Capital assets of the component units consisted of the following as of June 30, 2018 (amounts in thousands):

| | | |
|---|---|---|
| Land | $ | 59,409 |
| Buildings | | 705,677 |
| Improvements other than Buildings | | 324,894 |
| Machinery and Equipment | | 605,759 |
| Construction in Progress | | 39,724 |
| Total Capital Assets | | 1,735,463 |
| Accumulated Depreciation | | 959,297 |
| Capital Assets, Net | $ | 776,166 |

# Note 10

## State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) Tier IIA (contributory) and Tier III (contributory), 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. Beginning in fiscal year 2018, all new hires to SERS will be in a new Tier IV Hybrid Plan structure. The financial statements and other required information are presented in Note 12 and in the Required Supplementary Information (RSI) section of these financial statements.

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees' Retirement Commission administers SERS and JRS. The sixteen members are: the State Treasurer or a designee who serves as a non-voting ex-officio member, six trustees representing employees are appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements, one "neutral" Chairman, two actuarial trustees and six management trustees appointed by the Governor. The Teachers' Retirement Board administers TRS. The fourteen members of the Teachers' Retirement Board include: the State Treasurer, the Secretary of the Office of Policy and Management, the Commissioner of Education, or their designees, who serve as ex-officio voting members. Six members are elected by teacher membership and five public members are appointed by the Governor.

***Special Funding Situation***

The employer contributions for the Teachers' Retirement System (TRS) are funded by the State on behalf of the participating municipal employers. Therefore, these employers are considered to be 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 as a result 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 6/30/2018 | TRS 6/30/2018 | JRS 6/30/2018 |
|---|---|---|---|
| Inactive Members or their Beneficiaries receiving benefits | 50,441 | 37,446 | 284 |
| Inactive Members Entitled to but not yet Receiving Benefits | 1,281 | 2,194 | 3 |
| Active Members | 49,153 | 50,594 | 209 |

***State Employees' Retirement System***

***Plan Description***

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living 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 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA/III plan. Employees in the new Tier IV Hybrid Plan will be required to contribute 3 percent more than Tier II employees into the defined benefit plan. 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 6 percent of their annual salary. Administrative costs of the plan are funded by the State.

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

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

***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, 2017.

| | SERS | | TRB | | JRS | |
|---|---|---|---|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Large Cap U.S. Equities | 21.0% | 5.8% | 21.0% | 5.8% | 21.0% | 5.8% |
| Developed Non-U.S. Equities | 18.0% | 6.6% | 18.0% | 6.6% | 18.0% | 6.6% |
| Emerging Markets (Non-U.S.) | 9.0% | 8.3% | 9.0% | 8.3% | 9.0% | 8.3% |
| Real Estate | 7.0% | 5.1% | 7.0% | 5.1% | 7.0% | 5.1% |
| Private Equity | 11.0% | 7.6% | 11.0% | 7.6% | 11.0% | 7.6% |
| Alternative Investment | 8.0% | 4.1% | 8.0% | 4.1% | 8.0% | 4.1% |
| Fixed Income (Core) | 8.0% | 1.3% | 7.0% | 1.3% | 8.0% | 1.3% |
| High Yield Bonds | 5.0% | 3.9% | 5.0% | 3.9% | 5.0% | 3.9% |
| Emerging Market Bond | 4.0% | 3.7% | 5.0% | 3.7% | 4.0% | 3.7% |
| Inflation Linked Bonds | 5.0% | 1.0% | 3.0% | 1.0% | 5.0% | 1.0% |
| Cash | 4.0% | 0.4% | 6.0% | 0.4% | 4.0% | 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 7.30 percent, 7.04 percent, and 6.14 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 actually invested.

### *Net Pension Liability*

The components of the net pension liability as of the measurement June 30, 2017 were as follows (amounts in millions):

| | SERS | TRS | JRS |
|---|---|---|---|
| Total Pension Liability | $ 33,053 | $ 30,637 | $ 448 |
| Fiduciary Net Position | 11,982 | 17,134 | 210 |
| Net Pension Liability | $ 21,071 | $ 13,503 | $ 238 |
| Ratio of Fiduciary Net Position to Total Pension Liability | 36.25% | 55.93% | 46.91% |

### *Deferred Retirement Option Program (DROP)*

Section 10-183v of the General Statute authorizes that a TRS member teacher receiving retirement benefits from the system may be reemployed for up to one full school year by a local board of education, the State Board of Education or by a constituent unit of the state system of higher education in a position (1) designated by the Commissioner of Education as a subject shortage area, or (2) at a school located in a school district identified as a priority school district. Such reemployment may be extended for an additional school year, by written request for approval to the Teachers' Retirement Board.

As of June 30, 2018 the balance held for the DROP was not available from the Teachers' Retirement Board.

### *Discount Rate*

The discount rate used to measure the total pension liability was 6.9, 8.0, 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 at actuarially determined rates in future years. 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, 8.0 and 6.9 percent for SERS, TRS, and JRS, as well as what the State's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in millions):

| | 1% Decrease in Rate | Current Discount Rate | 1% Increase in Rate |
|---|---|---|---|
| SERS Net Pension Liability | $ 24,368 | $ 21,071 | $ 16,963 |
| TRS Net Pension Liability | $ 16,901 | $ 13,502 | $ 10,629 |
| JRS Net Pension Liability | $ 269 | $ 238 | $ 183 |

### *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, 2018 (amounts in thousands):

| | SERS | TRS | JRS | Total |
|---|---|---|---|---|
| Primary Government | $ 1,425,153 | $ 1,271,033 | $ 25,458 | $ 2,721,644 |
| Component Units | 17,900 | - | - | 17,900 |
| Total Employer Contributions | $ 1,443,053 | $ 1,271,033 | $ 25,458 | $ 2,739,544 |

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

As of the measurement date June 30, 2017, 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 | $ 20,826,368 | $ 244,547 |
| Net Pension Liability | | |
| Teachers' Retirement System | 13,502,320 | - |
| Judicial Retirement System | 237,800 | - |
| Total Net Pension Liability | $ 34,566,488 | $ 244,547 |

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, 2017 as follows:

| | Primary Government | Component Units |
|---|---|---|
| State Employees' Retirement System | | |
| Proportion-June 30, 2016 | 98.84% | 1.16% |

For the measurement June 30, 2017, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

| | Primary Government | Component Units |
|---|---|---|
| Pension Expense | | |
| State Employees' Retirement System | $ 1,397,929 | $ 13,113 |
| Teachers' Retirement System | 1,561,824 | - |
| Judicial Retirement System | 38,814 | - |
| | $ 2,998,567 | $ 13,113 |

### *Deferred Outflows and Inflows of Resources*

As of the reporting date June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions 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' Retirement System** | | | | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | $ - | $ 39,767 | $ - | $ 467 |
| Difference Between Expected and Actual Experience | 497,200 | - | 5,838 | - |
| Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions | - | - | 12,010 | 23,418 |
| Change in Assumptions | 3,191,098 | - | 37,471 | - |
| Employer Contributions Subsequent to Measurement Date | 1,425,153 | - | 17,900 | - |
| Total | $ 5,113,451 | $ 39,767 | $ 73,219 | $ 23,885 |
| **Teachers' Retirement System** | | | | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | $ - | $ 265,437 | | |
| Difference Between Expected and Actual Experience | 183,836 | - | | |
| Change in Assumptions | 1,563,208 | - | | |
| Employer Contributions Subsequent to Measurement Date | 1,271,033 | - | | |
| Total | $ 3,018,077 | $ 265,437 | | |
| **Judicial Retirement System** | | | | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | $ 12,252 | $ 11,169 | | |
| Difference Between Expected and Actual Experience | - | 4,724 | | |
| Change in Assumptions | 32,542 | | | |
| Employer Contributions Subsequent to Measurement Date | 25,458 | - | | |
| Total | $ 70,252 | $ 15,893 | | |

The amount reported as deferred outflows of resources related to pensions resulting from the 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 amount reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands):

**State Employees' Retirement System**

| Year Ending June 30 | Primary Government | Component Units |
|---|---|---|
| 2019 | $ 971,619 | $ 8,107 |
| 2020 | 1,112,945 | 9,767 |
| 2021 | 1,006,326 | 8,497 |
| 2022 | 569,633 | 4,479 |
| 2023 | - | 584 |
| | $ 3,660,523 | $ 31,434 |

**Teachers' Retirement System**

| Year Ending June 30 | Primary Government |
|---|---|
| 2019 | $ 313,672 |
| 2020 | 527,839 |
| 2021 | 347,489 |
| 2022 | 74,064 |
| 2023-2024 | 218,543 |
| | $ 1,481,607 |

**Judges' Retirement System**

| Year Ending June 30 | Primary Government |
|---|---|
| 2019 | $ 14,193 |
| 2020 | 16,162 |
| 2021 | 846 |
| 2022 | (2,300) |
| 2023 | - |
| | $ 28,901 |

### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | SERS | TRS | JRS |
|---|---|---|---|
| Valuation Date | 6/30/2018 | 6/30/2018 | 6/30/2018 |
| Inflation | 3.50% | 2.75% | 2.3% - 4.75% |
| Salary Increases | 3.5%-19.5% | 3.25%-6.50% | 4.50% |
| Investment Rate of Return | 6.90% | 8.0% | 6.90% |

The actuarial assumptions used in the June 30, 2018 SERS and JRS reported mortality rates based on the RP-2014 Mortality Table projected to 2020 by scale BB at 100 percent for males and 95 percent for females for periods after service retirement and dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females is used for periods after disability.

The actuarial assumptions used in the June 30, 2018 TRS actuarial report were based on RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

*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, 2017 (amounts in thousands):

| Total Pension Liability | SERS | TRS | JRS |
|---|---|---|---|
| Service Cost | $ 480,350 | $ 450,563 | $ 10,159 |
| Interest | 2,255,533 | 2,308,693 | 29,062 |
| Benefit Changes | (1,444,220) | - | - |
| Difference between expected and actual experience | - | - | - |
| Changes of assumptions | - | - | - |
| Benefit payments | (1,847,715) | (1,962,533) | (24,899) |
| Refunds of Contributions | (7,972) | - | - |
| **Net change in total pension liability** | (564,024) | 796,723 | 14,322 |
| **Total pension liability - beginning (a)** | 33,616,716 | 29,839,923 | 433,603 |
| **Total pension liability - ending (c)** | **$ 33,052,692** | **$ 30,636,646** | **$ 447,925** |
| | | | |
| **Plan fiduciary net position** | | | |
| Contributions - employer | $ 1,542,298 | $ 1,012,162 | $ 19,164 |
| Contributions - member | 132,557 | 288,251 | 1,689 |
| Net investment income | 1,509,862 | 2,199,895 | 24,452 |
| Benefit payments | (1,847,715) | (1,962,533) | (24,899) |
| Other | (9,017) | 1,679 | (39) |
| **Net change in plan fiduciary net position** | 1,327,985 | 1,539,454 | 20,367 |
| **Plan net position - beginning (b)** | 10,653,792 | 15,594,872 | 189,758 |
| **Plan net position - ending (d)** | **$ 11,981,777** | **$ 17,134,326** | **$ 210,125** |
| **Net pension liability - beginning (a)-(b)** | **$ 22,962,924** | **$ 14,245,051** | **$ 243,845** |
| **Net pension liability - ending (c)-(d)** | **$ 21,070,915** | **$ 13,502,320** | **$ 237,800** |

### *d. Defined Contribution Plan*

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees' Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed $33.7 million and $49.1 million, respectively.

# Note 11
# Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (MERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for MERS and CPJERS are presented in Note No. 12.

### *a. Plan Descriptions and Funding Policy*

Membership of each plan consisted of the following to date of the latest actuarial information:

| | MERS | CPJERS |
|---|---|---|
| Retirees and beneficiaries receiving benefits | 7,448 | 372 |
| Terminated plan members entitled to but not receiving benefits | 1,165 | 132 |
| Active plan members | 10,096 | 365 |
| Total | 18,709 | 869 |
| Number of participating employers | 191 | 1 |

### *Connecticut Municipal Employees' Retirement System*

#### *Plan Description*

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

#### *Funding Policy*

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

#### *b. Investment Policy*

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

| | MERS | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| Large Cap U.S. Equities | 16.0% | 5.8% |
| Developed Non-U.S. Equities | 14.0% | 6.6% |
| Emerging Markets (Non-U.S.) | 7.0% | 8.3% |
| Real Estate | 7.0% | 5.1% |
| Private Equity | 10.0% | 7.6% |
| Alternative Investment | 8.0% | 4.1% |
| Fixed Income (Core) | 8.0% | 1.3% |
| High Yield Bonds | 14.0% | 3.9% |
| Emerging Market Bond | 8.0% | 3.7% |
| Inflation Linked Bonds | 5.0% | 1.0% |
| Cash | 3.0% | 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.

#### *c. GASB Statement 68 Employer Reporting*

#### *Net Pension Liability of Participating Employers*

The components of the net pension liability for MERS at June 30, 2017 were as follows (amounts in millions):

| | MERS |
|---|---|
| Total Pension Liability | $ 2,982 |
| Fiduciary Net Position | 2,734 |
| Net Pension Liability | $ 248 |
| Ratio of Fiduciary Net Position to Total Pension Liability | 91.68% |

#### *Discount Rate*

The discount rate used to measure the total pension liability was 8 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 rates equal to the difference between actuarially determined contribution rates and the member rate. 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 period 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 8 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 millions):

| | 1% Decrease in Rate | Current Discount Rate | 1% Increase in Rate |
|---|---|---|---|
| Net Pension Liability | $ 612 | $ 248 | $ (58) |

### *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 | $ 29,743 | $ - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 36,564 | - |
| Employer Contributions Subsequent to Measurement Date | 198,494 | - |
| | $ 264,801 | $ - |

Amounts recognized in subsequent fiscal years:

| Year Ending June 30 | MERS |
|---|---|
| 2019 | $ 23,232 |
| 2020 | 44,669 |
| 2021 | 19,935 |
| 2022 | (21,529) |

### *Collective Pension Expense*

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the period ended June 30, 2017 is as follows (amounts in thousands):

| | |
|---|---|
| Service Cost | $ 76,056 |
| Interest on the total pension liability | 221,010 |
| Expensed portion of current-period difference between expected and actual experience in the total pension liability | - |
| Member Contributions | (27,377) |
| Projected earnings on plan investments | (176,182) |
| Expensed portion of current period differences between projected and actual earnings on plan investments | (21,529) |
| Other | (524) |
| Recognition of beginning deferred outflows of resources as pension expense | 44,762 |
| Collective Pension Expense | $ 116,216 |

*Actuarial Assumptions*
The total pension liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement date:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increase | 3.5-10.0%, including inflation |
| Investment rate of return | 7.00%, net of investment related expenses |

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

### *d. Connecticut Probate Judges and Employees' Retirement System*

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

Pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual court so that each court's share of the pooled assets is legally available to pay the benefits of only its employees. The plan is administered by the State Employee's Retirement Commission.

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

*Pension Liability*
Information concerning the CPJERS total pension liability and significant assumptions used to measure the plans total pension liability, such as inflation, salary changes, discount rates and mortality are available by contacting the State Comptroller's Retirement Division.

# Note 12

## Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2018 the Fiduciary Fund financial statements were as follows (amounts in thousands):

| | Statement of Fiduciary Net Position (thousands) | | | | | | |
|---|---|---|---|---|---|---|---|
| | State Employees' | State Teachers' | Judicial | Connecticut Municipal Employees' | Probate Judges' | Other | Total |
| **Assets** | | | | | | | |
| Current: | | | | | | | |
| Cash and Cash Equivalents | $ 8,348 | $ 6,397 | $ 50 | $ 1,760 | $ 11 | $ 375 | $ 16,941 |
| Receivables: | | | | | | | |
| Accounts, Net of Allowances | 11,402 | 12,108 | 8 | 17,703 | 4 | - | 41,225 |
| From Other Governments | - | 885 | - | - | - | - | 885 |
| From Other Funds | 538 | 25 | - | 36 | - | 2 | 601 |
| Interest | 334 | 1,008 | 3 | 24 | 2 | - | 1,371 |
| Investments | 12,506,984 | 17,936,760 | 222,747 | 2,627,389 | 99,881 | 1,932 | 33,395,693 |
| Securities Lending Collateral | 953,550 | 1,302,278 | 21,076 | 247,526 | 9,654 | 181 | 2,534,265 |
| Noncurrent: | | | | | | | |
| Due From Employers | - | - | - | 19,113 | - | - | 19,113 |
| Total Assets | $ 13,481,156 | $ 19,259,461 | $ 243,884 | $ 2,913,551 | $ 109,552 | $ 2,490 | $ 36,010,094 |
| **Liabilities** | | | | | | | |
| Accounts Payable and Accrued Liabilities | $ 64 | $ 8,510 | $ - | $ - | $ 14 | $ - | $ 8,588 |
| Securities Lending Obligation | 953,550 | 1,302,278 | 21,076 | 247,526 | 9,654 | 181 | 2,534,265 |
| Due to Other Funds | - | 1,834 | - | - | - | - | 1,834 |
| Total Liabilities | $ 953,614 | $ 1,312,622 | $ 21,076 | $ 247,526 | $ 9,668 | $ 181 | $ 2,544,687 |
| **Net Position** | | | | | | | |
| Held in Trust For Employee | | | | | | | |
| Pension Benefits | $ 12,527,542 | $ 17,946,839 | $ 222,808 | $ 2,666,025 | $ 99,884 | $ 2,309 | $ 33,465,407 |
| Total Net Assets | $ 12,527,542 | $ 17,946,839 | $ 222,808 | $ 2,666,025 | $ 99,884 | $ 2,309 | $ 33,465,407 |

| | Statement of Changes in Fiduciary Net Position (thousands) | | | | | | |
|---|---|---|---|---|---|---|---|
| | State Employees' | State Teachers' | Judicial | Connecticut Municipal Employees' | Probate Judges' | Other | Total |
| **Additions** | | | | | | | |
| Contributions: | | | | | | | |
| Plan Members | $ 193,942 | $ 312,150 | $ 1,663 | $ 24,995 | $ 233 | $ 44 | $ 533,027 |
| State | 1,443,053 | 1,271,033 | 25,458 | - | - | - | 2,739,544 |
| Municipalities | - | 1,244 | - | 198,484 | - | - | 199,728 |
| Total Contributions | 1,636,995 | 1,584,427 | 27,121 | 223,479 | 233 | 44 | 3,472,299 |
| Investment Income | 926,057 | 1,295,010 | 13,932 | 158,307 | 6,130 | 115 | 2,399,551 |
| Less: Investment Expenses | (50,113) | (70,079) | (754) | (8,567) | (332) | (6) | (129,851) |
| Net Investment Income | 875,944 | 1,224,931 | 13,178 | 149,740 | 5,798 | 109 | 2,269,700 |
| Other | - | - | - | 50 | 4,220 | 5 | 4,275 |
| Total Additions | 2,512,939 | 2,809,358 | 40,299 | 373,269 | 10,251 | 158 | 5,746,274 |
| **Deductions** | | | | | | | |
| Administrative Expense | 391 | - | - | - | - | - | 391 |
| Benefit Payments and Refunds | 1,963,644 | 1,994,092 | 27,580 | 167,153 | 5,438 | - | 4,157,907 |
| Other | 3,139 | 2,753 | 36 | 273,875 | - | - | 279,803 |
| Total Deductions | 1,967,174 | 1,996,845 | 27,616 | 441,028 | 5,438 | - | 4,438,101 |
| Changes in Net Assets | 545,765 | 812,513 | 12,683 | (67,759) | 4,813 | 158 | 1,308,173 |
| **Net Position Held in Trust For Employee Pension Benefits:** | | | | | | | |
| Beginning of Year (as restated) | 11,981,777 | 17,134,326 | 210,125 | 2,733,784 | 95,071 | 2,151 | 32,157,234 |
| End of Year | $ 12,527,542 | $ 17,946,839 | $ 222,808 | $ 2,666,025 | $ 99,884 | $ 2,309 | $ 33,465,407 |

# 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). This year the State adapted the Governmental Accounting Standards Board Statement No. 75 – *Accounting* and *Financial Reporting for Postemployment Benefit Plans Other than Pensions.*

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 No. 14.

### *a. Plan Descriptions and Funding Policy*
Membership of each plan consisted of the following to date of the latest actuarial information:

| | SEOPEBP | RTHP |
|---|---|---|
| Inactive Members or their Beneficiaries receiving benefits | 74,579 | 40,633 |
| Inactive Members Entitled to but not yet Receiving Benefits | 256 | 10,684 |
| Active Members | 49,538 | 50,594 |

### *State Employee OPEB Plan*
#### *Plan Description*
SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

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

### *Retired Teacher Healthcare Plan*
#### *Plan Description*
RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183t of the General Statutes.

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

### *b. Investments*
The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable

level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2017, the measurement date.

| | SEOPEBP | | RTHP | |
|---|---|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Expected 10 year Geometric Real Rate of Return |
| Large Cap U.S. Equities | 21.0% | 5.8% | 0.00% | 4.39% |
| Small/Mid U.S. Equities | 0.0% | 0.0% | 0.00% | 4.74% |
| Non U.S. Equities - Developed | 18.0% | 6.6% | 0.00% | 4.86% |
| Non U.S. - Emerging Markets | 9.0% | 8.3% | 0.00% | 6.19% |
| Real Estate | 7.0% | 5.1% | 0.00% | 4.11% |
| Hedge Funds | 0.0% | 0.0% | 0.00% | 3.18% |
| Commodities | 0.0% | 0.0% | 0.00% | 1.78% |
| Infrastructure | 0.0% | 0.0% | 0.00% | 4.34% |
| Private Equity | 11.0% | 7.6% | 0.00% | 6.91% |
| Alternative Investment | 8.0% | 4.1% | 0.00% | 0.00% |
| Fixed Income (Core) | 8.0% | 1.3% | 0.00% | 1.22% |
| Long Duration Bonds | 0.0% | 0.0% | 0.00% | 1.62% |
| High Yield Bonds | 5.0% | 3.9% | 0.00% | 3.66% |
| Non U.S. Debt - Developed | 0.0% | 0.0% | 0.00% | 0.26% |
| Non U.S. Debt - Emerging | 4.0% | 3.7% | 0.00% | 3.53% |
| TIPS (Inflation Protected) | 0.0% | 0.0% | 0.00% | 0.63% |
| Inflation Linked Bonds | 5.0% | 1.0% | 0.00% | 0.00% |
| U. S. Treasuries (Cash Equivalents) | 4.0% | 0.4% | 100.00% | -0.02% |

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, 2017, the measurement date, were as follows (amounts in thousands):

| | SEOPEBP | RTHP |
|---|---|---|
| Total OPEB Liability | $ 17,904,922 | $ 3,538,772 |
| Fiduciary Net Position | 542,342 | 63,428 |
| Net OPEB Liability | $ 17,362,580 | $ 3,475,344 |
| Ratio of Fiduciary Net Position to Total OPEB Liability | 3.03% | 1.79% |

### *Actuarial Assumptions*

The total OPEB liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement:

| | SEOPEBP | RTHP |
|---|---|---|
| Payroll growth rate | 3.50% | 2.75% |
| Salary increase | 3.25% to 19.5% varying by years of service & retirement system | 3.25%-6.5% |
| Discount Rate | 3.68% | |
| Investment rate of return | | 3.00%, net of OPEB plan investment expense including price inflation |
| Healthcare cost trend rates | 8% for drug cost graded to 4.5% over 7 years<br>6% for medical graded to 4.5% over 4 years<br>4.5% for dental<br>3.0% for adminstrative expense | 5.95% decreasing to 4.75% by year 2022 |

Mortality rates for the State Employees OPEB Plan were based on the RP-2014 White Collar Mortality Table projected by Scale BB at 100% for males and 95% for females.

Mortality rates for the State Teachers Retirement System were based on Headcount-Weighted RP-2014 White Collar Morality Table with employee and annuitant rates blended from ages 50 to 80 projected to year 2020 under Scale BB and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. State Employees OPEB disabled participants mortality rates were based on the RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females. State Teachers Retirement System disabled participants mortality rates were based on Headcount-Weighted RP-2014 Disabled Retiree Mortality Table projected to 2017 with Scale BB.

***Discount Rate***

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 3.68 and 3.56 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 Discount Rate 2.68% | Current Discount Rate 3.68% | 1% Increase in Discount Rate 4.68% |
| SEOPEBP: | | | |
| Primary Government Net OPEB Liability | $ 19,866,141 | $ 17,115,654 | $ 14,887,173 |
| Component Units Net OPEB Liability | 286,607 | 246,926 | 214,776 |

| | RTHP | | |
|---|---|---|---|
| | 1% Decrease in Discount Rate 2.56% | Current Discount Rate 3.56% | 1% Increase in Discount Rate 4.56% |
| RTHP Net OPEB Liability | $ 4,188,346 | $ 3,475,344 | $ 2,914,719 |

***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 Trend Rates | Current Discount Rate (3.68%) | 1% Increase in Trend Rates |
| SEOPEBP: | | | |
| Primary Government Net OPEB Liablity | $ 14,708,789 | $ 17,115,654 | $ 20,164,835 |
| Component Untis Net OPEB Liability | 212,202 | 246,926 | 290,916 |

| | RTHP | | |
|---|---|---|---|
| | 1% Decrease | Current | 1% Increase |
| RTHP Net OPEB Liability | $ 2,861,462 | $ 3,475,344 | $ 4,301,861 |

***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, 2018 (amounts in thousands):

| | SEOPEBP | RTHP | Total |
|---|---|---|---|
| Primary Government | $ 792,401 | $ 19,199 | $ 811,600 |
| Component Units | 9,492 | - | 9,492 |
| Total Employer Contributions | $ 801,893 | $ 19,199 | $ 821,092 |

***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, 2017, 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 | $ 17,115,654 | $ 246,926 |
| Net OPEB Liability | | |
| Retired Teachers' Health Plan | 3,475,344 | - |
| Total Net OPEB Liability | $ 20,590,998 | $ 246,926 |

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, 2017 as follows (amounts in thousands):

| | Primary Government | Component Units |
|---|---|---|
| State Employees' OPEB Plan | | |
| Proportion-June 30, 2017 | 98.58% | 1.42% |

For the measurement date June 30, 2017, the primary government and component units' recognized OPEB expense for the following OPEB plan administered by the State as follows (amounts in thousands):

| | Primary Government | Component Units |
|---|---|---|
| OPEB Expense | | |
| State Employees' OPEB Plan | $ 1,206,289 | $ 17,460 |
| Retired Teachers' Health Plan | 161,065 | - |
| | $ 1,367,354 | $ 17,460 |

***Deferred Outflows and Inflows of Resources***

As of the reporting date June 30, 2018, 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 | $ - | $ 19,375 | $ - | $ 279 |
| Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions | - | 250 | 3,280 | 3,030 |
| Change in Assumptions | - | 410,617 | - | 5,924 |
| Employer Contributions Subsequent to Measurement Date | 792,401 | - | 9,492 | - |
| Total | $ 792,401 | $ 430,242 | $ 12,772 | $ 9,233 |
| **Retired Teachers' Health Plan** | | | | |
| Difference Between Expected and Actual Experience | $ 1,210 | $ - | | |
| Change in Assumptions | - | 324,172 | | |
| Employer Contributions Subsequent to Measurement Date | 19,199 | - | | |
| Total | $ 20,409 | $ 324,172 | | |

The amount reported as deferred outflows of resources related to OPEB resulting from the State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability reported in the following fiscal year. The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (amounts in thousands):

**State Employees' OPEB Plan**

| Year Ending June 30 | Primary Government | Component Units |
|---|---|---|
| 2019 | $ (97,799) | $ (1,354) |
| 2020 | (97,799) | (1,354) |
| 2021 | (97,799) | (1,353) |
| 2022 | (97,802) | (1,353) |
| 2023 | (39,043) | (539) |
| | $ (430,242) | $ (5,953) |

**Retired Teachers' Health Plan**

| Year Ending June 30 | Primary Government |
|---|---|
| 2018 | $ (46,075) |
| 2019 | (46,075) |
| 2020 | (46,074) |
| 2021 | (46,074) |
| 2022 | (46,377) |
| Thereafter | (92,287) |
| | $ (322,962) |

### *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, 2017 (amounts in thousands):

| **Total OPEB Liability** | **SEOPEBP** | **RTHP** |
|---|---|---|
| Service Cost | $ 960,992 | $ 148,220 |
| Interest | 511,133 | 111,129 |
| Benefit Changes | - | - |
| Difference between expected and actual experience | - | - |
| Changes of assumptions | (510,781) | (370,549) |
| Benefit payments | (639,467) | (84,071) |
| **Net change in total OPEB liability** | 321,877 | (195,271) |
| **Total OPEB liability - beginning** | 17,583,045 | 3,734,043 |
| **Total OPEB liability - ending (a)** | **$ 17,904,922** | **$ 3,538,772** |
| | | |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ 667,401 | $ 19,922 |
| Contributions - member | 120,783 | 50,436 |
| Net investment income | 53,194 | 369 |
| Benefit payments | (639,467) | (84,071) |
| Administrative expense | - | (150) |
| Other | (187) | 42 |
| **Net change in plan fiduciary net position** | 201,724 | (13,452) |
| **Plan fiduciary net position - beginning** | 340,618 | 76,880 |
| **Plan fiduciary net position - ending (b)** | **$ 542,342** | **$ 63,428** |
| **Net OPEB liability - ending (a)-(b)** | **$ 17,362,580** | **$ 3,475,344** |

The SEOPEBP Net OPEB Liability (NOL) as of June 30, 2017 reported for GASB 75 purposes in the table above differs from that reported as of June 30, 2017 last year for GASB 74 purposes. The GASB 74 NOL of $17,385,688 million was based on a valuation as of June 30, 2015, as the 2017 valuation had not been completed at that time. Under GASB 75, the June 30, 2015 valuation would not be acceptable for June 30, 2018 reporting, because the 36 months between the valuation date and the measurement date exceeds the maximum allowed under the standard.

### *d. Other OPEB Plan*

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 14.

### *Plan Description*

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of June 30, 2018 there were 8 municipalities participating in the plan with a total membership of 634 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

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

# Note 14
## OPEB Trust Funds Financial Statements

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

| | Statement of Fiduciary Net Position (thousands) | | | |
|---|---|---|---|---|
| | State Employees' OPEB Plan | Retired Teachers' Healthcare Plan | Policemen, Firemen, and Survivors' Benefits | Total |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 36,596 | $ 34,927 | $ 16 | $ 71,539 |
| Receivables: | | | | |
| Accounts, Net of Allowances | - | - | - | - |
| From Other Funds | 124 | 1,798 | - | 1,922 |
| Interest | - | - | 1 | 1 |
| Investments | 845,559 | - | 34,620 | 880,179 |
| Securities Lending Collateral | 60,645 | - | 3,008 | 63,653 |
| Total Assets | $ 942,924 | $ 36,725 | $ 37,645 | $ 1,017,294 |
| **Liabilities** | | | | |
| Accounts Payable and Accrued Liabilities | $ 32,390 | $ 13,089 | $ - | $ 45,479 |
| Securities Lending Obligation | 60,645 | - | 3,008 | 63,653 |
| Due To Other Funds | - | - | - | - |
| Total Liabilities | $ 93,035 | $ 13,089 | $ 3,008 | $ 109,132 |
| **Net Position** | | | | |
| Held in Trust For Employee | | | | |
| Pension and Other Benefits | $ 849,889 | $ 23,636 | $ 34,637 | $ 908,162 |
| **Total Net Assets** | $ 849,889 | $ 23,636 | $ 34,637 | $ 908,162 |

| | Statement of Changes in Fiduciary Net Position (thousands) | | | |
|---|---|---|---|---|
| | State Employees' OPEB Plan | Retired Teachers' Healthcare Plan | Policemen, Firemen, and Survivors' Benefit | Total |
| **Additions** | | | | |
| Contributions: | | | | |
| Plan Members | $ 116,814 | $ 94,107 | $ 577 | $ 211,498 |
| State | 801,893 | 19,199 | - | 821,092 |
| Municipalities | - | - | 633 | 633 |
| Total Contributions | 918,707 | 113,306 | 1,210 | 1,033,223 |
| Investment Income | 39,118 | 669 | 2,286 | 42,073 |
| Less: Investment Expenses | (2,117) | - | (124) | (2,241) |
| Net Investment Income | 37,001 | 669 | 2,162 | 39,832 |
| Other | 186 | - | - | 186 |
| Total Additions | 955,894 | 113,975 | 3,372 | 1,073,241 |
| **Deductions** | | | | |
| Administrative Expense | - | 7,654 | - | 7,654 |
| Benefit Payments and Refunds | 648,347 | 146,061 | 1,188 | 795,596 |
| Other | - | 52 | 7 | 59 |
| Total Deductions | 648,347 | 153,767 | 1,195 | 803,309 |
| Changes in Net Assets | 307,547 | (39,792) | 2,177 | 269,932 |
| **Net Position Held in Trust For Other Postemployment Benefits:** | | | | |
| Beginning of Year (as restated) | 542,342 | 63,428 | 32,460 | 638,230 |
| End of Year | $ 849,889 | $ 23,636 | $ 34,637 | $ 908,162 |

# Note 15
## Capital and Operating Leases

***State as Lessor***

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

| | | |
|---|---|---|
| 2019 | $ | 45,668 |
| 2020 | | 46,064 |
| 2021 | | 32,284 |
| 2022 | | 31,030 |
| 2023 | | 22,650 |
| Thereafter | | 79,448 |
| Total | $ | 257,144 |

Contingent revenues for the year ended June 30, 2018, were $675 thousand. The contingent revenue amount represents rental revenue which was paid in addition to the minimum lease revenues.

***State as Lessee***

Obligations under capital and operating leases as of June 30, 2018, were as follows (amounts in thousands):

| | Noncancelable Operating Leases | Capital Leases |
|---|---|---|
| 2019 | $ 37,370 | $ 8,098 |
| 2020 | 25,850 | 7,123 |
| 2021 | 19,848 | 3,217 |
| 2022 | 24,936 | 2,905 |
| 2023 | 5,070 | 2,015 |
| 2024-2028 | 26,983 | 6,118 |
| 2029-2033 | 8,267 | 3,650 |
| 2034-2038 | 1,502 | - |
| Total minimum lease payments | $ 149,826 | 33,126 |
| Less: Amount representing interest costs | | 5,550 |
| Present value of minimum lease payments | | $ 27,576 |

Minimum capital lease payments were discounted using interest rates changing from 3.84 percent to 6.00 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2018, were $37.4 million.

# Note 16
## Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2018 (amounts in thousands):

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Amounts due within one year |
|---|---|---|---|---|---|
| **Bonds:** | | | | | |
| General Obligation | $ 18,398,554 | $ 2,144,620 | $ 1,779,946 | $ 18,763,228 | $ 1,841,031 |
| Transportation | 5,041,840 | 800,000 | 301,345 | 5,540,495 | 323,470 |
| | 23,440,394 | 2,944,620 | 2,081,291 | 24,303,723 | 2,164,501 |
| Plus (Less) Premiums | 1,887,084 | 243,026 | 210,627 | 1,919,483 | 190,620 |
| **Total Bonds** | 25,327,478 | 3,187,646 | 2,291,918 | 26,223,206 | 2,355,121 |
| **Long-Term Notes** | 177,120 | - | 177,120 | - | - |
| **Other L/T Liabilities:** [1] | | | | | |
| Net Pension Liability (Note 10) | 37,192,071 | 2,056,125 | 4,681,708 | 34,566,488 | - |
| Net OPEB Liability (Note 13) [2] | 20,654,679 | 2,471,045 | 2,534,726 | 20,590,998 | - |
| Net OPEB Obligation | 10,450,182 | | 10,450,182 | - | - |
| Compensated Absences | 512,836 | 24,098 | 38,656 | 498,278 | 37,671 |
| Workers' Compensation | 718,016 | 127,630 | 98,412 | 747,234 | 100,681 |
| Capital Leases | 30,900 | 3,238 | 6,562 | 27,576 | 7,352 |
| Claims and Judgments | 51,163 | 154,041 | 9,661 | 195,543 | 16,499 |
| Landfill Post Closure Care | 36,297 | - | 1,232 | 35,065 | 1,232 |
| Liability on Interest Rate Swaps | 826 | - | 386 | 440 | - |
| Contracts Payable & Other | 705 | - | - | 705 | - |
| Non-exchange Financial Guarantees | - | 540,080 | 8,520 | 531,560 | 21,285 |
| **Total Other Liabilities** | 69,647,675 | 5,376,257 | 17,830,045 | 57,193,887 | 184,720 |
| **Governmental Activities Long-Term Liabilities** | $ 95,152,273 | $ 8,563,903 | $ 20,299,083 | $ 83,417,093 | $ 2,539,841 |

**1. In prior years, the General and Transportation funds have been used to liquidate other liabilities.**

**2. The beginning total is restated by the effect of the State's reporting the net Other Post Employment Benefits liability on its financial statements following the guidance of Statement number 75 of the Governmental Accounting Standards Board (GASB)**

| Business-Type Activities | Beginning Balance | Additions | Reductions | Ending Balance | Amounts due within one year |
|---|---|---|---|---|---|
| Revenue Bonds | $ 1,442,805 | $ 141,725 | $ 90,175 | $ 1,494,355 | $ 90,360 |
| Plus/(Less) Premiums and Discounts | 175,617 | 16,711 | 14,137 | 178,191 | 2,050 |
| **Total Revenue Bonds** | 1,618,422 | 158,436 | 104,312 | 1,672,546 | 92,410 |
| Compensated Absences | 192,747 | 48,855 | 44,028 | 197,574 | 49,881 |
| Other | 327,419 | 55,364 | 27,883 | 354,900 | 15,831 |
| **Total Other Liabilities** | 520,166 | 104,219 | 71,911 | 552,474 | 65,712 |
| **Business-Type Long-Term Liabilities** | $ 2,138,588 | $ 262,655 | $ 176,223 | $ 2,225,020 | $ 158,122 |

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately $39.0 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, 2018, long-term debt of component units consisted of the following (amounts in thousands):

| Long-Term Debt | Balance June 30, 2018 | Amounts due within year |
|---|---|---|
| Bonds Payable (includes premiums/discounts) | $ 5,006,898 | $ 259,069 |
| Escrow Deposits | 184,662 | 43,821 |
| Annuities Payable | 125,708 | 6,663 |
| Rate Swap Liability | 121,829 | - |
| Net Pension Liability | 238,727 | - |
| Net Post Employment Liability | 173,327 | - |
| Other | 54,454 | 637 |
| Total | $ 5,905,605 | $ 310,190 |

Not all component units report net pension liabilities and OPEB liabilities; therefore the notes show a higher liability for the net pension liability of $5,820 and a higher net OPEB liability of $73,599 than the financial statements.

**Landfill Closure and Postclosure Care**

Public Act 13-247 and section 99 of Public Act 13-184 required the Materials Innovation and Recycling Authority to transfer all legally required reserves and obligations resulting from the closure of the authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State Department of Energy and Environmental Protection (DEEP). During the year ended June 30, 2014, the legal transfer of $35.8 million in post closure care obligations and the concurrent transfer of $31.0 million of Authority reserve funds to the State resulting from the closure of landfills was addressed by a memorandum of understanding ("MOU") between the Authority and DEEP.

By the end of the year ended June 30, 2015, all work associated with the closure of the five landfills was completed. Going forward DEEP is required to reimburse the authority for all postclosure care obligations as the five landfills are now certified as closed. All landfill expense reimbursements paid by DEEP totaled $1,232,307 in FY2018.

GASB Statement No.18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost* applies to closure and postclosure care costs that are paid near or after the date a landfill stops accepting waste. The State recognizes landfill expenditures and related General Fund liabilities using the modified accrual basis of accounting. DEEP estimates the State's landfill liability for closure and postclosure costs based on landfill capacity. Increases or decreases in such estimates are reported as additions or reductions in this line item of the State's long-term liabilities. The liability for these estimated costs is reduced when the costs are actually paid. Actual costs may be higher than estimated due to inflation or changes in permitted capacity, technology or regulation. As of June 30, 2013, all five of the landfills had no capacity available since 100 percent of their capacity had been used.

# Note 17
## Long-Term Notes and Bonded Debt

**a. Bond Anticipation Notes**

In December 2017, the State issued $400,000,000 of General Obligation 2017 Series A Bond Anticipation Notes that matured on September 14, 2018 at which time General Obligation 2018 Series E Bonds were issued that mature in 2028. The State has elected to disclose these notes with its 2018 long-term debt because of it demonstrated ability to convert such debt to long-term debt rather than including the debt as fund liabilities. The issuance of the bonds was delayed due to the late passage of the State budget while the bans were issued to gain timely access to favorable pricing opportunities.

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|---|---|---|---|---|
| Bond Anticipation Notes | $ - | $ 400,000 | $ - | $ 400,000 |

**b. Primary Government – Governmental Activities**

*General Obligation Bonds*

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and are supported by the full faith and credit of the State. General Obligation bonds outstanding and bonds authorized but unissued at June 30, 2018, were as follows (amounts in thousands):

| Purpose of Bonds | Final Dates | Original Rates | Outstanding | Authorized But Unissued |
|---|---|---|---|---|
| Capital Improvements | 2018-2038 | 2.00-5.75% | $ 4,430,793 | $ 622,453 |
| School Construction | 2018-2038 | 1.70-5.750% | 4,522,314 | 109,677 |
| Municipal & Other Grants & Loans | 2018-2037 | 1.10-5.632% | 2,570,284 | 1,248,399 |
| Housing Assistance | 2018-2035 | 1.97-5.350% | 511,949 | 190,619 |
| Elimination of Water Pollution | 2018-2035 | 2.00-5.09% | 470,154 | 34 |
| General Obligation Refunding | 2018-2038 | 2.00-5.25% | 3,388,130 | - |
| GAAP Conversion | 2018-2027 | 2.25-5.00% | 459,690 | - |
| Pension Obligation | 2018-2032 | 5.69-6.27% | 2,197,477 | - |
| Miscellaneous | 2018-2034 | 3.50-5.100% | 64,654 | 75,085 |
| | | | 18,615,445 | $ 2,246,267 |
| Accretion-Various Capital Appreciation Bonds | | | 147,783 | |
| | | Total | $ 18,763,228 | |

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding at June 30, 2018, were as follows (amounts in thousands):

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 1,841,031 | $ 834,706 | $ 2,675,737 |
| 2020 | 1,384,816 | 762,098 | 2,146,914 |
| 2021 | 1,363,371 | 703,186 | 2,066,557 |
| 2022 | 1,326,109 | 694,335 | 2,020,444 |
| 2023 | 1,361,291 | 647,182 | 2,008,473 |
| 2024-2028 | 5,868,247 | 2,264,748 | 8,132,995 |
| 2029-2033 | 4,247,485 | 805,110 | 5,052,595 |
| 2034-2038 | 1,222,020 | 107,576 | 1,329,596 |
| 2039-2043 | 1,075 | 22 | 1,097 |
| Total | $ 18,615,445 | $ 6,818,963 | $ 25,434,408 |

*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 at June 30, 2018, were as follows (amounts in thousands):

| Purpose of Bonds | Final Maturity Dates | Original Interest Rates | Amount Outstanding | Authorized But Unissued |
|---|---|---|---|---|
| Infrastructure Improvements | 2019-2038 | 2.00-5.740% | $ 4,823,040 | $ 3,387,280 |
| STO Refunding | 2019-2038 | 2.00-5.740% | 717,455 | - |
| | | | $ 5,540,495 | $ 3,387,280 |
| Accretion-Various Capital Appreciation Bonds | | | - | |
| | | Total | $ 5,540,495 | |

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2018, were as follows (amounts in thousands):

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 323,470 | $ 263,714 | $ 587,184 |
| 2020 | 319,155 | 252,578 | 571,733 |
| 2021 | 335,515 | 237,201 | 572,716 |
| 2022 | 317,240 | 221,127 | 538,367 |
| 2023 | 329,170 | 205,312 | 534,482 |
| 2024 - 2028 | 1,636,400 | 781,669 | 2,418,069 |
| 2029 - 2033 | 1,486,025 | 373,196 | 1,859,221 |
| 2034 - 2038 | 793,520 | 79,257 | 872,777 |
| | $ 5,540,495 | $ 2,414,054 | $ 7,954,549 |

**c. Primary Government – Business–Type Activities**

***Revenue Bonds***

Revenue bonds are those bonds that are paid out of resources pledged in the Enterprise funds and Component Units.

Enterprise funds' revenue bonds outstanding at June 30, 2018, were as follows (amounts in thousands):

| Funds | Final Maturity Dates | Original Interest Rates | Amount Outstanding (000's) |
|---|---|---|---|
| UConn | 2019-2047 | 1.5-5.25% | $ 240,980 |
| Board of Regents | 2019-2037 | 2.0-5.25% | 318,690 |
| Clean Water | 2019-2037 | 1.0-5.0% | 798,255 |
| Drinking Water | 2019-2037 | 1.0-5.0.% | 111,165 |
| Bradley Parking Garage | 2019-2024 | 6.5-6.6% | 25,265 |
| Total Revenue Bonds | | | 1,494,355 |
| Plus/(Less) premiums and discounts: | | | |
| UConn | | | 32,935 |
| Board of Regents | | | 15,907 |
| Clean Water | | | 129,349 |
| Revenue Bonds, net | | | $ 1,672,546 |

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 2000, Bradley Parking Garage bonds were issued in the amount of $53.8 million to build a parking garage at the airport. As of June 30, 2018, $25.3 million of these bonds are outstanding.

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 at June 30, 2018, were as follows (amounts in thousands):

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 33,595 | $ 29,699 | $ 63,294 |
| 2020 | 93,918 | 67,268 | 161,186 |
| 2021 | 98,449 | 62,962 | 161,411 |
| 2022 | 88,470 | 58,329 | 146,799 |
| 2023 | 128,448 | 66,407 | 194,855 |
| 2024-2028 | 421,063 | 201,259 | 622,322 |
| 2029-2033 | 372,222 | 103,583 | 475,805 |
| 2034-2038 | 186,715 | 39,452 | 226,167 |
| 2039-2043 | 31,245 | 14,492 | 45,737 |
| 2043-2047 | 40,230 | 5,492 | 45,722 |
| Total | $ 1,494,355 | $ 648,943 | $ 2,143,298 |

**d. Component Units**

Component Units' revenue bonds outstanding at June 30, 2018, were as follows (amounts in thousands):

| Component Unit | Final Maturity Date | Interest Rates | Amount Outstanding (000's) |
|---|---|---|---|
| CT Housing Finance Authority | 2017-2055 | 0.0-6.625% | $ 4,397,094 |
| CT Student Loan Foundation | 2034-2046 | 2.476-3.564% | 199,600 |
| CT Higher Education Supplemental Loan Authority | 2018-2035 | .40-5.25% | 147,810 |
| CT Airport Authority | 2018-2032 | %/1 mth libor | 109,330 |
| CT Regional Development Authority | 2018-2034 | 1.00-7.00% | 79,315 |
| UConn Foundation | 2018-2024 | 2.30-2.92% | 16,772 |
| CT Green Bank | 2018-2037 | 4.19%-6.02% | 15,714 |
| CT Innovations Inc. | 2018-2020 | 2.37-5.25% | 1,765 |
| Total Revenue Bonds | | | 4,967,400 |
| Plus/(Less) premiums and discounts: | | | |
| CHFA | | | 36,809 |
| CSLF | | | (419) |
| CHESLA | | | 4,155 |
| UConn Foundation | | | (176) |
| CT Innovations Inc. | | | (585) |
| CRDA | | | (286) |
| Revenue Bonds, net | | | $ 5,006,898 |

Revenue bonds issued by the Component Units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Following the merger of the operations of the Connecticut Development Authority, Connecticut Innovations, Incorporated (CII) assumed responsibility for the former authority's Special Obligation industrial revenue bonds. The bonds were issued to finance such projects as the acquisition of land, the construction of buildings, the purchase and installation of machinery, equipment, and pollution control facilities. These activities are financed under its Self-Sustaining Bond Program which is described in the no-commitment debt section of this note. In addition, CII has $1.8 million in General Obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72; a special needs indenture dated 9/25/95, and other bond resolutions dated October 2009. As of December 31, 2017, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were $4,052.8 million, $64.8 million, and $316.3 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. The required reserves are $298.6 million per the resolution and $5.0 million per the indenture at 12/31/17. As of December 31, 2017, the Authority has entered into interest rate swap agreements for $805.5 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

*Capital Reserves*

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that 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 into a contract for financial assistance, pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed $9.0 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees.

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding at June 30, 2018, were as follows (amounts in thousands):

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 175,084 | $ 136,631 | $ 311,715 |
| 2020 | 177,460 | 136,416 | 313,876 |
| 2021 | 173,359 | 131,822 | 305,181 |
| 2022 | 197,746 | 128,128 | 325,874 |
| 2023 | 183,947 | 123,320 | 307,267 |
| 2024-2028 | 906,975 | 542,660 | 1,449,635 |
| 2029-2033 | 986,872 | 404,759 | 1,391,631 |
| 2034-2038 | 849,908 | 266,283 | 1,116,191 |
| 2039-2043 | 621,330 | 158,956 | 780,286 |
| 2044-2048 | 613,295 | 100,072 | 713,367 |
| 2049-2052 | 61,749 | 11,020 | 72,769 |
| 2053-2057 | 19,675 | 4,884 | 24,559 |
| | $ 4,967,400 | $ 2,144,951 | $ 7,112,351 |

*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, 2018 were $324.8 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding at June 30, 2018, were $8,349.7 million, of which $318.7 million was secured by special capital reserve funds.

*e. Debt Refundings*

During the fiscal year the State issued General Obligation and Special Tax Obligation bonds of $468.3 million at an average coupon interest rate of 5.86 percent to refund $507.6 million of General Obligation and Special Tax Obligation bonds with an average coupon interest rate of 5.88 percent. Although the refunding resulted in a $366 thousand accounting loss, the State in effect reduced its aggregate fund level debt service payments by $44.1 million over the next 6 years. The present value of these savings represents an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of $34.1 million.
Once the refunding bond proceeds were delivered, 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 of 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.

In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements. As of June 30, 2018, the outstanding balance of bonds defeased in prior years was approximately $193.7 million.

### *f. Nonexchange Financial Guarantee*

In March 2018, the State entered into a Contract for Financial Assistance with the City of Hartford, according to Section 376 of Public Act 17-2 of the June Special Session guaranteeing $540,080,000 of outstanding general obligation bonds of the City of Hartford, with maturity dates ranging from July1, 2028 through July 15, 2035, and semiannual interest payments. The contract assistance is limited to an amount equal to (1) the annual debt service on the outstanding amount of (A) refunding bonds to be issued by the City of Harford pursuant to section 7-370c of the general statues, or (B) any other bonds or notes issued by the City of Hartford, provided such refunding bonds or other bonds or notes are for payment, funding, refunding, redemption, replacement or substitutions of bonds, notes or other obligations previously issued by the City of Hartford, and (2) cost of issuance on any such refunding bonds and any other expenses that result directly from the refunding of debt. The Act also establishes that the City of Hartford must be under the supervision of the Municipal Accountability Review Board of the State and that the City may not issue any new debt without the board's approval. The State Representatives, defined by the contract as the Secretary of the Office of Policy and Management and the State Treasurer, may agree to provide credit support to the City of Hartford, including, but not limited to, assuming all or part of any bonds, notes, or other obligations of the City or issuance of new State obligations in replacement of such bonds, notes, or other obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State of Connecticut began making contract assistance payments for the City of Hartford's outstanding $540 million general obligation debt. During fiscal year 2018, the State of Connecticut has paid $8,520,000 in principal and $8,291,744 in interest on the guarantee.

The liability recognized for nonexchange financial guarantees by the State of Connecticut at June 30, 2018 is as follows (amounts in thousands):

| Beginning of Year | Increases | Decreases | End of Year |
|---|---|---|---|
| $ - | $ 540,080 | $ 8,520 | $ 531,560 |

# Note 18
## Derivative Financial Instruments

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2018, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit (credit)):

| | Changes in Fair Value | | Fair Value at Year End | | |
|---|---|---|---|---|---|
| | Classification | Amount | Classification | Amount | Notional |
| Governmental activities | | | | | |
| Cash flow hedges: Pay-fixed interest rate swap | Deferred outflow of Resources | $ 386 | Deferred outflow of Resources | $ (440) | $ 20,000 |

### *Objective and Terms of Hedging Derivative Instruments*

The following table displays the objective and the terms of the States' governmental activities hedging derivative instruments outstanding at June 30, 2018, along with the credit rating of the associated counterparty (amounts in thousands).

| Type | Objective | Notional Amounts (000's) | Effective Date | Maturity Date | Terms | Counterparty Credit Rating |
|---|---|---|---|---|---|---|
| Pay-fixed interest rate swap | Hedge of changes in cash flows of the 2005 GO bonds | $ 20,000 | 4/27/2005 | 6/1/2020 | Pay 5.2% receive CPI plus 1.79% | A+ |
| | Total Notional Amount | $ 20,000 | | | | |

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

***Credit Risk***

As of June 30, 2018, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

*Basis Risk*

The State's variable-rate bond interest payments are based on the CPI floating rate. As of June 30, 2015 the State receives variable-rate payments from the counterparty based on the same CPI floating rate.

*Termination Risk*

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

*Rollover Risk*

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

*Hedging Derivative Instrument Payments and Hedged Debt*

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2018, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows
(amounts in thousands):

| Fiscal Year | Variable-Rate Bonds | | Interest Rate | |
|---|---|---|---|---|
| Ending June 30, | Principal | Interest | SWAP, Net | Total |
| 2019 | $ - | $ 804 | $ 236 | $ 1,040 |
| 2020 | 20,000 | 806 | 234 | 21,040 |
| | $ 20,000 | $ 1,610 | $ 470 | $ 22,080 |

# Note 19
## Risk Management

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

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

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

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

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net 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 actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

| | Governmental Activities Workers' Compensation | Business-Type Activities Medical Malpractice |
|---|---|---|
| Balance 6-30-16 | $ 684,401 | $ 31,592 |
| Incurred claims | 133,780 | - |
| Paid claims | (100,165) | (6,735) |
| Balance 6-30-17 | 718,016 | 24,857 |
| Incurred claims | 127,630 | - |
| Paid claims | (98,412) | (9,876) |
| Balance 6-30-18 | $ 747,234 | $ 14,981 |

# Note 20
## Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2018, were as follows (amounts in thousands):

| | Balance due to fund(s) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Transportation | Restricted Grants & Accounts | Grant & Loan Programs | Other Governmental | UConn | Board of Regents | Employment Security | Internal Services | Fiduciary | Component Units | Total |
| Balance due from fund(s) | | | | | | | | | | | | |
| General | $ - | $ - | $ 628 | $ 4 | $ 1,049 | $ 32,553 | $ 44,291 | $ 672 | $ 4,500 | $ 689 | $ - | $ 84,386 |
| Debt Service | - | 2,646 | - | - | - | - | - | - | - | - | - | 2,646 |
| Restricted Grants & Accounts | 3,744 | - | - | - | - | - | - | - | - | - | 3,455 | 7,199 |
| Grant & Loan Programs | 35 | - | - | - | - | - | - | - | - | - | - | 35 |
| Other Governmental | 2,304 | - | - | - | 8,613 | 21,535 | 89,056 | - | - | - | 613 | 122,121 |
| UConn | 24,365 | - | - | - | - | - | - | - | - | - | - | 24,365 |
| Board of Regents | 5,824 | - | - | - | - | - | - | - | - | - | - | 5,824 |
| Employment Security | - | - | - | - | 410 | - | - | - | - | - | - | 410 |
| Internal Services | 8,690 | - | - | - | - | - | - | - | - | - | - | 8,690 |
| Fiduciary | - | - | - | - | 379 | - | - | - | - | 1,834 | - | 2,213 |
| Component Units | 54,149 | - | 3,322 | - | - | - | - | - | - | - | - | 57,471 |
| Total | $ 99,111 | $ 2,646 | $ 3,950 | $ 4 | $ 10,451 | $ 54,088 | $ 133,347 | $ 672 | $ 4,500 | $ 2,523 | $ 4,068 | $ 315,360 |

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

# Note 21
## Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following (amounts in thousands):

| | Amount transferred to fund(s) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General | Debt Service | Transportation | Restricted Grants & Accounts | Other Governmental | UConn | Board of Regents | Clean Water & Drinking Water | Total |
| **Amount transferred from fund(s)** | | | | | | | | | |
| General | $ 1,529,350 | $ - | $ - | $ - | $ - | 529,374 | $ 527,846 | $ 815 | $ 2,587,385 |
| Debt Service | - | - | 13,614 | 443 | - | - | - | - | 14,057 |
| Transportation | - | 579,337 | - | - | - | - | - | - | 579,337 |
| Restricted Grants & Accounts | 38,864 | - | - | - | - | - | - | - | 38,864 |
| Grants and Loans | - | - | - | - | 47,734 | - | - | - | 47,734 |
| Other Governmental | 70,322 | 44,551 | | 68,441 | 15,514 | 388,806 | 125,085 | - | 712,719 |
| Internal Service | 5,000 | - | - | - | - | - | - | - | 5,000 |
| Employment Security | - | - | - | - | 9,700 | - | - | - | 9,700 |
| Total | $ 1,643,536 | $ 623,888 | $ 13,614 | $ 68,884 | $ 72,948 | $ 918,180 | $ 652,931 | $ 815 | $ 3,994,796 |

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 22
## Restatement of Net Position, Fund Balance Classifications, and Restricted Net Position

**Restatement of Net Position**

During the fiscal year 2018, the State implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB).

GASB Statement 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

**GASB Statement 75 –** This Statement creates standards for measuring and recognizing liabilities, assets, deferred outflows of resources, deferred inflows of resources, and expenditures for OPEB provided to employees of the primary government and its component units.

Governmental activities beginning net deficit was $45.4 billion. Beginning net position of governmental activities was reduced by $20.0 billion on the Statement of Activities as a result of implementing this Statement. See note 13 for further information on OPEB reporting.

For fiscal year 2018, Component Units beginning net position was $2.4 billion. As a result of implementing GASB Statement 75, the beginning net position for the Component Units was reduced by $167.0 million on the Statement of Activities resulting in a restated beginning net position of $2.2 billion. This reduction is reported on the Combining Statement of Activities – Component Units as well. The following component units implemented GASB 75 which resulted in a decrease net position to Connecticut Lottery Corporation of $48.9 million, Connecticut Airport Authority of $70.3 million, Connecticut Innovations, Incorporated of $25.9 million, and Connecticut Green Bank of $21.9 million. The Connecticut Housing Finance Authority (major Component Unit), did not implement GASB 75 in fiscal year 2018 because it has a fiscal year ending December 31.

**Fund Balance – Restricted and Assigned**

As of June 30, 2018 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

| | Restricted Purposes | Assigned Purposes |
|---|---|---|
| Capital Projects | $ 575,611 | $ - |
| Environmental Programs | 97,645 | - |
| Housing Programs | 410,518 | - |
| Employment Security Administration | 14,002 | - |
| Banking | 2,328 | - |
| Other | 75,829 | 9,759 |
| Total | $ 1,175,933 | $ 9,759 |

**Restricted Net Position**

As of June 30, 2018, the government-wide statement of net position reported $4,125 million of restricted net position, of which $260.8 million was restricted by enabling legislation.

# Note 23

## Tax Abatements

For financial purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefit the government or its citizens.

### *Film, Television, and Digital Media Tax Program*

This program assists film, television and digital media companies with direct financial assistance programs. Including but not limited to loans, grants, and job expansion tax credits structured to incentivize relocation to Connecticut and the growth and development of current Connecticut-based companies.

Beginning after January 1, 2010, (a) an eligible production company that incurs production expenses of not less than $100 thousand, but not more than $500 thousand, will be eligible for a credit against the tax imposed equal to ten percent of such production expenses, (b) a production company incurring expenses of more than $500 thousand, but not more than $1 million, will be eligible for a credit against the tax imposed equal to fifteen percent of production expenses, and (c) a production company incurring expenses of more than $1 million will be eligible for a credit against the tax imposed (chapter 207, section 12-217jj) equal to thirty percent of production expenses.

No eligible company incurring an amount of production expenses that qualifies for a tax credit shall be eligible unless on or after January 1, 2010, the company conducts (1) not less than fifty percent of principal filming days within the state, or (2) expends not less than fifty percent of postproduction costs within the state, or (3) expends not less than $1 million of postproduction costs within the state.

An eligible production company shall apply to the Department of Economic and Community Development (DECD) for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses are incurred in the production of a qualified production, and will provide with the application information that DECD may require to determine if the company is eligible to claim a credit.

### *Urban and Industrial Sites Reinvestment Tax Program*

This tax program is designed to encourage development and redevelopment activities in eligible communities and to encourage private investment in contaminated properties.

In accordance with Chapter 578 section 32-9t of the General Statutes taxpayers who make investments in eligible urban reinvestment projects or eligible industrial site investment projects may be allowed a tax credit against the tax imposed under chapter 207 and 212a or section 38a-743 in the General Statutes, an amount equal to the following percentage of approved investments made by or on behalf of a taxpayer with respect to the following income years of the taxpayer: (a) the income year in which the investment in the project was made and the next two succeeding income years, zero percent; (b) in the third full income year succeeding the year in which the investment was made and the three succeeding years, ten percent; (c) in the seventh full income year succeeding the year in which the investment in the eligible project was made and the next two succeeding year, twenty percent. The sum of all tax credits shall not exceed $100 million to a single eligible urban reinvestment project or a single eligible industrial site investment project approved by the commissioner at DECD. The sum of all tax credits under the provisions of this section should not exceed $950 million.

Tax credits allowed may be claimed by a taxpayer who has made an investment (1) directly only if the investment has a total asset value, either alone or combined with other investors in an eligible project, of not less than $5 million or, in the case of an investment in an eligible project for the preservation of a historic facility and redevelopment of the facility for combined uses which includes at least four housing units, the total asset value should not be less than $2 million; (2) an investment managed through a fund manager only if such fund: (a) has a total asset value of not less than $60 million for the income year for which the initial credit is taken; and (b) has not less than three investors who are not related persons with respect to each other or to any person in which any investment is made other than through the fund a 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 of the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: (a) in the initial income year in which the investment in the insurance business was made and two succeeding income years, zero percent; (b) with respect to the third full income year in which the investment in the insurance business was made and the next three succeeding income years, ten percent: (c) in the seventh full income year succeeding the year in which the investment in the insurance business was made and the next two succeeding income years, twenty percent. The sum of all tax credits shall not exceed $15 million with respect to investment made by a fund or funds in any single insurance business, and with respect to all investments made by a fund shall not exceed the total amount originally invested in the fund. A fund manager may apply to the Commissioner of DECD for a credit that is greater than the limitations established by law.

The tax credit allowed may be claimed by a taxpayer who has invested in an insurance business through a fund (a) which has total assets of not less than $30 million for the income year for which the initial credit is taken; (b) has not less than three investors who are not related persons with respect to each other or to any insurance business in which any investment is made other than through the fund at the date the investment is made; and (c) which invests only in insurance businesses that are not related persons to each other.

The credit allowed may only be claimed with respect to an insurance business which (a) occupies the new facility for which an eligibility certificate has been issued by the Commissioner of DECD, or the certificate has been issued as its home office, and (b) employs not less than twenty-five percent of its total work force in new jobs.

The maximum allowed credit shall be $350 million in total and $40 million per year.

*The Connecticut Neighborhood Assistance Act Credit Program (Conn. Gen. Stat. §§12-631 through 12-638)*

The Neighborhood Assistance Act tax credit may be earned by businesses that make cash investments of at least $250 to certain community programs. The cash investments must be made in a community program that is proposed and conducted by a tax exempt or municipal agency and must be approved both by the municipality in which the program is conducted and the Department of Revenue Services.

This tax credit may be applied against the taxes imposed under:
Chapter 207 (Insurance Companies and Health Care Centers Taxes);
Chapter 208 (Corporation Business Tax);
Chapter 209 (Air Carriers Tax);
Chapter 210 (Railroad Companies Tax);
Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and
Chapter 212 (Utility Companies Tax).

A tax credit equal to one hundred percent of the cash invested is available to businesses that invest in energy conservation projects and comprehensive college access loan forgiveness programs. A tax credit equal to sixty percent of the cash invested is available to businesses that invest in programs that provide: community-based alcoholism prevention or treatment programs; neighborhood assistance; job training; education; community services; crime prevention; construction or rehabilitation of dwelling units for families of low and moderate income in the state; funding for open space acquisitions; investment in child day care facilities; child care services;

and any other program which serves persons at least seventy five percent of whom are at an income level not exceeding one hundred fifty percent of the poverty level for the preceding year.

Under the Connecticut Neighborhood Assistance Act there are several statutory limits which must be observed, including the following: (1) the total tax credits under the Neighborhood Assistance Act tax credit program are limited to $150,000 annually for each business. The tax credit for investments in child day care facilities may not exceed $50,000 per income year for each business; (2) the minimum contribution on which a tax credit can be granted is $250; (3) any organization conducting a program or programs eligible to receive contributions under the Neighborhood Assistance Act tax credit program is limited to receiving a total of $150,000 of funding for any program or programs for any fiscal year; (4) the cap on the total amount of credits that may be allowed annually is $5 million. If the proposals submitted to the Department of Revenue Services claim credits in excess of the cap, such credits will be prorated among the approved organizations; (5) no business shall receive both the Neighborhood Assistance tax credit and the Housing Program Contribution tax credit for the same cash contribution; (6) no business can claim the tax credit for investments in child care facilities in an income year that the business claims the Human Capital Investment tax credit; (7) carryforward and carryback limitations, no carryforward is allowed any tax credit that is not taken in the income year in which the investment was made may be carried back to the two immediately preceding income years.

***Research and Development Expenditures***

This credit is based on the incremental increase in expenditures for research and experiments conducted in Connecticut. "Research and development expenses" refers to research or experimental expenditures deductible under Section 174 of the Internal Revenue Code of 1986, as of May 28, 1993, determined without regard to Section 280C(c) elections made by a taxpayer to amortize such expenses on its federal income tax return that were otherwise deductible, and basic research payments as defined under Section 41 of the Internal Revenue Code to the extent not deducted under said Section 174, provided: such expenditures and payments are paid or incurred for such research and experimentation and basic research conducted in the State of Connecticut; and such expenditures and payments are not funded, within the meaning of Section 41(d)(4)(H) of the Internal Revenue Code, by any grant, contract, or otherwise by a person or governmental entity other than the taxpayer unless such other person is included in a combined return with the person paying or incurring such expenses.

In accordance with Sec. 12-217n a tax credit may be applied against the Corporation Business Tax for research and development expenses conducted in Connecticut. A small business qualifies for the credit if it has gross income for the previous income year that does not exceed $100 million, and has not, in the determination of the Commissioner of Economic and Community Development, met the gross income test through transactions with a related person. The amount of the credit increases ratably from one percent of the annual research and development expenses paid or incurred, where these expenses equal $50 million or less, to six percent when expense exceed $200 million.

Qualified small business may exchange unused amounts of this credit with the state for a cash payment of sixty-five percent of the value of the credit or carry forward the full value until fully taken. Credits are limited to $1.5 million in any one income year.

***Historic Structures Rehabilitation (Conn. Gen. Stat. §10-416a)***

Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a certified historic structure for residential use or to a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher.

The tax credit may be applied against the taxes imposed under:
Chapter 207 (Insurance Companies and Health Care Centers Taxes)
Chapter 208 (Corporation Business Tax)
Chapter 209 (Air Carriers Tax)
Chapter 210 (Railroad Companies Tax)
Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and
Chapter 212 (Utility Companies Tax).

This tax credit is equal to the lesser of the tax credit reserved upon certification of the rehabilitation plan or 25% of the actual qualified rehabilitation expenditures not exceeding $2.7 million. The amount of the tax credit that may be claimed will be entered on the tax credit voucher issued by the Department of Economic and Community Development.

The tax credit may be carried forward for five years following the year in which the rehabilitated structure was placed in service. No carryback is allowed.

*Historic Preservation (Conn. Gen. Stat. §10-416b )*
Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a qualified historic structure for nonresidential use or mixed residential and nonresidential use or a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher.

This tax credit may be applied against the taxes imposed under:
Chapter 207 (Insurance Companies and Health Care Centers Taxes)
Chapter 208 (Corporation Business Tax)
Chapter 209 (Air Carriers Tax)
Chapter 210 (Railroad Companies Tax)
Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and
Chapter 212 (Utility Companies Tax)

This tax credit is equal to the lesser of twenty-five percent of the projected certified rehabilitation expenditures or twenty-five percent of the actual certified rehabilitation expenditures. If the project creates affordable housing units and the owner provides the Department of Economic and Community Development and the Department of Housing information to show that the owner is compliant with the affordable housing certificate then the tax credit is equal to the lesser of thirty percent of the projected certified rehabilitation expenditures of thirty percent of the actual qualified rehabilitation expenditures.

The maximum tax credit allowed for any project shall not exceed $5 million for any fiscal three-year period.

*Historic Rehabilitation (Conn. Gen. Stat. §10-416c)*
A tax credit administered by the Connecticut Department of Economic and Community Development is available for the qualified rehabilitation expenditures associated with the certified rehabilitation of a certified historic structure. No credit may be claimed until the Department of Economic and Community Development issues a tax credit voucher.

This tax credit can be used to offset the taxes imposed under Chapters 207, 208, 209, 210, 211, or 212 of the Connecticut General Statutes.

The tax credit is equal to twenty-five percent of the total qualified rehabilitation expenditures. The tax credit increases to thirty percent of the total qualified rehabilitation expenditures if the project includes a component with at least twenty percent of the rental units or ten percent of for-sale units qualify as affordable housing under Conn. Gen. Stat. §8-39a. The tax credit allowed for any project shall not exceed $4.5 million.

The tax credit may be carried forward for five succeeding income years following the year in which the substantially rehabilitated structure was placed in service. No carryback is allowed.

*Enterprise Zone Property Tax Reimbursement Program*
The enterprise zone program offers various tax incentives and other benefits to businesses that start up or improve real property in areas designated as enterprise zones. This designation is one of several geographic designations the state uses to target economic development assistance (e.g., distressed municipalities).

In 1981, Connecticut became the first state to establish an enterprise zone program when the legislature authorized the DECD commissioner to designate six zones based on statutory criteria (PA 81-445). Over the past several decades, the legislature has made many changes to the program, including expanding the number of zones, changing the eligibility criteria for zone designation, and adding to the types of businesses eligible for benefits under the program.

In most instances, the legislature authorized the DECD commissioner to approve a specified number of zones according to broad eligibility criteria. For example, the initial two designation rounds authorized a total of 10 zones—four in municipalities with a population of 80,000 or more and six in municipalities with a population of fewer than 80,000. The proposed zones also had to meet specific poverty criteria (e.g., 25 percent of the proposed zone's population had to be below the federal poverty level or unemployed).

However, the legislature has shifted from this practice, authorizing additional zones based on narrower designation criteria. For example, in 1993 it authorized two additional enterprise zones in municipalities with a population of 80,000 or less that are affected by plant or military base closings (PA 93-331). In 2014, it required the commissioner to approve two additional zones based on population criteria tailored for two specific towns (Thomaston and Wallingford) (PA 14-217). It has also authorized the DECD commissioner to designate zones, under narrow criteria, in addition to those authorized in statute.

There are eighteen enterprise zones currently designated, and one (Wallingford) which has been authorized by the legislature but not yet designated by DECD. The designated enterprise zones are in the following towns: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Thomaston, Waterbury, and Windham.

The zones' benefits are generally available to businesses that start up in the zone or that improve property or relocate there. The benefits include: (1) a five-year, state-reimbursed, 80 percent property tax exemption for improving or acquiring manufacturing facilities (see below) and acquiring machinery and equipment. The state generally reimburses the municipality for half the forgone property tax revenue (CGS 12-81 (59); (2) a 10-year, 25 percent corporate business tax credit attributed to facility improvements. The credit increases to 50 percent for certain businesses that meet resident employment criteria (CGS 12-217e); (3) a seven-year property tax exemption (100 percent in first two years, 50 percent in third, and a decrease to 10 percent in each of the remaining four years), with no state reimbursement, for commercial and residential real property improvements that do not qualify for the 5-year, 80 percent exemption (other than improvements to manufacturing facilities, as defined below) (CGS 32-71); (4) a 10-year corporate business tax credit (100 percent for first three years, 50 percent for next seven years) for starting a new business in an enterprise zone (business must employ a certain number of residents to qualify) (CGS 12-217v).

Many enterprise zone benefits are available only to manufacturing facilities, but the statutory definition of this term includes certain facilities used for non-manufacturing purposes (CGS 32-9p(d)). For the purpose of the enterprise zone program, manufacturing facilities refers to any plant, building, or other real property improvement that is located in an enterprise zone and used as follows: (1) for manufacturing, processing, or assembling raw materials, parts, or manufactured products; (2) for manufacturing-related research and development; (3) for servicing industrial machinery and equipment; (4) by a business that the commissioner determines (a) will materially contribute to the economy, or (b) is part of a group of industries linked by customer, supplier, or other relationships (CGS 32-222); or (5) by a business engaged in any of a number of specified industries, including fishing, hunting, and trapping; other types of manufacturing ; transportation and warehousing; certain financial and insurance services; certain educational services; child day care services; computer hardware, software, or networking; and telecommunications or communications.

The law designates municipalities that contain enterprise zones as "targeted investment communities" (TICs), and businesses located in these municipalities, but outside the enterprise zone, are eligible for certain benefits, including: (1) a five-year, state-reimbursed property tax exemption for improving manufacturing facilities. The exemption varies depending on the value of improvements, up to a maximum of 80 percent for improvements valued over $90 million (CGS 12-81(60); (2) a 10-year corporate business tax credit attributed to improving manufacturing facilities in TICs. The credit varies from 15 percent to 50 percent depending on the number of new employees (CGS 12-217e).

Information relevant to the disclosure of these programs is as follows:

| Tax Abatement Program | Amount of Taxes Abated |
|---|---|
| The Film, Television, and Digital Media Tax Program | |
| *Corporate Income Tax (as of 6/30/2018)* | $80,197,846 |
| The Urban and Industrial Sites Reinvestment Tax Program | |
| *Corporate Income Tax (as of 6/30/18)* | 43,919,908 |
| The Insurance Reinvestment Fund Program | |
| *Corporate Income Tax (as of 6/30/2018)* | 19,955,940 |
| The Connecticut Neighborhood Assistance Act Credit Program | |
| *Corporate Income Tax (as of 6/30/2018)* | 3,463,307 |
| Historic Structures Rehabilitation | |
| *Corporate Income Tax (as of 6/30/2018)* | 15,502,482 |
| Historic Preservation | |
| *Corporate Income Tax (as of 6/30/2018)* | 4,228,078 |
| Historic Rehabilitaion | |
| *Corporate Income Tax (as of 6/30/2018)* | 28,380,188 |
| Research and Development Expenditures | |
| *Corporate Income Tax (as of 6/30/2018)* | 6,463,375 |
| Enterprise Zone Property Tax Reimbursement Program | |
| *Property Tax (6/30/2018)* | N/A |

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 24
## Related Organizations

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

# Note 25
## New Accounting Pronouncements

In 2018, The State implemented the following statement issued by the Governmental Accounting Standards Board ("GASB").

*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75) - GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. As a result of implementing this Statement, presentation and terminology changes were made to the fund financial statements and government-wide statements as necessary in addition to the immediate recognition of certain elements.

# Note 26
## Commitments and Contingencies

### a. Commitments

*Primary Government*
Commitments are defined as "existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities."

As of June 30, 2018 the State had contractual commitments as follows (amounts in millions):

| | | |
|---|---|---|
| Infrastructure & Other Trransportation Programs | $ | 1,181 |
| Construction Programs | | 322 |
| School Construction and Alteration Grant Program | | 2,336 |
| Clean and Drinking Water Loan Programs | | 247 |
| Various Programs and Services | | 3,786 |

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

*Component Units*
As of December 31, 2017, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately $209.5 million.

### b. Contingent Liabilities

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

As of June 30, 2018, the State reported an escheat liability of 412.0 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 $432.3 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, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

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

# Note 27

## Subsequent Events

In preparing these 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, 2017.

In September 2018, the State issued $250.0 million of Taxable General Obligation bonds. The bonds were issued for various State purposes. The taxable 2018 Series-A bonds mature in 2028 and bear interest rates ranging from 3.471 to 4.0 percent. At the same time, the State issued $400.0 million of 2018 series E nontaxable General Obligation Bonds. The bonds were issued to retire bond anticipation notes outstanding as of the prior fiscal year. The 2018 Series-E Bonds bear interest rates ranging from 4.0 to 5.0 percent.

Also, in September 2018, the State issued $239.2 million of 2018 series F General Obligation refunding bonds maturing in 2028 and bearing interest rates between 4.0 and 5.0 percent.

At the end of October 2018, the State issued $750 million of 2018 series B Special Transportation Obligation (STO) bonds maturing in 2038 and bearing interest rates of 5.0 percent. On November 6, 2018 Connecticut voters passed an amendment to the Connecticut Constitution to ensure that all monies contained in the Special Transportation fund shall be used solely for transportation purposes including the payment of debts of the State incurred for transportation purposes and that the 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. Subsequently, on November 15, 2018 S&P Global Ratings revised its rating on the 2018 series B and C STO bonds to A+ designating them as Priority-Lien Tax Revenue debt.

Also, at the end of October 2018, the state issued $100.1 million series C Special Transportation Obligation refunding bonds maturing in 2026 and bearing interest rates of between 3.0 and 5.0 percent.

The Connecticut Housing Finance Authority (CHFA), whose financial statements are published as of December 31, 2017, incurred numerous financial events between January 1 and the State's fiscal year-end of June 30, 2018 including the following; $336.7 million of various unscheduled redemption payments on outstanding debt were made including $90.0 million for purposes of remarketing debt obligations having demand features. On March 1, 2018 the Authority issued $165.6 million of its 2018 Series A bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with Bank of America, N.A. and a Remarketing Agreement with Merrill Lynch Pierce, Fenner & Smith Inc. to secure liquidity for $47.5 million of Series A bonds having demand features. On April 16, 2018 the Authority entered into a three year standby bond purchase agreement, with Wells Fargo bank, national association (the "Bank"), to remarket its 2016 subseries B-4 bonds. The bonds will bear interest from their date of reoffering based on a Daily, Weekly, Monthly, Quarterly, Semiannual, Flexible, Term or Auction Mode Period at a rate not to exceed 14 percent per annum, unless such bonds are converted, in which case the bonds shall bear interest at a Long-Term Fixed Rate until their maturity or prior redemption. On May 10, 2018 the authority issued $165.0 million of its 2018 Series B bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with the Royal Bank of Canada Capital Markets, LLC and a Remarketing Agreement with TD Bank, N.A. to secure liquidity for $46.7 million of Series B bonds having demand features. In addition effective May 15, 2018 a new accreting swap agreement was established with the Bank of New York Mellon where the State pays 2.2475 percent fixed and receives 70 percent of 3-month Libor. More information concerning these transactions can be obtained from separately issued financial statements published by CHFA having a fiscal year end of December 31, 2017.

On November 5, 2018, the Materials, Innovations, and Recycling Authority (MIRA a Component Unit of the State) solid waste system experienced a significant mechanical failure to one of its generators. This failure occurred at a time when another generator was already off line for major repair and maintenance activity. This left the solid waste system with no waste processing capacity as of November 5, 2018. In response to this situation, the Authority has not accepted delivery of waste from non-participating municipalities. The Authority continued to receive waste and serve its participating municipalities. The Authority is diverting a portion of participating municipality waste to alternate disposal sites, and is storing waste, refuse derived fuel and process residue on site pending further processing and resource recovery once the Connecticut Solid Waste System resumes operations in the third week of January, 2019.

The Authority has incurred additional expense related to these events including the cost to divert waste and repair the generators presently estimated at $14.9 million. These costs are and will be funded through reserve funds, savings in other budget line items, property damage, business interruption and other claim proceeds, and assessment of additional charges under the Authority's municipal service agreements with Connecticut Solid Waste System participating towns.

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# 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: Statutory Reporting

# REQUIRED SUPPLEMENTAL INFORMATION
# SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
# BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
# GENERAL AND TRANSPORTATION FUNDS

For the Fiscal Year Ended June 30, 2018

*(Expressed in Thousands)*

| | General Fund | | | |
|---|---|---|---|---|
| | Budget | | | Variance with Final Budget positive |
| **Revenues** | Original | Final | Actual | (negative) |
| Budgeted: | | | | |
| Taxes, Net of Refunds | $ 14,593,800 | $ 16,984,000 | $ 17,065,271 | $ 81,271 |
| Casino Gaming Payments | 267,300 | 273,000 | 272,957 | (43) |
| Licenses, Permits, and Fees | 298,700 | 306,300 | 306,165 | (135) |
| Other | 372,300 | 413,300 | 415,885 | 2,585 |
| Federal Grants | 1,255,500 | 1,143,100 | 1,143,075 | (25) |
| Refunds of Payments | (62,500) | (61,100) | (61,058) | 42 |
| Operating Transfers In | 432,000 | 449,200 | 449,213 | 13 |
| Operating Transfers Out | - | - | (57,650) | (57,650) |
| Transfer to BRF - Volatility Adjustment | - | (1,460,000) | (1,471,333) | (11,333) |
| Transfer to/from the Resources of the General Fund | 2,900 | 83,500 | 136,026 | 52,526 |
| Total Revenues | 17,160,000 | 18,131,300 | 18,198,551 | 67,251 |
| **Expenditures** | | | | |
| Budgeted: | | | | |
| Legislative | 63,146 | 70,049 | 64,433 | 5,616 |
| General Government | 338,060 | 692,626 | 647,508 | 45,118 |
| Regulation and Protection | 279,765 | 290,136 | 259,835 | 30,301 |
| Conservation and Development | 165,349 | 191,691 | 181,147 | 10,544 |
| Health and Hospitals | 1,155,114 | 1,204,425 | 1,163,451 | 40,974 |
| Transportation | - | - | - | - |
| Human Services | 3,690,345 | 4,415,054 | 4,291,893 | 123,161 |
| Education, Libraries, and Museums | 4,633,661 | 5,188,028 | 5,024,541 | 163,487 |
| Corrections | 1,402,150 | 1,400,439 | 1,382,304 | 18,135 |
| Judicial | 534,504 | 561,478 | 528,902 | 32,576 |
| Non Functional | 5,060,039 | 5,657,055 | 5,066,695 | 590,360 |
| Total Expenditures | 17,322,133 | 19,670,981 | 18,610,709 | 1,060,272 |
| Appropriations Lapsed | 6,900 | 972,356 | - | (972,356) |
| Excess (Deficiency) of Revenues Over Expenditures | (155,233) | (567,325) | (412,158) | 155,167 |
| **Other Financing Sources (Uses)** | | | | |
| Prior Year Appropriations Carried Forward | 60,237 | 60,237 | 60,237 | - |
| Appropriations Continued to Fiscal Year 2019 | - | - | (134,315) | (134,315) |
| Miscellaneous Adjustments | 1,989 | 3,375 | 3,375 | - |
| Total Other Financing Sources (Uses) | 62,226 | 63,612 | (70,703) | (134,315) |
| Net Change in Fund Balance | $ (93,007) | $ (503,713) | (482,861) | $ 20,852 |
| Budgetary Fund Balances - July 1 | | | 157,856 | |
| Changes in Reserves | | | 96,764 | |
| Budgetary Fund Balances - June 30 | | | $ (228,241) | |

***The information about budgetary reporting is an integral part of this schedule.***

| Transportation Fund | | | |
|---|---|---|---|
| Budget | | | Variance with Final Budget positive |
| Original | Final | Actual | (negative) |
| $ 1,187,300 | $ 1,205,200 | $ 1,215,653 | $ 10,453 |
| - | - | - | - |
| 395,200 | 394,100 | 394,940 | 840 |
| 9,500 | 16,000 | 17,673 | 1,673 |
| 12,100 | 12,200 | 12,196 | (4) |
| (4,100) | (4,900) | (4,891) | 9 |
| - | - | - | - |
| (6,500) | (5,500) | (5,500) | - |
| - | - | - | - |
| - | - | - | - |
| 1,593,500 | 1,617,100 | 1,630,071 | 12,971 |
| - | - | - | - |
| 9,138 | 8,354 | 8,353 | 1 |
| 77,381 | 74,556 | 64,148 | 10,408 |
| 2,620 | 2,762 | 2,692 | 70 |
| - | - | - | - |
| 631,875 | 658,848 | 651,051 | 7,797 |
| 2,371 | 2,371 | - | 2,371 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 839,030 | 806,405 | 757,468 | 48,937 |
| 1,562,415 | 1,553,296 | 1,483,712 | 69,584 |
| - | 32,242 | - | (32,242) |
| | - | | |
| 31,085 | 96,046 | 146,359 | 50,313 |
| 30,389 | 30,389 | 30,389 | - |
| - | - | (28,643) | (28,643) |
| - | - | - | - |
| 30,389 | 30,389 | 1,746 | (28,643) |
| $ 61,474 | $ 126,435 | 148,105 | $ 21,670 |
| | | 128,004 | |
| | | (1,746) | |
| | | $ 274,363 | |

# 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. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

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

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

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

The budget is prepared on a "statutory" basis of accounting that utilizes the accounting standards that were applied in the budget act and related legislation. Commencing in Fiscal Year 2014, appropriations were made to legislatively budgeted funds to account for expense accruals. Beginning in Fiscal Year 2016, based on changes enacted in the biennial budget (Public Act 15-244) the GAAP expense accrual appropriations were consolidated into a single appropriation at the fund-level for the General Fund, Transportation Fund and all other budgeted special revenue funds The actual expense accruals were posted using the same methodology described above for the governmental fund financial statements. Revenues were recognized when received except in the General Fund and Transportation Fund. In those two funds certain taxes and Indian gaming payments are recognized within a statutory accrual period as approved by the State Comptroller. The state's three major tax categories (the personal income tax, the sales and use tax, and the corporation tax), among other taxes, are subject to statutory accrual. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2018 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

## B. Reconciliation of Budget/GAAP Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund and Transportation Fund*, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between statutory financial data and GAAP financial data.

- Revenues are recorded when received in cash except for certain year-end accruals statutory basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).

- Certain expenditures are not subject to accrual for budgeting purposes and are recorded when paid in cash (statutory basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).

- For statutory reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

The following table presents a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2018. Amounts are expressed in thousands.

| | General Fund | Transportation Fund |
|---|---|---|
| Net change in fund balances (statutory basis) | $ (482,861) | $ 148,106 |
| Volatility Deposit Budget Reserve Fund | 1,471,333 | - |
| Adjustments: | | |
| Increases (decreases) in revenue accruals: | | |
| Receivables and Other Assets | 577,086 | 6,932 |
| (Increases) decreases in expenditure accruals: | | |
| Accounts Payable and Other Liabilities | (15,781) | (13,169) |
| Salaries and Fringe Benefits Payable | 21,988 | 2,412 |
| Increase (Decrease) in Continuing Appropriations | 74,078 | (1,746) |
| Fund Reclassification-Bus Operations | - | 458 |
| Net change in fund balances (GAAP basis) | $ 1,645,843 | $ 142,993 |

## C. Budget Reserve Fund ("Rainy Day Fund")

In accordance with Section 4-30a of the Connecticut State Statutes, the State maintains a Budget Reserve ("Rainy Day") Fund. Per section 4-30a after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus, and after any required transfers have been made, the surplus shall be transferred by the State Treasurer to the Budget Reserve Fund. Moneys shall be expended only when in any fiscal year the Comptroller has determined the amount of a deficit applicable with respect to the immediately preceding fiscal year, to the extent necessary.

Historically, resources from the Rainy Day Fund have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. During fiscal year 2019 a withdrawal of $482.9 million will be made to cover the budgetary shortfall in fiscal year 2018.

Despite the deficit in the General Fund, there was a vast improvement in the balance of the Budget Reserve Fund at year-end. A new revenue volatility provision, contained in Public Act 17-2, requires all revenue in excess of $3.15 billion received by the State each fiscal year from estimated and final payments of the personal income tax imposed under chapter 229 of the general statutes is to be transferred to the budget reserve fund. This year estimated and final income tax collections totaled $4,621.3 billion, which resulted in a revenue volatility deposit of $1,471.3 billion to the Budget Reserve Fund. The bill also increases the Budget Reserve Fund maximum balance from 10 percent to 15 percent of net General Fund appropriation for the current fiscal year, no further transfers shall be made and the amount of the budget reserve funds in excess of that transferred shall be deemed to be appropriated, in the best interests of the State.

After the transfer was made to cover the shortfall and the deposit made for the revenue volatility provision in fiscal year 2018 the Budget Reserve Fund will have a balance of $1,201.4 billion.

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# 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 Plan Net Position
- Schedule of Employer Contributions
- Schedule of Investment Returns

# REQUIRED SUPPLEMENTAL INFORMATION
## PENSION PLANS
## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND PLAN NET POSITION

Last Four Fiscal Years*

*(Expressed in Thousands)*

| **SERS** | | | | |
|---|---|---|---|---|
| **Total Pension Liability** | **2017** | **2016** | **2015** | **2014** |
| Service Cost | $ 480,350 | $ 322,114 | $ 310,472 | $ 287,473 |
| Interest | 2,255,533 | 2,105,947 | 2,052,651 | 1,998,736 |
| Benefit Changes | (1,444,220) | - | - | - |
| Difference between expected and actual experience | - | 772,762 | - | - |
| Changes of assumptions | - | 4,959,705 | - | - |
| Benefit payments | (1,847,715) | (1,729,181) | (1,650,465) | (1,563,029) |
| Refunds of contributions | (7,972) | (7,098) | (7,124) | (3,935) |
| Net change in total pension liability | (564,024) | 6,424,249 | 705,534 | 719,245 |
| Total pension liability - beginning | 33,616,716 | 27,192,467 | 26,486,933 | 25,767,688 |
| **Total pension liability - ending (a)** | **$ 33,052,692** | **$ 33,616,716** | **$ 27,192,467** | **$ 26,486,933** |
| **Plan net position** | | | | |
| Contributions - employer | $ 1,542,298 | $ 1,501,805 | $ 1,371,651 | $ 1,268,890 |
| Contributions - member | 132,557 | 135,029 | 187,339 | 144,807 |
| Net investment income | 1,509,862 | (100) | 294,412 | 1,443,391 |
| Benefit payments | (1,847,715) | (1,729,181) | (1,650,465) | (1,563,029) |
| Administrative expense | (674) | (651) | - | - |
| Refunds of contributions | (7,972) | (7,098) | (7,124) | (3,935) |
| Other | (371) | 85,608 | - | - |
| Net change in plan net position | 1,327,985 | (14,588) | 195,813 | 1,290,124 |
| Plan net position - beginning | 10,653,792 | 10,668,380 | 10,472,567 | 9,182,443 |
| **Plan net position - ending (b)** | **$ 11,981,777** | **$ 10,653,792** | **$ 10,668,380** | **$ 10,472,567** |
| Ratio of plan net position to total pension liability | 36.25% | 31.69% | 39.23% | 39.54% |
| **Net pension liability - ending (a) -(b)** | **$ 21,070,915** | **$ 22,962,924** | **$ 16,524,087** | **$ 16,014,366** |
| Covered-employee payroll | $ 3,850,978 | $ 3,720,751 | $ 3,618,361 | $ 3,487,577 |
| Net pension liability as a percentage of covered-employee payroll | 547.16% | 617.16% | 456.67% | 459.18% |

| **TRS** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|
| **Total Pension Liability** | | | | |
| Service Cost | $ 450,563 | $ 419,616 | $ 404,449 | $ 347,198 |
| Interest | 2,308,693 | 2,228,958 | 2,162,174 | 2,090,483 |
| Difference between expected and actual experience | - | (375,805) | - | - |
| Changes of assumptions | - | 2,213,190 | - | - |
| Benefit payments | (1,962,533) | (1,738,131) | (1,773,408) | (1,737,144) |
| Refunds of contributions | - | - | (50,329) | - |
| Net change in total pension liability | 796,723 | 2,747,828 | 742,886 | 700,537 |
| Total pension liability - beginning | 29,839,923 | 27,092,095 | 26,349,209 | 25,648,672 |
| **Total pension liability - ending (a)** | **$ 30,636,646** | **$ 29,839,923** | **$ 27,092,095** | **$ 26,349,209** |
| **Plan net position** | | | | |
| Contributions - employer | $ 1,012,162 | $ 975,578 | $ 984,110 | $ 948,540 |
| Contributions - member | 288,251 | 293,493 | 228,100 | 261,213 |
| Net investment income | 2,199,895 | (18,473) | 452,942 | 2,277,550 |
| Benefit payments | (1,962,533) | (1,738,131) | (1,773,408) | (1,737,144) |
| Refunds of contributions | - | - | (50,329) | - |
| Other | 1,679 | (37,648) | 57,749 | (5,307) |
| Net change in plan net position | 1,539,454 | (525,181) | (100,836) | 1,744,852 |
| Plan net position - beginning | 15,594,872 | 16,120,053 | 16,220,889 | 14,462,903 |
| **Plan net position - ending (b)** | **$ 17,134,326** | **$ 15,594,872** | **$ 16,120,053** | **$ 16,207,755** |
| Ratio of plan net position to total pension liability | 55.93% | 52.26% | 59.50% | 61.51% |
| **Net pension liability - ending (a) -(b)** | **$ 13,502,320** | **$ 14,245,051** | **$ 10,972,042** | **$ 10,141,454** |
| Covered-employee payroll | $ 4,279,755 | $ 4,125,066 | $ 4,078,367 | $ 3,831,624 |
| Net pension liability as a percentage of covered-employee payroll | 315.49% | 345.33% | 269.03% | 264.68% |

# REQUIRED SUPPLEMENTAL INFORMATION
# PENSION PLANS
# SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND PLAN NET POSITION

Last Four Fiscal Years*

*(Expressed in Thousands)*

| JRS | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| **Total Pension Liability** | | | | |
| Service Cost | $ 10,159 | $ 8,508 | $ 8,142 | $ 7,539 |
| Interest | 29,062 | 28,251 | 27,240 | 26,301 |
| Difference between expected and actual experience | - | (9,380) | - | - |
| Changes of assumptions | - | 64,604 | - | - |
| Benefit payments | (24,899) | (22,994) | (22,541) | (21,668) |
| Net change in total pension liability | 14,322 | 68,989 | 12,841 | 12,172 |
| Total pension liability - beginning | 433,603 | 364,614 | 351,773 | 339,601 |
| **Total pension liability - ending (a)** | **$ 447,925** | **$ 433,603** | **$ 364,614** | **$ 351,773** |
| **Plan net position** | | | | |
| Contributions - employer | $ 19,164 | $ 18,259 | $ 17,731 | $ 16,298 |
| Contributions - member | 1,689 | 1,831 | 1,791 | 1,641 |
| Net investment income | 24,452 | 1,440 | 4,781 | 23,156 |
| Benefit payments | (24,899) | (22,994) | (22,541) | (21,668) |
| Other | (39) | 1,680 | - | - |
| Net change in plan net position | 20,367 | 216 | 1,762 | 19,427 |
| Plan net position - beginning | 189,758 | 189,542 | 187,780 | 168,353 |
| **Plan net position - ending (b)** | **$ 210,125** | **$ 189,758** | **$ 189,542** | **$ 187,780** |
| Ratio of plan net position to total pension liability | 46.91% | 43.76% | 51.98% | 53.38% |
| **Net pension liability - ending (a) -(b)** | **$ 237,800** | **$ 243,845** | **$ 175,072** | **$ 163,993** |
| Covered-employee payroll | $ 36,467 | $ 34,897 | $ 34,972 | $ 33,386 |
| Net pension liability as a percentage of covered-employee payroll | 652.10% | 698.76% | 500.61% | 491.20% |

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

# REQUIRED SUPPLEMENTARY INFORMATION
# PENSION PLANS
# SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

*(Expressed in Thousands)*

| SERS | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Actuarially determined employer contribution | $ 1,569,142 | $ 1,514,467 | $ 1,379,189 | $ 1,268,935 |
| Actual employer contributions | 1,542,298 | 1,501,805 | 1,371,651 | 1,268,890 |
| Annual contributions deficiency excess | $ 26,844 | $ 12,662 | $ 7,538 | $ 45 |
| Covered Payroll | $ 3,850,978 | $ 3,720,751 | $ 3,618,361 | $ 3,355,077 |
| Actual contributions as a percentage of covered-employee payroll | 40.05% | 40.36% | 37.91% | 37.82% |

| TRS | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Actuarially determined employer contribution | $ 1,012,162 | $ 975,578 | $ 984,110 | $ 948,540 |
| Actual employer contributions | 1,012,162 | 975,578 | 984,110 | 948,540 |
| Annual contributions deficiency excess | $ - | $ - | $ - | $ - |
| Covered Payroll | $ 4,279,755 | $ 4,125,066 | $ 4,078,367 | $ 3,930,957 |
| Actual contributions as a percentage of covered-employee payroll | 23.65% | 23.65% | 24.13% | 24.13% |

| JRS | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Actuarially determined employer contribution | $ 19,164 | $ 18,259 | $ 17,731 | $ 16,298 |
| Actual employer contributions | 19,164 | 18,259 | 17,731 | 16,298 |
| Annual contributions deficiency excess | $ - | $ - | $ - | $ - |
| Covered Payroll | $ 36,467 | $ 34,897 | $ 34,972 | $ 33,386 |
| Actual contributions as a percentage of covered-employee payroll | 52.55% | 52.32% | 50.70% | 48.82% |

Valuation Date:
Actuarially determined contribution amounts are calculated as of June 30, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll |
| Remaining Amortization Period | SERS 25.1 years<br>TRS 20.4 years<br>JRS 15 years |
| Asset Valuation Method | SERS & JRS 5 year smoothed actuarial value<br>TRS 4 year smoothed market value |
| Investment Rate of Return | SERS & JRS 6.90%<br>TRS 8% |
| Salary Increases | 3.22%-19.5% |
| Cost-of-Living Adjustments | 1.75%-4.75% |
| Inflation | 2.5%-2.75% |
| Social Security Wage Base | SERS 3.5% |

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| $ 1,059,652 | $ 926,372 | $ 944,077 | $ 897,428 | $ 753,698 | $ 716,944 |
| 1,058,113 | 926,343 | 825,801 | 720,527 | 699,770 | 711,555 |
| $ 1,539 | $ 29 | $ 118,276 | $ 176,901 | $ 53,928 | $ 5,389 |
| $ 3,304,538 | $ 3,209,782 | $ 3,308,498 | $ 2,920,661 | $ 3,497,400 | $ 3,497,400 |
| 32.02% | 28.86% | 24.96% | 24.67% | 20.01% | 20.35% |
| | | | | | |
| $ 787,536 | $ 757,246 | $ 581,593 | $ 559,224 | $ 539,303 | $ 518,560 |
| 787,536 | 757,246 | 581,593 | 559,224 | 539,303 | 518,560 |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 4,101,750 | $ 3,943,990 | $ 3,823,754 | $ 3,676,686 | $ 3,529,470 | $ 3,393,717 |
| 19.20% | 19.20% | 15.21% | 15.21% | 15.28% | 15.28% |
| | | | | | |
| $ 16,006 | $ 15,095 | $ 16,208 | $ 15,399 | $ 14,172 | $ 13,434 |
| 16,006 | 15,095 | - | - | 14,173 | 13,434 |
| $ - | $ - | $ 16,208 | $ 15,399 | $ (1) | $ - |
| $ 31,748 | $ 30,308 | $ 33,102 | $ 31,602 | $ 34,000 | $ 33,982 |
| 50.42% | 49.81% | 0.00% | 0.00% | 41.69% | 39.53% |

# REQUIRED SUPPLEMENTARY INFORMATION
# PENSION PLANS
# SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years*

| **Annual money-weighted rates of return net of investment expense** | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| State Employees' Retirement Fund | 7.30% | 14.32% | 0.23% | 2.83% | 15.62% |
| Teachers' Retirement Fund | 7.04% | 14.37% | 0.17% | 2.82% | 15.67% |
| State Judges' Retirement Fund | 6.24% | 13.04% | 1.11% | 2.57% | 13.66% |

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available.

# REQUIRED SUPPLEMENTARY INFORMATION
## OTHER POSTEMPLOYMENT BENEFITS

*Required supplementary information for other postemployment benefits provides information on funding progress and employer contributions.*

The following schedules are included in the Required Supplementary Information for Other Postemployment Benefits:

Schedule of Changes in Net OPEB Liability and Plan Net Position
Schedule of Employer Contributions
Schedule of Investment Returns

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# REQUIRED SUPPLEMENTAL INFORMATION
# OTHER POSTEMPLOYMENT BENEFIT PLANS
# SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND PLAN NET POSITION

Last Fiscal Year

*(Expressed in Thousands)*

**SEOPEBP**

| **Total OPEB Liability** | | 2017 |
|---|---|---|
| Service Cost | $ | 960,992 |
| Interest | | 511,133 |
| Difference between expected and actual experience | | - |
| Changes of assumptions | | (510,781) |
| Change in benefit terms | | - |
| Benefit payments | | (639,467) |
| Net change in total OPEB liability | | 321,877 |
| Total OPEB liability - beginning | | 17,583,045 |
| **Total OPEB liability - ending (a)** | **$** | **17,904,922** |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ | 667,401 |
| Contributions - member | | 120,783 |
| Net investment income | | 53,194 |
| Benefit payments | | (639,467) |
| Other | | (187) |
| Net change in plan fiduciary net position | | 201,724 |
| Plan fiduciary net position - beginning | | 340,618 |
| **Plan fiduciary net position - ending (b)** | **$** | **542,342** |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 3.03% |
| **Net OPEB liability - ending (a) -(b)** | **$** | **17,362,580** |
| Covered-employee payroll | $ | 3,743,995 |
| Net OPEB liability as a percentage of covered-employee payroll | | 463.74% |

**RTHP**

| **Total OPEB Liability** | | 2017 |
|---|---|---|
| Service Cost | $ | 148,220 |
| Interest | | 111,129 |
| Benefit Changes | | - |
| Difference between expected and actual experience | | - |
| Changes of assumptions | | (370,549) |
| Benefit payments | | (84,071) |
| Net change in total OPEB liability | | (195,271) |
| Total OPEB liability - beginning | | 3,734,043 |
| **Total OPEB liability - ending (a)** | **$** | **3,538,772** |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ | 19,922 |
| Contributions - member | | 50,436 |
| Net investment income | | 369 |
| Benefit payments | | (84,071) |
| Administrative expense | | (150) |
| Other | | 42 |
| Net change in plan fiduciary net position | | (13,452) |
| Plan fiduciary net position - beginning | | 76,880 |
| **Plan fiduciary net position - ending (b)** | **$** | **63,428** |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 1.79% |
| **Net OPEB liability - ending (a) -(b)** | **$** | **3,475,344** |
| Covered-employee payroll | $ | 4,279,755 |
| Net OPEB liability as a percentage of covered-employee payroll | | 81.20% |

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

# REQUIRED SUPPLEMENTARY INFORMATION
# OTHER POSTEMPLOYMENT BENEFIT PLANS
# SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Seven and Ten Fiscal Years

*(Expressed in Thousands)*

| SEOPEBP | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Actuarially determined employer contribution | $ 1,043,143 | $ 1,443,716 | $ 1,513,336 | $ 1,525,371 | $ 1,271,279 |
| Actual employer contributions | 667,401 | 608,593 | 546,284 | 514,696 | 542,615 |
| Annual contributions deficiency excess | $ 375,742 | $ 835,123 | $ 967,052 | $ 1,010,675 | $ 728,664 |
| Covered Payroll | $ 3,743,995 | $ 3,895,100 | $ 3,539,800 | $ 3,539,728 | $ 3,539,728 |
| Actual contributions as a percentage of covered-employee payroll | 17.83% | 15.62% | 15.43% | 14.54% | 15.33% |

| RTHP | | | | | |
|---|---|---|---|---|---|
| Actuarially determined employer contribution | $ 166,802 | $ 130,331 | $ 125,620 | $ 187,227 | $ 180,460 |
| Actual employer contributions | 19,922 | 19,960 | 25,145 | 25,955 | 27,040 |
| Annual contributions deficiency excess | $ 146,880 | $ 110,371 | $ 100,475 | $ 161,272 | $ 153,420 |
| Covered Payroll | $ 4,279,755 | $ 3,949,900 | $ 3,831,600 | $ 3,831,600 | $ 3,652,500 |
| Actual contributions as a percentage of covered-employee payroll | 0.47% | 0.51% | 0.66% | 0.68% | 0.74% |

**Note:**

June 30, 2011 was the first year an actuarial valuation for State Employees Other Postemployment Benefit Plan was performed.

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2017 and June 30, 2018 for SEOPEBP and RTHP respectively.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|---|---|
| Actuarial Cost Method | SEOPEBP- Projected Unit Credit<br>RTHP-Entry Age |
| Amortization Method | Level Percent of Payroll |
| Remaining Amortization Period | SEOPEBP- 22 years<br>RTHP-30 years |
| Asset Valuation Method | Market Value |
| Investment Rate of Return | SEOPEBP-5.7%<br>RTHP-4.25% |
| Salary Increases | SEOPEBP-3.75%<br>RTHP-3.25%-6.5% |
| Inflation | RTHP-2.75% |
| Claims Trend Assumption | 5.00-10.00% |

| 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|
| $ 1,354,738 | $ 1,276,099 | N/A | N/A | N/A |
| 541,262 | 544,767 | N/A | N/A | N/A |
| $ 813,476 | $ 731,332 | N/A | N/A | N/A |
| $ 3,902,248 | $ 3,902,248 | N/A | N/A | N/A |
| 13.87% | 13.96% | N/A | N/A | N/A |

| | | | | |
|---|---|---|---|---|
| $ 184,145 | $ 177,063 | $ 121,333 | $ 116,667 | $ 116,123 |
| 49,486 | 5,312 | 12,108 | 22,433 | 20,770 |
| $ 134,659 | $ 171,751 | $ 109,225 | $ 94,234 | $ 95,353 |
| $ 3,652,500 | $ 3,646,000 | $ 3,646,000 | $ 3,399,300 | $ 3,399,300 |
| 1.35% | 0.15% | 0.33% | 0.66% | 0.61% |

# REQUIRED SUPPLEMENTARY INFORMATION
# OPEB PLAN
# SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years*

| Annual money-weighted rates of return net of investment expense | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| OPEB Fund | 5.85% | 11.83% | 2.44% | 3.44% | 11.80% |

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is ccomplied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of this measurement date (one year before the most recent fiscal year end).

# Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governor Ned Lamont
Members of the General Assembly

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the state's basic financial statements and have issued our report thereon dated January 15, 2019. Our report includes a reference to other auditors. Other auditors audited the financial statements of certain funds and discretely presented component units of the state, as described in our report on the State of Connecticut's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The audits of the financial statements of the Bradley International Airport Parking Facility, Connecticut State University System, Connecticut Community Colleges, and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Connecticut's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2018, State of Connecticut Comprehensive Annual Financial Report*. The state's management responses to findings identified in our audit were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it. In addition, we have reported or will report to management findings in separately issued departmental audit reports covering the fiscal year ended June 30, 2018.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is intended solely for the information and use of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor

January 15, 2019
State Capitol
Hartford, Connecticut

# Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; And Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
JOHN C. GERAGOSIAN 210 CAPITOL AVENUE ROBERT J. KANE
HARTFORD, CONNECTICUT 06106-1559

# Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

## Independent Auditor's Report

Governor Ned Lamont
Members of the General Assembly

### Report on Compliance for Each Major Federal Program

We have audited the State of Connecticut's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State of Connecticut's major federal programs for the year ended June 30, 2018. The State of Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State of Connecticut's basic financial statements include the operations of the Connecticut Housing Finance Authority, the Connecticut Airport Authority, the Clean Water Fund, the Drinking Water Fund and the State Education Resource Center, which expended $111,549,144 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards, during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Connecticut Housing Finance Authority, the Connecticut Airport Authority, the State Education Resource Center, the Clean Water Fund, and the Drinking Water Fund because other auditors were engaged to audit those entities in accordance with the Uniform Guidance.

#### *Management's Responsibility*

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the State of Connecticut's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Connecticut's compliance.

### *Basis for Qualified Opinion on CFDA 93.791 Money Follows the Person Rebalancing Demonstration*

As described in the accompanying schedule of findings and questioned costs, the State of Connecticut did not comply with the requirements regarding CFDA 93.791 as described in finding number 2018-015 for Activities Allowed or Unallowed. Compliance with such requirements is necessary, in our opinion, for the State of Connecticut to comply with the requirements applicable to that program.

### *Qualified Opinion on CFDA 93.791 Money Follows the Person Rebalancing Demonstration*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.791 Money Follows the Person Rebalancing Demonstration for the year ended June 30, 2018.

### *Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the State of Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

### *Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003, 2018-006, 2018-008, 2018-013, 2018-019, 2018-025, 2018-100, 2018-102, 2018-153, 2018-302, 2018-450, 2018-725, 2018-731, 2018-733, 2018-802, 2018-803, 2018-804, and 2018-805. Our opinion on each major federal program is not modified with respect to these matters.

The State of Connecticut’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Connecticut’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the State of Connecticut is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Connecticut's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-015, 2018-025, 2018-201, 2018-800, 2018-802, and 2018-803 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-012, 2018-013, 2018-014, 2018-016, 2018-017, 2018-018, 2018-019, 2018-020, 2018-021, 2018-022, 2018-023, 2018-024, 2018-026, 2018-027, 2018-028, 2018-101, 2018-102, 2018-150, 2018-151, 2018-152, 2018-153, 2018-154, 2018-155, 2018-200, 2018-250, 2018-300, 2018-301, 2018-302, 2018-303, 2018-450, 2018-500, 2018-600, 2018-650, 2018-651, 2018-652, 2018-653, 2018-654, 2018-655, 2018-725, 2018-726, 2018-727, 2018-728, 2018-729, 2018-730, 2018-731, 2018-732, 2018-733, 2018-734, 2018-735, 2018-775, 2018-776, 2018-777, 2018-778, 2018-779, 2018-801, 2018-804, and 2018-805 to be significant deficiencies.

The State of Connecticut's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Connecticut’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State of Connecticut’s basic financial statements. We issued our report thereon dated January 15, 2019, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is intended solely for the information and use of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly, the Legislative Committee on Program Review and Investigations, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John C. Geragosian
Auditor of Public Accounts

Robert J. Kane
Auditor of Public Accounts

March 28, 2019
State Capitol
Hartford, Connecticut

# Schedule of Expenditures of Federal Awards

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2018

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| **DEPARTMENT OF AGRICULTURE** | | | | | | |
| **DEPARTMENT OF AGRICULTURE DIRECT PROGRAMS** | | | | | | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | | | - | 979,472 |
| PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE | 10.025 | | | | 2,655 | 551,688 |
| VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM | 10.093 | | | | - | 19,513 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | | | - | 151,736 |
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | | | (156) | 17,844 |
| COOPERATIVE FORESTRY RESEARCH | 10.202 | | | | - | 444,998 |
| PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT | 10.203 | | | | - | 2,022,489 |
| ANIMAL HEALTH AND DISEASE RESEARCH | 10.207 | | | | - | 21,164 |
| HIGHER EDUCATION Ð GRADUATE FELLOWSHIPS GRANT PROGRAM | 10.210 | | | | - | 76,500 |
| BIOTECHNOLOGY RISK ASSESSMENT RESEARCH | 10.219 | | | | - | 140,943 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | | | - | 31,258 |
| INTEGRATED PROGRAMS | 10.303 | | | | 132,895 | 319,407 |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | | | 227,464 | 2,429,185 |
| BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM | 10.311 | | | | 25,515 | 167,054 |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM | 10.329 | | | | - | 144,657 |
| CROP INSURANCE | 10.450 | | | | - | 1,958 |
| CROP INSURANCE EDUCATION IN TARGETED STATES | 10.458 | | | | - | 187,845 |
| FOOD SAFETY COOPERATIVE AGREEMENTS | 10.479 | | | | - | 72,957 |
| COOPERATIVE EXTENSION SERVICE | 10.500 | | | | 6,607 | 2,420,296 |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SEE NOTE 4) | 10.551 | | | | - | 624,753,305 |
| SCHOOL BREAKFAST PROGRAM | 10.553 | | | | 31,358,485 | 32,248,719 |
| NATIONAL SCHOOL LUNCH PROGRAM (SEE NOTE 4) | 10.555 | | | | 100,317,614 | 118,216,463 |
| SPECIAL MILK PROGRAM FOR CHILDREN | 10.556 | | | | 104,935 | 104,935 |
| WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (SEE NOTE 6) | 10.557 | | | | 10,004,138 | 39,710,128 |
| CHILD AND ADULT CARE FOOD PROGRAM | 10.558 | | | | 18,834,788 | 19,039,236 |
| SUMMER FOOD SERVICE PROGRAM FOR CHILDREN (SEE NOTE 4) | 10.559 | | | | 4,611,012 | 5,058,394 |
| STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION | 10.560 | | | | - | 2,277,880 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | 2,462,888 | 54,498,155 |
| COMMODITY SUPPLEMENTAL FOOD PROGRAM | 10.565 | | | | 194,570 | 195,808 |
| EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS) | 10.568 | | | | 587,129 | 591,676 |
| WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP) | 10.572 | | | | - | 294,117 |
| SENIOR FARMERS MARKET NUTRITION PROGRAM | 10.576 | | | | - | 78,122 |
| WIC GRANTS TO STATES (WGS) | 10.578 | | | | 92,125 | 1,081,965 |
| CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY | 10.579 | | | | 210,007 | 224,567 |
| FRESH FRUIT AND VEGETABLE PROGRAM | 10.582 | | | | - | 2,709,084 |
| COOPERATIVE FORESTRY ASSISTANCE | 10.664 | | | | 127,932 | 670,525 |
| FOREST LEGACY PROGRAM | 10.676 | | | | - | 283,311 |
| FOREST STEWARDSHIP PROGRAM | 10.678 | | | | - | 1 |
| FOREST HEALTH PROTECTION | 10.680 | | | | - | 30,831 |
| RURAL BUSINESS ENTERPRISE GRANTS | 10.769 | | | | - | 136 |
| ENVIRONMENTAL QUALITY INCENTIVES PROGRAM | 10.912 | | | | - | 36,150 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| FARM AND RANCH LANDS PROTECTION PROGRAM | 10.913 | | | | - | 467,161 |
| WATERSHED REHABILITATION PROGRAM | 10.916 | | | | - | 52,000 |
| REGIONAL CONSERVATION PARTNERSHIP PROGRAM | 10.932 | | | | 10,150 | 104,297 |
| LAYING THE FOUNDATION FOR A STATEWIDE FARM TO SCHOOL LAUNCH | 10.U01 | 17SDE0054AA | | | - | 38,197 |
| INSPECTION GRADING AND STANDARDIZATION | 10.162 | | | | - | 150 |
| MARKET PROTECTION AND PROMOTION | 10.163 | | | | 42,776 | 66,244 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | | | 54,131 | 116,621 |
| SECONDARY AND TWO-YEAR POSTSECONDARY AGRICULTURE EDUCATION CHALLENGE GRANTS | 10.226 | | | | - | 7,042 |
| **DEPARTMENT OF AGRICULTURE DIRECT PROGRAMS TOTAL** | | | | | **169,407,660** | **913,156,184** |
| **DEPARTMENT OF AGRICULTURE PASS THROUGH PROGRAMS** | | | | | | |
| | | | VERMONT LAW SCHOOL | AG160429 | | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | VERMONT LAW SCHOOL | AG170185 | - | 39,815 |
| | | | RUTGERS UNIVERSITY | 5890-NER15OHP-Aulakh | | |
| | | | RUTGERS UNIVERSITY | 5966-NERI6OHP-LaMondia | | |
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 28838-Z5659003 | - | 88,642 |
| | | | UNIVERSITY OF VERMONT | Coordinator15-29994 | | |
| | | | UNIVERSITY OF VERMONT | Coordinator16-31064 | | |
| | | | UNIVERSITY OF VERMONT | GNE16-128-29994 | | |
| | | | UNIVERSITY OF VERMONT | LNE13-324 | | |
| SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION | 10.215 | | UNIVERSITY OF VERMONT | GNE17-146-31064 | - | 161,230 |
| | | | UNIVERSITY OF VERMONT | SNE16-01-29994 | | |
| SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION | 10.215 | | UNIVERSITY OF VERMONT | Subaward SNE-17-01-32231 | - | 36,243 |
| HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS | 10.223 | | UNIVERSITY OF TEXAS, RIO GRANDE VALLEY | 2015-38422-24059(6) | - | 14,307 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | JOHNS HOPKINS UNIVERSITY | 2003019916 | - | 16,210 |
| CONSUMER DATA AND NUTRITION RESEARCH | 10.253 | | TUFTS UNIVERSITY | PREAWARD | - | 18,651 |
| INTEGRATED PROGRAMS | 10.303 | | UNIVERSITY OF IDAHO | 2013-51102-21015 | - | 20,562 |
| HOMELAND SECURITY_AGRICULTURAL | 10.304 | | CORNELL UNIVERSITY | 80289-10764 | - | 10,155 |
| HOMELAND SECURITY_AGRICULTURAL | 10.304 | | CORNELL UNIVERSITY | Subaward No. 80289-10770 | - | 19,183 |
| | | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | 422179-19756 | | |
| | | | CORNELL UNIVERSITY | 64094-9752 | | |
| | | | RUTGERS UNIVERSITY | 6063-PP2016-Stoner | | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2012-1785-06 | | |
| SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | | UNIVERSITY OF FLORIDA | Subaward No. UFDSP00010709 | - | 359,579 |
| | | | COLORADO UNIVERSITY | G-45001-1 | | |
| | | | UNIVERSITY OF CALIFORNIA, DAVIS | 201700151-01 | | |
| | | | UNIVERSITY OF CONNECTICUT | KFS5636230/USDA2016 PO#106504 | | |
| | | | COLLEGE OF WILLIAM AND MARY | 718252-712683 | | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2016-1038-02 | | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2015-0097-20 | | |
| | | | OHIO STATE UNIVERSITY | 60050299-UC | | |
| | | | OHIO STATE UNIVERSITY | Subaward No. 60045862 | | |
| | | | UNIVERSITY OF RHODE ISLAND | 4452/052715 | | |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | UNIVERSITY OF WISCONSIN, MADISON | Subaward No. 649K935 | - | 264,929 |
| | | | CORNELL UNIVERSITY | 73984-10396 | | |
| | | | CORNELL UNIVERSITY | 73984-10396 | | |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS | | | CORNELL UNIVERSITY | 73984-10396 | | |
| PROGRAM | 10.329 | | CORNELL UNIVERSITY | 73986-10427 | 9,610 | 39,660 |
| | | | KANSAS STATE UNIVERSITY | S17112 | | |
| | | | KANSAS STATE UNIVERSITY | S17112.01 | | |
| | | | UNIVERSITY OF MISSOURI | Subaward No. C00055873-2 | | |
| COOPERATIVE EXTENSION SERVICE | 10.500 | | UNIVERSITY OF MISSOURI | C00059381-5 | - | 40,404 |
| | | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 2015-0179-01-01 | | |
| SCHOOL WELLNESS POLICY COOPERATIVE AGREEMENT | 10.597 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | PREAWARD | - | 70,654 |
| URBAN AND COMMUNITY FORESTRY PROGRAM | 10.675 | | MORTON ARBORETUM | 15-DG-11132544-035 | - | 50,950 |
| LISTERIA MONOCYTOGENES GROWTH & SURVIVAL | 10.U01 | 2017CPS02 | CENTER FOR PRODUCE SAFETY | 2017CPS02 | - | 65,419 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| UTILIZATION OF GRAS COMPOUNDS AS ANTIMICROBIAL DIP AND COATING TREATMENTS FOR CONTROLLING LISTERIA | 10.U01 | DMI#02368 | DAIRY MANAGEMENT INC. (DMI) | DMI #02368 | - | 13,486 |
| STACKABLE FARMING FOR ECONOMICALLY AND ENVIRONMENTALLY SUSTAINABLE URBAN FOOD PRODUCTION | 10.U01 | AG180274 | VECNA TECHNOLOGIES | AG180274 | - | 9,999 |
| **DEPARTMENT OF AGRICULTURE PASS THROUGH PROGRAMS TOTAL** | | | | | **9,610** | **1,340,078** |
| **DEPARTMENT OF AGRICULTURE TOTAL** | | | | | **169,417,270** | **914,496,262** |
| **DEPARTMENT OF COMMERCE** | | | | | | |
| **DEPARTMENT OF COMMERCE DIRECT PROGRAMS** | | | | | | |
| CLUSTER GRANTS | 11.020 | | | | - | 87,653 |
| ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE | 11.303 | | | | - | 120,224 |
| INTERJURISDICTIONAL FISHERIES ACT OF 1986 | 11.407 | | | | - | 25,180 |
| SEA GRANT SUPPORT | 11.417 | | | | 15,000 | 1,343,622 |
| COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS | 11.419 | | | | - | 1,884,797 |
| COASTAL ZONE MANAGEMENT ESTUARINE RESEARCH RESERVES | 11.420 | | | | - | 356 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT GRANTS AND COOPERATIVE AGREEMENTS PROGRAM | 11.427 | | | | - | 136,831 |
| CLIMATE AND ATMOSPHERIC RESEARCH | 11.431 | | | | 37,678 | 84,920 |
| COOPERATIVE FISHERY STATISTICS | 11.434 | | | | - | 95,454 |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | | | - | 40 |
| CONGRESSIONALLY IDENTIFIED AWARDS AND PROJECTS | 11.469 | | | | - | 45,521 |
| UNALLIED SCIENCE PROGRAM | 11.472 | | | | - | 75,700 |
| ATLANTIC COASTAL FISHERIES COOPERATIVE MANAGEMENT ACT | 11.474 | | | | - | 72,048 |
| STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM | 11.549 | | | | - | 19,712 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | | | - | 1,329 |
| MARINE DEBRIS PROGRAM | 11.999 | | | | - | 49,393 |
| **DEPARTMENT OF COMMERCE DIRECT PROGRAMS TOTAL** | | | | | **52,678** | **4,042,780** |
| **DEPARTMENT OF COMMERCE PASS THROUGH PROGRAMS** | | | | | | |
| INTEGRATED OCEAN OBSERVING SYSTEM (IOOS) | 11.012 | | UNIVERSITY OF MAINE | AG180836 | - | 92,036 |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | | | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | A005-01 | | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | A008-001<br>Subaward #: A002-001 | | |
| | | | RUTGERS UNIVERSITY | 6166 | | |
| INTEGRATED OCEAN OBSERVING SYSTEM (IOOS) | 11.012 | | RUTGERS UNIVERSITY | 5929 | - | 482,609 |
| | | | UNIVERSITY OF WASHINGTON | UWSC7610/BPO10195 | | |
| SEA GRANT SUPPORT | 11.417 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101322 | - | 25,644 |
| SEA GRANT SUPPORT | 11.417 | | UNIVERSITY OF NEW HAMPSHIRE | 17-022 | - | 2,632 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT GRANTS AND COOPERATIVE AGREEMENTS PROGRAM | 11.427 | | UNIVERSITY OF HAWAII | MA1272 | - | 15,640 |
| | | | AK DEPARTMENT OF FISH AND GAME | 160002056 | | |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | UNIVERSITY OF ALASKA | UAF 17-0033 | - | 72,932 |
| | | | NATURE CONSERVANCY | | | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | MA1112017CT<br>A0007-001 | | |
| OFFICE FOR COASTAL MANAGEMENT | 11.473 | | RUTGERS UNIVERSITY | PO# S1566258 | - | 108,131 |
| DOLPHIN AND TURTLE IMMUNOLOGY | 11.U01 | 5700-UCONN | INDUSTRIAL ECONOMICS (IEC) | 5700-UCONN | - | (13,387) |
| CHARTER OF R/V CONNECTICUT FOR UNIVERSITY OF MAINE - WALLINGA BUOY MAINTENANCE | 11.U01 | AG181112 | UNIVERSITY OF MAINE | AG181112 | - | 37,096 |
| TEXT & DATA ANALYTICS FOR CENSUS OPERATIONS | 11.U01 | S/C-001 UCUE2018-USCB | NEWLIGHT TECHNOLOGIES | S/C-001 UCUE2018-USCB | - | 33,708 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | UNIVERSITY OF MICHIGAN | 3004566003 | - | 6,666 |
| **DEPARTMENT OF COMMERCE PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **863,707** |
| **DEPARTMENT OF COMMERCE TOTAL** | | | | | **52,678** | **4,906,487** |
| | | | | | | |
| **DEPARTMENT OF DEFENSE** | | | | | | |
| **DEPARTMENT OF DEFENSE DIRECT PROGRAMS** | | | | | | |
| STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES | 12.113 | | | | - | 27,213 |
| BASIC AND APPLIED SCIENTIFIC RESEARCH | 12.300 | | | | 225,740 | 3,090,951 |
| DEPARTMENT OF DEFENSE HIV/AIDS PREVENTION PROGRAM | 12.350 | | | | - | (8) |
| BASIC SCIENTIFIC RESEARCH - COMBATING WEAPONS OF MASS DESTRUCTION | 12.351 | | | | (359) | 86,147 |
| MILITARY CONSTRUCTION, NATIONAL GUARD | 12.400 | | | | - | 165,208 |
| NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS | 12.401 | | | | - | 21,995,183 |
| NATIONAL GUARD CHALLENGE PROGRAM | 12.404 | | | | - | 593,758 |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | | | 200,142 | 953,176 |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | | | - | 403,366 |
| ECONOMIC ADJUSTMENT ASSISTANCE FOR STATE GOVERNMENTS | 12.617 | | | | 290,119 | 894,560 |
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | | | 1,079,986 | 2,355,269 |
| RADAR AND EO SYSTEMS TRACK DETECTION ALGORITHMS FOR BMD | 12.U01 | HQ0147-15-C-6004 | | | - | 198,658 |
| TESTING OF ELECTROCARDIOGRAM DEVICES DURING LONG DURATION DIVE SCENARIOS | 12.U01 | N61331-16-P-8535 | | | - | 8,132 |
| TRACKING THE UPTAKE, TRANSLOCATION, CYCLING AND METABOLISM OF MUNITIONS COMPOUNDS IN COASTAL MARINE ECOSYSTEMS USING STABLE ISOTOPIC TRACER | 12.U01 | W912HQ18P0002 | | | - | 21,344 |
| STABLE-ISOTOPE LABELED TRACERS, AN INNOVATION WAY TO VALIDATE NATURAL ATTENUATION OF RDX IN GROUNDWATER | 12.U01 | N39430-17-C-1931 | | | - | 65,540 |
| MATHEMATICAL SCIENCES GRANTS PROGRAM | 12.901 | | | | - | 66,001 |
| **DEPARTMENT OF DEFENSE DIRECT PROGRAMS TOTAL** | | | | | **1,795,628** | **30,924,498** |
| **DEPARTMENT OF DEFENSE PASS THROUGH PROGRAMS** | | | | | | |
| | | | | STEVENS 2102309-01 | | |
| | | | STEVENS INSTITUTE OF TECHNOLOGY | FP063867B/DODW81XWH-14-2-0136- | | |
| | | | UNIVERSITY OF CHICAGO | P0001 | | |
| | | | UNIVERSITY OF CONNECTICUT | WAKE FOREST KFS 5619350 PO#54081 | | |
| | | | CREARE | Subcontract No. 75609 | | |
| | | | JACKSON (HENRY M.) FOUNDATION | Subaward# 3885/PO# 915062 | | |
| | | | UNIVERSITY OF PITTSBURGH | Subaward#0036974 (410159-1) | | |
| | | | UNIVERSITY OF SOUTHERN CALIFORNIA | 94598298 | | |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | WAKE FOREST UNIVERSITY | WFUHS 441059 ER-09 | - | 446,882 |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 5710003138 | | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2015-0978-02 | | |
| | | | NORTHEASTERN UNIVERSITY | 504108-78050 | | |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | UNIVERSITY OF CALIFORNIA, LOS ANGELES | 1000 G SA915 | - | 470,644 |
| BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND | | | ACADEMY OF APPLIED SCIENCE | US ARMY/AAS | | |
| ENGINEERING | 12.630 | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO #2605995 | - | 36,754 |
| | | | UNIVERSITY OF TULSA | SUBAWARD 14-2-1203439-94802 | | |
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | UNIVERSITY OF WISCONSIN, MADISON | 575K691 | - | 118,014 |
| BRAIN FUNCTION ASSESSMENT | 12.U01 | AG170769 | BRAINSCOPE COMPANY | AG170769 | - | 72,835 |
| CARBON EXCHANGES AND SOURCE ATTRIBUTIONS IN THE NEW RIVER ESTUARY, NC | 12.U01 | 888-13-16-12, 9-312-0213589 | RTI INTERNATIONAL | 888-13-16-12, 9-312-0213589 | - | 40,015 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| CMAS AND HIGH TEMPERATURE RESISTANT LAMGA111019 TBC COATINGS USING A MICROWAVE BASED UNIFORM-MELT-STATE PLASMA PROCESS (UNIMELT) | 12.U01 | AG141138 | AMASTAN | AG141138 | - | (478) |
| HUMAN BLAST COMPUTER MODELING (SENIOR DESIGN) | 12.U01 | PO10178692 | LEIDOS | PO10178692 | - | 553 |
| IMPACT POINT PREDICTION RESEARCH FOR SHORT & MEDIUM RANGE THRUSTING PROJECTILES" | 12.U01 | PO 4440278825 | MINISTRY OF DEFENSE (ISRAEL) | PO 4440278825 | - | 56,699 |
| OBJECTIVE BRAIN FUNCTION ASSESSMENT OF MTBI FROM INITIAL INJURY TO REHABILITATION AND TREATMENT OPTIMIZATION (BRAINSCOPE) | 12.U01 | AG151555 | BRAINSCOPE COMPANY | AG151555 | - | (5,473) |
| SECURE EFFICIENT CROSS-DOMAIN PROTOCOLS-PHASE II | 12.U01 | 201500410-S | SONALYSTS | 201500410-S | - | 145,216 |
| STABLE TUNABLE INTERMEDIATE FREQUENCY (STIF) LASER AND GAIN CHIP | 12.U01 | RDSI PO#14103 | RESEARCH AND DEVELOPMENT SOLUTIONS | RDSI PO#14103 | - | 39,664 |
| THE EFFECT OF WAKEFULNESS ON AUDITORY CUED VISUAL SEARCH | 12.U01 | PO10164705 | LEIDOS | PO10164705 | - | 42,456 |
| EFFICIENT COMBUSTION CHEMISTRY MODEL DEVELOPMENT WITH UNCERTAINTY QUANTIFICATION | 12.U01 | 20180012 | CFD RESEARCH CORPORATION | 20180012 | - | 3,591 |
| HIGHLY-MANEUVERING OBSCURED TARGET EXTRACTION WITH OTHR | 12.U01 | CRFR-054 | MATRIX RESEARCH | CRFR-054 | - | 3,663 |
| PASSIVE THREE-DIMENSIONAL IMAGING IN LOW LIGHT LEVELS WITH MOBILE DEVICES | 12.U01 | PO#27664 | MTEQ | PO#27664 | - | 25,995 |
| INTEGRATED BIAS ESTIMATION AND TRACKING FOR EO/IR FUSED SYSTEMS | 12.U01 | SC17-C046-1 | TOYON | SC17-C046-1 | - | 108,586 |
| TOPOLOGICAL DETECTION OF GEOMETRIC STRUCTURE | 12.U01 | SUB1143604-001 | ALION SCIENCE AND TECHNOLOGY | SUB1143604-001 | - | 203,726 |
| **DEPARTMENT OF DEFENSE PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **1,809,342** |
| **DEPARTMENT OF DEFENSE TOTAL** | | | | | **1,795,628** | **32,733,840** |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | | | | |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS** | | | | | | |
| SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM (SEE NOTE 1) | 14.195 | | | | - | 5,407,067 |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII | 14.228 | | | | 9,912,475 | 10,148,459 |
| EMERGENCY SOLUTIONS GRANT PROGRAM | 14.231 | | | | 2,179,379 | 2,179,379 |
| SHELTER PLUS CARE | 14.238 | | | | - | 102 |
| HOME INVESTMENT PARTNERSHIPS PROGRAM | 14.239 | | | | 564,947 | 2,160,996 |
| HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS | 14.241 | | | | 217,492 | 217,492 |
| SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY (SEE NOTE 1) | 14.249 | | | | - | 74,445 |
| CONTINUUM OF CARE PROGRAM | 14.267 | | | | 1,376,894 | 24,906,699 |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | - | 29,787,303 |
| NATIONAL RESILIENT DISASTER RECOVERY COMPETITION | 14.272 | | | | 87,625 | 2,203,463 |
| PROJECT RENTAL ASSISTANCE DEMONSTRATION (PRA DEMO) PROGRAM OF SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES | 14.326 | | | | - | 216,327 |
| FAIR HOUSING ASSISTANCE PROGRAM_STATE AND LOCAL | 14.401 | | | | - | 96,447 |
| LOWER INCOME HOUSING ASSISTANCE PROGRAM-SECTION 8 MODERATE REHABILITATION (SEE NOTE 1) | 14.856 | | | | - | 105,878 |
| SECTION 8 HOUSING CHOICE VOUCHERS (SEE NOTE 1) | 14.871 | | | | - | 84,863,279 |
| MAINSTREAM VOUCHERS | 14.879 | | | | - | 1,534,039 |
| FAMILY SELF-SUFFICIENCY PROGRAM | 14.896 | | | | - | 213,700 |
| MULTIFAMILY HOUSING SERVICE COORDINATORS | 14.191 | | | | 393,623 | 393,623 |
| HOUSING TRUST FUND | 14.275 | | | | - | 151,148 |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS TOTAL** | | | | | **14,732,435** | **164,659,846** |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS THROUGH PROGRAMS** | | | | | | |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS | 14.218 | | CITY OF MERIDEN<br>CITY OF MIDDLETOWN | LTR-1017<br>18-0008 | - | 5,630 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | UNIVERSITY OF CONNECTICUT | CT DOH/STORRS KFS 5636980 PO#132849 | - | (461) |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **5,169** |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL** | | | | | **14,732,435** | **164,665,015** |
| **DEPARTMENT OF THE INTERIOR** | | | | | | |
| **DEPARTMENT OF THE INTERIOR DIRECT PROGRAMS** | | | | | | |
| HURRICANE SANDY DISASTER RELIEF Ð COASTAL RESILIENCY GRANTS. | 15.153 | | | | - | 2,714,147 |
| SPORT FISH RESTORATION PROGRAM | 15.605 | | | | - | 24,475 |
| SPORT FISH RESTORATION | 15.605 | | | | - | 3,261,333 |
| FISH AND WILDLIFE MANAGEMENT ASSISTANCE | 15.608 | | | | - | 50,951 |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | 42,085 | 4,648,433 |
| COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND | 15.615 | | | | - | 52,326 |
| CLEAN VESSEL ACT PROGRAM | 15.616 | | | | 1,006,766 | 1,335,367 |
| SPORTFISHING AND BOATING SAFETY ACT | 15.622 | | | | 1,397,675 | 1,402,924 |
| STATE WILDLIFE GRANTS | 15.634 | | | | 161,814 | 746,736 |
| RESEARCH GRANTS (GENERIC) | 15.650 | | | | - | 5,986 |
| HIGHLANDS CONSERVATION PROGRAM | 15.667 | | | | 142,750 | 142,750 |
| ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES | 15.805 | | | | - | 92,095 |
| U.S. GEOLOGICAL SURVEY_ RESEARCH AND DATA COLLECTION | 15.808 | | | | - | 54,106 |
| NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM | 15.810 | | | | 30,000 | 30,000 |
| NATIONAL GEOSPATIAL PROGRAM: BUILDING THE NATIONAL MAP | 15.904 | | | | 78,995 | 866,115 |
| OUTDOOR RECREATION_ACQUISITION, DEVELOPMENT AND PLANNING | 15.916 | | | | - | 281,086 |
| NATIONAL MARITIME HERITAGE GRANTS PROGRAM | 15.925 | | | | - | 1,440 |
| HISTORIC PRESERVATION FUND GRANTS TO PROVIDE DISASTER RELIEF TO HISTORIC PROPERTIES DAMAGED BY HURRICANE SANDY | 15.957 | | | | 1,384,072 | 1,501,045 |
| SEA TURTLE EGG HOMOGENIZATION AND COMPOSITING | 15.U01 | G17PX00937 | | | - | 23,845 |
| NORTH AMERICAN WETLANDS CONSERVATION FUND | 15.623 | | | | - | 11,936 |
| WATER USE AND DATA RESEARCH | 15.981 | | | | - | 14,256 |
| **DEPARTMENT OF THE INTERIOR DIRECT PROGRAMS TOTAL** | | | | | **4,244,157** | **17,261,352** |
| **DEPARTMENT OF THE INTERIOR PASS THROUGH PROGRAMS** | | | | | | |
| HURRICANE SANDY DISASTER RELIEF Ð COASTAL RESILIENCY GRANTS. | 15.153 | | THE UNIVERSITY OF RHODE ISLAND | 44017/031715/0004251 | - | 9,513 |
| | | | NORTH ATLANTIC COST COOPERATIVE ECOSYSTEM STUDIES UNIT | Agmt Award F14AC00965 | | |
| | | | UNIVERSITY OF DELAWARE | 49130 | | |
| HURRICANE SANDY DISASTER RELIEF ACTIVITIES-FWS | 15.677 | | UNIVERSITY OF MAINE | UM-S987 | 59,458 | 131,945 |
| NATIONAL LAND REMOTE SENSING_EDUCATION OUTREACH AND RESEARCH | 15.815 | | AMERICA VIEW | AV14-CT01 | - | 10,637 |
| **DEPARTMENT OF THE INTERIOR PASS THROUGH PROGRAMS TOTAL** | | | | | **59,458** | **152,095** |
| **DEPARTMENT OF THE INTERIOR TOTAL** | | | | | **4,303,615** | **17,413,447** |
| **DEPARTMENT OF JUSTICE** | | | | | | |
| **DEPARTMENT OF JUSTICE DIRECT PROGRAMS** | | | | | | |
| LAW ENFORCEMENT ASSISTANCE NARCOTICS AND DANGEROUS DRUGS STATE LEGISLATION | 16.002 | | | | - | 3,619 |
| SEXUAL ASSAULT SERVICES FORMULA PROGRAM | 16.017 | | | | 405,497 | 412,084 |
| ANTITERRORISM EMERGENCY RESERVE | 16.321 | | | | 46,874 | 46,874 |
| JUVENILE ACCOUNTABILITY BLOCK GRANTS | 16.523 | | | | 53,750 | 146,339 |
| GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS | 16.525 | | | | - | 238,059 |
| JUVENILE JUSTICE AND DELINQUENCY PREVENTION_ALLOCATION TO STATES | 16.540 | | | | 273,826 | 358,136 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| MISSING CHILDREN'S ASSISTANCE | 16.543 | | | | - | 353,516 |
| STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS | 16.550 | | | | - | 8,523 |
| NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP) | 16.554 | | | | - | 1,999,668 |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | | | - | 114,397 |
| CRIME VICTIM ASSISTANCE | 16.575 | | | | 14,848,407 | 15,415,078 |
| CRIME VICTIM COMPENSATION | 16.576 | | | | - | 1,091,018 |
| EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM | 16.579 | | | | - | 16,337 |
| CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS | 16.582 | | | | 5,635 | 71,286 |
| VIOLENCE AGAINST WOMEN FORMULA GRANTS | 16.588 | | | | 1,197,775 | 1,714,257 |
| RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS | 16.593 | | | | - | 55,762 |
| STATE CRIMINAL ALIEN ASSISTANCE PROGRAM | 16.606 | | | | - | 360,657 |
| PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS | 16.710 | | | | - | 401,794 |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM | 16.738 | | | | 59,338 | 835,568 |
| DNA BACKLOG REDUCTION PROGRAM | 16.741 | | | | - | 862,282 |
| PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM | 16.742 | | | | - | 77,899 |
| SUPPORT FOR ADAM WALSH ACT IMPLEMENTATION GRANT PROGRAM | 16.750 | | | | - | 361,612 |
| EDWARD BYRNE MEMORIAL COMPETITIVE GRANT PROGRAM | 16.751 | | | | - | 279,087 |
| HAROLD ROGERS PRESCRIPTION DRUG MONITORING PROGRAM | 16.754 | | | | - | 235,037 |
| SECOND CHANCE ACT REENTRY INITIATIVE | 16.812 | | | | 64,871 | 638,295 |
| NATIONAL SEXUAL ASSAULT KIT INITIATIVE | 16.833 | | | | 31,468 | 360,422 |
| EQUITABLE SHARING PROGRAM | 16.922 | | | | - | 719,589 |
| POSTCONVICTION TESTING OF DNA EVIDENCE | 16.820 | | | | - | 22,166 |
| BODY WORN CAMERA POLICY AND IMPLEMENTATION | 16.835 | | | | - | 1,824 |
| **DEPARTMENT OF JUSTICE DIRECT PROGRAMS TOTAL** | | | | | **16,987,441** | **27,201,185** |
| **DEPARTMENT OF JUSTICE PASS THROUGH PROGRAMS** | | | | | | |
| SERVICES FOR TRAFFICKING VICTIMS | 16.320 | | INTERNATIONAL INSTITUTE OF CONNECTICUT | AG141356 | - | (7,291) |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | URBAN INSTITUTE | 08976-000-00-CDOC-01 | - | 3,309 |
| CORRECTIONS_RESEARCH AND EVALUATION AND POLICY FORMULATION | 16.602 | | URBAN INSTITUTE | 08689-002-00-UCONN-01 | - | 35,248 |
| | | | NATIONAL 4-H COUNCIL | 2016-JU-FX-0022 | | |
| | | | NATIONAL 4-H COUNCIL | AG160262 | | |
| JUVENILE MENTORING PROGRAM | 16.726 | | NATIONAL 4-H COUNCIL | 2017-JU-FX-0016 | 37,154 | 80,497 |
| BYRNE CRIMINAL JUSTICE INNOVATION PROGRAM | 16.817 | | CITY OF HARTFORD POLICE DEPARTMENT | 2017 AJ BX 002 | - | 29,628 |
| | | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0001 | | |
| GIRLS IN THE JUVENILE JUSTICE SYSTEM | 16.830 | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0002 | - | 20,834 |
| **DEPARTMENT OF JUSTICE PASS THROUGH PROGRAMS TOTAL** | | | | | **37,154** | **162,225** |
| **DEPARTMENT OF JUSTICE TOTAL** | | | | | **17,024,595** | **27,363,410** |
| **DEPARTMENT OF LABOR** | | | | | | |
| **DEPARTMENT OF LABOR DIRECT PROGRAMS** | | | | | | |
| LABOR FORCE STATISTICS (SEE NOTE 1) | 17.002 | | | | - | 1,591,470 |
| COMPENSATION AND WORKING CONDITIONS | 17.005 | | | | - | 174,441 |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES (SEE NOTE 1) | 17.207 | | | | 405,776 | 8,650,980 |
| UNEMPLOYMENT INSURANCE (SEE NOTE 1 AND NOTE 7) | 17.225 | | | | - | 742,624,815 |
| SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM | 17.235 | | | | 990,304 | 990,304 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| TRADE ADJUSTMENT ASSISTANCE (SEE NOTE 1) | 17.245 | | | | - | 6,605,371 |
| WIA/WIOA ADULT PROGRAM | 17.258 | | | | 8,750,726 | 10,203,312 |
| WIA/WIOA YOUTH ACTIVITIES | 17.259 | | | | 9,237,525 | 11,511,841 |
| H-1B JOB TRAINING GRANTS | 17.268 | | | | 721,836 | 1,100,454 |
| WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC) (SEE NOTE 1) | 17.271 | | | | - | 80,404 |
| TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS (SEE NOTE 1) | 17.273 | | | | - | 102,989 |
| WORKFORCE INVESTMENT ACT (WIA) NATIONAL EMERGENCY GRANTS | 17.277 | | | | 1,465,769 | 1,873,724 |
| WIA/WIOA DISLOCATED WORKER FORMULA GRANTS | 17.278 | | | | 8,852,710 | 14,973,346 |
| WIOA DISLOCATED WORKER NATIONAL RESERVE TECHNICAL ASSISTANCE AND TRAINING | 17.281 | | | | 19,900 | 27,335 |
| TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCCT) GRANTS | 17.282 | | | | - | 3,245,180 |
| WORKFORCE INNOVATION FUND | 17.283 | | | | 1,600,430 | 2,054,447 |
| APPRENTICESHIP USA GRANTS | 17.285 | | | | 200,102 | 662,894 |
| OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM | 17.503 | | | | - | 782,400 |
| CONSULTATION AGREEMENTS | 17.504 | | | | - | 1,387,904 |
| MINE HEALTH AND SAFETY GRANTS | 17.600 | | | | - | 29,237 |
| DISABLED VETERANS' OUTREACH PROGRAM (DVOP) (SEE NOTE 1) (DVOP) | 17.801 | | | | - | 1,165,349 |
| LOCAL VETERAN'S EMPLOYMENT REPRESENTATIVE PROGRAM (LVER) | 17.804 | | | | - | 576,239 |
| **DEPARTMENT OF LABOR DIRECT PROGRAMS TOTAL** | | | | | **32,245,078** | **810,414,436** |
| **DEPARTMENT OF LABOR PASS THROUGH PROGRAMS** | | | | | | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | ISY-16-001 | | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | | |
| WIA/WIOA YOUTH ACTIVITIES | 17.259 | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | - | 77,370 |
| H-1B JOB TRAINING GRANTS | 17.268 | | THE WORKPLACE INC. | HG-22616-12-60-A-9 | - | 34,547 |
| **DEPARTMENT OF LABOR PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **111,917** |
| **DEPARTMENT OF LABOR TOTAL** | | | | | **32,245,078** | **810,526,353** |
| **DEPARTMENT OF STATE** | | | | | | |
| **DEPARTMENT OF STATE DIRECT PROGRAMS** | | | | | | |
| ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS | 19.009 | | | | 6,600 | 636,672 |
| **DEPARTMENT OF STATE TOTAL** | | | | | **6,600** | **636,672** |
| **DEPARTMENT OF TRANSPORTATION** | | | | | | |
| **DEPARTMENT OF TRANSPORTATION DIRECT PROGRAMS** | | | | | | |
| AIRPORT IMPROVEMENT PROGRAM | 20.106 | | | | - | 25,654 |
| AVIATION RESEARCH GRANTS | 20.108 | | | | - | 56,396 |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | | | - | 191,338 |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | | 37,226,669 | 506,372,364 |
| HIGHWAY TRAINING AND EDUCATION | 20.215 | | | | - | 323,864 |
| NATIONAL MOTOR CARRIER SAFETY | 20.218 | | | | - | 2,338,568 |
| RECREATIONAL TRAILS PROGRAM | 20.219 | | | | 459,825 | 524,229 |
| PERFORMANCE AND REGISTRATION INFORMATION SYSTEMS MANAGEMENT | 20.231 | | | | - | 25,915 |
| COMMERCIAL DRIVER'S LICENSE PROGRAM IMPLEMENTATION GRANT | 20.232 | | | | - | 846,529 |
| SAFETY DATA IMPROVEMENT PROGRAM | 20.234 | | | | - | 552,435 |
| COMMERCIAL VEHICLE INFORMATION SYSTEMS AND NETWORKS | 20.237 | | | | - | 824,558 |
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | | | - | 29,835 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| HIGH-SPEED RAIL CORRIDORS AND INTERCITY PASSENGER RAIL SERVICE Ð CAPITAL ASSISTANCE GRANTS | 20.319 | | | | - | 10,859,868 |
| FEDERAL TRANSIT-CAPITAL INVESTMENT GRANTS | 20.500 | | | | - | 35,254,825 |
| METROPOLITAN TRANSPORTATION PLANNING AND STATE AND NON-METROPOLITAN PLANNING AND RESEARCH | 20.505 | | | | 1,185,533 | 1,193,509 |
| FEDERAL TRANSIT-FORMULA GRANTS | 20.507 | | | | 640,223 | 136,677,144 |
| FORMULA GRANTS FOR RURAL AREAS | 20.509 | | | | 1,909,342 | 2,515,653 |
| ENHANCED MOBILITY FOR SENIORS AND INDIVIDUALS WITH DISABILITIES | 20.513 | | | | 2,437,899 | 2,598,669 |
| NEW FREEDOM PROGRAM | 20.521 | | | | 782,369 | 782,676 |
| ALTERNATIVES ANALYSIS | 20.522 | | | | - | 111,259 |
| CAPITAL ASSISTANCE PROGRAM FOR REDUCING ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS | 20.523 | | | | - | 2,615,354 |
| PUBLIC TRANSPORTATION EMERGENCY RELIEF PROGRAM | 20.527 | | | | - | 15,099,068 |
| STATE AND COMMUNITY HIGHWAY SAFETY | 20.600 | | | | 1,422,868 | 2,585,163 |
| ALCOHOL OPEN CONTAINER REQUIREMENTS | 20.607 | | | | 2,976,919 | 5,195,465 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | | | - | 312,702 |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | | | 1,643,692 | 5,077,646 |
| PIPELINE SAFETY PROGRAM STATE BASE GRANT | 20.700 | | | | - | 727,677 |
| UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | | | | - | 4,597 |
| INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS | 20.703 | | | | - | 108,360 |
| PHMSA PIPELINE SAFETY PROGRAM ONE CALL GRANT | 20.721 | | | | - | 35,579 |
| NATIONAL INFRASTRUCTURE INVESTMENTS | 20.933 | | | | 1,927,356 | 6,428,715 |
| BUS AND BUS FACILITIES FORMULA PROGRAM | 20.526 | | | | - | 405,831 |
| **DEPARTMENT OF TRANSPORTATION DIRECT PROGRAMS TOTAL** | | | | | **52,612,695** | **740,701,445** |
| **DEPARTMENT OF TRANSPORTATION PASS THROUGH PROGRAMS** | | | | | | |
| AIR TRANSPORTATION CENTERS OF EXCELLENCE | 20.109 | | GEORGIA INSTITUTE OF TECHNOLOGY | RF377-G1 | - | 7,164 |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | NATIONAL ACADEMIES | HR 12-111 PO# SUB0000987 | - | 14,371 |
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | SHORT LINE SAFETY INSTITUTE | AG180245 | - | 21,826 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | STATE OF RHODE ISLAND DEPARTMENT OF TRANSPORTATION | 3541623 | - | 107,511 |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 5710003808 | | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No 5710003806 | | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No 5710003807 | | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No. 5710003805 | | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward# 5710003809 | | |
| UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | | UNIVERSITY OF NORTH CAROLINA, CHARLOTTE | 20160688-03-UOC | 4,597 | 349,244 |
| IMPROVED PREDICTION MODELS FOR CRASH TYPES AND CRASH SEVERITIES | 20.U01 | HR 17-62 | NAS/TRANSPORTATION RESEARCH BOARD | HR 17-62 | 109,919 | 109,919 |
| ROAD FLOODING IN COASTAL CONNECTICUT | 20.U01 | AG170204 | SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS | AG170204 | - | 16,629 |
| **DEPARTMENT OF TRANSPORTATION PASS THROUGH PROGRAMS TOTAL** | | | | | **114,516** | **626,664** |
| **DEPARTMENT OF TRANSPORTATION TOTAL** | | | | | **52,727,211** | **741,328,109** |
| **DEPARTMENT OF THE TREASURY** | | | | | | |
| **DEPARTMENT OF THE TREASURY DIRECT PROGRAMS** | | | | | | |
| LOW INCOME TAXPAYER CLINICS | 21.008 | | | | - | 98,939 |
| **DEPARTMENT OF THE TREASURY TOTAL** | | | | | **-** | **98,939** |
| **EQUAL EMPLOYMENT OPPORTUNITY COMMISSION** | | | | | | |
| **EQUAL EMPLOYMENT OPPORTUNITY COMMISSION DIRECT PROGRAMS** | | | | | | |
| JOB DISCRIMINATION SPECIAL PROJECTS GRANT | 30.002 | | | | - | 2,628 |
| **EQUAL EMPLOYMENT OPPORTUNITY COMMISSION TOTAL** | | | | | **-** | **2,628** |
| **GENERAL SERVICES ADMINISTRATION** | | | | | | |
| **GENERAL SERVICES ADMINISTRATION DIRECT PROGRAMS** | | | | | | |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY (SEE NOTE 4) | 39.003 | | | | - | 47,019 |
| **GENERAL SERVICES ADMINISTRATION TOTAL** | | | | | **-** | **47,019** |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION** | | | | | | |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION DIRECT PROGRAMS** | | | | | | |
| SCIENCE | 43.001 | | | | 22,793 | 604,121 |
| AERONAUTICS | 43.002 | | | | 38,670 | 125,518 |
| EXPLORATION | 43.003 | | | | - | 6,268 |
| EDUCATION | 43.008 | | | | - | 6,413 |
| SPACE TECHNOLOGY | 43.012 | | | | - | 260,796 |
| USING RAPID SCAT OCEAN VECTOR WINDS TO UNDERSTAND THE ORIGIN OF OCEAN TEMPERATURE EXTREMES OFF U.S. COASTS | 43.U01 | 1544.398 | | | - | 91,995 |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION DIRECT PROGRAMS TOTAL** | | | | | **61,463** | **1,095,111** |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION PASS THROUGH PROGRAMS** | | | | | | |
| SCIENCE | 43.001 | | BIGELOW LABORATORY FOR OCEAN SCIENCES | PO #60497 | - | 26,400 |
| | | | BERMUDA BIOLOGICAL STATION FOR RESEARCH | 154444UCONN | | |
| | | | CALIFORNIA INSTITUTE OF TECHNOLOGY | 1590854 | | |
| | | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK | R1040042 | | |
| | | | UNIVERSITY OF NEW HAMPSHIRE | 15-048 | | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101231 | | |
| SCIENCE | 43.001 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101238 | - | 262,852 |
| | | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT CONSORTIUM | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | Pro-Sum#1012 | | |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| EDUCATION | 43.008 | | UNIVERSITY OF HARTFORD | NNX15A112H | - | 68,438 |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | NNX15A112H | | |
| | | | UNIVERSITY OF HARTFORD | NNX12AG64H | | |
| EDUCATION | 43.008 | | UNIVERSITY OF HARTFORD | P-1175 | - | 16,289 |
| | | | UNIVERSITY OF HARTFORD | P-1071 | | |
| | | | UNIVERSITY OF HARTFORD | P-1077 | | |
| | | | UNIVERSITY OF HARTFORD | P-1123 | | |
| | | | UNIVERSITY OF HARTFORD | P-986 | | |
| | | | UNIVERSITY OF HARTFORD | P-1212 | | |
| | | | UNIVERSITY OF HARTFORD | P-1177 | | |
| | | | UNIVERSITY OF HARTFORD | P-1223 | | |
| | | | UNIVERSITY OF HARTFORD | P-1129 | | |
| | | | UNIVERSITY OF HARTFORD | P-1126 | | |
| EDUCATION | 43.008 | | UNIVERSITY OF HARTFORD | P-1170 | - | 31,658 |
| | | | UNIVERSITY OF HARTFORD | P-1270 | | |
| | | | UNIVERSITY OF HARTFORD | P-1134 | | |
| | | | UNIVERSITY OF HARTFORD | P-1174 | | |
| | | | TRINITY COLLEGE | NNX15AI12H | | |
| | | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT CONSORTIUM | NNX12AG64H - various | | |
| EDUCATION | 43.008 | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT CONSORTIUM | NNX15A112 H (P-1122) | - | 33,195 |
| A CHANCE ALIGNMENT: RESOLVING A MASSIVE COMPACT GALAXY ACTIVELY QUENCHING AT Z=1.8 | 43.U01 | HST-GO-14622.008-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-14622.008-A | - | 39,984 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| CHARTER OF R/V CONNECTICUT FOR BIGELOW LAB GULF OF MAINE SURVEY | 43.U01 | PO60580 | BIGELOW LABORATORY FOR OCEAN SCIENCES | PO60580 | - | 30,800 |
| 25X SPACE FRESNEL LENS CONCENTRATOR USING 4(+) JUNCTION IMM SOLAR CELLS AND NYCTINAST | 43.U01 | AG170872 | MARK O'NEILL | AG170872 | - | 32,465 |
| COMPLETING THE LEGACY OF HUBBLE'S WIDE/DEEP FIELDS: AN ALIGNED COMPLETE DATASET OF 1220 ORBITS ON THE GOODS-N/CANDELS-N REGION | 43.U01 | HST-AR-15027.009-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-AR-15027.009-A | - | 3,633 |
| ULTRAVIOLET ECHOES OF QUASAR ACCRETION DISKS | 43.U01 | HST-GO-15260.001-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-15260.001-A | - | 11,058 |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **556,772** |
| **NATIONAL AERONAUTICS & SPACE ADMINISTRATION TOTAL** | | | | | **61,463** | **1,651,883** |
| | | | | | | |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES** | | | | | | |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES DIRECT PROGRAMS** | | | | | | |
| PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS | 45.025 | | | | 543,661 | 709,844 |
| PROMOTION OF THE HUMANITIES_DIVISION OF PRESERVATION AND ACCESS | 45.149 | | | | - | 112,704 |
| PROMOTION OF THE HUMANITIES_FELLOWSHIPS AND STIPENDS | 45.160 | | | | - | 50,886 |
| PROMOTION OF THE HUMANITIES_TEACHING AND LEARNING RESOURCES AND CURRICULUM DEVELOPMENT | 45.162 | | | | - | 15,898 |
| PROMOTION OF THE HUMANITIES_PROFESSIONAL DEVELOPMENT | 45.163 | | | | - | 63,353 |
| GRANTS TO STATES | 45.310 | | | | (24) | 1,775,892 |
| NATIONAL LEADERSHIP GRANTS | 45.312 | | | | - | 11,888 |
| LAURA BUSH 21ST CENTURY LIBRARIAN PROGRAM | 45.313 | | | | 12,000 | 131,000 |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES DIRECT PROGRAMS TOTAL** | | | | | **555,637** | **2,871,465** |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES PASS THROUGH PROGRAMS** | | | | | | |
| PROMOTION OF THE HUMANITIES_FELLOWSHIPS AND STIPENDS | 45.160 | | MASSACHUSETTS HISTORICAL SOCIETY | AG161396 | - | 2,708 |
| PROMOTION OF THE HUMANITIES_RESEARCH | 45.161 | | EAST CAROLINA UNIVERSITY | Subaward# A15-0046-S001 | - | (1,413) |
| PROMOTION OF THE HUMANITIES_RESEARCH | 45.161 | | JAMES MADISON UNIVERSITY | S16-136-02 | - | 24,678 |
| PROMOTION OF THE HUMANITIES_TEACHING AND LEARNING RESOURCES AND CURRICULUM DEVELOPMENT | 45.162 | | FOLGER INSTITUTE | AG170373 | - | 8 |
| NATIONAL LEADERSHIP GRANTS | 45.312 | | GEORGE MASON UNIVERSITY | E2033501 | - | 41,843 |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **67,824** |
| **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL** | | | | | **555,637** | **2,939,289** |
| | | | | | | |
| **NATIONAL SCIENCE FOUNDATION** | | | | | | |
| **NATIONAL SCIENCE FOUNDATION DIRECT PROGRAMS** | | | | | | |
| ENGINEERING GRANTS | 47.041 | | | | 41,695 | 4,537,024 |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | | | 69,112 | 4,169,521 |
| GEOSCIENCES | 47.050 | | | | - | 2,920,105 |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | | | 289,844 | 2,687,922 |
| BIOLOGICAL SCIENCES | 47.074 | | | | 93,930 | 3,952,960 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | | | - | 478,215 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | | | 446,974 | 3,684,005 |
| OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING | 47.079 | | | | - | 36,496 |
| OFFICE OF INTEGRATIVE ACTIVITIES | 47.083 | | | | 374,469 | 923,096 |
| **NATIONAL SCIENCE FOUNDATION DIRECT PROGRAMS TOTAL** | | | | | **1,316,024** | **23,389,344** |
| **NATIONAL SCIENCE FOUNDATION PASS THROUGH PROGRAMS** | | | | | | |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| | | | CLEMSON UNIVERSITY | 1695-206-2009743 | | |
| | | | HEALTH E-SENSE | AG170741 | | |
| | | | MGENUITY | AG160940/1632573 | | |
| | | | MOBILE SENSE TECHNOLOGIES | AG171434 | | |
| | | | THE BEAMER | AG171165 | | |
| | | | THE BEAMER | AG171056 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | InfoEd 20130051 | | |
| | | | UNIVERSITY OF NOTRE DAME | 202508UC | | |
| | | | YALE UNIVERSITY | C13D11528 (D01897) | | |
| ENGINEERING GRANTS | 47.041 | | YALE UNIVERSITY | C17D12543 (CON-80000133) | - | 171,817 |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | YALE UNIVERSITY | C12D11227(D01804) | - | 240,751 |
| GEOSCIENCES | 47.050 | | JAMES MADISON UNIVERSITY | SUB AWARD # S15-235-03 | - | 12,107 |
| | | | UNIVERSITY OF ARKANSAS | SA1804213 | | |
| | | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 36932-Z4391001 | | |
| | | | UNIVERSITY OF MICHIGAN | 3004146005 | | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | C121573 | | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | E118764 | | |
| GEOSCIENCES | 47.050 | | CONSERVATION INTERNATIONAL FUND | 1000474 | - | 222,759 |
| | | | | RD199-G16 | | |
| | | | GEORGIA INSTITUTE OF TECH | UCONN STORRS KFS#5631140, | | |
| | | | UNIVERSITY OF CONNECTICUT | PO#93382 | | |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | WASHINGTON STATE UNIVERSITY | Subaward No. 123507_G003406 | - | 177,483 |
| | | | UNIVERSITY OF PUERTO RICO, SAN JUAN | 2016-006 | | |
| | | | UNIVERSITY OF VIRGINIA | GA11020-142299 | | |
| BIOLOGICAL SCIENCES | 47.074 | | WASHINGTON STATE UNIVERSITY | 123664-G003628 | - | 427,825 |
| | | | CONNECTICUT CHILDREN'S MEDICAL CENTER | 16-179392-02 | | |
| | | | UNIVERSITY OF CALIFORNIA, BERKELEY | 9146 | | |
| | | | UNIVERSITY OF CHICAGO | FP050648 | | |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 2012-06354-01 (14290) | - | 57,855 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | NORTHERN VIRGINIA COMMUNITY COLLEGE | Subgrant No. 1323283 | - | 7,108 |
| | | | TUFTS UNIVERSITY | DRL-1418163 | | |
| | | | SENCER | DUE-12244888 | | |
| | | | SENCER | 73299-1128962-3 | | |
| | | | UNIVERSITY OF CONNECTICUT | KSF 5641360/PO 175480/NSF 1735225 | | |
| | | | AMERICAN EDUCATIONAL RESEARCH ASSOCIATION | AG170097 | | |
| | | | AMERICAN MUSEUM OF NATURAL HISTORY | 41671 | | |
| | | | UNIVERSITY OF MASSACHUSETTS, AMHERST | 12-006782 B | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1263-1010-00-B | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1776-1011-00-B | | |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | UNIVERSITY OF SOUTH FLORIDA | PREAWARD | - | 418,466 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | UNIVERSITY OF VIRGINIA | GA11161 150024 | - | 132,872 |
| **NATIONAL SCIENCE FOUNDATION PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **1,869,043** |
| **NATIONAL SCIENCE FOUNDATION TOTAL** | | | | | **1,316,024** | **25,258,387** |
| **SMALL BUSINESS ADMINISTRATION** | | | | | | |
| **SMALL BUSINESS ADMINISTRATION DIRECT PROGRAMS** | | | | | | |
| SMALL BUSINESS DEVELOPMENT CENTERS | 59.037 | | | | - | 1,372,145 |
| FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM | 59.058 | | | | - | 91,097 |
| STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM | 59.061 | | | | - | 204,447 |
| **SMALL BUSINESS ADMINISTRATION TOTAL** | | | | | **-** | **1,667,689** |
| **DEPARTMENT OF VETERANS AFFAIRS** | | | | | | |
| **DEPARTMENT OF VETERANS AFFAIRS DIRECT PROGRAMS** | | | | | | |
| GRANTS TO STATES FOR CONSTRUCTION OF STATE HOME FACILITIES | 64.005 | | | | - | 130,886 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| VA ASSISTANCE TO UNITED STATES PARALYMPIC INTEGRATED ADAPTIVE SPORTS PROGRAM | 64.034 | | | | - | 8,596 |
| ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE | 64.124 | | | | - | 197,412 |
| STATE CEMETERY GRANTS | 64.203 | | | | - | 657,884 |
| BRAIN-COMPUTER INTERFACE (BCI) ENABLED MEMORY TRAINING FOR SCHIZOPHRENIA | 64.U01 | VA241-16-C-0036 | | | - | (3,592) |
| **DEPARTMENT OF VETERANS AFFAIRS TOTAL** | | | | | **-** | **991,186** |
| **ENVIRONMENTAL PROTECTION AGENCY** | | | | | | |
| **ENVIRONMENTAL PROTECTION AGENCY DIRECT PROGRAMS** | | | | | | |
| STATE INDOOR RADON GRANTS | 66.032 | | | | - | 136,024 |
| SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT | 66.034 | | | | - | 388,595 |
| STATE CLEAN DIESEL GRANT PROGRAM | 66.040 | | | | 83,485 | 136,485 |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | | | - | 12,281 |
| STATE PUBLIC WATER SYSTEM SUPERVISION | 66.432 | | | | - | 1,493,288 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | | | 33,349 | 2,530,603 |
| WATER QUALITY MANAGEMENT PLANNING | 66.454 | | | | 130,358 | 249,744 |
| NONPOINT SOURCE IMPLEMENTATION GRANTS | 66.460 | | | | 969,700 | 1,278,971 |
| REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS | 66.461 | | | | - | 126,268 |
| BEACH MONITORING AND NOTIFICATION PROGRAM IMPLEMENTATION GRANTS | 66.472 | | | | - | 285,862 |
| SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM | 66.509 | | | | - | 154,450 |
| SCIENCE TO ACHIEVE RESULTS (STAR) FELLOWSHIP PROGRAM | 66.514 | | | | - | 29,494 |
| PERFORMANCE PARTNERSHIP GRANTS | 66.605 | | | | - | 8,204,702 |
| TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS | 66.701 | | | | - | 133,089 |
| TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS | 66.707 | | | | - | 286,699 |
| POLLUTION PREVENTION GRANTS PROGRAM | 66.708 | | | | - | 83,698 |
| SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE-SPECIFIC COOPERATIVE AGREEMENTS | 66.802 | | | | - | 916,829 |
| UNDERGROUND STORAGE TANK PREVENTION, DETECTION AND COMPLIANCE PROGRAM | 66.804 | | | | - | 353,938 |
| LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM | 66.805 | | | | - | 600,713 |
| SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS | 66.809 | | | | - | 142,775 |
| STATE AND TRIBAL RESPONSE PROGRAM GRANTS | 66.817 | | | | - | 819,111 |
| BROWNFIELDS ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS | 66.818 | | | | - | (96,511) |
| LOW-COST, REAL-TIME, IN SITU CONTINUOUS MEASUREMENT OF NITROGEN SPECIES USING WIRELESS MILLI-ELECTRODE ARRAY (WI MEA) SENSOR PACKAGES | 66.U01 | OWSEPTICSYS | | | - | 12,251 |
| OFFICE OF RESEARCH AND DEVELOPMENT CONSOLIDATED RESEARCH/TRAINING/FELLOWSHIPS | 66.511 | | | | - | 30,704 |
| **ENVIRONMENTAL PROTECTION AGENCY DIRECT PROGRAMS TOTAL** | | | | | **1,216,892** | **18,310,063** |
| **ENVIRONMENTAL PROTECTION AGENCY PASS THROUGH PROGRAMS** | | | | | | |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | MARTHA'S VINEYARD SHELLFISH GROUP | AG151548 | - | 20,690 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | STATE UNIVERSITY OF NEW YORK | Subaward 66833 | - | 4,983 |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.16.053824 | | |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.17.058154 | | |
| LONG ISLAND SOUND PROGRAM | 66.437 | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.17.057915 | - | 39,661 |
| GREAT LAKES PROGRAM | 66.469 | | LOYOLA UNIVERSITY CHICAGO | 516995-UConn | - | 25,588 |
| RESEARCH, DEVELOPMENT, MONITORING, PUBLIC EDUCATION, TRAINING, DEMONSTRATIONS, AND STUDIES | 66.716 | | EXTENSION FOUNDATION | SA-2017-43 | - | 3,108 |
| NATIONAL ESTUARY PROGRAM | 66.456 | | NEW YORK SEA GRANT | 72841-1-1128016 | - | 15,472 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| **ENVIRONMENTAL PROTECTION AGENCY PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **109,502** |
| **ENVIRONMENTAL PROTECTION AGENCY TOTAL** | | | | | **1,216,892** | **18,419,565** |
| **DEPARTMENT OF ENERGY** | | | | | | |
| **DEPARTMENT OF ENERGY DIRECT PROGRAMS** | | | | | | |
| STATE ENERGY PROGRAM | 81.041 | | | | 35,800 | 604,443 |
| WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS | 81.042 | | | | 1,174,230 | 1,510,299 |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | | | 76,887 | 2,232,452 |
| UNIVERSITY COAL RESEARCH | 81.057 | | | | - | 113,518 |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | | | - | (11,678) |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | | | - | 15,177 |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | | | 9,444 | 376,955 |
| STATE HEATING OIL AND PROPANE PROGRAM | 81.138 | | | | - | (1,196) |
| EXPERIMENTAL DATA FOR VALIDATION OF KINETIC MECHANISMS FOR FUEL COMPANIES AND SURROGATES | 81.U01 | B621898 | | | - | 14,315 |
| SEARCH FOR NEW DIRAC MATERIALS | 81.U01 | Agrmt: 432529 Sub: 385444 | | | - | 55,401 |
| EIC BACKGROUND STUDIES AND THE IMPACT ON THE IR AND DETECTOR DESIGN | 81.U01 | 341820 | | | - | 15,506 |
| DEVELOPMENT OF REDUCED MODELS AND EFFICIENT CHEMISTRY SOLVERS | 81.U01 | PO #1833988 | | | - | 54,107 |
| STATE ENERGY PROGRAM SPECIAL PROJECTS | 81.119 | | | | - | 275,662 |
| **DEPARTMENT OF ENERGY DIRECT PROGRAMS TOTAL** | | | | | **1,296,361** | **5,254,961** |
| **DEPARTMENT OF ENERGY PASS THROUGH PROGRAMS** | | | | | | |
| | | | FORGE NANO | DE-SC0017192SUB1 | | |
| | | | HIFUNDA | AG130541 | | |
| | | | HIFUNDA | AG171003 | | |
| | | | SKYRE | AG160746 | | |
| | | | STRUCTURED MATERIALS INDUSTRIES | 42038-041116-03 | | |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | UES | S-132-000-001 | - | 327,981 |
| UNIVERSITY COAL RESEARCH | 81.057 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51900000027086 | - | 1,220 |
| | | | SEVENTHWAVE-DOE | 715516-01 | | |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | SEVENTHWAVE-DOE | 715516-01 | - | 34,560 |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | UNIVERSITY OF NEW HAVEN | PO #0034767 | - | 6,627 |
| | | | CASE WESTERN RESERVE UNIVERSITY | RES512578 | | |
| | | | FUELCELL ENERGY | PO 10007906 | | |
| | | | GINER | AG181061 | | |
| | | | LOUISIANA STATE UNIVERSITY | PO-0000027017 | | |
| | | | STANFORD UNIVERSITY | 61559169-51077 | | |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO # 2605553 | - | 155,091 |
| | | | CARPENTER TECHNOLOGY | PO# 7S70403 | | |
| | | | CUMMINS | IND4097881 | | |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | FUELCELL ENERGY | PO10005143 | - | 203,781 |
| NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION | 81.121 | | CLEMSON UNIVERSITY | 1740-219-2010311 | - | 45,126 |
| | | | FUELCELL ENERGY | PO 10007545 | | |
| | | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO 2603144 | | |
| ADVANCED RESEARCH PROJECTS AGENCY - ENERGY | 81.135 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | PREAWARD | - | 166,241 |
| ELECTROPRODUCTION WITH NUCLEON AND NUCLEAR TARGETS USING CLAS AND CLAS12 | 81.U01 | 6F-3061 | UCHICAGO ARGONNE | 6F-3061 | - | 53,475 |
| GRADUATE RESEARCH SERVICES-ANDREY KIM | 81.U01 | 14-P0041 | JEFFERSON SCIENCE ASSOCIATES | 14-P0041 | - | 60,333 |
| SLAC GRADUATE SUPPORT | 81.U01 | PO SLAC-0000166840 | STANFORD UNIVERSITY | PO SLAC-0000166840 | - | (2,635) |
| MAGNETIC TOPOLOGICAL MATTER | 81.U01 | 443647 | LOS ALAMOS NATIONAL LABORATORY | 443647 | - | 95,105 |
| **DEPARTMENT OF ENERGY PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **1,146,905** |
| **DEPARTMENT OF ENERGY TOTAL** | | | | | **1,296,361** | **6,401,866** |
| **DEPARTMENT OF EDUCATION** | | | | | | |
| **DEPARTMENT OF EDUCATION DIRECT PROGRAMS** | | | | | | |
| ADULT EDUCATION - BASIC GRANTS TO STATES | 84.002 | | | | 4,543,887 | 5,812,420 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | | | - | 2,955,458 |
| TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES | 84.010 | | | | 116,056,214 | 119,910,849 |
| TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH | 84.013 | | | | - | 902,658 |
| SPECIAL EDUCATION-GRANTS TO STATES | 84.027 | | | | 115,928,386 | 129,071,029 |
| HIGHER EDUCATION_INSTITUTIONAL AID | 84.031 | | | | - | 561,372 |
| FEDERAL WORK-STUDY PROGRAM | 84.033 | | | | - | 3,461,304 |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | | | - | 28,198,603 |
| TRIO-STUDENT SUPPORT SERVICES | 84.042 | | | | - | 809,764 |
| TRIO-TALENT SEARCH | 84.044 | | | | - | 198,432 |
| TRIO-UPWARD BOUND | 84.047 | | | | - | 728,810 |
| CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES | 84.048 | | | | 6,365,274 | 9,557,030 |
| FEDERAL PELL GRANT PROGRAM | 84.063 | | | | - | 150,149,226 |
| REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES | 84.126 | | | | - | 24,309,748 |
| REHABILITATION SERVICES_CLIENT ASSISTANCE PROGRAM | 84.161 | | | | - | 15,355 |
| SPECIAL EDUCATION_PRESCHOOL GRANTS | 84.173 | | | | 25,145 | 211,959 |
| SPECIAL EDUCATION-PRESCHOOL GRANTS | 84.173 | | | | 3,590,432 | 3,863,182 |
| REHABILITATION SERVICES_INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND | 84.177 | | | | - | 357,648 |
| SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES | 84.181 | | | | - | 3,433,917 |
| SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES_NATIONAL PROGRAMS | 84.184 | | | | - | 212,677 |
| SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES | 84.187 | | | | - | 214,572 |
| BILINGUAL EDUCATION | 84.195 | | | | - | 30,810 |
| EDUCATION FOR HOMELESS CHILDREN AND YOUTH | 84.196 | | | | 354,017 | 481,772 |
| GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED | 84.200 | | | | - | 1,041,908 |
| JAVITS GIFTED AND TALENTED STUDENTS EDUCATION | 84.206 | | | | 61,666 | 978,069 |
| TRIO-MCNAIR POST-BACCALAUREATE ACHIEVEMENT | 84.217 | | | | - | 219,564 |
| CENTERS FOR INTERNATIONAL BUSINESS EDUCATION | 84.220 | | | | - | 290,710 |
| PROGRAM OF PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS | 84.240 | | | | - | 4,388 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | | | - | 374,179,689 |
| TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS | 84.287 | | | | 8,124,944 | 8,600,290 |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | | | 815,908 | 2,632,839 |
| SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT | 84.323 | | | | - | 10,084 |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | | | - | 886,422 |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | | | 498,664 | 1,836,875 |
| GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS | 84.334 | | | | - | 2,278,778 |
| ENGLISH LANGUAGE ACQUISITION STATE GRANTS | 84.365 | | | | 6,499,363 | 7,088,368 |
| MATHEMATICS AND SCIENCE PARTNERSHIPS | 84.366 | | | | 628,100 | 726,610 |
| SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS | 84.367 | | | | 17,660,924 | 19,118,585 |
| GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES | 84.369 | | | | - | 6,193,181 |
| SCHOOL IMPROVEMENT GRANTS | 84.377 | | | | 3,082,392 | 3,091,831 |
| TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH GRANTS) | 84.379 | | | | - | 42,828 |
| SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT | 84.388 | ARRA | | | - | 208,339 |
| PRESCHOOL DEVELOPMENT GRANTS | 84.419 | | | | 11,598,854 | 12,185,307 |
| STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM | 84.424 | | | | 2,710,960 | 2,717,734 |
| OVERSEAS PROGRAMS - DOCTORAL DISSERTATION RESEARCH ABROAD | 84.022 | | | | - | 27,848 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| **DEPARTMENT OF EDUCATION DIRECT PROGRAMS TOTAL** | | | | | **298,545,130** | **929,808,842** |
| **DEPARTMENT OF EDUCATION PASS THROUGH PROGRAMS** | | | | | | |
| ADULT EDUCATION - BASIC GRANTS TO STATES | 84.002 | | EDUCATION CONNECTION, FOOTHILL ADULTS & CONTINUING ED. | 49149 | - | 2,038 |
| HIGHER EDUCATION_INSTITUTIONAL AID | 84.031 | | MERCY COLLEGE | AG150593 | - | 3,938 |
| TRIO-UPWARD BOUND | 84.047 | | CITY OF WATERBURY | PO-154957 | - | 12,722 |
| FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION | 84.116 | | FARMINGDALE STATE COLLEGE | P116F150028 | - | 2,752 |
| | | | NEW YORK UNIVERSITY | F0523-02 | | |
| | | | TEXAS A&M UNIVERSITY | 02-S140264 | | |
| | | | UNIVERSITY OF COLORADO, BOULDER | PREAWARD | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20140315 | | |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 16662 | - | 264,907 |
| | | | UNIVERSITY OF MARYLAND, COLLEGE PARK | Z2104001 | | |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | UNIVERSITY OF TENNESSEE | PREAWARD | - | 398,975 |
| | | | UNIVERSITY OF FLORIDA-CEEDAR CENTER | H325A120003 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 500130 | | |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | VANDERBILT UNIVERSITY | UNIV58451 | - | 258,356 |
| | | | UNIVERSITY OF MASSACHUSETTS BOSTON | DOE/TPSID/UMASS BOSTON 96297220 | | |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160511 | - | 195,006 |
| | | | UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | 5039295 | | |
| SPECIAL EDUCATION_TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.326 | | UNIVERSITY OF OREGON | 224440K | - | 894,953 |
| | | | UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL | SUB#5103430/DOE H326P120002-15B | | |
| | | | AMERICAN INSTITUTES FOR RESEARCH | 313000102 | | |
| SPECIAL EDUCATION_TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.326 | | AMERICAN INSTITUTES FOR RESEARCH | 141010602 | - | 225,566 |
| SPECIAL EDUCATION_EDUCATIONAL TECHNOLOGY MEDIA, AND MATERIALS FOR INDIVIDUALS WITH DISABILITIES | 84.327 | | OHIO STATE UNIVERSITY | 60036894/PO#RF01370554 | - | 9,156 |
| GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS | 84.334 | | NEW HAVEN BOARD OF EDUCATION | PO#96107437 | - | 146,951 |
| MATHEMATICS AND SCIENCE PARTNERSHIPS | 84.366 | | CENTRAL CONNECTICUT STATE UNIVERSITY | GA18 02 | - | 13,860 |
| | | | CONNECTICUT SCIENCE CENTER | AG160443 | | |
| | | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2016 | | |
| | | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2017-CRWPPD | | |
| SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS | 84.367 | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2017-ILI | - | 32,092 |
| | | | CITY OF WATERBURY | PO-146875 | | |
| | | | UNIVERSITY OF HAWAII | PO Z10103363 | | |
| SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS | 84.367 | | NATIONAL WRITING PROJECT | 06-CT04-SEED2012 | - | 30,577 |
| TEACHER INCENTIVE FUND | 84.374 | | NEW HAVEN PUBLIC SCHOOLS, CT | Agreement No: 96085364 | - | 28,455 |
| **DEPARTMENT OF EDUCATION PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **2,520,304** |
| **DEPARTMENT OF EDUCATION TOTAL** | | | | | **298,545,130** | **932,329,146** |
| | | | | | | |
| **NATIONAL ARCHIVES & RECORDS ADMINISTRATION** | | | | | | |
| **NATIONAL ARCHIVES & RECORDS ADMINISTRATION DIRECT PROGRAMS** | | | | | | |
| NATIONAL HISTORICAL PUBLICATIONS AND RECORDS GRANTS | 89.003 | | | | - | 2,388 |
| **NATIONAL ARCHIVES & RECORDS ADMINISTRATION TOTAL** | | | | | **-** | **2,388** |
| | | | | | | |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | | | | |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES DIRECT PROGRAMS** | | | | | | |
| PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND | 93.003 | | | | - | 129,332 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION | 93.041 | | | | 56,464 | 61,541 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS | 93.042 | | | | - | 181,164 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES | 93.043 | | | | 285,118 | 285,118 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | - | 26,313 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART B-GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | 4,392,191 | 4,786,683 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART C-NUTRITION SERVICES | 93.045 | | | | 8,677,181 | 8,677,181 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE IV-AND TITLE II-DISCRETIONARY PROJECTS | 93.048 | | | | 386,679 | 446,117 |
| NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E | 93.052 | | | | 2,178,793 | 2,179,018 |
| NUTRITION SERVICES INCENTIVE PROGRAM (SEE NOTE 4) | 93.053 | | | | 1,575,849 | 1,575,849 |
| TRAINING IN GENERAL, PEDIATRIC, AND PUBLIC HEALTH DENTISTRY | 93.059 | | | | - | 440,163 |
| LABORATORY TRAINING, EVALUATION, AND QUALITY ASSURANCE PROGRAMS | 93.064 | | | | - | 212,772 |
| PUBLIC HEALTH EMERGENCY PREPAREDNESS | 93.069 | | | | 3,810,542 | 7,902,797 |
| ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE | 93.070 | | | | 193,423 | 1,403,484 |
| MEDICARE ENROLLMENT ASSISTANCE PROGRAM | 93.071 | | | | 196,340 | 196,624 |
| BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES - PREVENTION AND SURVEILLANCE | 93.073 | | | | - | 196,632 |
| HOSPITAL PREPAREDNESS PROGRAM (HPP) AND PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) ALIGNED COOPERATIVE AGREEMENTS | 93.074 | | | | 7,335 | 359,390 |
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT REGULATORY RESEARCH | 93.077 | | | | 101,701 | 783,673 |
| COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE | 93.079 | | | | - | 360,182 |
| GUARDIANSHIP ASSISTANCE | 93.090 | | | | - | 2,919,267 |
| AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM | 93.092 | | | | 176,808 | 660,595 |
| WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION | 93.094 | | | | 285,360 | 680,656 |
| HHS PROGRAMS FOR DISASTER RELIEF APPROPRIATIONS ACT - NON CONSTRUCTION | 93.095 | | | | 701,097 | 701,097 |
| FOOD AND DRUG ADMINISTRATION_RESEARCH | 93.103 | | | | - | 2,561,260 |
| COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED) | 93.104 | | | | 227,475 | 577,566 |
| AREA HEALTH EDUCATION CENTERS POINT OF SERVICE MAINTENANCE AND ENHANCEMENT AWARDS | 93.107 | | | | 183,033 | 370,904 |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | | | 121,865 | 530,613 |
| ENVIRONMENTAL HEALTH | 93.113 | | | | - | 662,823 |
| PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS | 93.116 | | | | 12,000 | 601,160 |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | | | 684,547 | 3,598,579 |
| COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES | 93.130 | | | | - | 360,002 |
| INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS | 93.136 | | | | 791,660 | 2,049,932 |
| PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH) | 93.150 | | | | - | 799,278 |
| COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, INFANTS, CHILDREN, AND YOUTH | 93.153 | | | | 57,983 | 82,792 |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| HUMAN GENOME RESEARCH | 93.172 | | | | 760,144 | 1,715,806 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS | 93.173 | | | | 53,844 | 1,249,539 |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH | 93.213 | | | | - | 70,666 |
| GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES | 93.236 | | | | 529,310 | 657,863 |
| STATE CAPACITY BUILDING | 93.240 | | | | - | 510,527 |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | | | 728,849 | 5,439,823 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | | | 698,376 | 12,754,897 |
| ADVANCED NURSING EDUCATION WORKFORCE GRANT PROGRAM | 93.247 | | | | 80,329 | 547,231 |
| UNIVERSAL NEWBORN HEARING SCREENING | 93.251 | | | | 72,035 | 218,184 |
| POISON CENTER SUPPORT AND ENHANCEMENT GRANT PROGRAM | 93.253 | | | | - | 169,301 |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | | | - | 434,663 |
| NURSE FACULTY LOAN PROGRAM (NFLP) (SEE NOTE 5) | 93.264 | | | | - | 2,478,912 |
| IMMUNIZATION COOPERATIVE AGREEMENTS (SEE NOTE 4) | 93.268 | | | | 1,284,287 | 35,147,276 |
| VIRAL HEPATITIS PREVENTION AND CONTROL | 93.270 | | | | - | 128,562 |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | | | 712,182 | 4,764,419 |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | | | 882,893 | 4,465,849 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE (SEE NOTE 4) | 93.283 | | | | 193,926 | 964,310 |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | | | 231,244 | 758,607 |
| NATIONAL STATE BASED TOBACCO CONTROL PROGRAMS | 93.305 | | | | - | 950,612 |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | | | 85,015 | 398,771 |
| EARLY HEARING DETECTION AND INTERVENTION INFORMATION SYSTEM (EHDI-IS) SURVEILLANCE PROGRAM | 93.314 | | | | - | 84,536 |
| EMERGING INFECTIONS PROGRAMS | 93.317 | | | | 1,282,781 | 1,558,429 |
| EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC) | 93.323 | | | | 162,252 | 1,997,611 |
| STATE HEALTH INSURANCE ASSISTANCE PROGRAM | 93.324 | | | | 370,480 | 504,356 |
| BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM | 93.336 | | | | - | 215,198 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | | | - | 1,031,973 |
| ADVANCED EDUCATION NURSING TRAINEESHIPS | 93.358 | | | | - | 14,100 |
| NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS | 93.359 | | | | - | 43,478 |
| NURSING RESEARCH | 93.361 | | | | 22,225 | 666,623 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | | | - | 19,571 |
| ACL INDEPENDENT LIVING STATE GRANTS | 93.369 | | | | - | 273,491 |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | | | 47,559 | 626,346 |
| CANCER TREATMENT RESEARCH | 93.395 | | | | 217,061 | 863,567 |
| CANCER BIOLOGY RESEARCH | 93.396 | | | | 65,642 | 524,826 |
| CANCER RESEARCH MANPOWER | 93.398 | | | | - | 154,612 |
| ARRA NURSE FACULTY LOAN PROGRAM (SEE NOTE 5) | 93.408 | ARRA | | | - | 91,010 |
| FOOD SAFETY AND SECURITY MONITORING PROJECT | 93.448 | | | | - | 381,552 |
| ACL ASSISTIVE TECHNOLOGY | 93.464 | | | | - | 365,104 |
| PREGNANCY ASSISTANCE FUND PROGRAM | 93.500 | | | | 4,438 | 113,569 |
| AFFORDABLE CARE ACT (ACA)- MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING PROGRAM | 93.505 | | | | 320,319 | 479,500 |
| AFFORDABLE CARE ACT (ACA) PRIMARY CARE RESIDENCY EXPANSION PROGRAM | 93.510 | | | | - | (50) |

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Federal Expenditures |
|---|---|---|---|---|---|---|
| AFFORDABLE CARE ACT Ð AGING AND DISABILITY RESOURCE CENTER | 93.517 | | | | 37,399 | 37,399 |
| AFFORDABLE CARE ACT (ACA) Ð CONSUMER ASSISTANCE PROGRAM GRANTS | 93.521 | | | | 957,156 | 2,869,984 |
| BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL, NON-PROFIT ORGANIZATIONS- FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.524 | | | | 22,539 | 49,500 |
| ABANDONED INFANTS | 93.551 | | | | - | 71,044 |
| PROMOTING SAFE AND STABLE FAMILIES | 93.556 | | | | 1,337,789 | 2,625,001 |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS | 93.558 | | | | 1,237,218 | 239,430,001 |
| CHILD SUPPORT ENFORCEMENT (SEE NOTE 8) | 93.563 | | | | - | 47,191,647 |
| REFUGEE AND ENTRANT ASSISTANCE_STATE ADMINISTERED PROGRAMS | 93.566 | | | | 987,506 | 1,309,252 |
| LOW-INCOME HOME ENERGY ASSISTANCE | 93.568 | | | | 67,962,401 | 84,078,369 |
| COMMUNITY SERVICES BLOCK GRANT | 93.569 | | | | 7,338,220 | 7,870,890 |
| CHILD CARE AND DEVELOPMENT BLOCK GRANT | 93.575 | | | | - | 30,422,683 |
| REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS | 93.576 | | | | 237,566 | 249,538 |
| REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE GRANTS | 93.584 | | | | 252,846 | 252,846 |
| STATE COURT IMPROVEMENT PROGRAM | 93.586 | | | | - | 262,367 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | | | - | 604,382 |
| CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND | 93.596 | | | | - | 36,909,783 |
| GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS | 93.597 | | | | 60,807 | 102,039 |
| CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV) | 93.599 | | | | - | 379,140 |
| HEAD START | 93.600 | | | | (913) | 49,987 |
| ADOPTION INCENTIVE PAYMENTS | 93.603 | | | | 61,968 | 96,889 |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | | | 535,474 | 1,226,999 |
| VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES-GRANTS FOR PROTECTION AND ADVOCACY SYSTEMS | 93.624 | | | | 69,287 | 6,155,473 |
| AFFORDABLE CARE ACT: TESTING EXPERIENCE AND FUNCTIONAL ASSESSMENT TOOLS | 93.627 | | | | - | 1,561,155 |
| DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS | 93.630 | | | | 177,982 | 661,706 |
| UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE | 93.632 | | | | - | 629,335 |
| CHILDREN'S JUSTICE GRANTS TO STATES | 93.643 | | | | 10,000 | 145,421 |
| STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM | 93.645 | | | | 435,520 | 1,974,689 |
| ADOPTION OPPORTUNITIES | 93.652 | | | | - | 198,575 |
| FOSTER CARE_TITLE IV-E | 93.658 | | | | - | 88,011,523 |
| ADOPTION ASSISTANCE | 93.659 | | | | - | 45,086,886 |
| SOCIAL SERVICES BLOCK GRANT | 93.667 | | | | 14,141,408 | 24,322,178 |
| CHILD ABUSE AND NEGLECT STATE GRANTS | 93.669 | | | | 205,609 | 286,941 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | | | 229,845 | 373,395 |
| FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES | 93.671 | | | | 1,455,792 | 1,488,471 |
| CHAFEE FOSTER CARE INDEPENDENCE PROGRAM | 93.674 | | | | 882,343 | 972,394 |
| CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE Ð FINANCED IN PART BY THE PREVENTION AND PUBLIC HEALTH FUND (PPHF) | 93.733 | | | | 70,982 | 156,010 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| STATE PUBLIC HEALTH APPROACHES FOR ENSURING QUITLINE CAPACITY Ð FUNDED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.735 | | | | - | 214,620 |
| PPHF: HEALTH CARE SURVEILLANCE/HEALTH STATISTICS Ð SURVEILLANCE PROGRAM ANNOUNCEMENT: BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUND | 93.745 | | | | - | 84,161 |
| CHILD LEAD POISONING PREVENTION SURVEILLANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH (PPHF) PROGRAM | 93.753 | | | | 88,000 | 471,740 |
| STATE PUBLIC HEALTH ACTIONS TO PREVENT AND CONTROL DIABETES, HEART DISEASE, OBESITY AND ASSOCIATED RISK FACTORS AND PROMOTE SCHOOL HEALTH FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDING (PPHF) | 93.757 | | | | 808,817 | 1,046,955 |
| PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.758 | | | | 1,200,192 | 2,039,580 |
| CHILDREN'S HEALTH INSURANCE PROGRAM | 93.767 | | | | - | 42,808,964 |
| STATE MEDICAID FRAUD CONTROL UNITS | 93.775 | | | | - | 1,761,829 |
| STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS AND SUPPLIERS (TITLE XVIII) MEDICARE | 93.777 | | | | - | 5,145,863 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | - | 5,115,519,117 |
| OPIOID STR | 93.788 | | | | - | 5,153,489 |
| MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION | 93.791 | | | | - | 32,579,553 |
| DOMESTIC EBOLA SUPPLEMENT TO THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC). | 93.815 | | | | 143,169 | 848,755 |
| HOSPITAL PREPAREDNESS PROGRAM (HPP) EBOLA PREPAREDNESS AND RESPONSE ACTIVITIES | 93.817 | | | | 142,854 | 230,448 |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | | | 591,548 | 2,264,881 |
| LUNG DISEASES RESEARCH | 93.838 | | | | 69,667 | 867,784 |
| BLOOD DISEASES AND RESOURCES RESEARCH | 93.839 | | | | - | 519,050 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | | | 573,320 | 4,638,544 |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | | | 461,260 | 4,210,951 |
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | | | - | 3,317,840 |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | | | 771,701 | 7,655,670 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | | | 824,583 | 9,168,067 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH | 93.865 | | | | 411,791 | 2,795,224 |
| AGING RESEARCH | 93.866 | | | | 591,181 | 2,330,859 |
| VISION RESEARCH | 93.867 | | | | - | 680,482 |
| MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT PROGRAM | 93.870 | | | | - | 133,570 |
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING GRANT PROGRAM | 93.870 | | | | 8,206,249 | 9,238,724 |
| MEDICAL LIBRARY ASSISTANCE | 93.879 | | | | - | 209,034 |
| NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM | 93.889 | | | | 1,289,225 | 2,045,599 |
| GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH | 93.913 | | | | - | 187,950 |
| HIV CARE FORMULA GRANTS (SEE NOTE 9) | 93.917 | | | | (1,352) | 3,642,453 |
| HEALTHY START INITIATIVE | 93.926 | | | | 409,185 | 634,220 |
| HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED | 93.940 | | | | 1,214,048 | 3,970,757 |
| RESEARCH, PREVENTION, AND EDUCATION PROGRAMS ON LYME DISEASE IN THE UNITED STATES | 93.942 | | | | - | 453,500 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| EPIDEMIOLOGIC RESEARCH STUDIES OF ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) AND HUMAN IMMUNODEFICIENCY VIRUS (HIV) INFECTION IN SELECTED POPULATION GROUPS | 93.943 | | | | 416,938 | 483,236 |
| HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE | 93.944 | | | | - | 607,306 |
| ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL | 93.945 | | | | 95,659 | 1,247,653 |
| COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS | 93.946 | | | | - | 164,953 |
| BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES | 93.958 | | | | 1,234,645 | 5,195,174 |
| BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE | 93.959 | | | | - | 17,474,452 |
| SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS | 93.977 | | | | 41,617 | 832,987 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.989 | | | | 96,768 | 210,330 |
| MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES | 93.994 | | | | 1,591,749 | 5,359,385 |
| CONTINUOUS MANUFACTURING OF LIPOSOMAL DRUG FORMULATIONS | 93.U01 | HHSF223201310117C | | | - | (4,236) |
| CONTINUOUS MANUFACTURING OF LIPOSOMES: MATERIALS UNDERSTANDING AND PROCESS CONTROL | 93.U01 | HHSF223201610121C | | | - | 157,411 |
| METHODS AND DISSEMINATION: COLLABORATION TO IMPROVE VALIDITY, CONSISTENCY, AND UTILITY OF SYSTEMATIC REVIEWS | 93.U01 | HHSA290201500012I/TO 1 | | | - | 24,606 |
| RFTO 23 PHARMACOLOGIC MANAGEMENT OF ASTHMA | 93.U01 | HHSA290201500012I TO 2 | | | - | (3,597) |
| PRODUCE SAFETY MOU WITH THE CONNECTICUT DEPARTMENT OF AGRICULTURE | 93.U01 | PO 0000008045 | | | - | 15,159 |
| TREATMENT OF DEPRESSION OF OLDER ADULTS | 93.U01 | 93HHSA290201500012I | | | - | 323,580 |
| IN VITRO IN-VIVO CORRELATION OF THE LONG-ACTING INJECTABLE SUSPENSIONS | 93.U01 | HHSF223201710135C | | | - | 112,871 |
| STATE PARTNERSHIP GRANT PROGRAM TO IMPROVE MINORITY HEALTH | 93.296 | | | | - | 61 |
| MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS | 93.732 | | | | - | 336,991 |
| CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS | 93.898 | | | | 788,840 | 1,400,051 |
| NATIONAL CENTER ON SLEEP DISORDERS RESEARCH | 93.233 | | | | 354,003 | 630,358 |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES DIRECT PROGRAMS TOTAL** | | | | | **155,031,036** | **6,060,748,633** |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS THROUGH PROGRAMS** | | | | | | |
| GLOBAL AIDS | 93.067 | | CENTRE FOR THE AIDS PROGRAMMED OF RESEARCH IN SOUTH AFRICA (CAPRISA) | AG100483 | - | (25,957) |
| ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE | 93.070 | | CONFERENCE OF RADIATION CONTROL PROGRAM DIRECTORS INC. | 2017-CRCPD-04 | - | 3,609 |
| MEDICARE ENROLLMENT ASSISTANCE PROGRAM | 93.071 | | ABT ASSOCIATES | Subcontract # 48507 | - | 6,121 |
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT REGULATORY RESEARCH | 93.077 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER<br>UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170423<br>20170347 | - | 92,412 |
| PREVENTION OF DISEASE, DISABILITY, AND DEATH BY INFECTIOUS DISEASES | 93.084 | | CORNELL UNIVERSITY | 81477-10821 | - | 223,436 |
| HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS | 93.086 | | VILLAGE FOR FAMILIES AND CHILDREN | AG160335 | - | 1,772 |
| FOOD AND DRUG ADMINISTRATION_RESEARCH | 93.103 | | ASSOCIATION OF FOOD AND DRUG OFFICIALS (AFDO)<br>NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND EDUCATION<br>NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND EDUCATION<br>YALE UNIVERSITY | G-SP-1611-04143/G-MP-1611-04154<br>NIPTE-U01-UC-2015-001<br>NIPTE-U01-UC-2016-001<br>PREAWARD | - | 164,841 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160072 | - | 84,381 |
| | | | MOUNT SINAI SCH MED NYU HOSP CTR | SUBAWARD#0253-6545-4609 | | |
| | | | MOUNT SINAI SCH MED NYU HOSP CTR | SUBAWARD#0253-6546-4609 | | |
| | | | ORGANIZATION OF TERATOLOGY INFORMATION SERVICES | HRSA 5UG4MC27861-03 | | |
| | | | ORGANIZATION OF TERATOLOGY INFORMATION SERVICES | HRSA 2UG4MC27861-03 | | |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170477 | - | 100,553 |
| | | | UNIVERSITY OF CONNECTICUT | UCONN KFS 5630070(PO58543) | | |
| | | | CIENCIA | 751504-1-UConn | | |
| | | | JOHNS HOPKINS UNIVERSITY | 2003338059 | | |
| | | | PENNSYLVANIA STATE UNIVERSITY | UCTES021762 | | |
| ENVIRONMENTAL HEALTH | 93.113 | | UNIVERSITY OF MINNESOTA | P004067101 | - | 191,253 |
| PREVENTIVE MEDICINE AND PUBLIC HEALTH RESIDENCY TRAINING | | | | | | |
| PROGRAM, INTEGRATIVE MEDICINE PROGRAM, AND NATIONAL | | | | | | |
| COORDINATING CENTER FOR INTEGRATIVE MEDICINE | 93.117 | | GRIFFIN HOSPITAL | AG150445 | - | 16,048 |
| PREVENTIVE MEDICINE AND PUBLIC HEALTH RESIDENCY TRAINING | | | | | | |
| PROGRAM, INTEGRATIVE MEDICINE PROGRAM, AND NATIONAL | | | | | | |
| COORDINATING CENTER FOR INTEGRATIVE MEDICINE | 93.117 | | GRIFFIN HOSPITAL | PRIME HRSA D33HP26994 | - | 19,467 |
| | | | NEW YORK UNIVERSITY | SUBAWARD F7530-01 PO#iB00001369 | | |
| | | | REGENTS OF THE UNIVERSITY OF CALIFORNIA LOS ANGELES | SUBAWARD 1350 G SB824 | | |
| | | | THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A CAROLINAS | CHS 2000203699 (14-050S1) | | |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | NEW YORK UNIVERSITY | F0397-1 PO#IB00132940 | - | 325,930 |
| CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH | | | YALE UNIVERSITY | M17A12655(A09917) | | |
| PROMOTION AND DISEASE PREVENTION | 93.135 | | YALE UNIVERSITY | GR102076(CON-80001145) | - | 39,934 |
| COMMUNITY PROGRAMS TO IMPROVE MINORITY HEALTH GRANT | | | | | | |
| PROGRAM | 93.137 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161220 | - | 30,939 |
| NIEHS SUPERFUND HAZARDOUS SUBSTANCES_BASIC RESEARCH AND | | | DARTMOUTH COLLEGE | PREAWARD | | |
| EDUCATION | 93.143 | | DARTMOUTH COLLEGE | R154 | - | 90,597 |
| | | | | CORE WA00488613 OSP2016094 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | WA00488613 OSP2016094 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | CORE WA00602483/OSP2018007 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | MAI WA00602483/OSP2018007 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | PT WA00602483/OSP2018007 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | HRSA/UMASS | | |
| AIDS EDUCATION AND TRAINING CENTERS | 93.145 | | UNIVERSITY OF MASSACHUSETTS | PO#WA00715368/OSP2018066 | - | 136,751 |
| COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, | | | | | | |
| INFANTS, CHILDREN, AND YOUTH | 93.153 | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC. | CCSG17-185018-02 HRSA-17-039 | - | 189,714 |
| | | | | JAX PO#208064/NIH UM1 HG00940 | | |
| | | | THE JACKSON LABORATORY | JAX 210256-0119/NIH UM1 HG009409 | | |
| | | | THE JACKSON LABORATORY | YALE GR100950 NIH SUB#CON- | | |
| HUMAN GENOME RESEARCH | 93.172 | | YALE UNIVERSITY | 80000961 | - | 100,285 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION | | | | NWU SP0044830- | | |
| DISORDERS | 93.173 | | NORTHWESTERN UNIVERSITY | PROJ0012557/NIHR01DC | - | 1,615 |
| | | | GEORGIA STATE UNIVERSITY | GSU SP00013079-01/NIH R34AT009538 | | |
| | | | MASSACHUSETTS GENERAL HOSPITAL | 223108 | | |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE | | | MIRIAM HOSPITAL | 710-9196 | | |
| HEALTH | 93.213 | | UNIVERSITY OF CALIFORNIA, SAN DIEGO | 76758017 (PO#S9001412) | - | 76,942 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| | | | | DUKE UNI R01MH98301-03/SUB2031801 | | |
| | | | | NWU 60042322/NIH R01 MH107652 | | |
| | | | DUKE UNIVERSITY | NWU#60036522UCHC/NIMH 5U01MH082830 | | |
| | | | NORTHWESTERN UNIVERSITY | NWU NIMH 5U01MH082830 | | |
| | | | NORTHWESTERN UNIVERSITY | JOHNSHOPKINS | | |
| | | | NORTHWESTERN UNIVERSITY | 2002554852/R01MH103799 | | |
| | | | THE JOHNS HOPKINS UNIVERSITY | SUB#2002392365 / NIH R24MH106083 | | |
| | | | THE JOHNS HOPKINS UNIVERSITY | SUB#126315-UCHC-51/NIHR01 | | |
| | | | HARTFORD HOSPITAL | MH102854 | | |
| | | | DREXEL UNIVERSITY | 800106-a/PO # U0133639 | | |
| | | | SAN DIEGO STATE UNIVERSITY | 58305C P4334 7803 211 | | |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | SAN DIEGO STATE UNIVERSITY | 58305CP433478030211/E001618 | - | 569,642 |
| | | | STANFORD UNIVERSITY | 61138664-121865 | | |
| | | | UNIVERSITY OF CALIFORNIA, DAVIS | 201402914-02 | | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 9397sc | | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | PREAWARD | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160681 | | |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | YALE UNIVERSITY | GR100779 (CON-80000862) | - | 234,254 |
| | | | WHEELER CLINIC | LTR-3-14-12 | | |
| | | | YALE UNIVERSITY | M15A11966(A10058) | | |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF | | | YALE UNIVERSITY | 1H79T1026330-01 | | |
| REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | Log #2017-0155 | - | 122,573 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF | | | OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES | PREAWARD | | |
| REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161497 | - | 70,747 |
| UNIVERSAL NEWBORN HEARING SCREENING | 93.251 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170477 | - | 61,056 |
| | | | | NORTHEASTERN UNI AWARD 500326-78051 | | |
| | | | NORTHEASTERN UNIVERSITY | KFS#5637930/CDC PA#97746 | | |
| | | | UNIVERSITY OF CONNECTICUT | KFS#5641220/CDC PA#183871 | | |
| | | | UNIVERSITY OF CONNECTICUT | PO300344 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | UMASS-LOWELL S51130000033076 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | S51130000036984 PO # L000668683 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | S51130000036984B PO#L000668682 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | UMASS-LOWELL S51130000036984 | | |
| | | | UNIVERSITY OF MASSACHUSETTS | S5113000036984D PO#L000668685 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20150690 | | |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000033076 | - | 430,953 |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000036984D | | |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | PO#L000687096 | | |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | PO#L000687095 | | |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000036984 | - | 47,806 |
| | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | SUNY 1009189-76390/U10AA008401-28 | | |
| | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | SUNY 1009189-79064/U10AA008401-29 | | |
| | | | YALE UNIVERSITY | M16A12437(A10599) YALE/NIH | | |
| | | | INDIANA UNIVERSITY | IN4689849UCONN/PO#1905450 | | |
| | | | WASHINGTON STATE UNIVERSITY | 130305-G003669 | | |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | SUNY RESEARCH FOUNDATION | 74258-01 | - | 1,134,513 |

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|---|---|---|---|---|---|---|
| | | | | YALE M12A11188/A08462 | | |
| | | | | YALE M14A11821(A09724) (NIH YR09) | | |
| | | | | YALE M14A11821/A09724 (NIH YR08) | | |
| | | | YALE UNIVERSITY | YALE M15A11968/A10464/NIH | | |
| | | | YALE UNIVERSITY | DA009241 | | |
| | | | YALE UNIVERSITY | YALE M15A11968/A10835 NIH | | |
| | | | YALE UNIVERSITY | DA009241 | | |
| | | | YALE UNIVERSITY | YALEG101087(CON80000947)NIHDA009 | | |
| | | | YALE UNIVERSITY | 241 | | |
| | | | UNIVERSITY OF IOWA | 1001408117 | | |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | YALE UNIVERSITY | M16A12337 (CON-80000448) | - | 454,614 |
| | | | | JAX NIH R25 EB022365-02S1 | | |
| | | | THE JACKSON LABORATORY | PO#207450 | | |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | SUNY#100-1135875-76398/NIH R01 | | |
| INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | UNIVERSITY OF ARIZONA | 317682 | - | 283,758 |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2016-35-U1 | | |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS2016-35-U2 | | |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2018-25 | | |
| TEENAGE PREGNANCY PREVENTION PROGRAM | 93.297 | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2018-26 | - | 10,494 |
| | | | | PO206855 NIH R25 EB022365-01 | | |
| | | | | RL5 GM118969-3 KFS#5638370 | | |
| | | | THE JACKSON LABORATORY | PO#99373 | | |
| | | | UNIVERSITY OF CONNECTICUT | RL5 GM118969-3 KFS#5640410 | | |
| | | | UNIVERSITY OF CONNECTICUT | PO163822 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | PREAWARD | | |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | UNIVERSITY OF TEXAS, EL PASO | 226141271G | - | 427,747 |
| | | | YALE UNIVERSITY | YALE M13A11654 (A09242) | | |
| | | | YALE UNIVERSITY | YALE NIH R24 OD016474 | | |
| RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | YALE UNIVERSITY | YALE GR103597 (CON-80001318) / NIH | - | 92,750 |
| NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS | 93.359 | | UNIVERSITY OF CONNECTICUT | UCONN KFS 5631480 (PO 68492) | - | (4,091) |
| | | | | KFS#5629990/DHHS/NIH | | |
| | | | | 1P20NR016605 | | |
| | | | UNIVERSITY OF CONNECTICUT | NIHP20NR016605 KFS#5628640 | | |
| | | | UNIVERSITY OF CONNECTICUT | PO132849 | | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5628640 PA#133722/NIH | | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5628640 PO#133722/NIH | | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5646180 PO#133722/NIH | | |
| | | | UNIVERSITY OF CONNECTICUT | PO132849 KFS5646190/P20NR016605 | | |
| | | | UNIVERSITY OF PITTSBURGH | 0029591 (127125-2) | | |
| NURSING RESEARCH | 93.361 | | UNIVERSITY OF WISCONSIN, MILWAUKEE | 153405530 | - | 171,001 |
| SICKLE CELL TREATMENT DEMONSTRATION PROGRAM | 93.365 | | THE JOHNS HOPKINS UNIVERSITY | JH PO2003735150 HRSA U1EMC27864 | - | 3,561 |
| | | | BROWN UNIVERSITY | 808 | | |
| | | | KLEIN BUENDEL | 0301-0171-001 | | |
| | | | PHYSICAL SCIENCES | SC68508-1890 | | |
| | | | TEXAS A&M UNIVERSITY | 02-M1703318 | | |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20150108 | - | 279,547 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| | | | RUTGERS UNIVERSITY | Subaward 0268/PO 697678 | | |
| CANCER DETECTION AND DIAGNOSIS RESEARCH | 93.394 | | UNIVERSITY OF UTAH | 10036972-01 | - | 81,719 |
| | | | NANOPROBES INCORPORATED | NANOPROBES 1R43 CA192702-01A1 NYU | | |
| | | | NEW YORK UNIVERSITY | 13A10000008101/PO#M150000869 | | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 8762sc | | |
| CANCER TREATMENT RESEARCH | 93.395 | | UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | 5101332 | - | 294,145 |
| | | | INSTITUTE FOR CANCER RESEARCH D/B/A FOX CHASE CANCER CENTER | FCCC 12305-54/NIH 3P30CA006927-52S1 | | |
| CANCER CENTERS SUPPORT GRANTS | 93.397 | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | PREAWARD | - | 33,138 |
| NON-ACA/PPHFÑBUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL NONPROFIT ORGANIZATIONS | 93.424 | | ASSOCIATION OF STATE AND TERRITORIAL HEALTH OFFICIALS | Project # 63-10603 | - | 23 |
| BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL, NON-PROFIT ORGANIZATIONS- FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.524 | | ASSOCIATION OF STATE AND TERRITORIAL HEALTH OFFICIALS | Req# 1038 83-12304 | - | (390) |
| ABANDONED INFANTS | 93.551 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160282/PO 205213 | - | 18,359 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | FRIENDS OF CHILDREN TRUST FUND INC. | DSS (FED) 052UCH-CTF-01 | - | 49 |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160560 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180059 | | |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180060 | - | 148,854 |
| | | | UNIVERSITY OF MASSACHUSETTS | WA00366279/OSP2016104/UMASS WA00564192/OSP2016104/UMASS/DHHS | | |
| | | | UNIVERSITY OF MASSACHUSETTS | WA00618467/OSP2016104/UMASS/DHHS | | |
| ACA-TRANSFORMING CLINICAL PRACTICE INITIATIVE: PRACTICE TRANSFORMATION NETWORKS (PTNS) | 93.638 | | UNIVERSITY OF MASSACHUSETTS | | - | 2,089,945 |
| CHILD WELFARE RESEARCH TRAINING OR DEMONSTRATION | 93.648 | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK | 18-8-79280 | - | 130,986 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | CONNECTION | AG130109 | - | 42,316 |
| OPIOID STR | 93.788 | | WHEELER CLINIC | 18MHA1020-01 | - | 11,000 |
| | | | THE JOHNS HOPKINS UNIVERSITY | SUB 2002870152/NIH R01HL130649 | | |
| | | | THE PENNSYLVANIA STATE UNIVERSITY | SUB AWD# 5275 UCHC DHHS 2311 | | |
| | | | BOSTON UNIVERSITY | 4500002297 | | |
| | | | BROWN UNIVERSITY | Subaward 00000730 | | |
| | | | DUKE UNIVERSITY | 2036424 | | |
| | | | MOBILE SENSE TECHNOLOGIES | AG170827 | | |
| | | | TEXAS TECH UNIVERSITY | 21F128-01 | | |
| | | | UNIVERSITY OF GEORGIA | RR376-352/4945956 | | |
| | | | UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL | PO# WA00691205 / OSP2018074 | | |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | YALE UNIVERSITY | GR102536 (CON-80001210) | - | 599,605 |
| | | | THE WASHINGTON UNIVERSITY | PO2935434E WU18-414/NIHR01 HL130876 | | |
| LUNG DISEASES RESEARCH | 93.838 | | UNIVERSITY OF IOWA | W000970556/PO#1001838532 | - | 29,204 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160238 | - | 120,870 |
| | | | THETIS PHARMACEUTICALS LLC | THETIS/DEVELOPMENT OF TP-317 | | |
| | | | PRESIDENTS AND FELLOWS OF HARVARD COLLEGE | Harvard SUB: 158279.5103805.0003 | | |
| | | | BIORASIS | AG150112 | | |
| | | | PENNSYLVANIA STATE UNIVERSITY | UCONN DK099364 | | |
| | | | STATE UNIVERSITY OF NEW YORK, UPSTATE MEDICAL UNIVERSITY | 1138946-77867 | | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180271 | | |
| | | | UNIVERSITY OF MELBOURNE | TA 19370_UC | | |
| | | | UNIVERSITY OF MICHIGAN | 3003573024 | | |
| | | | UNIVERSITY OF PENNSYLVANIA | PREAWARD | | |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | VIRGINIA COMMONWEALTH UNIVERSITY | PD303771-SC106551 | - | 308,358 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE<br>UNIVERSITY OF CONNECTICUT<br>YALE UNIVERSITY<br>JACKSON LABORATORY | IMPERIAL COL/U01NS099573-<br>PO3668156<br>STORRS KFS#5636400 PO#114260/NIH<br>R01NS076558/GR101753(CON8000113<br>3)<br>PO 209262 | - | 343,259 |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | DUKE UNIVERSITY<br>OREGON HEALTH & SCIENCE UNIVERSITY<br>THE JACKSON LABORATORY<br>THE JACKSON LABORATORY<br>TRUSTEES OF DARTMOUTH COLLEGE<br>TRUSTEES OF TUFTS COLLEGE<br>YALE UNIVERSITY<br>QUERCUS MOLECULAR DESIGN, LLC | DUKE 189925/218470<br>NIH4UM1AI104681<br>OHSU<br>SUB#9006862_UCONN_E1_KHANNA<br>JAX NIH U01 AI124297 P0#208546<br>JAX NIH U01 AI124297 PO#210099<br>R01AI114059-01A1 SUBAWARD# R63<br>TUFTS SUB#101217-00001<br>YALE M16A12356 (A10521)<br>SUB:QUERCUS/Prime:NIH R41 AI134509 | - | 320,412 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | NORTHEASTERN UNIVERSITY<br>THE JACKSON LABORATORY<br>VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY<br>WORCESTER POLYTECHNIC INSTITUTE<br>WORCESTER POLYTECHNIC INSTITUTE<br>YALE UNIVERSITY<br>DUKE UNIVERSITY<br>JACKSON LABORATORY<br>UNIVERSITY OF CINCINNATI<br>UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | NORHTEASTERN UNIV 500568-<br>78050/NIH<br>JAX LABS/NIH R35 GM124922<br>PO#209163<br>SUBAWARD: 431964-19801<br>SUB# 15-210780-00/5R01GM1059464-<br>02<br>SUB# 16-210890-00/R01GM114949<br>YALE C17A12640(CON80000126)/NIH<br>14-NIH-1110<br>PO #209868-0<br>Subaward No. 008632-007<br>5104923 | - | 539,703 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | VIRGINIA POLYTECHNIC INSTITUTE | 431745-19213 | - | 23,054 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH | 93.865 | | MEDICAL COLLEGE OF WISCONSIN<br>UNIVERSITY OF CONNECTICUT<br>UNIVERSITY OF CONNECTICUT<br>DREXEL UNIVERSITY<br>HASKINS LABORATORIES<br>HASKINS LABORATORIES<br>UNIVERSITY OF CALIFORNIA, SAN FRANCISCO<br>UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | PRIME#1R21HD083108-01A1<br>PO#1630908<br>KFS 5637050 NIH HD087817 PO#116473<br>STORRS KFS#5637030 PA#119446/NIH<br>232645<br>AG170579<br>A-222-02<br>10269sc<br>10326sc | - | 413,621 |
| AGING RESEARCH | 93.866 | | DUKE UNIVERSITY<br>THE JACKSON LABORATORY<br>UNIVERSITY OF MARYLAND AT BALTIMORE<br>THE WASHINGTON UNIVERSITY<br>COLUMBIA UNIVERSITY | DUKE 2036681/NIH 1UH 2AG056925<br>JAX LABS/NIH R01AG052608<br>PO#210250<br>UMB SR00004448<br>WU/NIH R01 AG051647 PO#2935511E<br>1(GG010946-06) | - | 509,221 |
| GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH | 93.913 | | NORTHWESTERN CT COMMUNITY COLLEGE | NCCC/HRSA H95RH00151 | - | 2,000 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| HIV EMERGENCY RELIEF PROJECT GRANTS | 93.914 | | CITY OF HARTFORD<br>CITY OF HARTFORD<br>CONNECTICUT CHILDREN'S SPECIALTY GROUP INC.<br>CONNECTICUT CHILDREN'S SPECIALTY GROUP INC. | CITY OF HARTFORD/HRSA/OUTP AMB CARE<br>CITY OF HARTFORD/HRSA/MED CASE<br>16-185010-01 COH HRSA 2016-17<br>17-185012-01 COH HRSA HHS2017-11R | - | 69,197 |
| HIV CARE FORMULA GRANTS (SEE NOTE 9) | 93.917 | | CITY OF HARTFORD<br>CITY OF HARTFORD | CITY OF HART/OUTPATNT AMB/HRSA/DHHS<br>CITY OF HTFD/MED CASE MGMT/HRSA/DHH | - | 132,863 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.989 | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5639560 PO#136019/NIH | - | 50,916 |
| SOFTWARE CARPENTRY AND DATA CARPENTRY WORKSHOPS AT THE UNIVERSITY OF CONNECTICUT | 93.U01 | AG160243 | UNIVERSITY OF MASSACHUSETTS, AMHERST | AG160243 | - | (356) |
| 21ST CENTURY CURES ACT - BEAU BIDEN CANCER MOONSHOT | 93.353 | | KLEIN BUENDEL | 0316-0167-000 | - | 18,971 |
| SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE | 93.928 | | CITY OF HARTFORD<br>CITY OF HARTFORD<br>CITY OF HARTFORD | COH HHS2017-17/U90HA30516-01-00<br>COH/HRSA U90HA30516-01-00<br>COH HHS2018-16/HRSAU90HA30516-02-00 | - | 107,113 |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS THROUGH PROGRAMS TOTAL** | | | | | **-** | **12,699,723** |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL** | | | | | **155,031,036** | **6,073,448,356** |
| | | | | | | |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | | | | | |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE DIRECT PROGRAMS** | | | | | | |
| STATE COMMISSIONS | 94.003 | | | | - | 299,943 |
| AMERICORPS | 94.006 | | | | 1,994,972 | 2,099,647 |
| TRAINING AND TECHNICAL ASSISTANCE | 94.009 | | | | - | 74,685 |
| VOLUNTEERS IN SERVICE TO AMERICA | 94.013 | | | | - | 22,059 |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE DIRECT PROGRAMS TOTAL** | | | | | **1,994,972** | **2,496,334** |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PASS THROUGH PROGRAMS** | | | | | | |
| AMERICORPS | 94.006 | | JUMPSTART | 830200 | - | 104,440 |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL** | | | | | **1,994,972** | **2,600,774** |
| | | | | | | |
| **SOCIAL SECURITY ADMINISTRATION** | | | | | | |
| **SOCIAL SECURITY ADMINISTRATION DIRECT PROGRAMS** | | | | | | |
| SOCIAL SECURITY-DISABILITY INSURANCE | 96.001 | | | | - | 24,833,829 |
| SOCIAL SECURITY - WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM | 96.008 | | | | - | 165,300 |
| **SOCIAL SECURITY ADMINISTRATION DIRECT PROGRAMS TOTAL** | | | | | **-** | **24,999,129** |
| **SOCIAL SECURITY ADMINISTRATION PASS THROUGH PROGRAMS** | | | | | | |
| SOCIAL SECURITY-DISABILITY INSURANCE | 96.001 | | NATIONAL COUNCIL ON AGING | NCOA PO # Assigned: #958 | - | 6,405 |
| **SOCIAL SECURITY ADMINISTRATION TOTAL** | | | | | **-** | **25,005,534** |
| | | | | | | |
| **DEPARTMENT OF HOMELAND SECURITY** | | | | | | |
| **DEPARTMENT OF HOMELAND SECURITY DIRECT PROGRAMS** | | | | | | |
| BOATING SAFETY FINANCIAL ASSISTANCE | 97.012 | | | | - | 1,335,922 |
| COMMUNITY ASSISTANCE PROGRAM STATE SUPPORT SERVICES ELEMENT (CAP-SSSE) | 97.023 | | | | - | 156,900 |
| DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) | 97.036 | | | | 1,472,263 | 2,064,207 |
| HAZARD MITIGATION GRANT | 97.039 | | | | 1,711,713 | 2,064,701 |
| NATIONAL DAM SAFETY PROGRAM | 97.041 | | | | - | 112,644 |
| EMERGENCY MANAGEMENT PERFORMANCE GRANTS | 97.042 | | | | 1,047,356 | 4,265,010 |
| STATE FIRE TRAINING SYSTEMS GRANTS | 97.043 | | | | - | 20,000 |
| ASSISTANCE TO FIREFIGHTERS GRANT | 97.044 | | | | - | 113,907 |
| PRE-DISASTER MITIGATION | 97.047 | | | | 991,779 | 1,032,985 |

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Amount Passed Through to Sub-Recipients* | *Federal Expenditures* |
|---|---|---|---|---|---|---|
| EMERGENCY OPERATIONS CENTER | 97.052 | | | | (3,633) | (3,633) |
| PORT SECURITY GRANT PROGRAM | 97.056 | | | | - | 191,024 |
| HOMELAND SECURITY GRANT PROGRAM | 97.067 | | | | 1,812,497 | 3,273,014 |
| NATIONAL EXPLOSIVES DETECTION CANINE TEAM PROGRAM | 97.072 | | | | - | 159,923 |
| RAIL AND TRANSIT SECURITY GRANT PROGRAM | 97.075 | | | | - | 383,150 |
| HOMELAND SECURITY-RELATED SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (HS STEM) CAREER DEVELOPMENT PROGRAM | 97.104 | | | | - | (1,393) |
| **DEPARTMENT OF HOMELAND SECURITY DIRECT PROGRAMS TOTAL** | | | | | **7,031,975** | **15,168,361** |
| **DEPARTMENT OF HOMELAND SECURITY PASS THROUGH PROGRAMS** | | | | | | |
| SECURING THE CITIES PROGRAM | 97.106 | | NYPD | UNKNOWN | - | 511,919 |
| **DEPARTMENT OF HOMELAND SECURITY TOTAL** | | | | | **7,031,975** | **15,680,280** |
| | | | | | | |
| **U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT** | | | | | | |
| **U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT PASS THROUGH PROGRAMS** | | | | | | |
| | | | OREGON STATE UNIVERSITY | RD011G-E | | |
| | | | UNIVERSITY OF GEORGIA | PREAWARD | | |
| USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS | 98.001 | | VIRGINIA POLYTECHNIC INSTITUTE | 451066-19213 | 243,326 | 243,761 |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2014-0316-02 | | |
| USAID DEVELOPMENT PARTNERSHIPS FOR UNIVERSITY COOPERATION AND DEVELOPMENT | 98.012 | | UNIVERSITY OF GEORGIA | RC710-059/5054806 | - | 94,596 |
| COST-BENEFIT ANALYSIS OF DRIP IRRIGATION AND ALTERNATIVE MANAGEMENT PRACTICES FOR GROUNDNUT PRODUCTION IN MALAWI: PHASE I | 98.U01 | PO# 217707-UCONN-01 | PALLADIUM GROUP HOLDINGS | PO# 217707-UCONN-01 | - | 39,995 |
| **U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL** | | | | | **243,326** | **378,352** |
| | | | | | | |
| **DELTA REGIONAL AUTHORITY** | | | | | | |
| **DELTA REGIONAL AUTHORITY DIRECT PROGRAMS** | | | | | | |
| HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS | 90.401 | | | | - | 50,292 |
| **DELTA REGIONAL AUTHORITY TOTAL** | | | | | **-** | **50,292** |
| | | | | | | |
| **TOTAL EXPENDITURE OF FEDERAL AWARDS** | | | | | **759,597,926** | **9,821,043,168** |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2018

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| **477 CLUSTER PROGRAMS** | | | | | |
| COMMUNITY SERVICES BLOCK GRANT | 93.569 | | | | 7,870,890 |
| **477 CLUSTER PROGRAMS Total** | | | | | **7,870,890** |
| **AGING CLUSTER PROGRAMS** | | | | | |
| SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART B-GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | 4,786,683 |
| SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART C-NUTRITION SERVICES | 93.045 | | | | 8,677,181 |
| NUTRITION SERVICES INCENTIVE PROGRAM (SEE NOTE 4) | 93.053 | | | | 1,575,849 |
| **AGING CLUSTER PROGRAMS Total** | | | | | **15,039,713** |
| **CCDF CLUSTER PROGRAMS** | | | | | |
| CHILD CARE AND DEVELOPMENT BLOCK GRANT | 93.575 | | | | 30,422,683 |
| CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND | 93.596 | | | | 36,909,783 |
| **CCDF CLUSTER PROGRAMS Total** | | | | | **67,332,466** |
| **CDBG - DISASTER RECOVERY GRANTS - PUB. L. NO. 113-2 CLUSTER PROGRAMS** | | | | | |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | 29,266,758 |
| NATIONAL RESILIENT DISASTER RECOVERY COMPETITION | 14.272 | | | | 1,881,051 |
| **CDBG - DISASTER RECOVERY GRANTS - PUB. L. NO. 113-2 CLUSTER PROGRAMS Total** | | | | | **31,147,809** |
| **CDBG - ENTITLEMENT GRANTS CLUSTER PROGRAMS** | | | | | |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS | 14.218 | | CITY OF MERIDEN<br>CITY OF MIDDLETOWN | LTR-1017<br>18-0008 | 5,630 |
| **CDBG - ENTITLEMENT GRANTS CLUSTER PROGRAMS Total** | | | | | **5,630** |
| **CHILD NUTRITION CLUSTER PROGRAMS** | | | | | |
| SCHOOL BREAKFAST PROGRAM | 10.553 | | | | 32,248,719 |
| NATIONAL SCHOOL LUNCH PROGRAM (SEE NOTE 4) | 10.555 | | | | 118,216,463 |
| SPECIAL MILK PROGRAM FOR CHILDREN | 10.556 | | | | 104,935 |
| SUMMER FOOD SERVICE PROGRAM FOR CHILDREN (SEE NOTE 4) | 10.559 | | | | 5,058,394 |
| **CHILD NUTRITION CLUSTER PROGRAMS Total** | | | | | **155,628,511** |
| **DISABILITY INSURANCE/SSI CLUSTER PROGRAMS** | | | | | |
| SOCIAL SECURITY-DISABILITY INSURANCE | 96.001 | | | | 24,833,829 |
| SOCIAL SECURITY-DISABILITY INSURANCE | 96.001 | | NATIONAL COUNCIL ON AGING | NCOA PO # Assigned: #958 | 6,405 |
| **DISABILITY INSURANCE/SSI CLUSTER PROGRAMS Total** | | | | | **24,840,234** |
| **EMPLOYMENT SERVICE CLUSTER PROGRAMS** | | | | | |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES (SEE NOTE 1) | 17.207 | | | | 8,650,980 |
| DISABLED VETERANS' OUTREACH PROGRAM (DVOP) (SEE NOTE 1) | 17.801 | | | | 1,165,349 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| LOCAL VETERAN'S EMPLOYMENT REPRESENTATIVE PROGRAM (LVER) | 17.804 | | | | 576,239 |
| **EMPLOYMENT SERVICE CLUSTER PROGRAMS Total** | | | | | **10,392,568** |
| **FEDERAL TRANSIT CLUSTER PROGRAMS** | | | | | |
| FEDERAL TRANSIT-CAPITAL INVESTMENT GRANTS | 20.500 | | | | 35,254,825 |
| FEDERAL TRANSIT-FORMULA GRANTS | 20.507 | | | | 136,677,144 |
| BUS AND BUS FACILITIES FORMULA PROGRAM | 20.526 | | | | 405,831 |
| **FEDERAL TRANSIT CLUSTER PROGRAMS Total** | | | | | **172,337,800** |
| **FISH AND WILDLIFE CLUSTER PROGRAMS** | | | | | |
| SPORT FISH RESTORATION | 15.605 | | | | 3,261,333 |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | 4,483,016 |
| **FISH AND WILDLIFE CLUSTER PROGRAMS Total** | | | | | **7,744,349** |
| **FOOD DISTRIBUTION CLUSTER PROGRAMS** | | | | | |
| COMMODITY SUPPLEMENTAL FOOD PROGRAM | 10.565 | | | | 195,808 |
| EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS) | 10.568 | | | | 591,676 |
| **FOOD DISTRIBUTION CLUSTER PROGRAMS Total** | | | | | **787,484** |
| **HIGHWAY PLANNING AND CONSTRUCTION CLUSTER PROGRAMS** | | | | | |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | | 502,250,178 |
| RECREATIONAL TRAILS PROGRAM | 20.219 | | | | 524,229 |
| **HIGHWAY PLANNING AND CONSTRUCTION CLUSTER PROGRAMS Total** | | | | | **502,774,407** |
| **HIGHWAY SAFETY CLUSTER PROGRAMS** | | | | | |
| STATE AND COMMUNITY HIGHWAY SAFETY | 20.600 | | | | 2,585,163 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | | | 312,702 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | STATE OF RHODE ISLAND DEPARTMENT OF TRANSPORTATION | 3541623 | 107,511 |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | | | 4,993,316 |
| **HIGHWAY SAFETY CLUSTER PROGRAMS Total** | | | | | **7,998,692** |
| **HOUSING VOUCHER CLUSTER PROGRAMS** | | | | | |
| SECTION 8 HOUSING CHOICE VOUCHERS (SEE NOTE 1) | 14.871 | | | | 84,863,279 |
| MAINSTREAM VOUCHERS | 14.879 | | | | 1,534,039 |
| **HOUSING VOUCHER CLUSTER PROGRAMS Total** | | | | | **86,397,318** |
| **HURRICANE SANDY RELIEF CLUSTER PROGRAMS** | | | | | |
| HHS PROGRAMS FOR DISASTER RELIEF APPROPRIATIONS ACT - NON CONSTRUCTION | 93.095 | | | | 701,097 |
| **HURRICANE SANDY RELIEF CLUSTER PROGRAMS Total** | | | | | **701,097** |
| **MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER PROGRAMS** | | | | | |
| AFFORDABLE CARE ACT (ACA)- MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING PROGRAM | 93.505 | | | | 479,500 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING GRANT PROGRAM | 93.870 | | | | 9,238,724 |
| **MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER PROGRAMS Total** | | | | | **9,718,224** |
| | | | | | |
| **MEDICAID CLUSTER PROGRAMS** | | | | | |
| STATE MEDICAID FRAUD CONTROL UNITS | 93.775 | | | | 1,761,829 |
| STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS AND SUPPLIERS (TITLE XVIII) MEDICARE | 93.777 | | | | 5,145,863 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | 5,115,346,657 |
| **MEDICAID CLUSTER PROGRAMS Total** | | | | | **5,122,254,349** |
| | | | | | |
| **RESEARCH AND DEVELOPMENT PROGRAMS** | | | | | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | | | 979,472 |
| | | | VERMONT LAW SCHOOL | AG160429 | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | VERMONT LAW SCHOOL | AG170185 | 39,815 |
| PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE | 10.025 | | | | 210,833 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | | | 151,736 |
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | | | 17,844 |
| | | | RUTGERS UNIVERSITY | 5890-NER15OHP-Aulakh | |
| | | | RUTGERS UNIVERSITY | 5966-NERI6OHP-LaMondia | |
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 28838-Z5659003 | 88,642 |
| COOPERATIVE FORESTRY RESEARCH | 10.202 | | | | 444,998 |
| PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT | 10.203 | | | | 2,022,489 |
| ANIMAL HEALTH AND DISEASE RESEARCH | 10.207 | | | | 21,164 |
| HIGHER EDUCATION Ð GRADUATE FELLOWSHIPS GRANT PROGRAM | 10.210 | | | | 76,500 |
| | | | UNIVERSITY OF VERMONT | Coordinator15-29994 | |
| | | | UNIVERSITY OF VERMONT | Coordinator16-31064 | |
| | | | UNIVERSITY OF VERMONT | GNE16-128-29994 | |
| | | | UNIVERSITY OF VERMONT | LNE13-324 | |
| SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION | 10.215 | | UNIVERSITY OF VERMONT | GNE17-146-31064 | 161,230 |
| BIOTECHNOLOGY RISK ASSESSMENT RESEARCH | 10.219 | | | | 140,943 |
| HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS | 10.223 | | UNIVERSITY OF TEXAS, RIO GRANDE VALLEY | 2015-38422-24059(6) | 14,307 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | | | 31,258 |
| CONSUMER DATA AND NUTRITION RESEARCH | 10.253 | | TUFTS UNIVERSITY | PREAWARD | 18,651 |
| INTEGRATED PROGRAMS | 10.303 | | | | 262,035 |
| INTEGRATED PROGRAMS | 10.303 | | UNIVERSITY OF IDAHO | 2013-51102-21015 | 20,562 |
| HOMELAND SECURITY_AGRICULTURAL | 10.304 | | CORNELL UNIVERSITY | 80289-10764 | 10,155 |
| | | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | 422179-19756 | |
| | | | CORNELL UNIVERSITY | 64094-9752 | |
| | | | RUTGERS UNIVERSITY | 6063-PP2016-Stoner | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2012-1785-06 | |
| SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | | UNIVERSITY OF FLORIDA | Subaward No. UFDSP00010709 | 359,579 |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | | | 2,145,826 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| | | | COLORADO UNIVERSITY | G-45001-1 | |
| | | | UNIVERSITY OF CALIFORNIA, DAVIS | 201700151-01 | |
| | | | UNIVERSITY OF CONNECTICUT | KFS5636230/USDA2016 PO#106504 | |
| | | | COLLEGE OF WILLIAM AND MARY | 718252-712683 | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2016-1038-02 | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2015-0097-20 | |
| | | | OHIO STATE UNIVERSITY | 60050299-UC | |
| | | | OHIO STATE UNIVERSITY | Subaward No. 60045862 | |
| | | | UNIVERSITY OF RHODE ISLAND | 4452/052715 | |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | UNIVERSITY OF WISCONSIN, MADISON | Subaward No. 649K935 | 264,929 |
| | | | CORNELL UNIVERSITY | 73984-10396 | |
| | | | CORNELL UNIVERSITY | 73984-10396 | |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE | | | CORNELL UNIVERSITY | 73984-10396 | |
| GRANTS PROGRAM | 10.329 | | CORNELL UNIVERSITY | 73986-10427 | 39,660 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | 950,337 |
| | | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 2015-0179-01-01 | |
| SCHOOL WELLNESS POLICY COOPERATIVE AGREEMENT | 10.597 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | PREAWARD | 70,654 |
| URBAN AND COMMUNITY FORESTRY PROGRAM | 10.675 | | MORTON ARBORETUM | 15-DG-11132544-035 | 50,950 |
| FOREST STEWARDSHIP PROGRAM | 10.678 | | | | 1 |
| FOREST HEALTH PROTECTION | 10.680 | | | | 30,831 |
| RURAL BUSINESS ENTERPRISE GRANTS | 10.769 | | | | 136 |
| ENVIRONMENTAL QUALITY INCENTIVES PROGRAM | 10.912 | | | | 32,421 |
| REGIONAL CONSERVATION PARTNERSHIP PROGRAM | 10.932 | | | | 38,092 |
| LISTERIA MONOCYTOGENES GROWTH & SURVIVAL | 10.U01 | 2017CPS02 | CENTER FOR PRODUCE SAFETY | 2017CPS02 | 65,419 |
| UTILIZATION OF GRAS COMPOUNDS AS ANTIMICROBIAL DIP AND COATING TREATMENTS FOR CONTROLLING LISTERIA | 10.U01 | DMI#02368 | DAIRY MANAGEMENT INC. (DMI) | DMI #02368 | 13,486 |
| STACKABLE FARMING FOR ECONOMICALLY AND ENVIRONMENTALLY SUSTAINABLE URBAN FOOD PRODUCTION | 10.U01 | AG180274 | VECNA TECHNOLOGIES | AG180274 | 9,999 |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | A005-01 | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | A008-001 Subaward #: A002-001 | |
| | | | RUTGERS UNIVERSITY | 6166 | |
| INTEGRATED OCEAN OBSERVING SYSTEM (IOOS) | 11.012 | | RUTGERS UNIVERSITY | 5929 | 482,609 |
| CLUSTER GRANTS | 11.020 | | | | 87,653 |
| ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE | 11.303 | | | | 120,224 |
| SEA GRANT SUPPORT | 11.417 | | | | 1,012,381 |
| | | | UNIVERSITY OF WASHINGTON | UWSC7610/BPO10195 | |
| SEA GRANT SUPPORT | 11.417 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101322 | 25,644 |
| COASTAL ZONE MANAGEMENT ESTUARINE RESEARCH RESERVES | 11.420 | | | | 356 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT GRANTS AND COOPERATIVE AGREEMENTS PROGRAM | 11.427 | | | | 136,831 |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
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**Year Ended 6/30/2018**

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| CLIMATE AND ATMOSPHERIC RESEARCH | 11.431 | | | | 84,920 |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | | | 40 |
| | | | AK DEPARTMENT OF FISH AND GAME | 160002056 | |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | UNIVERSITY OF ALASKA | UAF 17-0033 | 72,932 |
| | | | NATURE CONSERVANCY | | |
| | | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN | MA1112017CT | |
| | | | OBSERVING SYSTEMS | A0007-001 | |
| OFFICE FOR COASTAL MANAGEMENT | 11.473 | | RUTGERS UNIVERSITY | PO# S1566258 | 108,131 |
| TEXT & DATA ANALYTICS FOR CENSUS OPERATIONS | 11.U01 | S/C-001 UCUE2018-USCB | NEWLIGHT TECHNOLOGIES | S/C-001 UCUE2018-USCB | 33,708 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | | | 1,329 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | UNIVERSITY OF MICHIGAN | 3004566003 | 6,666 |
| MARINE DEBRIS PROGRAM | 11.999 | | | | 49,393 |
| BASIC AND APPLIED SCIENTIFIC RESEARCH | 12.300 | | | | 2,935,811 |
| DEPARTMENT OF DEFENSE HIV/AIDS PREVENTION PROGRAM | 12.350 | | | | (8) |
| BASIC SCIENTIFIC RESEARCH - COMBATING WEAPONS OF MASS DESTRUCTION | 12.351 | | | | 86,147 |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | | | 953,176 |
| | | | STEVENS INSTITUTE OF TECHNOLOGY | STEVENS 2102309-01 | |
| | | | UNIVERSITY OF CHICAGO | FP063867B/DODW81XWH-14-2-0136-P0001 | |
| | | | UNIVERSITY OF CONNECTICUT | WAKE FOREST KFS 5619350 PO#54081 | |
| | | | CREARE | Subcontract No. 75609 | |
| | | | JACKSON (HENRY M.) FOUNDATION | Subaward# 3885/PO# 915062 | |
| | | | UNIVERSITY OF PITTSBURGH | Subaward#0036974 (410159-1) | |
| | | | UNIVERSITY OF SOUTHERN CALIFORNIA | 94598298 | |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | WAKE FOREST UNIVERSITY | WFUHS 441059 ER-09 | 446,882 |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | | | 298,147 |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 5710003138 | |
| | | | NORTH CAROLINA STATE UNIVERSITY | 2015-0978-02 | |
| | | | NORTHEASTERN UNIVERSITY | 504108-78050 | |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | UNIVERSITY OF CALIFORNIA, LOS ANGELES | 1000 G SA915 | 470,644 |
| BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND | | | ACADEMY OF APPLIED SCIENCE | US ARMY/AAS | |
| ENGINEERING | 12.630 | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO #2605995 | 36,754 |
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | | | 2,355,269 |
| | | | UNIVERSITY OF TULSA | SUBAWARD 14-2-1203439-94802 | |
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | UNIVERSITY OF WISCONSIN, MADISON | 575K691 | 118,014 |
| BRAIN FUNCTION ASSESSMENT | 12.U01 | AG170769 | BRAINSCOPE COMPANY | AG170769 | 72,835 |
| CARBON EXCHANGES AND SOURCE ATTRIBUTIONS IN THE NEW RIVER ESTUARY, NC | 12.U01 | 888-13-16-12, 9-312-0213589 | RTI INTERNATIONAL | 888-13-16-12, 9-312-0213589 | 40,015 |
| CMAS AND HIGH TEMPERATURE RESISTANT LAMGA111019 TBC COATINGS USING A MICROWAVE BASED UNIFORM-MELT-STATE PLASMA PROCESS (UNIMELT) | 12.U01 | AG141138 | AMASTAN | AG141138 | (478) |
| HUMAN BLAST COMPUTER MODELING (SENIOR DESIGN) | 12.U01 | PO10178692 | LEIDOS | PO10178692 | 553 |
| IMPACT POINT PREDICTION RESEARCH FOR SHORT & MEDIUM RANGE THRUSTING PROJECTILES" | 12.U01 | PO 4440278825 | MINISTRY OF DEFENSE (ISRAEL) | PO 4440278825 | 56,699 |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**SUMMARY OF PROGRAM CLUSTERS**
**Year Ended 6/30/2018**

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| OBJECTIVE BRAIN FUNCTION ASSESSMENT OF MTBI FROM INITIAL INJURY TO REHABILITATION AND TREATMENT OPTIMIZATION (BRAINSCOPE) | 12.U01 | AG151555 | BRAINSCOPE COMPANY | AG151555 | (5,473) |
| RADAR AND EO SYSTEMS TRACK DETECTION ALGORITHMS FOR BMD | 12.U01 | HQ0147-15-C-6004 | | | 198,658 |
| SECURE EFFICIENT CROSS-DOMAIN PROTOCOLS-PHASE II | 12.U01 | 201500410-S | SONALYSTS | 201500410-S | 145,216 |
| STABLE TUNABLE INTERMEDIATE FREQUENCY (STIF) LASER AND GAIN CHIP | 12.U01 | RDSI PO#14103 | RESEARCH AND DEVELOPMENT SOLUTIONS | RDSI PO#14103 | 39,664 |
| THE EFFECT OF WAKEFULNESS ON AUDITORY CUED VISUAL SEARCH | 12.U01 | PO10164705 | LEIDOS | PO10164705 | 42,456 |
| TRACKING THE UPTAKE, TRANSLOCATION, CYCLING AND METABOLISM OF MUNITIONS COMPOUNDS IN COASTAL MARINE ECOSYSTEMS USING STABLE ISOTOPIC TRACER | 12.U01 | W912HQ18P0002 | | | 21,344 |
| EFFICIENT COMBUSTION CHEMISTRY MODEL DEVELOPMENT WITH UNCERTAINTY QUANTIFICATION | 12.U01 | 20180012 | CFD RESEARCH CORPORATION | 20180012 | 3,591 |
| HIGHLY-MANEUVERING OBSCURED TARGET EXTRACTION WITH OTHR | 12.U01 | CRFR-054 | MATRIX RESEARCH | CRFR-054 | 3,663 |
| STABLE-ISOTOPE LABELED TRACERS, AN INNOVATION WAY TO VALIDATE NATURAL ATTENUATION OF RDX IN GROUNDWATER | 12.U01 | N39430-17-C-1931 | | | 65,540 |
| PASSIVE THREE-DIMENSIONAL IMAGING IN LOW LIGHT LEVELS WITH MOBILE DEVICES | 12.U01 | PO#27664 | MTEQ | PO#27664 | 25,995 |
| INTEGRATED BIAS ESTIMATION AND TRACKING FOR EO/IR FUSED SYSTEMS | 12.U01 | SC17-C046-1 | TOYON | SC17-C046-1 | 108,586 |
| TOPOLOGICAL DETECTION OF GEOMETRIC STRUCTURE | 12.U01 | SUB1143604-001 | ALION SCIENCE AND TECHNOLOGY | SUB1143604-001 | 203,726 |
| MATHEMATICAL SCIENCES GRANTS PROGRAM | 12.901 | | | | 65,858 |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | 520,545 |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | UNIVERSITY OF CONNECTICUT | CT DOH/STORRS KFS 5636980 PO#132849 | (461) |
| NATIONAL RESILIENT DISASTER RECOVERY COMPETITION | 14.272 | | | | 322,412 |
| HURRICANE SANDY DISASTER RELIEF Ð COASTAL RESILIENCY GRANTS. | 15.153 | | THE UNIVERSITY OF RHODE ISLAND | 44017/031715/0004251 | 9,513 |
| SPORT FISH RESTORATION PROGRAM | 15.605 | | | | 24,475 |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | 165,417 |
| STATE WILDLIFE GRANTS | 15.634 | | | | 43,510 |
| RESEARCH GRANTS (GENERIC) | 15.650 | | | | 706 |
| HURRICANE SANDY DISASTER RELIEF ACTIVITIES-FWS | 15.677 | | NORTH ATLANTIC COST COOPERATIVE ECOSYSTEM STUDIES UNIT<br>UNIVERSITY OF DELAWARE<br>UNIVERSITY OF MAINE | Agmt Award F14AC00965<br>49130<br>UM-S987 | 131,945 |
| ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES | 15.805 | | | | 92,095 |
| U.S. GEOLOGICAL SURVEY_ RESEARCH AND DATA COLLECTION | 15.808 | | | | 54,106 |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | | | 79,609 |
| CORRECTIONS_RESEARCH AND EVALUATION AND POLICY FORMULATION | 16.602 | | URBAN INSTITUTE | 08689-002-00-UCONN-01 | 35,248 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2018

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| SECOND CHANCE ACT REENTRY INITIATIVE | 16.812 | | | | 39,758 |
| | | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0001 | |
| GIRLS IN THE JUVENILE JUSTICE SYSTEM | 16.830 | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0002 | 20,834 |
| AVIATION RESEARCH GRANTS | 20.108 | | | | 56,396 |
| AIR TRANSPORTATION CENTERS OF EXCELLENCE | 20.109 | | GEORGIA INSTITUTE OF TECHNOLOGY | RF377-G1 | 7,164 |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | NATIONAL ACADEMIES | HR 12-111 PO# SUB0000987 | 14,371 |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | | 4,122,186 |
| HIGHWAY TRAINING AND EDUCATION | 20.215 | | | | 27,441 |
| SAFETY DATA IMPROVEMENT PROGRAM | 20.234 | | | | 217,866 |
| COMMERCIAL VEHICLE INFORMATION SYSTEMS AND NETWORKS | 20.237 | | | | 26,108 |
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | | | 29,835 |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | | | 84,330 |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 5710003808 | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No 5710003806 | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No 5710003807 | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward No. 5710003805 | |
| | | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | Subaward# 5710003809 | |
| UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | | UNIVERSITY OF NORTH CAROLINA, CHARLOTTE | 20160688-03-UOC | 349,244 |
| IMPROVED PREDICTION MODELS FOR CRASH TYPES AND CRASH SEVERITIES | 20.U01 | HR 17-62 | NAS/TRANSPORTATION RESEARCH BOARD | HR 17-62 | 109,919 |
| ROAD FLOODING IN COASTAL CONNECTICUT | 20.U01 | AG170204 | SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS | AG170204 | 16,629 |
| SCIENCE | 43.001 | | | | 604,121 |
| | | | BERMUDA BIOLOGICAL STATION FOR RESEARCH | | |
| | | | CALIFORNIA INSTITUTE OF TECHNOLOGY | 154444UCONN | |
| | | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW | 1590854 | |
| | | | YORK | R1040042 | |
| | | | UNIVERSITY OF NEW HAMPSHIRE | 15-048 | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101231 | |
| SCIENCE | 43.001 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101238 | 262,852 |
| AERONAUTICS | 43.002 | | | | 125,518 |
| EXPLORATION | 43.003 | | | | 6,268 |
| EDUCATION | 43.008 | | | | 6,413 |
| | | | UNIVERSITY OF HARTFORD | P-1071 | |
| | | | UNIVERSITY OF HARTFORD | P-1077 | |
| | | | UNIVERSITY OF HARTFORD | P-1123 | |
| | | | UNIVERSITY OF HARTFORD | P-986 | |
| | | | UNIVERSITY OF HARTFORD | P-1212 | |
| | | | UNIVERSITY OF HARTFORD | P-1177 | |
| | | | UNIVERSITY OF HARTFORD | P-1223 | |
| | | | UNIVERSITY OF HARTFORD | P-1129 | |
| | | | UNIVERSITY OF HARTFORD | P-1126 | |
| EDUCATION | 43.008 | | UNIVERSITY OF HARTFORD | P-1170 | 31,658 |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
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**Year Ended 6/30/2018**

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| | | | UNIVERSITY OF HARTFORD | | |
| | | | UNIVERSITY OF HARTFORD | | |
| | | | UNIVERSITY OF HARTFORD | P-1270 | |
| | | | TRINITY COLLEGE | P-1134 | |
| | | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT | P-1174 | |
| | | | CONSORTIUM | NNX15AI12H | |
| | | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT | NNX12AG64H - various | |
| EDUCATION | 43.008 | | CONSORTIUM | NNX15A112 H (P-1122) | 33,195 |
| SPACE TECHNOLOGY | 43.012 | | | | 260,796 |
| A CHANCE ALIGNMENT: RESOLVING A MASSIVE COMPACT GALAXY ACTIVELY QUENCHING AT Z=1.8 | 43.U01 | HST-GO-14622.008-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-14622.008-A | 39,984 |
| USING RAPID SCAT OCEAN VECTOR WINDS TO UNDERSTAND THE ORIGIN OF OCEAN TEMPERATURE EXTREMES OFF U.S. COASTS | 43.U01 | 1544.398 | | | 91,995 |
| 25X SPACE FRESNEL LENS CONCENTRATOR USING 4(+) JUNCTION IMM SOLAR CELLS AND NYCTINAST | 43.U01 | AG170872 | MARK O'NEILL | AG170872 | 32,465 |
| COMPLETING THE LEGACY OF HUBBLE'S WIDE/DEEP FIELDS: AN ALIGNED COMPLETE DATASET OF 1220 ORBITS ON THE GOODS-N/CANDELS-N REGION | 43.U01 | HST-AR-15027.009-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-AR-15027.009-A | 3,633 |
| ULTRAVIOLET ECHOES OF QUASAR ACCRETION DISKS | 43.U01 | HST-GO-15260.001-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-15260.001-A | 11,058 |
| PROMOTION OF THE HUMANITIES_RESEARCH | 45.161 | | EAST CAROLINA UNIVERSITY | Subaward# A15-0046-S001 | (1,413) |
| NATIONAL LEADERSHIP GRANTS | 45.312 | | GEORGE MASON UNIVERSITY | E2033501 | 41,843 |
| ENGINEERING GRANTS | 47.041 | | | | 4,537,024 |
| | | | CLEMSON UNIVERSITY | 1695-206-2009743 | |
| | | | HEALTH E-SENSE | AG170741 | |
| | | | MGENUITY | AG160940/1632573 | |
| | | | MOBILE SENSE TECHNOLOGIES | AG171434 | |
| | | | THE BEAMER | AG171165 | |
| | | | THE BEAMER | AG171056 | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | InfoEd 20130051 | |
| | | | UNIVERSITY OF NOTRE DAME | 202508UC | |
| | | | YALE UNIVERSITY | C13D11528 (D01897) | |
| ENGINEERING GRANTS | 47.041 | | YALE UNIVERSITY | C17D12543 (CON-80000133) | 171,817 |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | | | 4,169,521 |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | YALE UNIVERSITY | C12D11227(D01804) | 240,751 |
| GEOSCIENCES | 47.050 | | | | 2,894,970 |
| | | | UNIVERSITY OF ARKANSAS | SA1804213 | |
| | | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 36932-Z4391001 | |
| | | | UNIVERSITY OF MICHIGAN | 3004146005 | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | C121573 | |
| | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | E118764 | |
| GEOSCIENCES | 47.050 | | CONSERVATION INTERNATIONAL FUND | 1000474 | 222,759 |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | | | 2,687,922 |
| | | | GEORGIA INSTITUTE OF TECH | RD199-G16 | |
| | | | UNIVERSITY OF CONNECTICUT | UCONN STORRS KFS#5631140, PO#93382 | |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | WASHINGTON STATE UNIVERSITY | Subaward No. 123507_G003406 | 177,483 |
| BIOLOGICAL SCIENCES | 47.074 | | | | 3,952,960 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| | | | UNIVERSITY OF PUERTO RICO, SAN JUAN | 2016-006 | |
| | | | UNIVERSITY OF VIRGINIA | GA11020-142299 | |
| BIOLOGICAL SCIENCES | 47.074 | | WASHINGTON STATE UNIVERSITY | 123664-G003628 | 427,825 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | | | 478,215 |
| | | | CONNECTICUT CHILDREN'S MEDICAL CENTER | 16-179392-02 | |
| | | | UNIVERSITY OF CALIFORNIA, BERKELEY | 9146 | |
| | | | UNIVERSITY OF CHICAGO | FP050648 | |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 2012-06354-01 (14290) | 57,855 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | | | 3,551,021 |
| | | | TUFTS UNIVERSITY | DRL-1418163 | |
| | | | SENCER | DUE-12244888 | |
| | | | SENCER | 73299-1128962-3 | |
| | | | UNIVERSITY OF CONNECTICUT | KSF 5641360/PO 175480/NSF 1735225 | |
| | | | AMERICAN EDUCATIONAL RESEARCH ASSOCIATION | AG170097 | |
| | | | AMERICAN MUSEUM OF NATURAL HISTORY | 41671 | |
| | | | UNIVERSITY OF MASSACHUSETTS, AMHERST | 12-006782 B | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1263-1010-00-B | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1776-1011-00-B | |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | UNIVERSITY OF SOUTH FLORIDA | PREAWARD | 418,466 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | UNIVERSITY OF VIRGINIA | GA11161 150024 | 132,872 |
| OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING | 47.079 | | | | 36,496 |
| OFFICE OF INTEGRATIVE ACTIVITIES | 47.083 | | | | 923,096 |
| BRAIN-COMPUTER INTERFACE (BCI) ENABLED MEMORY TRAINING FOR SCHIZOPHRENIA | 64.U01 | VA241-16-C-0036 | | | (3,592) |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | | | 12,281 |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | MARTHA'S VINEYARD SHELLFISH GROUP | AG151548 | 20,690 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | | | 907,855 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | STATE UNIVERSITY OF NEW YORK | Subaward 66833 | 4,983 |
| NONPOINT SOURCE IMPLEMENTATION GRANTS | 66.460 | | | | 35,987 |
| GREAT LAKES PROGRAM | 66.469 | | LOYOLA UNIVERSITY CHICAGO | 516995-UConn | 25,588 |
| SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM | 66.509 | | | | 154,450 |
| SCIENCE TO ACHIEVE RESULTS (STAR) FELLOWSHIP PROGRAM | 66.514 | | | | 29,494 |
| PERFORMANCE PARTNERSHIP GRANTS | 66.605 | | | | 19,266 |
| NATIONAL ESTUARY PROGRAM | 66.456 | | NEW YORK SEA GRANT | 72841-1-1128016 | 15,472 |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | | | 2,232,452 |
| | | | FORGE NANO | DE-SC0017192SUB1 | |
| | | | HIFUNDA | AG130541 | |
| | | | HIFUNDA | AG171003 | |
| | | | SKYRE | AG160746 | |
| | | | STRUCTURED MATERIALS INDUSTRIES | 42038-041116-03 | |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | UES | S-132-000-001 | 327,981 |
| UNIVERSITY COAL RESEARCH | 81.057 | | | | 113,518 |
| UNIVERSITY COAL RESEARCH | 81.057 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51900000027086 | 1,220 |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | | | (11,678) |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | UNIVERSITY OF NEW HAVEN | PO #0034767 | 6,627 |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | | | 15,177 |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**SUMMARY OF PROGRAM CLUSTERS**
**Year Ended 6/30/2018**

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| | | | CASE WESTERN RESERVE UNIVERSITY | RES512578 | |
| | | | FUELCELL ENERGY | PO 10007906 | |
| | | | GINER | AG181061 | |
| | | | LOUISIANA STATE UNIVERSITY | PO-0000027017 | |
| | | | STANFORD UNIVERSITY | 61559169-51077 | |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO # 2605553 | 155,091 |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | | | 376,955 |
| | | | CARPENTER TECHNOLOGY | PO# 7S70403 | |
| | | | CUMMINS | IND4097881 | |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | FUELCELL ENERGY | PO10005143 | 203,781 |
| NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION | 81.121 | | CLEMSON UNIVERSITY | 1740-219-2010311 | 45,126 |
| | | | FUELCELL ENERGY | PO 10007545 | |
| | | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO 2603144 | |
| ADVANCED RESEARCH PROJECTS AGENCY - ENERGY | 81.135 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | PREAWARD | 166,241 |
| ELECTROPRODUCTION WITH NUCLEON AND NUCLEAR TARGETS USING CLAS AND CLAS12 | 81.U01 | 6F-3061 | UCHICAGO ARGONNE | 6F-3061 | 53,475 |
| EXPERIMENTAL DATA FOR VALIDATION OF KINETIC MECHANISMS FOR FUEL COMPANIES AND SURROGATES | 81.U01 | B621898 | | | 14,315 |
| GRADUATE RESEARCH SERVICES-ANDREY KIM | 81.U01 | 14-P0041 | JEFFERSON SCIENCE ASSOCIATES | 14-P0041 | 60,333 |
| SEARCH FOR NEW DIRAC MATERIALS | 81.U01 | Agrmt: 432529 Sub: 385444 | | | 55,401 |
| SLAC GRADUATE SUPPORT | 81.U01 | PO SLAC-0000166840 | STANFORD UNIVERSITY | PO SLAC-0000166840 | (2,635) |
| EIC BACKGROUND STUDIES AND THE IMPACT ON THE IR AND DETECTOR DESIGN | 81.U01 | 341820 | | | 15,506 |
| MAGNETIC TOPOLOGICAL MATTER | 81.U01 | 443647 | LOS ALAMOS NATIONAL LABORATORY | 443647 | 95,105 |
| DEVELOPMENT OF REDUCED MODELS AND EFFICIENT CHEMISTRY SOLVERS | 81.U01 | PO #1833988 | | | 54,107 |
| FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION | 84.116 | | FARMINGDALE STATE COLLEGE | P116F150028 | 2,752 |
| REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES | 84.126 | | | | 22,736 |
| SPECIAL EDUCATION_PRESCHOOL GRANTS | 84.173 | | | | 211,959 |
| SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES_NATIONAL PROGRAMS | 84.184 | | | | 114,711 |
| GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED | 84.200 | | | | 1,041,908 |
| JAVITS GIFTED AND TALENTED STUDENTS EDUCATION | 84.206 | | | | 978,069 |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | | | 2,632,839 |
| | | | NEW YORK UNIVERSITY | F0523-02 | |
| | | | TEXAS A&M UNIVERSITY | 02-S140264 | |
| | | | UNIVERSITY OF COLORADO, BOULDER | PREAWARD | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20140315 | |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 16662 | 264,907 |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | | | 886,422 |
| | | | UNIVERSITY OF MARYLAND, COLLEGE PARK | Z2104001 | |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | UNIVERSITY OF TENNESSEE | PREAWARD | 398,975 |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | | | 1,789,292 |

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE | | | UNIVERSITY OF MASSACHUSETTS BOSTON | DOE/TPSID/UMASS BOSTON 96297220 | |
| SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160511 | 195,006 |
| SPECIAL EDUCATION_TECHNICAL ASSISTANCE AND | | | UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL | SUB#5103430/DOE H326P120002-15B | |
| DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR | | | AMERICAN INSTITUTES FOR RESEARCH | 313000102 | |
| CHILDREN WITH DISABILITIES | 84.326 | | AMERICAN INSTITUTES FOR RESEARCH | 141010602 | 225,566 |
| SPECIAL EDUCATION_EDUCATIONAL TECHNOLOGY MEDIA, AND | | | | | |
| MATERIALS FOR INDIVIDUALS WITH DISABILITIES | 84.327 | | OHIO STATE UNIVERSITY | 60036894/PO#RF01370554 | 9,156 |
| | | | CONNECTICUT SCIENCE CENTER | AG160443 | |
| | | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2016 | |
| | | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2017-CRWPPD | |
| SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS | 84.367 | | NATIONAL WRITING PROJECT CORPORATION | 92-CT01-SEED2017-ILI | 32,092 |
| SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT | 84.388 | ARRA | | | 208,339 |
| OVERSEAS PROGRAMS - DOCTORAL DISSERTATION RESEARCH | | | | | |
| ABROAD | 84.022 | | | | 27,848 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS | | | | | |
| FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | 26,313 |
| TRAINING IN GENERAL, PEDIATRIC, AND PUBLIC HEALTH | | | | | |
| DENTISTRY | 93.059 | | | | 440,163 |
| | | | CENTRE FOR THE AIDS PROGRAMMED OF RESEARCH IN SOUTH | | |
| GLOBAL AIDS | 93.067 | | AFRICA (CAPRISA) | AG100483 | (25,957) |
| PUBLIC HEALTH EMERGENCY PREPAREDNESS | 93.069 | | | | 92,399 |
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT | | | | | |
| REGULATORY RESEARCH | 93.077 | | | | 783,673 |
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170423 | |
| REGULATORY RESEARCH | 93.077 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170347 | 92,412 |
| PREVENTION OF DISEASE, DISABILITY, AND DEATH BY | | | | | |
| INFECTIOUS DISEASES | 93.084 | | CORNELL UNIVERSITY | 81477-10821 | 223,436 |
| HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE | | | | | |
| FATHERHOOD GRANTS | 93.086 | | VILLAGE FOR FAMILIES AND CHILDREN | AG160335 | 1,772 |
| WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN | | | | | |
| ACROSS THE NATION | 93.094 | | | | 38,820 |
| FOOD AND DRUG ADMINISTRATION_RESEARCH | 93.103 | | | | 1,180,490 |
| | | | ASSOCIATION OF FOOD AND DRUG OFFICIALS (AFDO) | | |
| | | | NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND | | |
| | | | EDUCATION | G-SP-1611-04143/G-MP-1611-04154 | |
| | | | NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND | NIPTE-U01-UC-2015-001 | |
| | | | EDUCATION | NIPTE-U01-UC-2016-001 | |
| FOOD AND DRUG ADMINISTRATION_RESEARCH | 93.103 | | YALE UNIVERSITY | PREAWARD | 164,841 |
| AREA HEALTH EDUCATION CENTERS POINT OF SERVICE | | | | | |
| MAINTENANCE AND ENHANCEMENT AWARDS | 93.107 | | | | 370,904 |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED | | | | | |
| PROGRAMS | 93.110 | | | | 316,006 |

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| | | | MOUNT SINAI SCH MED NYU HOSP CTR | SUBAWARD#0253-6545-4609 | |
| | | | MOUNT SINAI SCH MED NYU HOSP CTR | SUBAWARD#0253-6546-4609 | |
| | | | ORGANIZATION OF TERATOLOGY INFORMATION SERVICES | HRSA 5UG4MC27861-03 | |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED | | | ORGANIZATION OF TERATOLOGY INFORMATION SERVICES | HRSA 2UG4MC27861-03 | |
| PROGRAMS | 93.110 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170477 | 100,553 |
| ENVIRONMENTAL HEALTH | 93.113 | | | | 662,823 |
| | | | UNIVERSITY OF CONNECTICUT | UCONN KFS 5630070(PO58543) | |
| | | | CIENCIA | 751504-1-UConn | |
| | | | JOHNS HOPKINS UNIVERSITY | 2003338059 | |
| | | | PENNSYLVANIA STATE UNIVERSITY | UCTES021762 | |
| ENVIRONMENTAL HEALTH | 93.113 | | UNIVERSITY OF MINNESOTA | P004067101 | 191,253 |
| PREVENTIVE MEDICINE AND PUBLIC HEALTH RESIDENCY | | | | | |
| TRAINING PROGRAM, INTEGRATIVE MEDICINE PROGRAM, AND | | | | | |
| NATIONAL COORDINATING CENTER FOR INTEGRATIVE MEDICINE | 93.117 | | GRIFFIN HOSPITAL | PRIME HRSA D33HP26994 | 19,467 |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | | | 3,598,579 |
| | | | NEW YORK UNIVERSITY | | |
| | | | REGENTS OF THE UNIVERSITY OF CALIFORNIA LOS ANGELES | SUBAWARD F7530-01 PO#iB00001369 | |
| | | | THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A | SUBAWARD 1350 G SB824 | |
| | | | CAROLINAS | CHS 2000203699 (14-050S1) | |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | NEW YORK UNIVERSITY | F0397-1 PO#IB00132940 | 325,930 |
| CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH | | | YALE UNIVERSITY | M17A12655(A09917) | |
| PROMOTION AND DISEASE PREVENTION | 93.135 | | YALE UNIVERSITY | GR102076(CON-80001145) | 39,934 |
| COMMUNITY PROGRAMS TO IMPROVE MINORITY HEALTH | | | | | |
| GRANT PROGRAM | 93.137 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161220 | 30,939 |
| NIEHS SUPERFUND HAZARDOUS SUBSTANCES_BASIC RESEARCH | | | DARTMOUTH COLLEGE | PREAWARD | |
| AND EDUCATION | 93.143 | | DARTMOUTH COLLEGE | R154 | 90,597 |
| | | | UNIVERSITY OF MASSACHUSETTS | CORE WA00488613 OSP2016094 | |
| | | | UNIVERSITY OF MASSACHUSETTS | WA00488613 OSP2016094 | |
| | | | UNIVERSITY OF MASSACHUSETTS | CORE WA00602483/OSP2018007 | |
| | | | UNIVERSITY OF MASSACHUSETTS | MAI WA00602483/OSP2018007 | |
| | | | UNIVERSITY OF MASSACHUSETTS | PT WA00602483/OSP2018007 | |
| AIDS EDUCATION AND TRAINING CENTERS | 93.145 | | UNIVERSITY OF MASSACHUSETTS | HRSA/UMASS PO#WA00715368/OSP2018066 | 136,751 |
| COORDINATED SERVICES AND ACCESS TO RESEARCH FOR | | | | | |
| WOMEN, INFANTS, CHILDREN, AND YOUTH | 93.153 | | | | 82,792 |
| COORDINATED SERVICES AND ACCESS TO RESEARCH FOR | | | | | |
| WOMEN, INFANTS, CHILDREN, AND YOUTH | 93.153 | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC. | CCSG17-185018-02 HRSA-17-039 | 189,714 |
| HUMAN GENOME RESEARCH | 93.172 | | | | 1,715,806 |
| | | | THE JACKSON LABORATORY | JAX PO#208064/NIH UM1 HG00940 | |
| | | | THE JACKSON LABORATORY | JAX 210256-0119/NIH UM1 HG009409 | |
| HUMAN GENOME RESEARCH | 93.172 | | YALE UNIVERSITY | YALE GR100950 NIH SUB#CON-80000961 | 100,285 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION | | | | | |
| DISORDERS | 93.173 | | | | 1,249,539 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION | | | | | |
| DISORDERS | 93.173 | | NORTHWESTERN UNIVERSITY | NWU SP0044830-PROJ0012557/NIHR01DC | 1,615 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH | 93.213 | | | | 70,666 |
| | | | GEORGIA STATE UNIVERSITY | GSU SP00013079-01/NIH R34AT009538 | |
| | | | MASSACHUSETTS GENERAL HOSPITAL | 223108 | |
| | | | MIRIAM HOSPITAL | 710-9196 | |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH | 93.213 | | UNIVERSITY OF CALIFORNIA, SAN DIEGO | 76758017 (PO#S9001412) | 76,942 |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | | | 5,439,823 |
| | | | DUKE UNIVERSITY | DUKE UNI R01MH98301-03/SUB2031801 | |
| | | | NORTHWESTERN UNIVERSITY | NWU 60042322/NIH R01 MH107652 | |
| | | | NORTHWESTERN UNIVERSITY | NWU#60036522UCHC/NIMH 5U01MH082830 | |
| | | | NORTHWESTERN UNIVERSITY | NWU NIMH 5U01MH082830 | |
| | | | THE JOHNS HOPKINS UNIVERSITY | JOHNSHOPKINS 2002554852/R01MH103799 | |
| | | | THE JOHNS HOPKINS UNIVERSITY | SUB#2002392365 / NIH R24MH106083 | |
| | | | HARTFORD HOSPITAL | SUB#126315-UCHC-51/NIHR01 MH102854 | |
| | | | DREXEL UNIVERSITY | 800106-a/PO # U0133639 | |
| | | | SAN DIEGO STATE UNIVERSITY | 58305C P4334 7803 211 | |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | SAN DIEGO STATE UNIVERSITY | 58305CP433478030211/E001618 | 569,642 |
| | | | STANFORD UNIVERSITY | 61138664-121865 | |
| | | | UNIVERSITY OF CALIFORNIA, DAVIS | 201402914-02 | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 9397sc | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | PREAWARD | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160681 | |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | YALE UNIVERSITY | GR100779 (CON-80000862) | 234,254 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | | | 2,058,322 |
| | | | OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES | PREAWARD | |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161497 | 70,747 |
| UNIVERSAL NEWBORN HEARING SCREENING | 93.251 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20170477 | 61,056 |
| POISON CENTER SUPPORT AND ENHANCEMENT GRANT PROGRAM | 93.253 | | | | 169,301 |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | | | 196,330 |
| | | | NORTHEASTERN UNIVERSITY | NORTHEASTERN UNI AWARD 500326-78051 | |
| | | | UNIVERSITY OF CONNECTICUT | KFS#5637930/CDC PA#97746 | |
| | | | UNIVERSITY OF CONNECTICUT | KFS#5641220/CDC PA#183871 PO300344 | |
| | | | UNIVERSITY OF MASSACHUSETTS | UMASS-LOWELL S51130000033076 | |
| | | | UNIVERSITY OF MASSACHUSETTS | S51130000036984 PO # L000668683 | |
| | | | UNIVERSITY OF MASSACHUSETTS | S51130000036984B PO#L000668682 | |
| | | | UNIVERSITY OF MASSACHUSETTS | UMASS-LOWELL S51130000036984 | |
| | | | UNIVERSITY OF MASSACHUSETTS | S5113000036984D PO#L000668685 | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20150690 | |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000033076 | 430,953 |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000036984D | |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | PO#L000687096 | |
| | | | UNIVERSITY OF MASSACHUSETTS, LOWELL | PO#L000687095 | |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | UNIVERSITY OF MASSACHUSETTS, LOWELL | S51130000036984 | 47,806 |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | | | 4,764,419 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2018

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | | |
| | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | SUNY 1009189-76390/U10AA008401-28 | |
| | | | | SUNY 1009189-79064/U10AA008401-29 | |
| | | | YALE UNIVERSITY | M16A12437(A10599) YALE/NIH | |
| | | | INDIANA UNIVERSITY | IN4689849UCONN/PO#1905450 | |
| | | | WASHINGTON STATE UNIVERSITY | 130305-G003669 | |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | SUNY RESEARCH FOUNDATION | 74258-01 | 1,134,513 |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | | | 4,465,849 |
| | | | YALE UNIVERSITY | YALE M12A11188/A08462 | |
| | | | YALE UNIVERSITY | YALE M14A11821(A09724) (NIH YR09) | |
| | | | YALE UNIVERSITY | YALE M14A11821/A09724 (NIH YR08) | |
| | | | YALE UNIVERSITY | YALE M15A11968/A10464/NIH DA009241 | |
| | | | YALE UNIVERSITY | YALE M15A11968/A10835 NIH DA009241 | |
| | | | YALE UNIVERSITY | YALEG101087(CON80000947)NIHDA009241 | |
| | | | UNIVERSITY OF IOWA | 1001408117 | |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | YALE UNIVERSITY | M16A12337 (CON-80000448) | 454,614 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE (SEE NOTE 4) | 93.283 | | | | 29,774 |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | | | 758,607 |
| | | | THE JACKSON LABORATORY | | |
| | | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK | JAX NIH R25 EB022365-02S1 PO#207450 | |
| | | | | SUNY#100-1135875-76398/NIH R01 | |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | UNIVERSITY OF ARIZONA | 317682 | 283,758 |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2016-35-U1 | |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS2016-35-U2 | |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2018-25 | |
| TEENAGE PREGNANCY PREVENTION PROGRAM | 93.297 | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2018-26 | 10,494 |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | | | 398,771 |
| | | | THE JACKSON LABORATORY | PO206855 NIH R25 EB022365-01 | |
| | | | UNIVERSITY OF CONNECTICUT | RL5 GM118969-3 KFS#5638370 PO#99373 | |
| | | | UNIVERSITY OF CONNECTICUT | RL5 GM118969-3 KFS#5640410 PO163822 | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | PREAWARD | |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | UNIVERSITY OF TEXAS, EL PASO | 226141271G | 427,747 |
| EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC) | 93.323 | | | | 200,426 |
| | | | YALE UNIVERSITY | YALE M13A11654 (A09242) | |
| | | | YALE UNIVERSITY | YALE NIH R24 OD016474 | |
| RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | YALE UNIVERSITY | YALE GR103597 (CON-80001318) / NIH | 92,750 |
| ADVANCED EDUCATION NURSING TRAINEESHIPS | 93.358 | | | | 14,100 |
| NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS | 93.359 | | UNIVERSITY OF CONNECTICUT | UCONN KFS 5631480 (PO 68492) | (4,091) |
| NURSING RESEARCH | 93.361 | | | | 666,623 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| | | | UNIVERSITY OF CONNECTICUT | KFS#5629990/DHHS/NIH 1P20NR016605 | |
| | | | UNIVERSITY OF CONNECTICUT | NIHP20NR016605 KFS#5628640 PO132849 | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5628640 PA#133722/NIH | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5628640 PO#133722/NIH | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5646180 PO#133722/NIH | |
| | | | UNIVERSITY OF CONNECTICUT | PO132849 KFS5646190/P20NR016605 | |
| | | | UNIVERSITY OF PITTSBURGH | 0029591 (127125-2) | |
| NURSING RESEARCH | 93.361 | | UNIVERSITY OF WISCONSIN, MILWAUKEE | 153405530 | 171,001 |
| SICKLE CELL TREATMENT DEMONSTRATION PROGRAM | 93.365 | | THE JOHNS HOPKINS UNIVERSITY | JH PO2003735150 HRSA U1EMC27864 | 3,561 |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | | | 626,346 |
| | | | BROWN UNIVERSITY | 808 | |
| | | | KLEIN BUENDEL | 0301-0171-001 | |
| | | | PHYSICAL SCIENCES | SC68508-1890 | |
| | | | TEXAS A&M UNIVERSITY | 02-M1703318 | |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20150108 | 279,547 |
| | | | RUTGERS UNIVERSITY | Subaward 0268/PO 697678 | |
| CANCER DETECTION AND DIAGNOSIS RESEARCH | 93.394 | | UNIVERSITY OF UTAH | 10036972-01 | 81,719 |
| CANCER TREATMENT RESEARCH | 93.395 | | | | 863,567 |
| | | | NANOPROBES INCORPORATED | NANOPROBES 1R43 CA192702-01A1 | |
| | | | NEW YORK UNIVERSITY | NYU 13A10000008101/PO#M150000869 | |
| | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 8762sc | |
| CANCER TREATMENT RESEARCH | 93.395 | | UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | 5101332 | 294,145 |
| CANCER BIOLOGY RESEARCH | 93.396 | | | | 524,826 |
| | | | INSTITUTE FOR CANCER RESEARCH D/B/A FOX CHASE CANCER CENTER | FCCC 12305-54/NIH 3P30CA006927-52S1 | |
| CANCER CENTERS SUPPORT GRANTS | 93.397 | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | PREAWARD | 33,138 |
| CANCER RESEARCH MANPOWER | 93.398 | | | | 154,612 |
| FOOD SAFETY AND SECURITY MONITORING PROJECT | 93.448 | | | | 374,955 |
| AFFORDABLE CARE ACT (ACA) PRIMARY CARE RESIDENCY EXPANSION PROGRAM | 93.510 | | | | (50) |
| BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL, NON-PROFIT ORGANIZATIONS- FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.524 | | | | 49,500 |
| ABANDONED INFANTS | 93.551 | | | | 8,880 |
| ABANDONED INFANTS | 93.551 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160282/PO 205213 | 18,359 |
| PROMOTING SAFE AND STABLE FAMILIES | 93.556 | | | | 299,550 |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS | 93.558 | | | | 4,141 |
| STATE COURT IMPROVEMENT PROGRAM | 93.586 | | | | 12,349 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | | | 153,835 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | FRIENDS OF CHILDREN TRUST FUND INC. | DSS (FED) 052UCH-CTF-01 | 49 |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | | | 1,226,999 |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160560 | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180059 | |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180060 | 148,854 |
| AFFORDABLE CARE ACT: TESTING EXPERIENCE AND FUNCTIONAL ASSESSMENT TOOLS | 93.627 | | | | 16,785 |

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE | 93.632 | | | | 629,335 |
| | | | UNIVERSITY OF MASSACHUSETTS | WA00366279/OSP2016104/UMASS | |
| ACA-TRANSFORMING CLINICAL PRACTICE INITIATIVE: PRACTICE TRANSFORMATION NETWORKS (PTNS) | 93.638 | | UNIVERSITY OF MASSACHUSETTS<br>UNIVERSITY OF MASSACHUSETTS | WA00564192/OSP2016104/UMASS/DHHS<br>WA00618467/OSP2016104/UMASS/DHHS | 2,089,945 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | CONNECTION | AG130109 | 42,316 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | 172,460 |
| MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION | 93.791 | | | | 124,178 |
| DOMESTIC EBOLA SUPPLEMENT TO THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC). | 93.815 | | | | 31,813 |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | | | 2,264,881 |
| | | | THE JOHNS HOPKINS UNIVERSITY | SUB 2002870152/NIH R01HL130649 | |
| | | | THE PENNSYLVANIA STATE UNIVERSITY | SUB AWD# 5275 UCHC DHHS 2311 | |
| | | | BOSTON UNIVERSITY | 4500002297 | |
| | | | BROWN UNIVERSITY | Subaward 00000730 | |
| | | | DUKE UNIVERSITY | 2036424 | |
| | | | MOBILE SENSE TECHNOLOGIES | AG170827 | |
| | | | TEXAS TECH UNIVERSITY | 21F128-01 | |
| | | | UNIVERSITY OF GEORGIA | RR376-352/4945956 | |
| | | | UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL | PO# WA00691205 / OSP2018074 | |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | YALE UNIVERSITY | GR102536 (CON-80001210) | 599,605 |
| LUNG DISEASES RESEARCH | 93.838 | | | | 867,784 |
| | | | THE WASHINGTON UNIVERSITY | PO2935434E WU18-414/NIHR01 HL130876 | |
| LUNG DISEASES RESEARCH | 93.838 | | UNIVERSITY OF IOWA | W000970556/PO#1001838532 | 29,204 |
| BLOOD DISEASES AND RESOURCES RESEARCH | 93.839 | | | | 519,050 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | | | 4,638,544 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20160238 | 120,870 |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | | | 4,210,951 |
| | | | THETIS PHARMACEUTICALS LLC | | |
| | | | PRESIDENTS AND FELLOWS OF HARVARD COLLEGE | THETIS/DEVELOPMENT OF TP-317 | |
| | | | BIORASIS | Harvard SUB: 158279.5103805.0003 | |
| | | | PENNSYLVANIA STATE UNIVERSITY | AG150112 | |
| | | | STATE UNIVERSITY OF NEW YORK, UPSTATE MEDICAL | UCONN DK099364 | |
| | | | UNIVERSITY | 1138946-77867 | |
| | | | UNIVERSITY OF CONNECTICUT HEALTH CENTER | 20180271 | |
| | | | UNIVERSITY OF MELBOURNE | TA 19370_UC | |
| | | | UNIVERSITY OF MICHIGAN | 3003573024 | |
| | | | UNIVERSITY OF PENNSYLVANIA | PREAWARD | |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | VIRGINIA COMMONWEALTH UNIVERSITY | PD303771-SC106551 | 308,358 |
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | | | 3,317,840 |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**SUMMARY OF PROGRAM CLUSTERS**
**Year Ended 6/30/2018**

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| | | | IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE | IMPERIAL COL/U01NS099573-PO3668156 | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5636400 PO#114260/NIH | |
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES | | | YALE UNIVERSITY | R01NS076558/GR101753(CON80001133) | |
| AND NEUROLOGICAL DISORDERS | 93.853 | | JACKSON LABORATORY | PO 209262 | 343,259 |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | | | 7,655,670 |
| | | | DUKE UNIVERSITY | DUKE 189925/218470 NIH4UM1AI104681 | |
| | | | OREGON HEALTH & SCIENCE UNIVERSITY | OHSU SUB#9006862_UCONN_E1_KHANNA | |
| | | | THE JACKSON LABORATORY | JAX NIH U01 AI124297 P0#208546 | |
| | | | THE JACKSON LABORATORY | JAX NIH U01 AI124297 PO#210099 | |
| | | | TRUSTEES OF DARTMOUTH COLLEGE | R01AI114059-01A1 SUBAWARD# R63 | |
| | | | TRUSTEES OF TUFTS COLLEGE | TUFTS SUB#101217-00001 | |
| | | | YALE UNIVERSITY | YALE M16A12356 (A10521) | |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | QUERCUS MOLECULAR DESIGN, LLC | SUB:QUERCUS/Prime:NIH R41 AI134509 | 320,412 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | | | 9,168,067 |
| | | | NORTHEASTERN UNIVERSITY | NORHTEASTERN UNIV 500568-78050/NIH | |
| | | | THE JACKSON LABORATORY | JAX LABS/NIH R35 GM124922 PO#209163 | |
| | | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | SUBAWARD: 431964-19801 | |
| | | | WORCESTER POLYTECHNIC INSTITUTE | SUB# 15-210780-00/5R01GM1059464-02 | |
| | | | WORCESTER POLYTECHNIC INSTITUTE | SUB# 16-210890-00/R01GM114949 | |
| | | | YALE UNIVERSITY | YALE C17A12640(CON80000126)/NIH | |
| | | | DUKE UNIVERSITY | 14-NIH-1110 | |
| | | | JACKSON LABORATORY | PO #209868-0 | |
| | | | UNIVERSITY OF CINCINNATI | Subaward No. 008632-007 | |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | 5104923 | 539,703 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | VIRGINIA POLYTECHNIC INSTITUTE | 431745-19213 | 23,054 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL | | | | | |
| RESEARCH | 93.865 | | | | 2,795,224 |
| | | | MEDICAL COLLEGE OF WISCONSIN | PRIME#1R21HD083108-01A1 PO#1630908 | |
| | | | UNIVERSITY OF CONNECTICUT | KFS 5637050 NIH HD087817 PO#116473 | |
| | | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5637030 PA#119446/NIH | |
| | | | DREXEL UNIVERSITY | 232645 | |
| | | | HASKINS LABORATORIES | AG170579 | |
| | | | HASKINS LABORATORIES | A-222-02 | |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL | | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 10269sc | |
| RESEARCH | 93.865 | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | 10326sc | 413,621 |
| AGING RESEARCH | 93.866 | | | | 2,330,859 |
| | | | DUKE UNIVERSITY | DUKE 2036681/NIH 1UH 2AG056925 | |
| | | | THE JACKSON LABORATORY | JAX LABS/NIH R01AG052608 PO#210250 | |
| | | | UNIVERSITY OF MARYLAND AT BALTIMORE | UMB SR00004448 | |
| | | | THE WASHINGTON UNIVERSITY | WU/NIH R01 AG051647 PO#2935511E | |
| AGING RESEARCH | 93.866 | | COLUMBIA UNIVERSITY | 1(GG010946-06) | 509,221 |
| VISION RESEARCH | 93.867 | | | | 680,482 |
| MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING | | | | | |
| GRANT PROGRAM | 93.870 | | | | 133,570 |
| MEDICAL LIBRARY ASSISTANCE | 93.879 | | | | 209,034 |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM | 93.889 | | | | 31,578 |
| GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH | 93.913 | | NORTHWESTERN CT COMMUNITY COLLEGE | NCCC/HRSA H95RH00151 | 2,000 |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/HRSA/OUTP AMB CARE | |
| | | | CITY OF HARTFORD | CITY OF HARTFORD/HRSA/MED CASE | |
| | | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC. | 16-185010-01 COH HRSA 2016-17 | |
| HIV EMERGENCY RELIEF PROJECT GRANTS | 93.914 | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC. | 17-185012-01 COH HRSA HHS2017-11R | 69,197 |
| | | | CITY OF HARTFORD | CITY OF HART/OUTPATNT AMB/HRSA/DHHS | |
| HIV CARE FORMULA GRANTS (SEE NOTE 9) | 93.917 | | CITY OF HARTFORD | CITY OF HTFD/MED CASE MGMT/HRSA/DHH | 132,863 |
| HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED | 93.940 | | | | 372,213 |
| RESEARCH, PREVENTION, AND EDUCATION PROGRAMS ON LYME DISEASE IN THE UNITED STATES | 93.942 | | | | 453,500 |
| ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL | 93.945 | | | | 389,738 |
| BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE | 93.959 | | | | 354,780 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.989 | | | | 210,330 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.989 | | UNIVERSITY OF CONNECTICUT | STORRS KFS#5639560 PO#136019/NIH | 50,916 |
| MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES | 93.994 | | | | 26,971 |
| CONTINUOUS MANUFACTURING OF LIPOSOMAL DRUG FORMULATIONS | 93.U01 | HHSF223201310117C | | | (4,236) |
| CONTINUOUS MANUFACTURING OF LIPOSOMES: MATERIALS UNDERSTANDING AND PROCESS CONTROL | 93.U01 | HHSF223201610121C | | | 157,411 |
| METHODS AND DISSEMINATION: COLLABORATION TO IMPROVE VALIDITY, CONSISTENCY, AND UTILITY OF SYSTEMATIC REVIEWS | 93.U01 | HHSA290201500012I/TO 1 | | | 24,606 |
| RFTO 23 PHARMACOLOGIC MANAGEMENT OF ASTHMA | 93.U01 | HHSA290201500012I TO 2 | | | (3,597) |
| TREATMENT OF DEPRESSION OF OLDER ADULTS | 93.U01 | 93HHSA290201500012I | | | 323,580 |
| IN VITRO IN-VIVO CORRELATION OF THE LONG-ACTING INJECTABLE SUSPENSIONS | 93.U01 | HHSF223201710135C | | | 112,871 |
| MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS | 93.732 | | | | 34,933 |
| NATIONAL CENTER ON SLEEP DISORDERS RESEARCH | 93.233 | | | | 630,358 |
| 21ST CENTURY CURES ACT - BEAU BIDEN CANCER MOONSHOT | 93.353 | | KLEIN BUENDEL | 0316-0167-000 | 18,971 |
| | | | CITY OF HARTFORD | COH HHS2017-17/U90HA30516-01-00 | |
| | | | CITY OF HARTFORD | COH/HRSA U90HA30516-01-00 | |
| SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE | 93.928 | | CITY OF HARTFORD | COH HHS2018-16/HRSAU90HA30516-02-00 | 107,113 |
| HOMELAND SECURITY-RELATED SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (HS STEM) CAREER DEVELOPMENT PROGRAM | 97.104 | | | | (1,393) |

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|---|---|
| | | | OREGON STATE UNIVERSITY | RD011G-E | |
| | | | UNIVERSITY OF GEORGIA | PREAWARD | |
| USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS | 98.001 | | VIRGINIA POLYTECHNIC INSTITUTE | 451066-19213 | 243,761 |
| USAID DEVELOPMENT PARTNERSHIPS FOR UNIVERSITY COOPERATION AND DEVELOPMENT | 98.012 | | NORTH CAROLINA STATE UNIVERSITY<br>UNIVERSITY OF GEORGIA | 2014-0316-02<br>RC710-059/5054806 | 94,596 |
| COST-BENEFIT ANALYSIS OF DRIP IRRIGATION AND ALTERNATIVE MANAGEMENT PRACTICES FOR GROUNDNUT PRODUCTION IN MALAWI: PHASE I | 98.U01 | PO# 217707-UCONN-01 | PALLADIUM GROUP HOLDINGS | PO# 217707-UCONN-01 | 39,995 |
| HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS | 90.401 | | | | 50,292 |
| **RESEARCH AND DEVELOPMENT PROGRAMS Total** | | | | | **156,998,214** |
| **SECTION 8 PROJECT-BASED CLUSTER PROGRAMS** | | | | | |
| SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM (SEE NOTE 1) | 14.195 | | | | 5,407,067 |
| SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY (SEE NOTE 1) | 14.249 | | | | 74,445 |
| LOWER INCOME HOUSING ASSISTANCE PROGRAM-SECTION 8 MODERATE REHABILITATION (SEE NOTE 1) | 14.856 | | | | 105,878 |
| **SECTION 8 PROJECT-BASED CLUSTER PROGRAMS Total** | | | | | **5,587,390** |
| **SNAP CLUSTER PROGRAMS** | | | | | |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SEE NOTE 4) | 10.551 | | | | 624,753,305 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | 53,547,818 |
| **SNAP CLUSTER PROGRAMS Total** | | | | | **678,301,123** |
| **SPECIAL EDUCATION CLUSTER (IDEA) PROGRAMS** | | | | | |
| SPECIAL EDUCATION-GRANTS TO STATES | 84.027 | | | | 129,071,029 |
| SPECIAL EDUCATION-PRESCHOOL GRANTS | 84.173 | | | | 3,863,182 |
| **SPECIAL EDUCATION CLUSTER (IDEA) PROGRAMS Total** | | | | | **132,934,211** |
| **STUDENT FINANCIAL AID PROGRAMS** | | | | | |
| FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | | | 2,955,458 |
| FEDERAL WORK-STUDY PROGRAM | 84.033 | | | | 3,461,304 |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | | | 28,198,603 |
| FEDERAL PELL GRANT PROGRAM | 84.063 | | | | 150,149,226 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | | | 374,179,689 |
| TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH GRANTS) | 84.379 | | | | 42,828 |
| NURSE FACULTY LOAN PROGRAM (NFLP) (SEE NOTE 5) | 93.264 | | | | 2,478,912 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | | | 1,031,973 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | | | 19,571 |
| **STUDENT FINANCIAL AID PROGRAMS Total** | | | | | **562,517,564** |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2018

| *Cluster Name/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Pass-Through Entity Name* | *Pass-Through Entity Identifying Number* | *Federal Expenditures* |
|---|---|---|---|---|---|
| **TANF CLUSTER PROGRAMS** | | | | | |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS | 93.558 | | | | 239,425,860 |
| **TANF CLUSTER PROGRAMS Total** | | | | | **239,425,860** |
| | | | | | |
| **TRANSIT SERVICES PROGRAMS CLUSTER PROGRAMS** | | | | | |
| ENHANCED MOBILITY FOR SENIORS AND INDIVIDUALS WITH DISABILITIES | 20.513 | | | | 2,598,669 |
| NEW FREEDOM PROGRAM | 20.521 | | | | 782,676 |
| **TRANSIT SERVICES PROGRAMS CLUSTER PROGRAMS Total** | | | | | **3,381,345** |
| | | | | | |
| **TRIO CLUSTER PROGRAMS** | | | | | |
| TRIO-STUDENT SUPPORT SERVICES | 84.042 | | | | 809,764 |
| TRIO-TALENT SEARCH | 84.044 | | | | 198,432 |
| TRIO-UPWARD BOUND | 84.047 | | | | 728,810 |
| TRIO-UPWARD BOUND | 84.047 | | CITY OF WATERBURY | PO-154957 | 12,722 |
| TRIO-MCNAIR POST-BACCALAUREATE ACHIEVEMENT | 84.217 | | | | 219,564 |
| **TRIO CLUSTER PROGRAMS Total** | | | | | **1,969,292** |
| | | | | | |
| **WIOA CLUSTER PROGRAMS** | | | | | |
| WIA/WIOA ADULT PROGRAM | 17.258 | | | | 10,203,312 |
| WIA/WIOA YOUTH ACTIVITIES | 17.259 | | | | 11,511,841 |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | ISY-16-001 | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | |
| WIA/WIOA YOUTH ACTIVITIES | 17.259 | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | 77,370 |
| WIA/WIOA DISLOCATED WORKER FORMULA GRANTS | 17.278 | | | | 14,973,346 |
| **WIOA CLUSTER PROGRAMS Total** | | | | | **36,765,869** |

**STATE OF CONNECTICUT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FEDERAL LOAN PROGRAMS**
**Year Ended 6/30/2018**

| *Federal Grantor/Program Title* | *Federal CFDA Number* | *Additional Award Identification* | *Outstanding Balance at 6/30/2018* |
|---|---|---|---|
| **DEPARTMENT OF EDUCATION LOAN PROGRAMS** | | | |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | 24,153,281 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | N/A |
| **DEPARTMENT OF EDUCATION LOAN PROGRAMS TOTAL** | | | **24,153,281** |
| | | | |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES LOAN PROGRAMS** | | | |
| NURSE FACULTY LOAN PROGRAM (SEE NOTE 5) | 93.264 | | 2,414,980 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | 941,678 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | 19,571 |
| ARRA NURSE FACULTY LOAN PROGRAM (SEE NOTE 5) | 93.408 | ARRA | 71,940 |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES LOAN PROGRAMS TOTAL** | | | **3,448,169** |

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Note 1 - Summary of Significant Accounting Policies***:

A. Reporting Entity:

The accompanying Schedule of Expenditures of Federal Awards includes all federal programs administered by the State of Connecticut except for the portion of the federal programs that are subject to separate audits in compliance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Uniform Guidance).

B. Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting, except for the following programs which are presented on the accrual basis of accounting: *Labor Force Statistics* (CFDA #17.002), *Employment Service/Wagner-Peyser Funded Activities* (CFDA #17.207), *Disabled Veterans' Outreach Program* (CFDA #17.801), *Local Veterans' Employment Representative Program* (CFDA #17.804), *Temporary Labor Certification for Foreign Workers* (CFDA #17.273), *Work Opportunity Tax Credit Program (WOTC)* (CFDA #17.271), *Trade Adjustment Assistance* (CFDA #17.245), and the administrative portion of *Unemployment Insurance* (CFDA #17.225). The total expenditures presented for *Section 8 Housing Assistance Payments Program* (CFDA #14.195), *Section 8 Moderate Rehabilitation Single Room Occupancy Program* (CFDA #14.249), *Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation* (CFDA #14.856), *Section 8 Housing Choice Voucher* (CFDA #14.871) and *Mainstream Vouchers (*CFDA # 14.879) programs represent the net Annual Contributions Contract subsidy received for the state's fiscal year ended June 30, 2018. The net Annual Contribution Contract subsidy for the fiscal year is being reported as the federal awards expended for these programs per Accounting Brief # 10 issued by the Department of Housing and Urban Development's Real Estate Assessment Center. In addition, the grant expenditures for The University of Connecticut Health Center, The University of Connecticut, the Connecticut State Universities and the Connecticut Community Colleges include certain accruals at the grant program level.

C. Basis of Presentation:

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the state's basic financial statements. Federal award programs include expenditures, pass-throughs to non-state agencies (i.e., payments to subrecipients), non-monetary assistance and loan programs. Funds transferred from one state agency to another state agency are not considered federal award expenditures until the funds are expended by the subrecipient state agency.

D. Matching Costs:

Except for the state's share of unemployment insurance, (see Note 7) the non-federal share portion is not included in the Schedule.

***Note 2 – 10% De Minimis Cost Rate***

The State of Connecticut did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) cost.

# STATE OF CONNECTICUT
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2018

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### *Note 3 – Research Programs*

Federally funded research programs at the University of Connecticut and its Health Center and Connecticut Agricultural Experiment Station have been reported as discrete items. The major federal departments and agencies providing research assistance have been identified. The research programs at the University and its Health Center are considered one Major Federal Financial Assistance Program for purposes of compliance with the Federal Single Audit Act (OMB Uniform Guidance).

### *Note 4 – Non-cash Assistance*

The state received non-cash federal financial assistance, which are included in the schedule and are as follows:

| | | |
|---|---|---|
| 10.551 | Supplemental Nutrition Assistance Program | $624,753,305 |
| 10.555 | National School Lunch Program | 15,524,956 |
| 10.559 | Summer Food Service Program for Children | 21,607 |
| 39.003 | Donation of Federal Surplus Personal Property | 47,019 |
| 93.053 | Nutrition Services Incentive Program* | 0 |
| 93.268 | Immunization Grants | 30,961,414 |
| 93.283 | Centers for Disease Control & Prevention Investigations & Technical Assistance | 1,172 |

* There was no non-cash federal assistance received during the fiscal year.

### *Note 5 - Federally Funded Student Loan Programs*

The summary for the federally funded student loan programs below include both those loans that have continuing compliance requirements and those that do not. They are:

**a) Student loan programs with continuing compliance requirement:**

| CFDA Number | Program Name | Loans Outstanding On June 30, 2018 | New Loans Processed |
|---|---|---|---|
| 84.038 | Federal Perkins Loan Program | $ 24,153,281 | $1,795,957 |
| 93.264 | Nurse Faculty Loan Program | $2,414,980 | $333,527 |
| 93.342 | Health Professions Student Loans | $941,678 | $110,795 |
| 93.364 | Nursing Student Loans | $19,571 | 0 |
| 93.408 | ARRA-Nurse Faculty Loan Program | $71,940 | 0 |

**b) Other student loan programs that do not have a continuing compliance requirement:**

| CFDA Number | Program Name | New Loans Processed |
|---|---|---|
| 84.268 | Federal Direct Student Loans | $374,179,689 |

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### *Note 6 - Rebates on the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)*

The expenditures presented on the schedule for the federal WIC program are presented net of rebates and amounts for penalties and fines.

During the fiscal year the state received $ 12,923,176 from rebates from infant formula and cereal manufacturers on the sales of formula to participants in the *U.S. Department of Agriculture's WIC program* (CFDA #10.557). The WIC program collected $ 21,114 in fines and penalties that were subsequently used to increase WIC program benefits to more participants.

Rebate contracts with infant formula manufacturers are authorized by Title 7 Code of Federal Regulations Chapter II Subchapter A, Part 246.16m as a cost containment measure. During fiscal year 2018 Under 2 CFR 225, rebates enabled the state to serve more eligible persons with the same federal dollars thereby reducing the federal cost per person.

### *Note 7 – State Unemployment Insurance Funds*

In accordance with The Uniform Guidance Compliance Supplement, State Unemployment Insurance Funds, as well as federal funds, shall be included in the Schedule of Expenditures of Federal Awards with CFDA Number 17.225. During the fiscal year ended June 30, 2018, the state funds expended from the Federal Unemployment Trust Fund amounted to $680,384,220. The total expenditures from the federal portion equaled $14,044,481. The $43,915,927 in Unemployment Insurance program administrative expenditures was financed by the U.S. Department of Labor.

### *Note 8 – Child Support Enforcement*

During the fiscal year ended June 30, 2018 the Department of Social Services expended a total of $47,191,647 (federal share) to accomplish the goals of the *Child Support Enforcement Program* (CFDA #93.563). The state received $13,726,343 of the total expenditures by withholding a portion of various collections received through the process of implementing the *Child Support Enforcement Program*. The other $33,465,304 of the federal share of expenditures was reimbursed to the state directly from the federal government.

### *Note 9 – HIV Care Formula Grants*

Expenditures reported on the SEFA totaled $3,775,375 for the *HIV Care Formula Grants* (CFDA #93.917). The state also expended $26,303,593 in HIV rebates provided by private pharmaceutical companies. These HIV rebates are authorized by the AIDS Drug Assistance Program (ADAP) manual Section 340B rebate option as a cost savings measure and are not included in the reported SEFA expenditures.

### *Note 10 – ARRA American Recovery and Reinvestment Act*

Under the provisions of the American Recovery and Reinvestment Act of 2009, recovery expenditures used to be separately identified using the code, “ARRA” along with the CFDA number. During the fiscal year ended June 30, 2018 a grand total of $299,349 was expended. The total amount includes $91,010 in ARRA non-research expenditures as well as $208,339 in ARRA research expenditures.

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### *Note 11 – Refunds of Unspent Funds*

When refunds of unspent funds are received by the state from a non-state subrecipient and returned to the federal government for funds reported as expended in a prior SEFA, negative balances may be reported.

### *Note 12 – Pass-through Awards*

The majority of the state's federal assistance is received directly from federal awarding agencies. However, agencies and institutions of the state receive some federal assistance that is passed through a separate entity prior to the receipt by the state. This schedule details indirect federal assistance received from those non-state pass through grantors. The amounts included on the pass-through schedule are reported as federal revenue on the state's basic financial statements.

Federal assistance received by the state from non-state pass-through grantors is identified by CFDA Number, Grantor, Grantor ID and Expenditure Amount, and is presented on the accompanying Schedule of Expenditures of Federal Awards.

# Schedule of Findings and Questioned Costs

## STATE OF CONNECTICUT
## STATEWIDE SINGLE AUDIT
## FISCAL YEAR ENDED JUNE 30, 2018
## INDEX OF SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Status** **Page**

STATUS

- A. Material instances of non-compliance with federal requirements
- B. Significant deficiencies in the internal control process
- C. Material weaknesses of the internal control process
- D. Known or likely questioned costs which are greater than $25,000 for a type of compliance requirement for a major program
- E. Known questioned costs which are greater than $25,000 for a federal program which is not audited as a major program
- F. Circumstances resulting in other than an unqualified opinion unless such circumstances are otherwise reported as an audit finding under code A. above
- G. Known fraud affecting a federal award
- H. Repeat of a prior year finding
- I. Instances resulting from audit follow-up procedures that disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.
- J. Material instance of non-compliance with the federal requirements of the major federal program(s) included in the finding that resulted in a qualified opinion on compliance to the particular major federal program(s) that are identified by an asterisk.

# STATE OF CONNECTICUT
# STATEWIDE SINGLE AUDIT
# FISCAL YEAR ENDED JUNE 30, 2018
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## SECTION I

## SUMMARY OF AUDITORS' RESULTS

Financial Statements

| | |
|---|---|
| Type of auditors' report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | No |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | Yes |
| Significant deficiencies identified that are not considered to be material weakness(es)? | Yes |
| Type of auditors' report issued on compliance | Qualified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | Yes |

**Identification of major programs:**

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 14.267 | Continuum of Care Program |
| 14.269 and 14.272 | Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) |
| 14.871 and 14.879 | Housing Voucher Cluster |
| 17.225 | Unemployment Insurance |
| 17.258, 17.259 and 17.278 | Workforce Innovation and Opportunity Act (WIOA) Cluster |
| 20.205, 20.219, 20.224 and 23.003 | Highway Planning and Construction Cluster |
| 84.007, 84.033, 84.038, 84.063, 84.268 84.379, 84.408, 93.264, 93.342, 93.364 and 93.925 | Student Financial Assistance Cluster |
| 84.010 | Title I Grants to Local Education Agencies |
| 84.027 and 84.173 | Special Education Cluster (IDEA) |
| 84.126 | Vocational Rehabilitation |
| 93.069 | Public Health Emergency Preparedness |
| 93.558 | Temporary Assistance for Needy Families |
| 93.568 | Low-Income Home Energy Assistance Program |
| 93.575 and 93.596 | Child Care and Development Fund Cluster |
| 93.659 | Adoption Assistance |
| 93.667 | Social Services Block Grant |
| 93.775, 93.777 and 93.778 | Medicaid Cluster |
| 93.791 | Money Follows the Person Rebalancing Demonstration |
| 93.917 | HIV Care Formula Grants |
| N/A | Research and Development Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: $29,463,130

Auditee qualified as a low risk auditee? No

## SECTION II

## FINANCIAL STATEMENT RELATED FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

There were no financial statement related findings required to be reported in accordance with *Government Auditing Standards*.

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# SECTION III

# FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

## DEPARTMENT OF SOCIAL SERVICES

### 2018-001 Eligibility – Social Security Numbers

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Background:* The Department of Social Services (DSS) provided us with a detailed listing of fee-for-service benefit payments issued during the fiscal year ended June 30, 2018. This data included client names and social security numbers (SSN). Through our use of audit software, we were able to extract all clients who did not have a SSN listed. We excluded clients under the age of 3 from our review to account for any delay in obtaining a SSN for a newborn.

*Criteria:* Title 42 United States Code Section 1320b-7 requires, as a condition of eligibility, that each individual (including children) requesting Medicaid services furnish their SSN to the state for utilization in the administration of the program. This section also requires the state to use the Income and Eligibility Verification System (IEVS) to verify income eligibility and the amount of eligible benefits using wage information available from sources such as the state agencies administering state unemployment compensation, the Social Security Administration (SSA), and the Internal Revenue Service. These requirements do not apply to non-qualified aliens seeking medical assistance for the treatment of an emergency medical condition.

Title 42 Code of Federal Regulations (CFR) 435.910(f) provides that the state cannot deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by the SSA.

Title 42 CFR 435.910(g) provides that the state must verify the SSN of each applicant and recipient with SSA to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

*Condition:* DSS did not enter SSN into either of the DSS eligibility management systems (EMS or ImpaCT) in 57 of the 60 cases tested. However, 32 of the clients were non-qualified aliens who DSS allowed to receive emergency medical services without a SSN. Further review of the remaining 25 clients, for whom a SSN was required, disclosed that 18 clients provided a SSN at the time of application, but DSS never entered their SSN into EMS or ImpaCT. For the remaining 7 clients, DSS had no documentation to support that it verified the clients had a SSN or that DSS assisted the clients to apply for a SSN.

*Context:* DSS made fee-for-service benefit payments on behalf of 1,032,173 clients totaling $8,028,169,521, of which $4,094,837,342 was received in federal reimbursement. We excluded clients from the following medical coverage groups from this review: clients determined to be eligible based on modified adjusted gross income (MAGI); clients determined eligible by qualified entities affiliated with the Center for Disease Control; clients determined to be presumptively eligible; and clients determined to be wards of the state. DSS did not list social security numbers for 357 clients who received benefits totaling $4,082,527, of which $2,041,384 was received in federal reimbursement. We reviewed 60 client cases to determine whether a SSN was included in EMS or ImpaCT. The payments made on behalf of these 60 clients totaled $1,606,974 of which $803,487 was received in federal reimbursement. Of these 60 clients, there were 21 citizens and 7 qualified aliens. The payments made on behalf of these 28 clients totaled $934,869, of which $467,435 was received in federal reimbursement. The remaining 32 clients were non-qualified aliens.

*Questioned Costs:* $0

*Effect:* Without entering the SSN into EMS or ImpaCT, DSS was not able to use the IEVS to verify eligibility using wage information, as required by federal regulations.

*Cause:* The errors appeared to be oversights by DSS eligibility workers and a contractor hired to enter client data into EMS.

*Prior Audit Finding:* We previously reported this as finding 2017-001 and in 11 prior audits.

*Recommendation:* The Department of Social Services should verify the social security numbers of all applicable Medicaid clients and enter the social security numbers into its eligibility management system.

*Views of Responsible Officials:*

"The Department agrees with this finding and understands the need to verify the social security number of all applicable Medicaid clients in accordance with federal regulations. The social security number is also an important component of the eligibility verification process that allows DSS to utilize electronic data matches to validate income, citizenship and immigration status.

In October 2016, the Department launched its new eligibility system, ImpaCT. The system was implemented in phases by office location throughout the year with the entire state using the new system by August 2018. ImpaCT has safeguards in place to prevent a recipient with an invalid social security number. If individuals report they do not have a SSN, ImpaCT now requires staff to indicate whether the person has applied for a SSN, whether they are willing to apply for a SSN, or provide a reason for not willing to apply for a SSN. The Department anticipates that these systems and process changes will improve its ability to verify SSN for Medicaid clients.

In addition, the Department will continue to educate staff about the importance of compliance with the social security number verification requirement as mandated by federal regulation and agency policy."

### 2018-002 Activities Allowed or Unallowed – Non-qualified Aliens

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Criteria:* Title 42 United States Code Section 1396b subsection (v) provides that aliens who meet certain requirements are eligible for Medicaid only if such care and services are necessary for the treatment of an emergency medical condition of the alien and such care and services are not related to an organ transplant procedure. The term emergency medical condition means a medical condition (including emergency labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in placing the patient's health in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.

*Condition:* The Department of Social Services (DSS) issued payments and claimed federal reimbursement for non-emergency medical services provided to non-qualified aliens who were not eligible to receive such services.

*Context:* A review of fee-for-service benefit payments disclosed that DSS did not list social security numbers (SSN) for 357 clients who were over 3 years old. DSS made payments on behalf of these 357 clients totaling $4,082,527, of which $2,041,384 was received in federal reimbursement. Of the 357 clients, the total number of non-qualified aliens is indeterminate. We reviewed services provided to 39 non-qualified aliens to determine whether the payments were only for emergency medical services as defined by federal statutes. The 39 non-qualified aliens received benefits totaling $1,029,684, of which $514,842 was received in federal reimbursement. Twelve of the 39 non-qualified aliens we reviewed received non-emergency medical services with payments totaling $255,022. We noted that 2 of those 12 non-qualified aliens were miscoded to Medicaid instead of state medical assistance programs, including State Medical Assistance for Non-Citizens (SMANC) or State Medical Assistance for Illegal Immigrants (SMAII). We conducted further reviews and identified a total of 8 non-qualified aliens who were miscoded to Medicaid instead of SMANC or SMAII as early as October 2016. We noted an additional $576,292 and $538,914 in non-emergency medical services provided in fiscal years ended June 30, 2018 and 2017, respectively. During these additional reviews, we further noted that DSS miscoded non-qualified aliens enrolled in SMANC and SMAII to Medicaid as early as July 2011.

The sample was not statistically valid.

*Questioned Costs:* We computed questioned costs of $685,114 by applying the applicable federal financial participation rate to the unallowed expenditures.

*Effect:* DSS received federal reimbursement for expenditures that were not allowable.

*Cause:* The DSS eligibility management systems (EMS and ImpaCT) or Medicaid Management Information System (MMIS) do not have adequate controls in place to prevent provider payments and federal reimbursement claims for non-emergency medical services provided to non-qualified aliens. If a non-qualified alien received emergency medical services, DSS entered the client into EMS or ImpaCT as being Medicaid eligible for the month(s) in which the client received the emergency services. While this allowed for payment processing to the hospital, this also allowed the client to be eligible for any Medicaid services, including non-emergency services, during the same period.

In October 2016, DSS began implementing the upgrade of its eligibility management system from EMS to ImpaCT. During the conversion process, DSS miscoded SMANC and SMAII clients to Medicaid.

In June 2011, DSS ended the SMANC and SMAII programs to new applicants. To properly account for the medical claims of clients who remained in the programs, DSS changed the coding in EMS to a state-funded code to avoid claiming state-funded expenditures to Medicaid. However, when DSS subsequently redetemined many of these clients for eligibility, it appears that DSS eligibility workers changed the coding in EMS to a Medicaid code.

*Prior Audit Finding:* We previously reported this as finding 2017-002 and in 8 prior audits. The SMANC and SMAII conditions are new to this finding.

*Recommendation:* The Department of Social Services should establish procedures to ensure that it does not claim payments made for non-emergency medical services provided to non-qualified aliens for federal reimbursement under the Medicaid program. In addition, the Department of Social Services should strengthen internal controls to ensure that each client who received Medicaid services is eligible for the program according to federal statutes.

The Department of Social Services should return federal reimbursements for expenditures that it claimed under Medicaid that were not allowable.

*Views of Responsible Officials:*

"The Department agrees with the findings and acknowledges the importance of ensuring payments made for non-emergency medical services, provided to non-qualified aliens, are not claimed for federal reimbursement under the Medicaid program. The Department's new eligibility system, ImpaCT, has refined its controls thereby improving how the Department manages medical program assistance for non-citizens. The indicator in ImpaCT is now set to appropriately identify the five remaining active state funded cases. The other three individuals are now deceased but their coding was also updated. The Medicaid Management Information System (MMIS) confirmed that these cases were reprocessed in the 2/22/19 claim cycle."

## 2018-003 Eligibility – Determinations

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Background:* The Centers for Medicare and Medicaid Services bases its determination of Medicaid eligibility on applicable modified adjusted gross income (MAGI) standards. In certain cases, there is no applicable MAGI standard. The Centers for Medicare and Medicaid Services maintained oversight of MAGI-based determinations during the initial years of the Affordable Care Act implementation. Our review of the Department of Social Services (DSS) Medicaid eligibility determinations focused on non-MAGI cases.

*Criteria:* Title 42 Code of Federal Regulations (CFR) 435.914 requires the state to maintain documentation in support of the Medicaid agency's decision on an eligibility determination as part of the applicant's case record.

Title 42 CFR 435.916 requires the state to redetermine the eligibility of recipients whose Medicaid eligibility is determined on a basis other than the modified adjusted gross income method at least every 12 months. In addition, the state must have procedures designed to ensure that recipients make timely and accurate reports of any change in circumstances that may affect their eligibility.

Title 42 CFR 435.10 requires the state Medicaid agency to determine client eligibility in accordance with eligibility requirements defined in the approved state plan. Connecticut's Medicaid State Plan includes asset limits to determine Medicaid eligibility.

*Condition:* In 4 of the instances we tested, DSS did not perform a required eligibility redetermination within 12 months of the service period. There was no indication in either of its eligibility management systems (EMS or ImpaCT) that DSS performed a passive renewal redetermination and there was no redetermination form in the recipient case record. In 3 of those instances, DSS completed the redetermination 22 to 24 months after the previous redetermination. In one instance, DSS had not processed a redetermination 16 months after receipt and the previous redetermination was last performed 45 months ago.

DSS did not enter the correct asset values reported by 2 recipients into its eligibility management system. In both cases, the recipient's assets exceeded the allowed asset limits, which would have excluded them from Medicaid eligibility.

*Context:* During the fiscal year ended June 30, 2018, non-MAGI benefit payments totaled $3,931,602,878 of which $1,971,509,560 was federally reimbursed. We reviewed 60 non-MAGI cases associated with selected benefit payments totaling $303,859, of which $151,951 was federally reimbursed. DSS erroneously granted eligibility to 2 recipients who received benefits totaling $11,792, of which $5,896 was federally reimbursed. We noted that these recipients also received benefits for the remainder of the fiscal year totaling $213,839, of which $106,920 was federally reimbursed.

The sample was not statistically valid.

*Questioned Costs:* We computed questioned costs of $112,816 by applying the applicable federal financial participation rate to the non-MAGI benefit payments associated with recipients whose eligibility determinations were not adequately supported by DSS.

*Effect:* DSS may be providing Medicaid benefits to ineligible individuals. DSS may be claiming federal reimbursement for unallowed expenditures.

*Cause:* DSS eligibility worker oversight caused the conditions.

*Prior Audit Finding:* We previously reported this as finding 2017-003 and in 7 prior audits.

*Recommendation:* The Department of Social Services should ensure that each recipient of Medicaid benefits is eligible. DSS should perform annual redeterminations in a timely manner, and adequately support, process, and verify each factor of the eligibility decision, according to federal requirements.

The Department of Social Services should return federal reimbursements for expenditures that it claimed under Medicaid that were not allowable.

*Views of Responsible Officials:*

"The Department agrees with this finding and understands the importance of completing annual renewals of Medicaid eligibility in a timely and accurate manner according to federal regulations. This ensures that only eligible recipients will receive Medicaid coverage and that those who continue to qualify do not receive an interruption in coverage.

In October 2016, DSS launched its new integrated eligibility system, ImpaCT, replacing the 30-year-old legacy Eligibility Management System (EMS). ImpaCT was implemented in phases by office location throughout the year with the entire state using the new system by August 2018. During the phase-in period, staff was working in multiple systems, while also attending multi-week training sessions. Although the phased rollout worked well for ensuring that there was minimal disruption to clients and allowed the Department to troubleshoot normal transition issues with minimal staff impact, working in multiple systems for a prolonged period of time strained operational capacity. Workers regularly had to work in multiple systems simultaneously to ensure data was synchronized and up to date.

Recognizing these challenges, the Department implemented a process to ensure individuals who submitted their renewal application timely remained enrolled until their renewal was completed. The Department is also currently working with CMS to proactively address overdue renewals in a mutually agreeable manner.

The Department will review any noted questioned costs to determine if any claim adjustments need to be processed."

## 2018-004 Financial Reporting

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Criteria:* Title 42 Code of Federal Regulations (CFR) 430.30 requires the state to submit Form CMS-37 (Medicaid Program Budget Report State Estimate of

Quarterly Grant Awards) 45 days before the beginning of each quarter and Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) not later than 30 days after the end of each quarter to the Centers for Medicare and Medicaid Services (CMS). Form CMS-64 is the state's accounting of actual recorded expenditures. CMS computes the Medicaid grant award based on the estimate of expenditures for the ensuing quarter and the amounts by which that estimate is increased or decreased because of an underestimate or overestimate for prior quarters. The grant award authorizes the state to draw federal funds as needed to pay the federal share of Medicaid disbursements.

Title 42 CFR Part 433 Subpart A provides for payments to states based on a federal medical assistance percentage (FMAP) for part of their expenditures for services under the approved Medicaid State Plan. The FMAP for allowable expenditures under the Medicaid program varies depending on the type of expenditure. CMS uses the 50% FMAP for the majority of expenditures. Part 433.40 provides that if a state claimed and received federal financial participation (FFP) for a canceled (voided) check, it must refund the amount of FFP received. Subpart F provides that CMS reduce or increase payments to states to adjust for prior overpayments or underpayments.

Title 42 CFR 431.1002(a) requires states to return to CMS the federal share of overpayments based on medical and processing errors in accordance with Section 1903(d)(2) of the Social Security Act and related regulations included in Title 42 CFR Part 433 Subpart F.

Title 2 CFR Part 200 requires the non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that it properly recorded and accounted for transactions to permit the preparation of reliable financial statements and federal reports. The CFR requires the non-federal entity to take prompt action when it identifies instances of noncompliance, including noncompliance identified in audit findings.

*Condition:* DSS did not report 13 canceled checks, totaling $125,118, on Line 9D of the CMS 64 Financial Report for the quarter ended March 31, 2018.

DSS miscoded and underreported 2 rate recoupments, totaling $34,515, that should have been reported as Collections on Line 9D of the CMS 64 Financial Report for the quarter ended June 30, 2018. DSS miscoded these recoupments as overpayments.

DSS returned $1,426 more in federal reimbursement than necessary on Line 9D of the CMS 64 Financial Report for the quarter ended March 31, 2018. DSS erroneously claimed a prior period negative adjustment FFP amount by adding $0.50 as the FMAP instead of multiplying the amount by the 50% FMAP.

DSS miscoded Quality Assurance (QA) audit recoupments as provider refunds and incorrectly reported them as Collections on Line 9D of the CMS 64 Financial Report. DSS should have reported the QA audit recoupments as Recoveries on Line 9C1.

DSS reported total overpayment adjustment amounts on Line 10C of the CMS 64 Financial Report that were partially unsupported. DSS has not addressed this condition from the prior audit finding.

*Context:* During the fiscal year ended June 30, 2018, DSS reported recoupments of $46,247,198 and canceled and uncashed checks of $6,542,635 on the CMS 64 reports.

The Collections on Line 9D of the CMS 64 Financial Report is a summary of various types of credits, such as rate recoupments, provider refunds, prior period adjustments and canceled and uncashed checks.

The Recoveries on Line 9C1 of the CMS 64 Financial Report identifies fraud, waste and abuse amounts credited from Medicaid program integrity activities, such as QA audits of medical providers. We reviewed 8 recoupments, totaling $1,032,659. We noted that DSS incorrectly reported 2 recoupments on Line 9D, totaling $753,930 from QA audits. This error did not affect FMAP.

The Overpayment Adjustment on Line 10C of CMS 64 Financial Report is a calculation of total current Medicaid receivable net of prior quarter's Medicaid receivables and any deduction of write-off of previously reported overpayments to providers certified as bankrupt or out of business. We reviewed Medicaid receivables and its write-offs for all quarters and noticed that at least $4,525 of write-offs reported in the Medicaid receivable balance were inconsistent and partially unsupported from one quarter to another. Inconsistencies included DSS duplicating write-offs, reporting write-offs in quarters other than when it performed them, and write-offs appearing in 1 quarter but not the others.

*Questioned Costs:* We computed net questioned costs of $78,390 by applying the applicable FFP to the incorrectly reported Medicaid expenditures.

*Effect:* The federal financial reports prepared for the Medicaid program were not accurate. CMS could be incorrectly computing the grant award that authorizes the state to draw the federal funds needed to pay its federal share of Medicaid disbursements. CMS is using unreliable data for analysis of reported recoveries of fraud, waste, and abuse amounts.

*Cause:* Clerical errors went unnoticed during the supervisory review process. DSS provided documentation to demonstrate that, in April and May 2018, it attempted to research and resolve the $125,118 in canceled checks. During the audit, we identified the 13 canceled checks that DSS temporarily labeled as unknown. DSS informed us that it would claim these canceled checks in the next CMS 64 report.

DSS informed us that it was coding all payments received by check or electronically from medical providers as provider refunds. DSS was not determining whether the provider payment was due to a QA audit receivable. DSS informed us that it would properly code medical provider payments going forward and accurately claim them on the CMS 64 report.

DSS informed us that there are multiple issues causing the unsupported amounts and errors in Medicaid receivables and write-offs. DSS is researching the issues to develop a solution. It appears the lack of management review may have contributed to this condition.

*Prior Audit Finding:* We previously reported this as findings 2017-004 and 2017-005.

*Recommendation:* The Department of Social Services should ensure that claims submitted for federal reimbursement under the Medicaid program are accurately calculated, adequately reviewed, and properly reported on CMS 64 reports.

The Department of Social Services should return the federal share of incorrectly reported Medicaid expenditures to the Centers for Medicare and Medicaid Services.

The Department of Social Services should resolve the issues impacting the Medicaid receivable balances and file the proper adjustment to correct the errors, unsupported amounts, and corresponding federal reimbursements on CMS 64 reports.

*Views of Responsible Officials:*

"The Department agrees with this finding. The issue regarding cancelled checks will be addressed in the CMS 64 report for the quarter ending March 31, 2019. The issue regarding the rate recoupment was corrected in the quarter ending December 31, 2018 CMS 64 report. For the third item, a correction of positive $1,426 will be made in the quarter ending March 31, 2019 CMS 64 report on Line 9D, and the formula will be corrected."

### 2018-005 Allowable Costs/Cost Principles – Third Party Liabilities

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Background:* The Department of Social Services (DSS) contracts with an outside contractor to assist with the identification of third parties liable for medical expenditures and the corresponding collections. The DSS contract includes a payment schedule outlining fees due to the contractor (e.g. a contingency fee or a straight percentage of collections) depending on the type of third-party liability (TPL) service provided. The contractor receives TPL recovery monies, subtracts its fees and deposits the remaining monies into a lockbox account. The contractor sends a monthly invoice to DSS outlining the TPL receipts and related fees. DSS draws the remaining monies from the lockbox.

*Criteria:* Title 2 Code of Federal Regulations Part 200 requires the non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and federal reports, maintain accountability for all funds, and demonstrate compliance with federal statutes, regulations, and terms and conditions of the federal award.

*Condition:* DSS did not review contractor invoices to ensure the accuracy of TPL recovered amounts and the corresponding fees retained by the contractor.

*Context:* DSS receives a monthly invoice from the contractor. The September 2017 invoice consisted of $1,824,974 in TPL recoveries and $258,097 in corresponding contractor fees.

*Questioned Costs:* $0

*Effect:* DSS may have unknowingly allowed the contractor to retain more service fees than required. DSS may have claimed federal reimbursement for the corresponding unallowable expenditures.

*Cause:* DSS informed us that although it reviews the invoice summary for mathematical accuracy, DSS has no control in place to reconcile the contractor invoices to the corresponding TPL claim data and related fees.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services should establish and implement internal controls to review third-party liability contractor invoices to ensure that the services billed correspond to the services rendered.

*Views of Responsible Officials:*

"The Department disagrees with this finding. The fees that are charged by the contractor for the TPL services are standardized and documented in the contract's fee schedule. The Department receives an invoice from the contractor along with supporting documentation including a program indicator report. The program indicator report highlights the percentages attributable to each benefit program related to the money that the contractor transfers to the Department's bank account from their lockbox. The Department's fiscal staff validates the mathematical accuracy of the invoice and reconciles the contractor's invoice fees to their lockbox documents. It is the Department's opinion that the reconciliation process that is in place is the best process with the information that is readily available and the Department's current staffing levels."

*Auditors' Concluding Comments:*

Solely reviewing the mathematical accuracy of the third-party liability contractor's invoice does not provide sufficient assurance that these costs are allowable for federal reimbursement. The Department of Social Services should confirm that the services billed correspond to the services rendered.

## 2018-006 Allowable Costs/Cost Principles – Medicaid Rate Setting

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP, 1705CT5ADM, 1805CT5MAP and 1805CT5ADM**

*Background:* The Department of Social Services (DSS) is the designated single state agency to administer the Medicaid program in accordance with Title 42 Code of Federal Regulations (CFR) Part 431. Connecticut administered certain aspects of the Medicaid program through a number of state agencies including the Department of Children and Families (DCF).

DSS claims federal reimbursement under the Medicaid program for Psychiatric Residential Treatment Facilities (PRTF) for individuals under 22 years of age. DCF operates the Albert J. Solnit Center North Campus, which provides residential treatment to adolescent males with complex psychiatric needs. The facility provides an educational program component for its residents.

DSS is responsible for determining the Medicaid per diem rate for DCF facilities. The department bills interim per diem rates to Medicaid pending completion of a cost reconciliation and settlement for the period. For the fiscal year ended June 30, 2016, the interim PRTF Medicaid rate was $2,297.

*Criteria:* Title 2 CFR Part 200, Subpart E, provides that costs should conform to any limitations or exclusions set forth in the federal award to be allowable under the federal award.

Centers for Medicare and Medicaid Services (CMS), Publication 15-1, Provider Reimbursement Manual, states that to be allowable, an educational activity must be designed to enhance the quality of health care in the institution or to improve the administration of the institution. Allowable costs include clinical training that relates to the care of residents. However, academic instruction costs provided to residents are unallowable.

*Condition:* The DSS Rate Setting Unit included unallowable academic education costs in the finalized PRTF Medicaid rate for the fiscal year ended June 30, 2016. DSS calculated the finalized rate as $2,060. The finalized rate should have been $2,002.

*Context:* During the fiscal year ended June 30, 2018, DSS claimed $9,937,743, of which $5,021,342 was received in federal reimbursement, on behalf of Medicaid eligible residents of the Albert J. Solnit Center North.

DSS completed the cost reconciliation and settlement for the fiscal year ended June 30, 2016 during the fiscal year ended June 30, 2018. DSS processed $1,988,654 in adjustments, of which DSS returned $1,029,695 in federal reimbursement to CMS, to account for the difference between the interim rate and the finalized 2016 PRTF Medicaid rate. DSS factored unallowable educational salaries, fringe benefits and other direct educational costs into the finalized rate claimed under Medicaid, totaling $476,767.

*Questioned Costs:* We computed questioned costs of $246,902 by applying the applicable federal financial participation rate to the unallowable expenditures.

*Effect:* DSS received federal reimbursement for education expenditures that were not allowable.

*Cause:* The DSS Rate Setting Unit did not exclude all educational costs for the Albert J. Solnit Center North when calculating the finalized PRTF Medicaid rate for the fiscal year ended June 30, 2016.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services should ensure that it excludes unallowable costs from the PRTF Medicaid rate calculation. The Department of Social Services should correct all previously billed patient days for the Albert J. Solnit Center North for the fiscal year ended June 30, 2016. The Department of Social Services should return federal reimbursements received for unallowable costs to the Centers for Medicare and Medicaid Services.

*Views of Responsible Officials:*
"The Department agrees with this finding and had previously implemented procedural changes to ensure fringe benefit costs related to educational costs were excluded in the 2017 rate calculation. On February 28, 2019, the Department issued a revised rate of $2002.40 for Albert J. Solnit Center North that will result in an adjustment in federal reimbursement accordingly."

## 2018-007 Special Tests and Provisions – Provider Health and Safety Standards

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

**State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (CFDA 93.777)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5000 and 1805CT5000**

*Criteria:* Title 42 Code of Federal Regulations Part 488, Subparts F and J, provide that the Center for Medicare and Medicaid Services (CMS) may impose civil money penalties on long-term care facilities and home health agencies. CMS collects the penalty funds and disburses them to state Medicaid agencies. Long-term care facility penalty funds are to be used entirely for activities that protect or improve the quality of care or quality of life for residents of long-term care facilities and may not be used for survey and certification operations or state expenses. Home health agency penalty funds may not be used for survey and certification operations nor as the state's Medicaid non-federal medical assistance or administrative match.

The Department of Social Services (DSS) entered into a memorandum of agreement (MOA) with the Department of Public Health (DPH) on July 1, 2011. The MOA expired on June 30, 2017. The MOA had a provision stating that the parties should renew the agreement within 90 days before the expiration date, with a written agreement on the terms of any extension to be completed as necessary within 30 days before the expiration date. The MOA scope of work included that DSS shall transfer civil money penalty funds collected on a quarterly basis to DPH upon receipt of an invoice from DPH.

*Condition:* DSS did not transfer $684,688 in civil money penalty funds to DPH.

*Context:* DSS received $684,688 in civil money penalty funds from CMS during the fiscal year ended June 30, 2018. The funds consisted of $647,882 in long-term care facility and $36,806 in home health agency penalty collections. DSS held the penalty funds in a checking accounting throughout the fiscal year.

*Questioned Costs:* $0

*Effect:* DPH was unable to use the civil money penalty funds to protect or improve the quality of care or quality of life for Medicaid recipients.

*Cause:* DSS and DPH did not renew their MOA by the expiration date of June 30, 2017 and had no MOA in effect during the fiscal year ended June 30, 2018. DSS and DPH informed us that they were actively developing their MOA and subsequently executed it on November 28, 2018.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services and the Department of Public Health should ensure that a memorandum of agreement pertaining to the treatment of civil money penalty funds remains in effect without interruption.

The Department of Social Services and the Department of Public Health should ensure that civil money penalty funds are available for use to benefit the quality of care or quality of life for Medicaid recipients as required by Title 42 Code of Federal Regulations Part 488.

*Views of Responsible Officials:*

*Response provided by the Department of Public Health:*

"The Department of Public Health agrees with this finding and has an executed MOA with the Department of Social Services with signature dates of November 21, 2018 by the Commissioner of the Department of Public Health and November 28, 2018 by the Commissioner of the Department of Social Services. The MOA is effective through June 30, 2019."

*Response provided by the Department of Social Services:*

The Department agrees with this finding and as noted in the DPH response, we now have an executed agreement. All Civil Monetary Penalties noted have been transferred to the Department of Public Health per the agreement."

## 2018-008 Special Tests and Provisions – Medicaid Fraud Control Unit

**State Medicaid Fraud Control Units (CFDA 93.775)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CT5050 and 1801CT5050**

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Criteria:* Title 42 Code of Federal Regulations (CFR) 1007.13 requires the Medicaid Fraud Control Unit (MFCU) to employ sufficient professional, administrative, and support staff to carry out its duties and responsibilities in an effective and efficient manner.

Title 42 CFR 1007.9 requires MFCU to notify the Department of Social Services (DSS) in writing of the acceptance or declination of a fraud referral. Per MFCU policies and procedures, and the memorandum of understanding (MOU) among DSS, MFCU, Office of the Attorney General (AG) and Office Inspector General (OIG), MFCU is required to submit to DSS and AG, within 45 days of receipt of a fraud referral, a written determination of whether MFCU accepted or declined the referral.

Title 42 CFR 455.23 requires DSS to suspend all Medicaid payments to a provider after DSS determines there is a credible allegation of fraud with a pending investigation. Upon such determination, DSS must submit a formal written referral to MFCU, AG, and OIG and initiate a payment suspension unless DSS exercises a good cause exception. DSS must document good cause exceptions at the time of the fraud referral.

Section 1903(i)(2)(C) of the Social Security Act provides that federal financial participation (FFP) in the Medicaid program shall not be made for items or services furnished by a medical provider to whom a state has failed to suspend payments under the plan during any period when there is pending an investigation of credible allegation of fraud against the medical provider.

*Condition:* The MFCU notified DSS and AG of its acceptance or declination of 6 Medicaid fraud referrals approximately 2 to 7 months after the 45-day requirement.

DSS did not suspend a medical provider until approximately 6 months after making a fraud referral to the MFCU, AG and OIG. DSS continued to issue Medicaid payments, totaling $149,174, during a pending investigation.

*Context:* For the fiscal year ended June 30, 2018, DSS made 16 Medicaid fraud referrals to the MFCU. We reviewed the timeliness of the MFCU responses to DSS. We noted that the MFCU did not respond timely for 6 of the 16 fraud referrals.

The MFCU, AG, OIG, and DSS did not request a good cause exception for the medical provider that DSS did not promptly suspend.

The sample was not statistically valid.

*Questioned Costs:* We computed questioned costs of $74,587 by applying the applicable FFP rate to Medicaid payments issued to the medical provider that DSS should have suspended pending an investigation or credible allegation of fraud.

*Effect:* The medical provider, accused of committing Medicaid fraud, received payments during a pending investigation.

DSS claimed and received FFP in the Medicaid program for unallowable costs.

*Cause:* MFCU was understaffed, having received federal funding for 13 employees, but only had 10 during the fiscal year ended June 30, 2018.

DSS made a fraud referral to MFCU, AG, and OIG and informed them of its intent to suspend medical provider payments within 30 days unless any of those agencies provided good cause for DSS not to suspend payments. Although these agencies did not present a good cause exception, DSS did not suspend payments upon expiration of the 30 days.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Division of Criminal Justice - Office of Chief State's Attorney should adequately staff the Medicaid Fraud Control Unit to implement the requirements of Title 42 Code of Federal Regulations Part 1007 efficiently and effectively.

The Division of Criminal Justice – Office of Chief State's Attorney and the Department of Social Services should ensure the timely processing of Medicaid fraud referrals and medical provider suspensions according to Title 42 Code of Federal Regulations Parts 455 and 1007, and the memorandum of understanding.

The Department of Social Services should implement procedures to ensure that unallowable costs are not claimed for federal reimbursement according to Section 1903(i)(2) of the Social Security Act.

The Department of Social Services should return federal reimbursements for expenditures it claimed under Medicaid that were not allowable.

*Views of Responsible Officials:*

*Response provided by the Office of Chief State's Attorney:*

"The department agrees with the finding. The department has adopted a policy to respond to DSS Medicaid fraud referrals within 30 days of receipt by the MFCU. If the policy is not implemented within the 30 days, the Supervisory Assistant State's Attorney of the MFCU will draft a memo to the Deputy Chief State's Attorney for Operations indicating a plan to assure that a decision will be made within the remaining 15-day notification window. A Chief Inspector shall attend bi-monthly inspector meetings of the MFCU in order to monitor case flow and file allocation within the MFCU and assist the Chief State's Attorney in forecasting MFCU personnel needs."

*Response provided by the Department of Social Services:*

"The Department agrees in part with this finding.

42 CFR 455.23(d), "Referrals to the Medicaid fraud control unit", states if the Medicaid fraud control unit or other law enforcement agency declines to accept the fraud referral for investigation the payment suspension must be discontinued unless the State Medicaid agency has alternative Federal or State authority by which it may impose a suspension or makes a fraud referral to another law enforcement agency.

The Department does not agree with the methods used to compute questioned costs for this finding.

Concerning the condition related to the medical provider that was not suspended, the Department's referral was declined by both the HHSOIG (2/2/18) and the OAG (3/7/18). The Department had not received a formal acceptance of the case from the MFCU. As a result, the MFCU was contacted on May 17, 2018, requesting permission to obtain provider records as a continuation of the referral. During the month of June 2018, the Department continued its review and was provided additional documentation from the provider. Based on the additional review procedures, on June 25, 2018 the Department contacted the MFCU Supervising Inspector to confirm that there was no good cause exception not to suspend the provider payments. On June 25, 2018, the DSS Director of Quality Assurance was contacted, requesting that DSS suspend the provider payments as of the next pay cycle, July 10, 2018. The provider's payments were suspended as of this date forward. It is the Department's opinion that the investigation past the original referral date to obtain additional information to strengthen the case constituted an extension of the investigation. The need for further investigation combined with the fact that both the HHSOIG and OAG had declined the referral, can be interpreted that there was not substantial information as of January 5, 2018 to warrant the suspension of the provider payments. The Department took on additional procedures and as soon as the Department could reasonably conclude that the provider payments should be suspended, the Department did so in a timely manner. It is the Department's opinion that the costs highlighted in this portion of the finding do not represent questioned costs.

The Department agrees that some of the responses from the MFCU were not received in a timely manner. The Department will work with the MFCU in implementing procedures to ensure that correspondences are received within the statutory 45-day window going forward."

*Auditors' Concluding Comments:*

Once the Department of Social Services has determined that a credible allegation of fraud exists, it refers the matter to the Medicaid Fraud Control Unit, the Office of the Attorney General and the Office of the Inspector General. After DSS makes the referral, it must suspend the payments to the provider unless the department invokes a good cause exception. Since DSS did not invoke a good cause exception, the department should have suspended the provider at the time of the referral.

### 2018-009 Special Tests and Provisions – ADP Risk Analysis and System Security Review

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

**Money Follows the Person Rebalancing Demonstration (CFDA 93.791)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: 1LICMS300142**

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

**Child Support Enforcement (CFDA 93.563)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1704CTCEST, 1704CTCSES, 1804CTCEST and 1804CTCSES**

*Background:* There are 4 main automatic data processing (ADP) installations used to administer Health and Human Service (HHS) programs at the Department of Social Services (DSS). The eligibility management systems (EMS and ImpaCT) provide automated eligibility determinations for the Medicaid, Money Follows the Person Rebalancing Demonstration and Temporary Assistance for Needy Families, issues benefit and service payments to clients and providers, and provides management support for program administration. DSS uses the Medicaid Management Information System (MMIS) to process payments for medical services and provides other critical administrative functions in the operation of the Medicaid program. DSS uses the Connecticut Child Support Enforcement System (CCSES) in the child support enforcement process where child support orders are maintained, billings are established, and collections are recorded.

The Medicaid program is highly dependent on extensive and complex computer systems that include controls for ensuring the proper payment of Medicaid benefits. DSS contracted with a service organization for support and operations of the MMIS.

A Service Organization Controls 1 Report (SOC 1 report) is a report on controls at a service organization that are relevant to user entities' internal control over financial reporting.

ADP security reviews include obtaining a SOC 1 type 2 report following Statement of Standards for Attestation Engagements (AT) Section 801, Reporting on Controls at a Service Organization. Section 801 provides that a SOC 1 type 2 report includes 3 parts: (1) management's description of the service organization's system; (2) a written assertion by management of the service organization on whether controls identified in management's description were fairly presented as designed and implemented and whether the controls were suitably designed and operated effectively during the period; and (3) a service auditor's report that expresses an opinion on the matters in part 2 and includes a description of the test of controls and the corresponding results.

*Criteria:* Title 45 Code of Federal Regulations (CFR) 95.621 requires state agencies to annually review the ADP system security of installations involved in the administration of HHS programs. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures and personnel practices.

Title 45 CFR Part 164 Subpart C provides the security standards for the protection of electronic protected health information (ePHI). Section 164.308 requires an entity to implement procedures to regularly review records of information system activity, such as audit logs, access reports, and security incident tracking reports. Section 164.312 requires an entity to implement hardware, software, and/or procedural mechanisms that record and examine activity in information systems that contain or use ePHI.

*Condition:*

1. DSS did not have a client-based data loss prevention solution or an audit logging infrastructure in place for EMS.
2. DSS did not address security weaknesses in the file share security model for 4 EMS Access databases.
3. DSS lacked tested policies and processes for responding to incidents and security breaches.
4. DSS did not ensure that its contractor obtained a SOC 1 type 2 report on the MMIS.

*Context:*

1. A client-based data loss prevention solution is necessary for a business contingency plan in the event that data has been compromised. An audit logging infrastructure is necessary for continuous monitoring and incident response capabilities.
2. Preventing direct access to the Access databases is necessary to protect the integrity of data.
3. Testing of incident and breach response policies and processes is necessary to provide a control environment prepared to adequately address instances in which client data is accessed or manipulated by an unauthorized user.
4. A SOC 1 type 2 report is necessary to provide assurance that MMIS controls allowed for the proper payment of $8.4 billion of Medicaid benefits during fiscal year ended June 30, 2018.

*Questioned Costs:* $0

*Effect:* DSS has reduced assurance that its ADP installations are secure. Electronic protected health information and personally identifiable information are vulnerable.

DSS may be unaware of changes in the contractor's controls that could cause the contractor to process transactions incorrectly and affect the amounts claimed for federal reimbursement. DSS may not be adequately assessing the design and operating effectiveness of its (and the contractor's) information technology general and complementary user control considerations in place.

*Cause:* DSS focused on other information security project priorities and was hindered by low staffing levels and budgetary constraints. DSS informed us that EMS was sunset on September 30, 2018, and did not warrant resources to address the noted conditions.

The contract between DSS and the contractor did not require the contractor to provide an ADP system security review report or SOC 1 report for services applicable to the MMIS. DSS informed us that its contractor performs internal annual risk assessments and presents findings to DSS, but the contractor did not provide the full internal assessment report to DSS for review.

*Prior Audit Finding:* We previously reported this as finding 2017-009 and in 1 prior audit.

*Recommendation:* The Department of Social Services should implement a client-based data loss prevention solution and audit logging infrastructure for information technology that contains or processes electronic protected health information or personally identifiable information. The Department of Social Services should test its policies and processes for responding to incidents and security breaches. The Department of Social Services should ensure data is stored in databases with centralized access controls.

The Department of Social Services should ensure that service organizations, responsible for maintaining significant financial applications and processes, obtain an appropriate Service Organization Controls 1 Report (SOC 1 report). Management should review the opinion of the service auditor to determine the effectiveness of their controls and to determine whether complementary user control considerations are in place and operating effectively.

*Views of Responsible Officials:*

"The Department agrees in part with this finding:

1. The EMS system has since been sunsetted and no Data Loss Prevention (DLP) solution will be acquired for this soon-to-be fully retired system. ImpaCT, the system that replaced EMS, has audit logging in place for both the system and supporting infrastructure.

2. The remaining 4 homegrown Access Databases, located on a DSS file share server, are slotted to be assimilated into the DSS SQL database environment. At this time, since EMS is sunsetted, these databases are only present for historical archive purpose. DSS has recently hired 2 new DB Administrators; they are forecasted to complete these migrations sometime during the 2019 calendar year.

3. DSS has contract work underway for the development of a comprehensive Incident Response Plan that includes the development of supporting incident response technical and administrative processes as well as the development of incident response playbooks / tabletop exercises for testing the Incident and breach response policies.

4. DXC does not obtain an SOC 1 report; however, DXC Technologies (as a company) has Privacy and Security Teams conduct annual Audits. The DXC Audit exceeds the ADP Audit requirements. Since 2013, DSS meets with DXC twice per year to review any ADP Audit findings, corrective action, potential breaches and other steps that DXC is taking to ensure compliance."

*Auditors' Concluding Comments:*

The service organization does not provide the Department of Social Services with a full assessment of the service organization's audit. Obtaining and reviewing the full report is an effective way for DSS to manage the risk of utilizing service organizations.

## 2018-010 Special Tests and Provisions – Provider Eligibility

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

**Money Follows the Person (CFDA 93.791)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1LICMS300142**

*Background:* The Department of Social Services (DSS) is the designated single state agency to administer the Medicaid program in accordance with Title 42 Code of Federal Regulations (CFR) 431. Connecticut administered the Money Follows the Person (MFP) Rebalancing Demonstration through the same processes and procedures established in the Medicaid program with respect to provider eligibility requirements and suspension and debarment restrictions.

The Secretary of the State (SOTS) website provides access to the CONCORD system, a database that provides information related to registered businesses. The SOTS Commercial Recording Division files and maintains legally required records showing the formation of and fundamental changes to businesses, and disseminates that information to the public on the CONCORD system. The business inquiry feature on the CONCORD system provides the names of business principals, including their title as board members, partners and managing administrators.

*Criteria:* Title 42 CFR 455.410 provides that the state Medicaid agency must require the enrollment of all medical providers under the Medicaid State Plan or under a waiver of the plan as participating providers. DSS developed a Provider Enrollment/Re-enrollment Criteria Matrix that outlines the information each provider is required to submit in order to be an eligible provider. The DSS Provider Enrollment/Re-enrollment Application Form requires the medical provider to identify board members, partners, and managing administrators. The DSS Provider Enrollment Agreement requires the medical provider to furnish all information requested by DSS specified in the Provider Enrollment Agreement and the application form, and to notify DSS in writing of all material or substantial changes in information on the application form. The enrollment agreement also requires the medical provider to furnish material or substantial changes in information including changes in the status of Medicare, Medicaid, or other Connecticut Medical Assistance Program eligibility, provider's license, certification, or permit to provide services in or for the State of Connecticut.

Title 42 CFR 455.414 provides that the state Medicaid agency must revalidate the enrollment of all providers regardless of provider type at least every 5 years.

Title 42 CFR 455.436 requires the state Medicaid agency to confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of federal databases, including the List of Excluded Individuals/Entities (LEIE) and the Excluded Parties List System (EPLS). The state Medicaid agency must consult appropriate databases to confirm identity upon enrollment and reenrollment. The state Medicaid agency must check the LEIE and EPLS no less frequently than monthly.

The General Services Administration administers the System for Award Management (SAM), which consolidated EPLS and several other federal websites and databases into one system in 2012. SAM contains exclusion actions taken by various federal agencies.

*Condition:* DSS did not have a procedure in place to verify that ambulance provider vehicle registrations were renewed and maintained during the full 60-month enrollment period.

DSS approved the reenrollment application of 2 providers without requiring each provider to identify all board members, partners and managing administrators.

DSS did not check the exclusion status of providers and other applicable persons against SAM.

*Context:* During the fiscal year ended June 30, 2018, DSS made payments to 12,462 Medicaid and 311 Money Follows the Person providers. We selected 25 providers to determine whether DSS obtained the required information to document eligibility for services under Medicaid and MFP. From this sample of 25, we selected a sample of 15, which we tested to confirm compliance with suspension and debarment requirements. The samples were not statistically valid.

Of the 25 providers selected for review, 4 were ambulance providers that were previously approved for reenrollment between May 2012 and August 2013. Ambulance vehicle registrations are only valid for 24 months. DSS did not have updated vehicle registrations on file for the 4 ambulance providers after their vehicle registrations expired.

The Provider Enrollment/Re-enrollment Application Form for 2 providers only identified 1 individual under the category of board members, partners, and managing administrators. For one provider, the application form was missing the names of one officer in CONCORD and one officer on the provider agreement. For another provider, the application form was missing the names of 3 officers of the board. Furthermore, the names of the current superintendent and 3 officers of the board were not on file.

*Questioned Costs:* $0

*Effect:* DSS may be claiming for federal reimbursement payments made to providers who are suspended or debarred, or not properly enrolled, certified, or otherwise eligible to participate in the Medicaid and/or MFP programs.

*Cause:* DSS only requires ambulance providers to supply Connecticut vehicle registration certificates at the time of enrollment or reenrollment. Since the vehicle registration certificate is valid for 24 months and the provider enrollment interval is 60 months, the certificate lapses before reenrollment is due.

DSS did not consult the CONCORD system or the provider’s website to assess a reasonable expectation of who the provider should identity as its board members, partners and managing administrators on the Provider Enrollment/Re-enrollment Application Form.

DSS informed us that it performs monthly checks of providers against the Medicare Exclusion Database (MED), maintained by the Centers for Medicare and Medicaid Services. However, we noted that MED only contains the LEIE exclusion actions taken by the OIG. The SAM contains exclusion actions taken by various federal agencies.

*Prior Audit Finding:* We previously reported this as finding 2017-010 and in 3 prior audits.

*Recommendation:* The Department of Social Services should establish and implement internal controls to determine the System for Award Management exclusion status of Medicaid and Money Follows the Person providers. The Department of Social Services should strengthen controls to ensure that the enrollment of providers complies with Title 42 Code of Federal Regulations 455 and the department’s Provider Enrollment/Re-enrollment Criteria Matrix, application form and provider agreement.

*Views of Responsible Officials:*

"The Department agrees with this recommendation. Regarding access to the System for Award Management, corrective action cannot be implemented at this time. Currently, all states lack access to this database."

### 2018-011 Special Tests & Provisions – Utilization Control and Program Integrity

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Criteria:* Title 42 Code of Federal Regulations (CFR) 456.3 requires the Department of Social Services (DSS) to implement a statewide surveillance and utilization control program to safeguard against unnecessary or inappropriate use of Medicaid services and excess payments.

Title 42 CFR 456.4 requires DSS to monitor the statewide utilization control program; take all necessary and corrective action to ensure the effectiveness of the program; establish methods and procedures to implement the utilization control program; keep copies of these methods and procedures on file; and give copies of the methods and procedures to all staff involved in carrying out the utilization control program.

Section 17b-99(d) of the Connecticut General Statutes provides guidelines for conducting audits of medical providers. DSS produces a preliminary written audit report and gives it to the medical provider after the conclusion of the audit. DSS holds an exit conference with the medical provider to discuss the preliminary audit report. The medical provider may present evidence at the exit conference to refute findings in the preliminary audit report. DSS produces a final written audit report and gives it to the medical provider after the exit conference. Any medical provider aggrieved by a decision contained in a final audit report may request, in writing, a contested case hearing.

Title 42 CFR Part 433, Subpart F, defines an overpayment as the amount paid by a state Medicaid agency to a provider which is in excess of the amount that is allowable for services furnished under Section 1902 of the Social Security Act, and which is required to be refunded under Section 1903 of the Social Security Act.

*Condition:* DSS did not have sufficient documentation to support a reduction in Medicaid overpayments for one medical provider.

*Context:* In our review of 15 medical Office of Quality Assurance (OQA) provider audits, OQA issued final audit reports, with Medicaid overpayments totaling $10,793,562, to 14 of the 15 medical providers. OQA later issued memoranda with reductions in Medicaid overpayments for 7 of the 14 medical providers. There was one unsupported reduction totaling $32,918, of which $16,459 represented federal financial participation.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* We were unable to ascertain whether the DSS reduction in Medicaid overpayments was warranted.

*Cause:* DSS did not document the circumstances considered, calculations performed, or rationale implemented to support the judgmental reduction in Medicaid overpayments.

*Prior Audit Finding:* We previously reported this as finding 2017-011.

*Recommendation:* The Department of Social Services should maintain documentation to support reductions in Medicaid overpayments.

*Views of Responsible Officials:*

"The Department agrees that sufficient documentation was not maintained to support the issuance of the revised final audit report. The Department will take corrective action to improve documentation standards. The Department agrees with the decision that there are no questioned costs. The reduction of an audit adjustment is not the basis for the determination of questioned costs. When a request is received to review an audit for a possible reduction to the audit recoupment amount, the Director of the Office of Quality Assurance considers many factors. The majority of these factors are dependent on the particular audit or aspects of the audit that had resulted in the original audit adjustment. The process entails a significant level of professional judgment along with an institutional knowledge.

It is the Department's opinion that there are adequate controls in place through segregation of duties related to these processes. The Director of the Audit Division does not have the authority to reduce an audit adjustment without the approval of the Director of the Office of Quality Assurance. The Director of the Office of Quality Assurance communicates all audit adjustments to the Office of Legal Counsel, Regulations and Administrative Hearings or the Deputy Commissioner, Administration."

## 2018-012 Special Tests and Provisions – Long-Term Care Facility Audits

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

*Background:* The Department of Social Services (DSS) contracts with a public accounting firm to perform field audits and desk reviews of long-term care facilities (LTCF). DSS and the public accounting firm develop an annual plan of LTCF field audits based on risk stratification. They devise the plan to perform field audits of low-risk LTCF at least every 4 years.

*Criteria:* Title 42 Code of Federal Regulations 447.253 requires that the state Medicaid agency pay for long-term care facility services using rates that are reasonable and adequate to meet the costs incurred by efficiently and economically operated providers. The state Medicaid agency must provide for the filing of uniform cost reports for each participating provider. The state uses these cost reports to establish payment rates. The state Medicaid agency must provide for the periodic audits of financial and statistical records of participating providers. The State Medicaid Plan should establish the specific audit requirements.

The LTCF audit requirements provide that DSS shall determine the per diem rate of payment established for LTCF by a desk review of the submitted annual report, which field auditors shall subsequently verify and authenticate using procedures approved by the United States Department of Health and Human Services. Generally, the accounting firm should audit the facilities on a biennial basis. This audit cycle may change based upon audit experience.

*Condition:* DSS did not perform field audits of LTCF on a biennial basis or at least every 4 years for one low-risk LTCF.

*Context:* During the fiscal year ended June 30, 2018, the state had 252 LTCF that provided services to Medicaid clients. A public accounting firm performed 63 field audits of LTCF for DSS. We reviewed 15 LTCF field audits and noted that one facility had not been field audited in 6 years.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* DSS has reduced assurance that it uses appropriate rates to pay for LTCF services.

*Cause:* DSS informed us that it is updating the LTCF audit requirements in the State Medicaid Plan. DSS continued to work with the public accounting firm to develop strategies to ensure that low-risk LTCF are field audited at least every 4 years. DSS expressed that it operates on limited resources.

*Prior Audit Finding:* We previously reported this as finding 2017-012 and in 9 prior audits.

*Recommendation:* The Department of Social Services should comply with the auditing procedures in the State Medicaid Plan for long-term care facilities.

*Views of Responsible Officials:*

"The Department agrees with this finding. The Department acknowledges that one LTCF had not been audited in 6 years. However, the Department would like to point out that the procedures and criteria for audit selection remain effective and efficient. The results of the delayed facility audit will not result in an overpayment of rates, confirming this facility was indeed a very low audit risk provider.

The Department believes the significant number of change of ownerships, which must be designated as high priority audits in our established criteria, resulted in adjustments to the audit plan and the lateness of the one sampled audit being completed after the preferred four-year period. For this review period, there were 26 nursing home changes of ownerships versus the previous year of only 8 changes of ownerships that must be designated and audited as high priority due to the interim rate status. Going forward, the Department does not anticipate this higher volume of change of ownerships occurring that would adversely change the audit plan as it did during this review period."

## 2018-013 Special Tests and Provisions - Controls Over Income and Eligibility Verification System Related to Wage and Date of Death Matches

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

**Supplemental Nutritional Assistance Program (SNAP) (CFDA 10.551)**
**Federal Award Agency: United States Department of Agriculture**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: Various**

*Criteria:* Title 42 United States Code Section 1320b-7 requires that the state have an Income and Eligibility Verification System (IEVS) in effect for the Medicaid, SNAP and TANF programs. The IEVS provides for matches involving Department of Labor (DOL) wage information, Social Security Administration wage and date of death files, and Internal Revenue Services unearned income files.

*Condition:* The Department of Social Service (DSS) was deficient in reviewing IEVS alerts related to client wages and date of death for the Medicaid, SNAP, and TANF programs.

- DSS did not record the dates of death or close cases of deceased clients and continued to issue Medicaid, SNAP, and TANF benefits.
- DSS did not properly address client wage differences between the DSS Integrated Management of Public Assistance for Connecticut (ImpaCT) and the DOL systems.
- DSS did not promptly process and recoup overpayments.

*Context:* During the fiscal year ended June 30, 2018, DSS received 467,771 IEVS alerts related to client wages, employer, unemployment benefits, and date of death matches for Medicaid, SNAP and TANF. As of September 24, 2018, DSS eligibility workers dispositioned 137,942 alerts and the ImpaCT system dispositioned 329,829 alerts. DSS assigns each alert a specific due date generated by the ImpaCT system that ranged from July 13, 2017 to August 13, 2018.

Our review of 15 alerts generated due to a client death date reported from the State Data Exchange disclosed 12 exceptions. DSS did not record the date of death or close these 12 client cases and issued benefits totaling $27,067. This included $13,270 in Medicaid, $10,060 in SNAP, and $3,737 in TANF benefits. Of these payments, one medical provider billed Medicaid for medical appointments twice per week for a period of at least 8 months after the client's date of death, totaling $2,904. For 3 SNAP clients who were each single-member households, we noted that unauthorized persons used the deceased client's SNAP benefits for extended periods of time after the client's date of death, totaling $2,596.

Our review of 25 alerts that had been marked resolved by the ImpaCT system disclosed 3 exceptions. DSS did not properly address client wage differences between ImpaCT and the DOL system.

- For 1 alert, the client's income exceeded SNAP and TANF income limits. During the period when the client was ineligible for TANF, DSS issued TANF payments of $2,724. DSS also issued excess SNAP benefits of $901. Although, DSS properly addressed the SNAP alert by issuing

overpayments, DSS did not promptly process and recoup the SNAP overpayments, which have been in a pending status for 6 months.
- For 2 alerts, the clients' incomes exceeded the Medicaid income limit. During the period when the clients were ineligible, DSS issued Medicaid payments of $2,456.

Our review of 25 alerts that DSS eligibility workers marked as resolved disclosed 3 exceptions.

- DSS did not properly address one alert in which the client's income exceeded the Medicaid and SNAP income limits for the client's household size. During the period when the client was ineligible, DSS issued payments of $4,124 in Medicaid and $366 in SNAP benefits.
- DSS did not promptly process and recoup overpayments. Although DSS properly addressed 2 SNAP alerts by issuing overpayments, the overpayments of $1,963 have been in a pending status for 9 months.

The sample was not statistically valid.

*Questioned Costs:* We computed questioned costs of $29,734 by applying the applicable federal financial participation rate to benefit payments associated with ineligible clients. These questioned costs included $13,290 in SNAP, $9,983 in Medicaid, and $6,461 in TANF funds.

*Effect:* Clients received benefits that they were not eligible to receive. Deceased client cases remained open, which creates opportunities for medical providers and individuals who are familiar with the deceased clients to misuse their Medicaid, SNAP, and TANF benefits.

*Cause:* DSS informed us that the ImpaCT system contains a design flaw that prevents it from displaying dates of death. In addition, we noted that the ImpaCT system was designed to mark IEVS alerts as complete when IEVS alerts are not addressed within a predetermined number of days. Due to the volume of alerts, the proper reviews and dispositions are not taking place in a timely manner.

*Prior Audit Finding:* We previously reported this as finding 2017-013 and in 21 prior audits.

*Recommendation:* The Department of Social Services should fix the ImpaCT system design flaw, regarding the lack of display of death dates. DSS should provide the necessary resources and institute procedures to ensure that it uses all information resulting from eligibility and income matches to ensure that correct payments are made to, or on behalf of, eligible clients. DSS should promptly process and recoup overpayments, and return federal reimbursements for unallowable expenditures claimed under Medicaid, SNAP, and TANF.

*Views of Responsible Officials:*

"The Department agrees that it does not review every IEVS alert. The Department generates an excessive number of IEVS wage alerts, as many alerts are repeated each week based on the same identified discrepancy. As a result, a single discrepancy for a single client can be repeated 13 times each quarter, causing the total volume of alerts to appear disproportionately high. Additionally, under simplified reporting rules for SNAP, wage variations are usually reviewed every six months and do not necessarily need to be acted upon prior to those reviews.

It is also important to note that wage alerts from the Department of Labor, which comprise the vast majority of alerts, are generated for data that is normally applicable 5-7 months prior to the date that the alert is generated. For example, alerts generated in November will be for employment data from April-June. This means that clients may have already reported wages, transitioned from jobs, gone through a renewal process based on more current income information, or otherwise have no change in benefits. Finally, workers may process the information but fail to mark the alert as completed, thereby making it appear as if the alert was not viewed when in fact the alert was reviewed.

The Department continues to refine its new eligibility system ImpaCT, to enhance functionality to achieve optimal system performance to support all program requirements. The current ImpaCT design for auto-population of "date of death" was not delivered as expected. Until automation is achieved, date of death alerts will continue to be manually reviewed and appropriate case actions taken by the workers. In response to the audit, the Department has taken the corrective action on the cases cited. It is expected that DSS workers will become more proficient at reviewing alerts in the ImpaCT system. The Department will continue to educate staff regarding expectations of processing date of death and IEVS alerts."

## 2018-014 Eligibility – Application Processing

**Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1705CT5MAP and 1805CT5MAP**

**Supplemental Nutritional Assistance Program (SNAP) (CFDA 10.551)**
**Federal Award Agency: United States Department of Agriculture**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: Various**

*Background:*

Medicaid:
On January 9, 2012, a class-action lawsuit was filed against the Department of Social Services (DSS) on behalf of individuals whose applications for Medicaid benefits had not been processed in a timely manner and/or who had not been provided Medicaid benefits in the period required by federal law. The factual allegations in the complaint stated that DSS data reporting demonstrated that, as of the date the lawsuit was filed, DSS had failed and continues to systematically fail to process Medicaid applications within the time frame mandated by federal law.

On March 28, 2014, DSS entered into a stipulation and order of settlement agreement in which the department agreed to obtain and maintain compliance with the requirements of federal law for the processing of applications and the provision of Medicaid services in a timely manner. The settlement agreement established benchmarks that designated the percentage of applications that must be timely processed as DSS worked towards achieving full compliance with the applicable promptness standards. Based on the settlement agreement, by April 2015, DSS shall timely process 92% of long-term and non-long-term care applications.

The stipulation and order of settlement was supposed to terminate on June 30, 2017, unless the plaintiffs moved to extend it, based on the defendant's failure to substantially comply with the terms of the agreement. The plaintiffs filed a motion to extend the stipulation and order of settlement on June 14, 2017, and the parties agreed to extend it to December 1, 2019.

SNAP:
On March 5, 2012, a class-action lawsuit was filed against DSS on behalf of individuals seeking SNAP (commonly known as food stamps) benefits and to challenge DSS policies and practices of failing or refusing to process applications and to provide assistance to eligible applicants on a timely basis. The lawsuit alleged that DSS data reporting demonstrated that DSS has engaged in a continuing and persistent pattern of severe noncompliance with federal regulations requiring the timely processing of SNAP applications.

On May 13, 2013, the court granted the plaintiffs' motion for a preliminary injunction to enjoin DSS to process applications and provide SNAP benefits in a timely manner as required by federal regulations. Within 12 months of the injunction, DSS must be in full compliance with all federal requirements to promptly determine eligibility and provide assistance to all eligible households. For purposes of the injunction, DSS is considered in full compliance if it processes 97% of applications. As specified in the order, cases coded as untimely due to client delay shall be considered timely.

The parties filed an order of final approval of stipulation and order of settlement with the U.S. District Court on March 9, 2017. The order includes the stipulation and order of settlement, and incorporates Exhibits A through D referenced in the stipulation. For purposes of this order, the defendant shall be deemed to be fully complying with the timely processing requirements of the SNAP statute and regulations if it meets a 96% timely processing standard with respect to 30-day regular SNAP applications and 7-day expedited SNAP applications, starting no later than January 2017. The parties agreed that there were some issues with the data. Therefore, they agreed to allow DSS to increase the percentage for SNAP expedited applications by 2% as shown on the SNAP Application Timeliness report from January 2017 through June 2017 in order to calculate timely processing.

*Criteria:*

Medicaid:
Title 42 Code of Federal Regulations (CFR) 435.912 provides that DSS, as the agency responsible for processing applications, determining eligibility, and furnishing Medicaid, must establish time standards for determining eligibility and must inform the applicant of those standards. The standards may not exceed 90 days for applicants who apply for Medicaid based on disability and 45 days for all other applicants, except in unusual circumstances.

Section 1505.35 of the DSS Uniform Policy Manual establishes the maximum time standards for processing Medicaid applications as 45 calendar days for applicants applying based on age or blindness, and 90 calendar days for applicants applying based on disability.

The modified stipulation, dated August 29, 2017, defines full compliance for Long-Term Care (LTC) Medicaid applications as 92%. The stipulation lowered full compliance for HUSKY C to 90%. DSS was to achieve both compliance rates by January 2018, as reflected in the timeliness report provided to plaintiffs by May 15, 2018.

SNAP:
Title 7 CFR 273.2 contains the requirements for office operations and application processing. Title 7 CFR 274.2 provides that each state agency is responsible for timely and accurate issuance of benefits to certified eligible households. All newly certified households, except those given expedited service, shall be given an opportunity to participate no later than 30 calendar days following the date the application was filed. For households entitled to expedited service, the state agency shall make benefits available to the household no later than the 7th calendar day following the date of application.

The order of final approval of stipulation and order of settlement, dated March 7, 2017, requires DSS to be in full compliance with the timely processing requirements of the applicable SNAP statute and regulations. For purposes of the order, the stipulation deems DSS in full compliance if it meets a 96% timely processing standard with respect to 30-day regular SNAP applications and 7-day expedited SNAP applications.

*Condition:*

Medicaid:
DSS did not achieve full compliance with the modified stipulation for LTC and for Husky C by January 2018. However, since March 2018, DSS has exceeded all benchmarks pursuant to the terms of the Medicaid settlement agreement.

SNAP:
DSS did not meet the benchmarks established in the stipulation and order of settlement during the audited fiscal year for 10 out of 12 months for regular applications, and for 7 out of 12 months for expedited applications. However, DSS has exceeded benchmarks for expedited applications since March 2018.

*Context:*

Medicaid:
Per the DSS September 2018 Medicaid Application Timeliness Summary Report, the average number of monthly Medicaid applications received during our audited period (July 2017 through May 2018) totaled 24,889, of which 96.5% were for non-long term care and 3.5% were for long-term care.

SNAP:
Per the DSS July 2018 (Adjusted) SNAP Application Timeliness Report, the combined (regular and expedited) average number of monthly SNAP applications received during our audited period (July 2017 through June 2018) totaled 9,510, of which 58% were regular applications and 42% were expedited.

*Questioned Costs:* $0

*Effect:*

Medicaid:
On October 19, 2018, the plaintiffs filed a notice to withdraw its motions. Subsequently, on October 23, 2018, the judge approved the plaintiff's notice of withdrawal of motions and denied as moot the plaintiff's motion for order to show cause and motion for expedited hearing on plaintiff's motion for order to show cause.

SNAP:
DSS processed 96% of its SNAP regular applications in a timely manner as of April 2018, and its SNAP expedited applications as of February 2018. On January 24, 2018, the U.S. Department of Agriculture awarded Connecticut a

$1,624,582 performance bonus for being among the top states for enrolling eligible households in SNAP.

*Cause:* Over the past 2 years, the challenges of implementing a new system contributed to the condition.

*Prior Audit Finding:* We previously reported this as finding 2017-014 and in 4 prior audits.

*Recommendation:* The Department of Social Services should continue to implement procedures to ensure timely application processing to meet benchmarks agreed to in the SNAP and Medicaid settlement agreements.

*Views of Responsible Officials:*

"The Department notes that it is currently meeting all application processing timeliness benchmarks and agrees that it should continue to ensure that timely application processing benchmarks are met in the SNAP and Medicaid settlement agreements."

## 2018-015 Activities Allowed or Unallowed – Benefit Payments

**Money Follows the Person Rebalancing Demonstration (CFDA 93.791)**
**Federal Awarding Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: 1LICMS300142**

*Background:* The Department of Social Services (DSS) is the designated single state agency to administer the Medicaid program in accordance with Title 42 Code of Federal Regulations (CFR) 431. Connecticut administered certain aspects of the Medicaid program, including the Money Follows the Person (MFP) Rebalancing Demonstration, through a number of state agencies including the Department of Developmental Services (DDS) and the Department of Mental Health and Addiction Services (DMHAS).

DSS uses several systems to administer the MFP program. The My Community Choices web portal is the primary system that maintains data about MFP applicants and participants, including client start and end dates. The DSS eligibility management system maintains client eligibility determinations for the program. The Medicaid Management Information System (MMIS) processes payments for medical services and provides financial reports used for federal reimbursement claims. Since the My Community Choices web portal does not interface with other systems, DSS staff must manually input client MFP program start and end dates into the DSS eligibility management system. The DSS eligibility management system interfaces with MMIS daily.

*Criteria:* Title 2 CFR Part 200, Subpart E, provides that costs must conform to any limitations or exclusions set forth in the federal award to be allowable under the federal award. The CFR requires the non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Section 6071(b)(7) of Public Law 109-171 defines qualified expenditures by the state under its Money Follows the Person (MFP) demonstration project to home and community-based long-term care services for an eligible individual participating in the MFP demonstration project. However, this is only with respect to services furnished during the 12-month period beginning with the individual's discharge date from an inpatient facility.

*Condition:* DSS processed $944,921 in benefit payments under the MFP grant award for service periods that clients were no longer eligible for payments under the MFP program.

*Context:* During the fiscal year ended June 30, 2018, MFP benefit payments totaled $29,213,825, of which $21,910,369 was federally reimbursed. We divided the universe of benefit payments into 3 strata by state agency. The DSS stratum of benefit payments totaled $24,264,097, of which $18,198,073 was federally reimbursed. The DDS stratum totaled $3,963,059, of which $2,972,294 was federally reimbursed. The DMHAS stratum totaled $986,669, of which $740,002 was federally reimbursed. We reviewed 52 MFP clients from the DSS stratum and 26 MFP clients from the DDS stratum to determine whether DSS paid MFP benefits for service after clients were no longer in the program. We did not review the DMHAS stratum. DSS paid for services on behalf of 29 DSS clients and 12 DDS clients after they left the MFP program. The benefit payments for the DSS clients totaled $285,814, of which $214,361 was federally reimbursed. The benefit payments for the DDS clients totaled $659,107, of which $494,330 was federally reimbursed.

The sample was not statistically valid.

*Questioned Costs:* We computed questioned costs of $708,691 by applying the MFP enhanced federal financial participation rate of 75% to the unallowed expenditures.

*Effect:* DSS received federal reimbursement for unallowable benefits claimed under the MFP program.

*Cause:* DSS staff did not properly input client MFP end dates into the DSS eligibility management system. DSS and MMIS lack procedures for recording transactions, that it incorrectly processed as MFP, to the appropriate federal award or state program when it does not promptly record MFP end dates.

*Prior Audit Finding:* We previously reported this as finding 2017-016 and in 1 prior audit.

*Recommendation:* The Department of Social Services should strengthen internal controls to ensure that claims for federal reimbursement under Money Follows the Person comply with federal statutes, regulations, and the terms and conditions of the federal award. DSS should refund improper reimbursements to the federal government.

*Views of Responsible Officials:*

"The Department agrees with this finding but has been unable to replicate all of the findings. To ensure appropriate claiming retrospectively, the Department works with DXC to use the MFP participation file which establishes the period of participation for each person in the MFP Demonstration and matches it with all qualified service claims in the MMIS. The result is submitted to CMS as an adjustment to prior period claims. This manual process is in place to ensure appropriate claiming. Updates are made to the Department's eligibility system, IMPACT or, if necessary to the legacy eligibility management system, EMS, to ensure proper claiming ongoing. If the MFP Demonstration is reauthorized and the Department has the ongoing responsibility of tracking expenses related to the enhanced MFP match, the Department will work with DXC to develop a process to ensure the proper connection between the MFP participation file and the MFP claims identifier in the MMIS."

## 2018-016 Reporting – Performance Reporting

**Money Follows the Person Rebalancing Demonstration (CFDA 93.791)**
**Federal Awarding Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: 1LICMS300142**

*Criteria:* The Money Follows the Person (MFP) Rebalancing Demonstration federal award requires the agency to provide programmatic reports in accordance with Title 2 Code of Federal Regulations (CFR) 200.301. Title 2 CFR 200.301 requires the agency to correlate financial data to performance accomplishments of the federal award. The agency should also measure performance in a way that will help the United States Department of Health and Human Services (DHHS) and other non-federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices.

Title 2 CFR 200.303 requires the agency to establish and maintain effective internal controls over the federal award and comply with federal statutes, regulations, and terms and conditions of the federal award.

Title 2 CFR 200.61 defines internal controls as a process, implemented by the agency, designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations.

*Condition:* The Department of Social Services (DSS) did not maintain MFP program data to support the figures reported on its MFP semi-annual performance reports. We noted significant differences in 5 areas:

1. Number of people assessed for MFP enrollment.
2. Total number of current MFP participants.
3. Number of MFP participants re-institutionalized.
4. Number of participant deaths that occurred.
5. Number of times a critical incident occurred:
    a. Abuse
    b. Other

*Context:* During the fiscal year ended June 30, 2018, DSS claimed MFP expenditures totaling $41,798,253, of which $31,365,599 was federally reimbursed. DSS submitted 2 semi-annual performance reports to DHHS Centers for Medicare and Medicaid Services. We compared the MFP program data DSS reported in the semi-annual performance report (for the period ended June 30, 2018) to the data in the MFP web-based reporting system as of July 2, 2018.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* DSS may have submitted inaccurate performance reports. DHHS may be using unreliable performance reports to identify promising practices and make future federal program decisions.

*Cause:* The DSS MFP web-based reporting system does not retain historical data. DSS lacks adequate internal controls to compensate for the system's limitations.

*Prior Audit Finding:* We previously reported this as finding 2017-018.

*Recommendation:* The Department of Social Services should establish and implement internal controls over performance reporting of the Money Follows the Person Rebalancing Demonstration to ensure that the department maintains data to support figures reported to the Department of Health and Human Services Centers for Medicare and Medicaid Services.

*Views of Responsible Officials:*

"The Department agrees in part with this finding.

The MFP reporting website is a dynamic database designed to give point in time information. The Department invests significant time to enter data learned through various references to ensure accuracy of each record. As information is discovered historical records are updated. This finding is specifically related to new information entered after a report is generated. Many fields in the semiannual report are cumulative and therefore updated information is reported in the next subsequent report. For those reporting fields where the report is not cumulative, DSS will seek guidance from CMS regarding need to correct reports submitted for a prior period.

DSS does not agree that promising practices and federal program decisions are based on unreliable information. In fact, DSS maintains that the data capability and maintenance is exemplary and provides information that appropriately informs systemic change. Furthermore, the MFP Demonstration works with the University of Connecticut who mines data from the dynamic site, determines the reliability and validity of the data, and publishes best practice reports which directly inform CMS."

*Auditors' Concluding Comments:*

We were unable to determine whether the performance reports were reliable, because the Department of Social Services did not maintain the supporting data.

## 2018-017 Special Reporting – Status of Claims Against Households (FNS-209)

**Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551)**
**Federal Award Agency: United States Department of Agriculture**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Requirements set forth under Title 7 Code of Federal Regulations 273 specify that no further monies or other benefits may be paid under the Supplemental Nutrition Assistance Program (SNAP) unless the quarterly Status of Claims Against Households Report (FNS-209) has been properly completed and filed.

*Condition:* USDA noted that the last FNS-209 the Department of Social Services (DSS) filed (for the quarter ended December 31, 2016) was in need of revision. DSS has been unable to produce subsequent reports.

*Context:* Beginning in state fiscal year ended June 30, 2017, DSS gradually began to phase in a new eligibility management system (ImpaCT) to replace its approximately 30-year old legacy system. DSS relies on its eligibility management system to produce the FNS-209.

*Questioned Costs:* $0

*Effect:* DSS did not comply with the FNS-209 reporting requirements, as the newly implemented eligibility management system is not able to generate the necessary data.

*Cause:* DSS attributed the breakdown in FNS-209 reporting to inadequacies of its outsourced replacement eligibility management system (ImpaCT).

*Prior Audit Finding:* We previously reported this as finding 2017-019.

*Recommendation:* The Department of Social Services should comply with the Supplemental Nutrition Assistance Program FNS-209 reporting requirements established by the United States Department of Agriculture.

*Views of Responsible Officials:*

"The Department agrees with this finding. The Department continues to work with the eligibility system contractor to design the complicated reports needed from the new eligibility system to complete the FNS 209. A team of Fiscal, Eligibility, and Fraud and Recovery staff have met numerous times with the contractor to accurately develop the reports.

Though much progress has been made, the design continues to be refined. In the meantime, after a discussion with FNS staff, the Department has been loading quarters of FNS-209 data into the FNS 209 Federal Reporting system, with the input coming from a set of files created in the fall of 2018. Through February, we have submitted all quarters through the quarter ending December 31, 2017.

Work on the final report design continues with the contractor and DSS staff."

## 2018-018 Financial Reporting – SF-425 Federal Financial Report

**Low Income Home Energy Assistance Program (LIHEAP) (CFDA 93.568)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTLIEA, 1701CTLIEA and 1801CTLIEA**

*Criteria:* The Administration for Children and Families (ACF) general terms and conditions (version May 26, 2016) for mandatory grant programs, which includes the Office of Community Service Low Income Home Energy Assistance program (LIHEAP), requires the submission of SF-425 financial reports through the Payment Management System (PMS) beginning with the fiscal year (FY) 2016. For programs with awards issued on a fiscal year basis, the deadline is 90 days after the end of each fiscal year.

The Federal Financial Report Instructions indicate that the cash disbursements and federal share of expenditures lines 10(b) ad 10(e), respectively, may not be the same until the final report.

On September 8, 2017, a LIHEAP Dear Colleague Notice was published on FY 2016 LIHEAP Reallotment in FY 2017 for the grant period October 1, 2016 through September 30, 2018. The State of Connecticut received an award of $68,535.

*Condition:* The Department of Social Services (DSS) included LIHEAP cash disbursements of $922,294 expended during the quarter ended December 31, 2018 on its FY2017 LIHEAP block grant annual SF-425 for the reporting period end date of September 30, 2018. Additionally, DSS did not include the reallotment funding and expenditures of $68,535 on its SF-425 submitted to the ACF on January 10, 2019. This resulted in DSS overstating cash receipts by $873,891 and overstating cash disbursements and the federal share of expenditures by $853,759. DSS overstated cash on hand by $20,132.

*Context:* DSS received a cumulative grant award of $78,712,451 for LIHEAP for fiscal year 2017. The state also received a redistribution of FY 2016 LIHEAP funds of $68,535 for fiscal year 2017. Federal funds authorized totaled $78,780,986.

*Questioned Costs:* $0

*Effect:* The ACF Office of Community Services did not receive complete and accurate information and may not be able to adequately monitor the LIHEAP program.

*Cause:* DSS did not detail an amount for the federal share of unliquidated obligations on its SF-425 for the reporting period end date September 30, 2018. As DSS was reporting the same amount for its cash disbursements and federal share of expenditures, the submission indicated that it was the final report. Therefore, DSS included expenditures made during the 90-day liquidation period after the end of the funding period. These expenditures appear to have been obligated by the end of the grant period of September 30, 2018.

DSS submitted the FY 2017 SF-425 through the On-Line Data Collection (OLDC) System instead of PMS. Federal funds authorized are prepopulated on the OLDC system and, therefore, DSS was unable to include the reallotment funds on its SF-425.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services should ensure that it accurately reports transaction information on its annual federal financial report SF-425. The Department of Social Services should submit a corrected SF-425 report through the Payment Management System for the FY 2017 LIHEAP block grant funds to the United States Department of Health and Human Services – Administration for Children and Families.

*Views of Responsible Officials:*
"The Department agrees with this finding. The Department will take the necessary steps to ensure accurate reporting and will review the questioned reports to determine whether revised reports need to be submitted."

## 2018-019 Subrecipient Monitoring

**Low-Income Home Energy Assistance (LIHEAP) (CFDA #93.568)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018**
**Federal Award Numbers: 1301CTLIEA, 1401CTLIEA, 1501CTLIEA, 1601CTLIEA, 1701CTLIEA and 1801CTLIEA**

*Background:* The Department of Social Services (DSS) contracts with 9 independent non-profit community action agencies to administer the Low Income Home Energy Assistance Program (LIHEAP) block grant at the local level. These subrecipient community action agencies are federally designated anti-poverty organizations, the majority of which were created over 50 years ago as part of the federal Economic Opportunity Act of 1964.

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.331 requires the state pass-through entity to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining appropriate subrecipient monitoring.

Title 2 CFR 200.331(d) requires the state to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes. As part of its monitoring practices, the pass-through entity must follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means.

Title 45 CFR 96.30 stipulates that the state shall utilize fiscal control and accounting procedures sufficient to permit the tracing of block grant funds to a level of expenditure to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

*Condition:* Two community action agencies misused LIHEAP funds.

It was determined that one community action agency misused several years' worth of LIHEAP funds. DSS first became aware of possible mismanagement of funds in August 2013, when the utility vendor claimed it was not receiving timely payments from the community action agency. In response, DSS heightened its monitoring efforts of this community action agency, but these efforts did not successfully mitigate the misuse of LIHEAP funds. Commencing with the 2016 federal fiscal year, DSS took corrective action by eliminating the community action agency from the payment process and began paying the utility vendor directly. In April 2016, DSS hired a forensic auditing firm that determined the community action agency misused $4,453,315 of LIHEAP funds between November 1, 2012 and October 31, 2015.

Another subrecipient misused LIHEAP funds during the 2017 program year. DSS first became aware of possible mismanagement of funds when 3 dozen fuel vendors complained that the community action agency had not made $178,000 in payments for heating oil deliveries to households receiving LIHEAP assistance.

Additionally, during our current Statewide Single Audit, it came to our attention that DSS did not conduct satisfactory LIHEAP-specific fiscal monitoring of the 9 community action agencies.

*Context:* The 2018 LIHEAP block grant provided heating and other related assistance to approximately 80,500 households throughout the state. During the period covered by the current Statewide Single Audit, total program expenditures amounted to approximately $84,000,000.

*Questioned Costs:* $4,631,315

*Effect:* Due to inadequate fiscal monitoring practices, DSS was not fully aware of the extent or magnitude of its subrecipients' misuse of LIHEAP funds until complaints from a utility vendor and a number of fuel vendors brought it to the department's attention.

*Cause:* DSS did not have adequate procedures in place to properly monitor the fiscal activities of LIHEAP subrecipients. DSS developed a LIHEAP fiscal monitoring tool in April 2018. However, the department did not implement it due to a lack of available resources.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services should strengthen procedures to ensure compliance with its responsibilities as a pass-through entity for the Low Income Home Energy Assistance Program.

*Views of Responsible Officials:*

"The Department agrees in part with this finding. The LIHEAP Fiscal Monitoring tool was developed and shared with staff from the federal Department of Health and Human Services when they conducted a monitoring visit in March 2017. The monitoring results were finalized approximately a year later.

In actuality, fiscal monitoring was conducted for the FFY 2018 program year; however, the reports have not yet been sent to the contractors. The reports will be sent to the contractors by April 15, 2019. Below is a list of the contractors and dates related to the fiscal monitoring:

| **Contractor** | **Fiscal Monitoring Visit** |
|---|---|
| ABCD | 9/27/2018 |
| ACCESS | 8/30/2018 |
| CAANH | * |
| CRT | 6/4/2018 |
| HRANB | 9/21/2018 |
| TEAM | 9/05/2018 |
| NOI | 9/14/2018 |
| TVCCA | 9/10/2018 |
| CAAWC | 5/30 & 31, 2018 |

* Please note that due to ongoing monthly reviews of CAANH by the DSS Office of Community Services and the Quality Assurance Division, a Fiscal monitoring of the agency was not conducted."

*Auditors' Concluding Comments:*

DSS submitted the LIHEAP fiscal monitoring tool to the Department of Health and Human Services on April 13, 2018, in response to an on-site compliance review report issued on February 9, 2018. We met with agency officials to inquire about the status of fiscal monitoring and the use of the fiscal monitoring tool. DSS did not provide us with documentation supporting the implementation of the tool or that the department had tracked block grant funds to a level of expenditures to ensure that federal funds were used in accordance with program regulations for the state fiscal year ended June 30, 2018.

## 2018-020 Eligibility

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Criteria:* Title 45 Code of Federal Regulations 205.60 provides that the state agency maintain records necessary for the proper and efficient operation of the State Plan, including records regarding applications and the determination of eligibility.

Title 21 Section 862a(c) of the United States Code requires each individual applying for assistance or benefits to state in writing whether any members of the household have been convicted of a crime involving the possession, use, or distribution of a controlled substance.

The Department of Social Services (DSS) Uniform Policy Manual 8520.10 requires that eligibility redeterminations be conducted every 12 calendar months.

*Condition:* Our review of 60 case files revealed DSS did not maintain adequate records regarding the determination of eligibility and redeterminations for individuals receiving TANF benefits, as follows:

- The W-1E Interactive form does not require individuals applying for assistance to state in writing whether any members of the household have been convicted of a crime involving the possession, use, or distribution of a controlled substance.
- The client in one case came in for a TFA review according to case narratives; however, there was insufficient documentation within the DSS eligibility management system to indicate that it completed an application/redetermination within 12 months of the issuance.
- We found that 2 of the 60 cases reviewed had a control deficiency related to the lack of supporting documentation for income and/or assets listed on the application.
- One applicant did not complete the criminal history section.
- Of 60 cases reviewed, 19 were exempt from TFA work requirements. Of these 19, 3 lacked sufficient documentation for the exemption in ImpaCT.

DSS did not appear to consider client wages found through the Department of Labor wage interface when performing eligibility calculations for prior issuances.

*Context:* During the fiscal year ended June 30, 2018, DSS issued 122,493 federal claimable benefit payments, totaling $54,721,311 before adjustments. We reviewed the eligibility of recipients of 60 cash assistance payments totaling $27,353.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* DSS may be providing program benefits to ineligible individuals. DSS may not be identifying potential overpayments.

*Cause:* The errors appear to be due to oversights by DSS eligibility workers.

*Prior Audit Finding:* We previously reported this as finding 2017-020 and in 1 prior audit.

*Recommendation:* The Department of Social Services should strengthen internal controls to ensure the eligibility of each recipient of cash assistance in the Temporary Assistance for Needy Families Program. DSS should also ensure that it obtains adequate support to allow the eligibility management system to make proper eligibility determinations for the TANF program according to federal regulations, the Temporary Assistance for Needy Families State Plan, and the state's corresponding policies and regulations.

*Views of Responsible Officials:*

"The Department agrees in part with this finding.

The Department agrees that it should ensure that each recipient of Temporary Family Assistance (TFA) is eligible for the program and should include sufficient documentation to meet the requirements of 45 CFR 205.60. The Department observes that having "insufficient supporting documentation" on 1-2 cases out of a review of 60 cases demonstrates that the Department is generally making eligibility determinations at a highly accurate and well-documented level. Nevertheless, the Department will continue to strive for perfection.

The Department disagrees that it does not require individuals applying for assistance to state in writing whether household members have been convicted of a drug felony. All TFA applicants are required to answer the question about drug felony convictions during the application process. It is a mandatory question that cannot be bypassed in the eligibility system. No applicant can receive TFA benefits without answering the question. Applicants who engage in an "interactive" application in person with a DSS worker are asked this question and required to sign the resulting W-1E "Interactive Form." The W-1E "Interactive Form" includes a certification section that explicitly states that all applicants who sign the form (as all applicants must do), agree to the following statement: "I certify that the information I gave concerning the felon status of members of my household is complete and accurate."

*Auditors' Concluding Comments:*

The control deficiencies we noted increase the risk that federal funds will not be used in compliance with TANF objectives. Although the department has internal control and monitoring procedures in place, they were not sufficient to identify the errors. As the volume of TANF transactions is significant, approximately 122,493 claims totaling $54,721,311 for the fiscal year ended June 30, 2018, it is not unreasonable to assume that there may be other errors that remain undetected.

The department was unable to provide documentation to support that the W-1E Interactive form requires applicant certification and signature regarding any controlled substance convictions.

## 2018-021 Special Tests and Provisions – Child Support Non-Cooperation

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Criteria:* Title 45 Code of Federal Regulations 264.30 provides that if a state agency administering Temporary Assistance to Needy Families determines that an individual is not cooperating with child support requirements, the agency must deduct an amount equal to at least 25% of the amount of the assistance or deny the individual assistance.

Section 8520.45 of the Department of Social Services (DSS) Uniform Policy Manual (UPM) specifies that the department mail or send adverse action notices at least 10 days prior to the date of the intended adverse action. The department may mail a notice no later than the date of the action if certain exceptions to timely notice requirements are met, as outlined in this section of the UPM.

Section 8540.65 of the DSS UPM specifies that individuals who request assistance are required to cooperate in securing support from legally liable relatives for all members of the assistance unit unless the assistance unit is exempt or has good cause for not complying with such requirements. If an individual does not cooperate without good cause, the entire assistance unit is ineligible to receive assistance.

*Condition:* DSS did not process sanction notices and deny or reinstate benefits in a timely manner. At the time of our review, we noted that DSS had not processed 5 sanction notices for as long as 6 months. DSS continued to issue payments to 4 assistance units, totaling $6,608, during the fiscal year ended June 30, 2018. Additionally, in one instance, DSS addressed a sanction referral on January 5, 2018, but did not pay the client a pro-rated benefit amount for this month.

*Context:* During the fiscal year ended June 30, 2018, we reviewed 25 sanction notices for non-cooperation with child support requirements. DSS provided a report from the Connecticut Child Support Enforcement System that consisted of 987 records that included sanction notices issued and removed. We selected records for cases in which DSS issued a sanction notice.

The sample was not statistically valid.

*Questioned Costs:* $6,608

*Effect:* DSS issued cash assistance benefit payments to recipients who were not compliant with eligibility requirements. Also, DSS did not issue a benefit payment to a recipient who was compliant with eligibility requirements.

*Cause:* There were delays from the date of the sanction notice to the alert creation date to the date of the notice of action informing the client that TFA benefits would cease. Additionally, in one instance, an eligibility management system error led to benefits remaining open for 5 months prior to DSS issuing a notification of overpayment and recoupment.

*Prior Audit Finding:* We previously reported this as finding 2017-021 and in 3 prior audits.

*Recommendation:* The Department of Social Services should strengthen internal controls to ensure compliance with Temporary Assistance for Needy Families child support enforcement requirements.

*Views of Responsible Officials:*

"The Department agrees with this finding. The Department agrees that child support sanction referrals should be processed by eligibility staff more closely to the time of referral from child support. The Department's Child Support, Field Operations, and ImpaCT Project teams collaborated on a revision of the referral process in July 2018 and anticipate that this will improve referral processing timeliness."

## 2018-022 Procurement

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Criteria:* Title 45 Code of Federal Regulations (CFR) 92.36 provides that when procuring property and services under a federal grant, states will follow the same policies and procedures it uses for procurement from their non-federal funds.

Section 4-70b of the Connecticut General Statutes states that purchase of service (POS) contracts shall be subject to the competitive procurement provisions of Sections 4-212 through 4-219 of the General Statutes. Section 4-216 requires that each POS agreement that is more than $50,000 or a term of more than 1 year shall be based on competitive negotiations or competitive quotations, unless the state agency applies to the Secretary of the Office of Policy and Management for a waiver from such requirement and the Secretary grants the waiver in accordance with the guidelines adopted under Section 4-215 of the General Statutes. Section 4-215 states that the services that may qualify for waiver from competitive procurement shall include, but not be limited to, (1) services for which the cost to the state of a competitive selection procedure would outweigh the benefits of such procedures, (2) proprietary services, (3) services to be provided by a contractor mandated by the general statutes or a public or special act, and (4) emergency services.

*Condition:* DSS did not go through a competitive procurement process for 3 POS contracts.

*Context:* During the fiscal year ended June 30, 2018, DSS made payments for 17 POS contracts totaling $1,338,027. We reviewed 4 POS contracts, totaling $611,132. DSS did not request waivers from competitive solicitation.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* DSS may not be receiving services from the lowest responsible qualified vendor when it does not put the contracts out for competitive bid.

*Cause:* According to the current OPM-approved procurement schedule, DSS was going to issue a request for proposal (RFP) for teen pregnancy prevention services during the second quarter of fiscal year 2016. DSS did not issue the RFP, but did request for POS contracts to indicate that the request is in accordance with the agency's current OPM-approved procurement schedule.

*Prior Audit Finding:* We previously reported this as finding 2017-024 and in 3 prior audits.

*Recommendation:* The Department of Social Services should strengthen procedures to ensure compliance with federal requirements and state regulations regarding the department's procurement responsibilities.

*Views of Responsible Officials:*

"The Department agrees with the finding regarding not requesting waivers from competitive solicitation. Given the uncertainty created by the significant cost reductions that were proposed and subsequently implemented, it was not prudent to procure new vendors at that time. While the Department did not go out to bid, we did follow all other standard procedures to extend the contract including requesting and receiving approval from the Office of Policy and Management."

### 2018-023 Special Reporting – ACF 204, *Annual Report on State Maintenance-of-Effort (MOE) Programs*

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Criteria:* States must complete an ACF-204, Annual Report on State Maintenance-of-Effort Programs, for each program for which the state has claimed basic maintenance of effort (MOE) expenditures for the fiscal year.

*Condition:* DSS double counted ACF-204 expenditures of $499,676 for TANF non-citizens. The amount was included separately in expenditures for Aliens/Non-Citizens Temporary Family Assistance (TFA) and in the amount reported for TFA.

Additionally, in certain instances, there was a lack of supporting documentation for the number of families reported.

*Context:* For the federal fiscal year ended September 30, 2017, DSS reported $204,699,972 for its TANF MOE. DSS must expend at least $183,421,057 (75% state dollars) of 1994 historical state expenditures if the state met the TANF work participation requirements or at least $195,649,127 (80% state dollars) of the 1994 historical state expenditures if the state did not meet the work participation requirement.

*Questioned Costs:* $0

*Effect:* DSS reported inaccurate and unsupported information on the ACF-204 for federal fiscal year 2017, which it provided to the Department of Health and Human Services Administration for Children and Families to determine whether the state met its MOE requirements.

*Cause:* These conditions were due to clerical errors. In certain instances, DSS obtained summary information from other state agencies.

*Prior Audit Finding:* We previously reported this as finding 2017-025.

*Recommendation:* The Department of Social Services should strengthen its internal controls to ensure that the ACF-204 is accurately completed and that it maintains all supporting documentation.

*Views of Responsible Officials:*

"The Department agrees in part with this finding.

The Department agrees that the ACF-204 should be completed accurately. The inadvertent double counting of TANF non-citizen expenditures was identified and federal partners were notified. There was no material effect on maintenance of effort requirements due to that single clerical error in an otherwise complete and accurate annual report.

The Department disagrees with the suggestion that the Department cannot rely upon data from other state agencies that provide TANF services when reporting in the ACF-204. The Department works closely with partner agencies to aggregate the data cited in the ACF-204 report."

*Auditors' Concluding Comments:*

We are not suggesting that DSS cannot rely on data from the other agencies, but that for verification purposes, DSS should request and receive supporting documentation from the other agencies in addition to summary level information. The department could not provide us with detail for the amount it reported for the total number of families served under the Jobs First Employment Program and Employed and Unemployed Child Care Assistance.

## 2018-024 Performance Reporting – ACF 199, TANF Data Report

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States of Health and Human Services**
**Award Years: Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Criteria:* States must complete an ACF-199, TANF Data Report to the Department of Health and Human Services on a quarterly basis. The report's data includes disaggregated case record information on the families receiving assistance, no longer receiving assistance, and applying for assistance from programs funded with TANF.

*Condition:* We were unable to reconcile the difference in the total number of families between the ACF-199 and the supporting documentation as follows:

Quarter Ended December 31, 2017
Temporary Family Assistance (TFA) benefit payment data files show that 30,323 families received basic assistance, but the TANF performance report listed 31,827. This resulted in 1,689 more families reported on the TANF performance report.

Quarter Ended June 30, 2018
Temporary Family Assistance (TFA) benefit payment data files show that 28,565 families received basic assistance, but the TANF performance report listed 27,577. This resulted in 845 less families reported on the TANF performance report.

*Context:* We selected the quarters ended December 31, 2017 and June 30, 2018 for review of TFA benefit payment files.

*Questioned Costs:* $0

*Effect:* The total number of families DSS reported on the ACF-199 provided to the Department of Health and Human Services may not be accurate.

*Cause:* DSS informed us that the Integrated Management of Public Assistance for CT (ImpaCT) data does not appear to be reliable. The logic used to count assistance units is not the same in the TFA data files as in the TANF performance reports and, therefore, results in different amounts.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Social Services should ensure that the total number of families reported on the ACF-199 is accurate and supported.

*Views of Responsible Officials:*

"The Department agrees with this finding and understands that the data in the ACF-199 should be as accurate as possible. The Department continues to review and refine the data that is extracted from ImpaCT, the modernized eligibility management system that was fully implemented in August 2018."

### 2018-025 Allowable Costs/Cost Principles – Eligibility Rates and Expenditure Data

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Year 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Background:* Title 45 Code of Federal Regulations (CFR) 205.100 provides that the Department of Social Services (DSS) has been designated Connecticut's single state agency to administer the Temporary Assistance for Needy Families (TANF) program. Connecticut administers certain aspects of the TANF program through a number of state agencies including the Department of Children and Families (DCF).

A memorandum of understanding (MOU) for the period October 1, 2014 through September 30, 2017, specified DSS and DCF responsibilities for administering the programs in the TANF State Plan. DCF reports its TANF program expenditures to DSS, which claims the TANF expenditures for federal reimbursement. The agencies drafted an MOU for October 1, 2017 through September 30, 2020, but have not executed it as of February 13, 2019.

DSS claims federal TANF program reimbursement for certain in-home and community-based services DCF subrecipients provide to DCF clients. DCF enters into agreements with subrecipients and pays them quarterly advances from state appropriations.

The subrecipients determine TANF eligibility for each client they serve and enter the eligibility determination results into the DCF Provider Information Exchange (PIE) system. The PIE system is the DCF data and reporting system for community-based programs. At the conclusion of each quarter, DCF provides DSS with summary eligibility rates for each subrecipient and service along with the quarterly amounts advanced to the subrecipient. DSS uses this information to claim federal reimbursement under TANF.

*Criteria:* Title 2 CFR 200.403(g) requires that states adequately document costs to be allowable under federal awards.

Title 45 CFR 265.3 requires that the state file quarterly expenditure data on the state's use of federal TANF funds, state TANF expenditures, and state expenditures of maintenance of effort funds in separate state programs.

Title 45 CFR 265.7 requires that the state's quarterly financial reports be complete and accurate, which means that the reported data reflects information available to the state in case records, financial records, and automated data systems; the data are free from computational errors and are internally consistent; and the state reports data on all applicable elements.

*Condition:* Although DCF has enhanced the Provider Information Exchange system to obtain necessary information to calculate eligibility rates based on actual TANF clients served, DCF has not implemented procedures to ensure that subrecipients use the PIE system. DCF may have included clients who did not receive services during the quarter in the rates.

*Context:* TANF eligibility rates are based on data from the PIE system, which does not capture the necessary information to accurately calculate the rates. DCF informed us during prior audits that episode start and end dates did not represent the actual client service dates. In most cases, the episode start and end dates represented the client's intake and discharge dates from the service/program, and did not represent when the client actually received services.

*Questioned Costs:* Questioned costs total $29,746,943, which represents the entire amount claimed for the state fiscal year ended June 30, 2018 for services provided by subrecipients. Although a portion of this amount may be allowable, adequate support to the eligibility statistics is not available. Therefore, all of the costs claimed are questioned.

*Effect:* DCF expenditures claimed by DSS under TANF may be overstated based on inaccurate TANF eligibility rates.

*Cause:* While DCF has modified the PIE system to capture the information necessary to accurately calculate TANF eligibility rates, the subrecipients are not utilizing this option. DCF does not require subrecipients to use it consistently and accurately.

*Prior Audit Finding:* We previously reported this as finding 2017-026 and in 5 prior audits.

*Recommendation:* DCF should enforce subrecipient compliance with the implemented procedures to ensure that data used in the claiming process is complete and accurate.

DSS should submit prior quarter adjustments for overstated amounts.

*Views of Responsible Officials:*

*Response provided by the Department of Children and Families:*

"DCF management will coordinate with the Program Development and Oversight Coordinators (PDOCs) to work with DCF's Provider Information Exchange (PIE) programmers to develop/access a report that identifies Providers who are and are not actively entering TANF services into PIE system. The PDOCs will work closely with the Providers who are not entering the required TANF services and bring them into PIE compliance. DCF does agree to use the new PIE TANF services as soon as they are available for use in our quarterly claiming."

*Response provided by the Department of Social Services:*
"Although the Department is the lead agency and retains overall responsibility for claiming TANF expenditures for the State of Connecticut, this finding should not be listed as a finding under the Department's section of the Federal Single Audit report. It is the Department of Children and Families' responsibility to ensure it has controls in place to ensure that accurate eligibility rates and expenditure data are calculated.

The Department will review any noted questioned costs to determine if any claim adjustments need to be processed."

*Auditors' Concluding Comments:*
We listed this finding under the Department of Social Services section of the Federal Single Audit report to formally notify the state's lead TANF agency that deficiencies exist within the program. As the state's lead agency, DSS has the responsibility to oversee the administration of the TANF program. Although we directed the finding jointly towards DCF and DSS, as the state's lead agency, DSS is ultimately accountable for the proper use of the federal TANF funds.

## 2018-026 Subrecipient Monitoring

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

*Background:* Title 45 Code of Federal Regulations (CFR) 205.100 provides for the establishment or designation of a single state agency with authority to administer or supervise the administration of the state plan for the Temporary Assistance for Needy Families (TANF) program. The Department of Social Services (DSS) is the designated single state agency in Connecticut and has the discretion to issue policies, rules, and regulations on program matters of the plan. Connecticut administers certain aspects of the TANF program through a number of state agencies including the Department of Correction (DOC).

DSS claims federal reimbursement under TANF for certain addiction services provided by DOC subrecipients. DOC enters into agreements with these subrecipients and pays them quarterly advances from state appropriations.

The subrecipients determine TANF eligibility for each individual they serve and submit utilization reports to DOC on a quarterly basis. At the conclusion of each quarter, DOC provides DSS with summary eligibility rates for each subrecipient and program along with the amounts advanced to the subrecipient during the quarter. DSS uses this information to claim federal reimbursement under TANF.

As part of the operations of the SDE, costs incurred for pregnancy prevention programs are eligible for federal TANF reimbursement. During the fiscal year ended June 30, 2018, DSS claimed $21,143,021 in expenditures incurred by SDE for various pregnancy prevention programs.

*Criteria:* Title 2 CFR 200.331 provides that the pass-through entity shall perform the following:

1. Ensure that every subaward is clearly identified to the subrecipient as a subaward, which includes providing federal award identification information.
2. Advise subrecipients of requirements imposed on them so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award, and any additional requirements imposed by the pass-through entity to meet its own responsibility to the federal awarding agency.
3. Monitor the activities of the subrecipients as necessary to ensure that the subrecipient uses the subaward for authorized purposes in compliance with federal statutes, regulations, and the terms and conditions of the subaward and ensure that they achieve performance goals. This includes a review of financial and performance reports required by the pass-through entity.
4. Verify that subrecipients have met the audit requirements for the fiscal year, if required.

*Condition:* A review of subrecipient monitoring procedures disclosed the following:

<u>Department of Correction:</u>
DOC did not clearly identify the federal award or program requirements to subrecipients and did not monitor the activities of subrecipients for compliance with program or federal audit requirements.

<u>State Department of Education:</u>
1. SDE did not properly identify subawards to the subrecipients as a subaward. The language SDE used for federal award identification to

subrecipients does not clearly identify federal program requirements or specify that the state may claim funds for federal reimbursement under the TANF program. In addition, SDE provides year-end instructions to subrecipients advising them of federal and state auditing requirements, which identifies these funds as state awards.

2. SDE did not monitor subrecipients for compliance with TANF laws and regulations.

*Context:* During the fiscal year ended June 30, 2018, DSS claimed $16,029,556 in expenditures incurred by DOC for education and addiction services. DOC entered into 19 contracts with subrecipients, for which it claimed $11,915,452 for TANF federal reimbursement during the fiscal year.

We did not select a sample based on our discussions with SDE personnel indicating that the prior audit finding was still valid. We confirmed our discussions with SDE by reviewing one subrecipient audit report. We found that the subrecipient did not report TANF expenditures on its schedule of expenditures of federal awards (SEFA). SDE continues to treat TANF claimable programs by DSS as state programs. SDE monitored subrecipients for compliance with state laws and regulations and reviewed state single audit reports for inclusion of the program expenditures on the Schedule of Expenditures of State Financial Assistance.

*Questioned Costs:* $0

*Effect:* DSS has limited assurance that the use of federal funds is for allowable activities. Subawards were not included in the subrecipient's SEFA. The amount of expenditures of federal awards reported in the SEFA is a key factor in determining major program coverage. Improper identification of federal expenditures in the subrecipients' SEFA could result in the omission of major federal programs from the federal single audit.

*Cause:* The inadequate identification of federal awards to subrecipients appears to be an oversight by management. The lack of procedures for monitoring subrecipients appears to be the result of limited staffing and resources.

DSS did not have executed memoranda of agreement with DOC or SDE providing written guidance for monitoring subrecipients.

DSS did not adequately guide or support DOC in the proper administration of the TANF program. As the lead state agency, DSS did not address known deficiencies in subrecipient monitoring.

*Prior Audit Finding:* We previously reported this as finding 2017-028. We also previously reported the SDE portion of this finding in 2 prior audits.

*Recommendation:* The Department of Correction and the State Department of Education should ensure that they report subawards claimed under the Temporary Assistance for Needy Families program to the subrecipients and should properly monitor subrecipients.

The Department of Social Services should continue to work together with the Department of Correction and the State Department of Education on executing a memorandum of understanding to define each agency's responsibilities regarding program administration, including subrecipient monitoring requirements, for the Temporary Assistance for Needy Families program.

*Views of Responsible Officials:*

*Response provided by the Department of Correction:*

"We do not agree with this finding. The Department's position on "clearly identifying the federal award or program" to subrecipients has not changed. DOC does not receive any unique identifier/federal award number or dates that it would be able to make available to its providers that would confirm that the funding it receives is specific to a federal award. DOC will be requesting that Department of Social Services provide this information on a regular basis and DOC will look to make it a requirement in the draft MOU with DSS that is currently being developed.

DOC's contracts with its providers contain language indicating that their expenses may be claimed by the State of Connecticut and reimbursed by the federal government through TANF. The agreement, amongst other requirements, indicates that the Contractor shall comply with applicable State and federal TANF requirements, including the need for an audit.

With regard to the monitoring of activities of subrecipients, the DSS has recently issued a new eligibility form that would be used by subrecipients working with DOC clients. This document is currently under review prior to its implementation and it could potentially provide more clarity on TANF eligibility, although the information will still be self-reported by individuals. DOC has also recently hired additional contracts staff and are anticipating that a regular monitoring schedule will be established for early next fiscal year. DOC will also continue to review new TANF documentation provided by DSS and contact them with any questions or concerns, including information related to monitoring requirements."

*Response provided by the State Department of Education:*

"We disagree in Part with this finding. The State Department of Education ("SDE") has reviewed this finding on several levels and has determined multiple problems with this repeated finding.

The first matter of being a "Pass-Through entity" is questionable as the federal funds were never in the possession of the SDE so as to "pass" them through to a subrecipient. As such, the SDE cannot properly book the expenditures in the state accounting system as federal pass through funds. The funds paid from the state accounting system are State appropriated funds that are controlled by SDE as per Connecticut General Statutes that oversee the program activities.

History has provided that the state TANF plan had identified programs that, through their statutorily defined activities, qualify under some aspect of TANF for claiming. By virtue of the fact that SDE operates the programs per the statute, there should not be a question about the eligibility of the claim under TANF, provided that the TANF plan had appropriately identified those programs as allowable, which is not in the control of the SDE, nor is what any other agency is claiming under their federal grant.

SDE's Bureau of Fiscal Services and Office Internal Audit had met with OPM and an outside CPA firm in the spring of 2017 to discuss options with regards to the appropriateness of revising the OPM Compliance Supplement to reflect the federal nature of the funds that grant recipients were receiving as State grants but were required to be treated as federal funds for the purposes of their federal single audit. As the funds were never coded as federal funds in the state accounting system, and the amount of the funds claimed historically by DSS varied by program, it would be inappropriate to make any statement in the Compliance Supplement, as to their treatment as federal funds, as it would not be clear what percentage a subrecipient should account for in their single audit. This is even further complicated by refunds that subrecipients would be paying back and the appropriate accounting of those returned funds as state or federal funds.

Prior to engaging and an MOU regarding this matter, SDE and DSS must cooperatively determine an appropriate process that will identify these funds as federal at the transaction level in the state accounting system, and further alert the subrecipients as to the federal responsibilities related to the funding, in advance of the issuance of pass through payments. Once that methodology above has been determined, SDE and DSS should work together to determine what programs should be included as TANF programs, and reflect them as such according to the agreed upon methodology."

*Response provided by the Department of Social Services:*
"Although the Department is the lead agency and retains overall responsibility for claiming TANF expenditures for the State of Connecticut, this finding should not be listed as a finding under the Department's section of the Federal Single Audit report. It is the Department of Correction's and the State Department of Education's responsibility to ensure it has controls in place to properly monitor its subrecipients.

DSS agrees that it should continue to work with DOC and SDE on executing memoranda of understandings. DSS has provided draft MOUs to both agencies."

*Auditors' Concluding Comments:*

We listed this finding under the Department of Social Services section of the Federal Single Audit report to formally notify the state's lead TANF agency that deficiencies exist within the program. Although we directed the finding jointly towards DOC and SDE, as the state's lead agency, DSS is ultimately accountable for the proper use of the federal TANF funds. Once DSS executes memoranda of understanding with DOC and SDE, this should clarify any misunderstandings regarding subrecipient monitoring requirements.

## 2018-027 Subrecipient Monitoring

**Temporary Assistance for Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States of Health and Human Services**
**Award Years: Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

**Social Services Block Grant (SSBG) (CFDA 93.667)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTSOSR and 1801CTSOSR**

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.331 provides that a pass-through entity shall perform the following:

1. Ensure that DSS clearly identifies every subaward to the subrecipient as a subaward, which includes providing Catalog of Federal Domestic Assistance (CFDA) number and name, federal award identification number, project description, award date, and name of federal awarding agency.
2. Advise subrecipients of requirements imposed on them so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award, and any additional requirements imposed by the pass-through entity to meet its own responsibility to the Federal awarding agency.
3. Monitor the activities of the subrecipients as necessary to ensure that the subrecipient uses the subaward for authorized purposes in compliance with federal statutes, regulations, and the terms and conditions of the subaward and ensure that they achieve performance goals. This includes

a review of financial and performance reports required by the pass-through entity.
4. Verify that subrecipients have met the audit requirements for the fiscal year, if required.

Title 2 CFR 200.331 provides that a pass-through entity is responsible for ensuring that an applicant for a subaward has provided its unique entity identifier (referred to as the Dun and Bradstreet Data Universal Numbering System [DUNS] number) as part of its subaward application or prior to award.

Title 2 CFR 200.510(a) provides that the auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.

Title 2 CFR 200.510(b) provides that the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditees' financial statements, which must include the total federal awards determined in accordance with CFR 200.502.

*Condition:* Our review of DSS monitoring procedures disclosed the following:

- Three TANF subrecipient contracts did not include the CFDA name or number. DSS did not provide the subrecipients with the required federal award information.
- DSS did not adequately track the receipt of financial and performance reports for SSBG subrecipients. We could not determine when 5 subrecipients actually submitted their reports.
- DSS did not perform on-site visits for 3 SSBG subrecipients.
- DSS did not obtain unique entity identifiers for one subrecipient from the Teen Pregnancy Prevention Initiative (TPPI) program.
- DSS did not ensure that one TPPI subrecipient included federal awards in their schedule of expenditures of federal awards.
- DSS did not ensure that one SSBG subrecipient included its financial statements in their audit reporting package.

*Context:* During the fiscal year ended June 30, 2018, DSS entered into 17 contracts with subrecipients of the TANF program. We reviewed 5 TANF program subrecipients and their audit reports and related documentation. DSS entered into 25 contracts with subrecipients of the SSBG program. We reviewed 5 SSBG program subrecipients.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The utilization and monitoring of federal funds are questionable when contracts do not address the federal requirements. There is decreased assurance that subrecipients are using federal funds for allowable TANF and SSBG programs activities.

*Cause:* The TANF subaward information and unique entity identifiers were lacking due to administrative oversight.

DSS did not have adequate procedures in place to document monitoring activities of SSBG subrecipients.

*Prior Audit Finding:* We previously reported this as finding 2017-029 and in 12 prior audits for the TANF program and in 13 prior audits for the SSBG program.

*Recommendation:* The Department of Social Services should strengthen procedures to ensure compliance with its responsibility as a pass-through entity in the TANF and SSBG programs.

*Views of Responsible Officials:*

"The Department agrees with this finding. The Department's current processes include ensuring that the CFDA names and numbers are included on subrecipient contracts as they come up for renewal. The Department has recently updated its standard terms and conditions on TANF contracts to include all requirements imposed upon subrecipients.

The Department continues to ensure that on-site visits are performed and all performance and financial reports are adequately monitored in accordance with contract stipulations."

## 2018-028 Subrecipient Monitoring

**Social Services Block Grant (SSBG) (CFDA 93.667)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTSOSR and 1801CTSOSR**

*Background:* The Department of Social Services (DSS) is the designated single state agency in Connecticut for the allocation and administration of the SSBG program. SSBG funds support the programs of several state agencies including the Department of Mental Health and Addiction Services (DMHAS), the Department of Housing and the Office of Early Childhood.

The state may transfer up to 10% of its Temporary Assistance for Needy Families (TANF) funds for a given federal fiscal year to carry out programs under the SSBG program.

DMHAS is responsible for administering mental health and addiction program services rendered through private non-profit providers. During the fiscal year ended June 30, 2018, DMHAS expended $1,614,733 in SSBG funds used to administer various mental health and addiction service programs.

During the fiscal year ended June 30, 2018, the Department of Housing (DOH) claimed $8,192,492 of SSBG expenditures, $1,199,287 were TANF funds that were transferred into SSBG. DOH is responsible for administering programs for homeless individuals, including emergency shelter services, transitional housing services, on-site social services for available permanent housing, and for the prevention of homelessness.

During the fiscal year ended June 30, 2018, DSS transferred TANF funds of $4,037,177 to the Office of Early Childhood (OEC) for child day care services under the SSBG program.

*Criteria:* Title 2 CFR 200.331 provides that the pass-through entity shall perform the following:

1. Ensure that every subaward is clearly identified to the subrecipient as a subaward, which includes providing federal award identification information.
2. Advise subrecipients of requirements imposed on them so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award, and any additional requirements imposed by the pass-through entity to meet its own responsibility to the federal awarding agency.
3. Monitor the activities of the subrecipients as necessary to ensure that the subrecipient uses the subaward for authorized purposes in compliance with federal statutes, regulations, and the terms and conditions of the subaward and ensure that they achieve performance goals. This includes a review of financial and performance reports required by the pass-through entity.
4. Verify that subrecipients have met the audit requirements for the fiscal year, if required.

Title 42 United States Code Section 604(d)(3)(A) and 9902(2) provide that the state shall only use the amount transferred into SSBG from TANF for programs and services to children or their families whose income is less than 200% of the official poverty guideline as revised annually by the U.S. Department of Health and Human Services.

*Condition:* A review of subrecipient monitoring procedures disclosed the following:

Department of Mental Health and Addiction Services:
1. DMHAS failed to provide required award information to 10 subrecipients.
2. DMHAS did not complete reviews of 9 subrecipient audit reports.

Department of Housing:
Award Information:
1. DOH did not properly identify the amount of the subaward for 8 subrecipients. The amount of the subaward listed in DOH's contracts with the subrecipients did not agree with amounts actually provided during the fiscal year ended June 30, 2018.
2. DOH did not inform one subrecipient that funds received were from a federal award. DOH did not provide the subrecipient with the required federal award information and did not advise subricipients of all the requirements imposed on them by federal statutes, regulations, and the terms and conditions of the federal award. In addition, DOH did not obtain the unique entity identifier from the subrecipient.

Monitoring Activities:
1. DOH did not have all the required financial reports on hand for 2 subrecipients. In addition, 5 subrecipients submitted some of the required financial reports late.
2. For 3 subrecipients, documentation was not on hand to indicate that, during its on-site monitoring, that DOH verified that TANF funds expended on behalf of the SSBG program were used for programs and services to children or their families whose income is less than 200% of the official poverty guideline.

Office of Early Childhood:
OEC provided child day care providers with a program status report (PSR) template that contained incorrect SSBG family income eligibility guidelines. The income levels in the template were lower than the income levels issued by the United States Department of Health and Human Services.

*Context:* Department of Mental Health and Addiction Services:
1. During the fiscal year ended June 30, 2018, DMHAS entered into contracts to provide $1,614,733 in SSBG funding to 18 subrecipients. We reviewed 10 DMHAS SSBG subrecipient contracts to determine the adequacy of subrecipient monitoring.
2. DMHAS entered into contracts to provide $1,894,676 in SSBG funding to 19 subrecipients during the fiscal year ended June 30, 2017. Of the 19 SSBG subrecipients, 9 were required to file audit reports during the fiscal year ended June 30, 2018. We selected all 9 for review.

The samples were not statistically valid.

Department of Housing:
During the fiscal year ended June 30, 2018, DOH provided 39 subrecipients with $8,160,508 of SSBG funds to administer various programs for homeless individuals, 25 of which received TANF funds totaling $1,167,303. We reviewed 9 of these subrecipients that were provided $1,699,712 of SSBG funds, of which $157,247 was transferred from TANF.

The sample was not statistically valid.

Office of Early Childhood:
During the fiscal year ended June 30, 2018, OEC expended TANF funds to carry out SSBG programs that totaled $3,965,988, on behalf of the SSBG program. OEC requires child day care providers to submit monthly program status reports and accompanying enrollee roster reports (PSR-E) on financial and enrollment data.

*Questioned Costs:* $0

*Effect:* DSS has limited assurance that the use of federal funds is for allowable activities. The amount of expenditures of federal awards reported in the SEFA is a key factor in determining major program coverage. Improper identification of federal expenditures in the subrecipients' SEFA could result in the omission of major federal programs from the federal single audit.

In addition, there is reduced assurance that TANF funds transferred to the SSBG program were used for programs and services to children or their families whose income is less than 200% of the official poverty guideline.

*Cause:* Department of Mental Health and Addiction Services:
The inadequate identification of federal awards to subrecipients appears to be an oversight by management. The lack of procedures for monitoring subrecipients appears to be the result of limited staffing and resources.

Department of Housing:
DOH did not have adequate procedures in place to properly monitor the activities of subrecipients. In addition, uncertainty about the level of availability of SSBG funding during the fiscal year resulted in DOH changing the amount of the subawards provided to subrecipients.

DSS did not adequately guide or support DOH in the proper administration of the SSBG program and did not address known deficiencies in subrecipient monitoring.

Office of Early Childhood:
Inadequate management oversight and limited staffing resulted in the office not providing revised property guidelines to child day care providers.

*Prior Audit Finding:* We previously reported the DMHAS portion of this finding as 2017-031 and in 1 prior audit. We previously reported the DOH portion of this finding as 2017-030 and in 3 prior audits. We previously reported the OEC portion of this finding as 2017-033 and in 2 prior audits.

*Recommendation:* The Department of Social Services should work with the Department of Mental Health and Addiction Services and the Department of Housing to establish and implement procedures to comply with Title 2 CFR 200.331 concerning its responsibilities as a pass-through entity and to ensure that they properly monitor subrecipients and notify them of federal awards.

The Office of Early Childhood should verify that the annual family income eligibility levels are correct on the program status report per the official poverty guidelines provided by the United States Department of Health and Human Services.

The Department of Social Services (DSS) should provide additional guidance to the Department of Mental Health and Addiction Services (DMHAS), the Department of Housing, and the Office of Early Childhood for monitoring subrecipients to ensure that DMHAS, DOH and OEC use Social Services Block Grant funds according to federal regulations and the DSS Social Services Block Grant Allocation Plan.

*Views of Responsible Officials:*

*Response provided by the Department of Mental Health and Addiction Services:*

1. "The Department agrees with this finding. Going forward, the Department will provide the CFDA number and name, federal award identification number, project description, award date, and name of the federal awarding agency in a timely manner.
2. The Department agrees with this finding. The Department completed its transition of the Single Audit review function from the Fiscal Office to the Audit Division. Currently the Audit Division is completing reviews of Single Audits for years prior to FYE 18. Once completed audit reviews for FYE 18 and subsequent years will be reviewed on a timely basis."

*Response provided by the Department of Housing:*
"We agree with this finding in part. The Department implemented new procedures during FY 17-18 in response to previous audit findings. In its review of the effectiveness of these procedures, the Department has identified potential inadequacies and will adopt modifications to its procedures to

properly track document submission, although DOH no longer receives TANF funding from DSS. In terms of the reports submitted late, the Department has implemented a system to identify late submissions and work with its recipients to obtain the documents in a timely fashion. All SSBG contracts were monitored during FY 17-18, but as part of a conversion of all documents to an electronic format, 1 staff member mistakenly used incorrect forms. That issue has been addressed and all staff have been properly trained in the use of the correct forms. The Department looks forward to the receipt of additional guidance from the Department of Social Services (DSS) to ensure that SSBG funds are used in accordance with federal regulations and the DSS SSBG Allocation Plan."

*Response provided by the Office of Early Childhood:*
"The Office of Early Childhood agrees with the recommendation to verify that the annual family income eligibility levels are correct on the Program Status Report per the official poverty guidelines as provided by the United States Department of Health and Human Services.

The process of reissuing the Program Status Report includes updating the official poverty guidelines provided by the United States Department of Health and Human Services, but is complicated by the need to also update the OEC Family Fee Schedule. The OEC is engaged with a consultant to advance the work of updating the fee schedule, which includes giving consideration to the implications of fee schedule changes for families and providers. This process will be complete by the end of SFY 19.

It should be noted that as of October 1, 2017, SSBG funds are no longer utilized to fund the Child Day Care Program."

*Response provided by the Department of Social Services:*
"The Department concurs with the responses provided by the Department of Mental Health and Addiction Services, Department of Housing and the Office of Early Childhood."

# DEPARTMENT OF TRANSPORTATION

## 2018-100 Allowable Costs/Cost Principles – Allocation of Specialized Service Center Costs

**Highway Planning and Construction (Federal-Aid Highway Program) (CFDA 20.205)**
**Federal Award Agency: United States Department of Transportation (Federal Highway Administration (FHWA))**
**Award Years: Various**
**Federal Award Numbers: Various**

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.468 provides that the costs of services provided by specialized facilities, such as computing facilities, must be charged based on a schedule of rates that is designed to recover only the allocable costs of the services. Rates must be adjusted at least biennially and must take into consideration over/under applied costs of the previous period(s).

*Condition:* During our review of Highway Planning and Construction program expenditures, we noted that the Department of Transportation (DOT) charged an hourly rate of $21 for computer-aided design and drafting (CADD) services to accounts maintained for projects that utilized the services during the fiscal year ended June 30, 2018. This rate, which has not changed since the fiscal year ended June 30, 2009, was based on a cost analysis performed in the fiscal year ended June 30, 2008. The charged rate was not supported by a cost analysis performed in accordance with Title 2 CFR 200.468.

*Context:* We estimate that DOT charged CADD services, totaling $1,023,224, to the program during the fiscal year ended June 30, 2018. These were the only charges for services provided by specialized facilities to the program during the period. Program expenditures during the year were $505,709,638.

*Questioned Costs:* As a result, questioned costs total $1,023,224, the entire net amount charged to the program during the fiscal year ended June 30, 2018.

We determined this amount by calculating the ratio of charges for CADD services to total IT data services charges, applying that ratio to the credits representing the state share of IT data services, and subtracting the result from gross service center charges of $1,232,780.

*Effect:* Charges to the program for CAAD services may have been excessive.

*Cause:* DOT appeared to overlook the requirement to perform a cost analysis and adjust the rate at least biennially.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Transportation should review charges for CADD services during periods in which the rate used was not supported by a cost analysis performed in accordance with Title 2 CFR 200.468. If overcharges are identified, they should be offset by reducing the rate used during future periods. DOT should prepare cost analyses on an ongoing basis, and adjust the rate as required.

*Views of Responsible Officials:*

"The Department agrees with this finding. The Department has assigned a staff person to complete a cost analysis of SFY 2010 through 2018 to determine actual CADD expenditures for each year, and, based on the actual CADD utilization hours for each year; compute an hourly rate for each year. This rate will then be compared with the rate that was used each year to charge CADD services to the federal Highway, Planning and Construction program, to determine over or under recoveries for each year. Going forward, the cost analysis will be done on an annual basis, and the rate adjusted accordingly."

## 2018-101 Cash Management – Cash Balances

**Highway Planning and Construction (Federal-Aid Highway Program) (CFDA 20.205)**
**Federal Award Agency: United States Department of Transportation (Federal Highway Administration (FHWA))**
**Award Years: Various**
**Federal Award Numbers: Various**

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.305, provides that state drawdowns of federal funds are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements. Under the agreement between the Treasury and the State of Connecticut, the state is to request Highway Planning and Construction program funds no earlier than the second working day following the day of disbursement.

Under Title 2 CFR 200.303, the State Department of Transportation (DOT) is required to establish and maintain effective internal control over federal awards that provides reasonable assurance that the awards are being managed in compliance with federal requirements. Monitoring the balance of cash on hand is a key control that provides assurance with respect to cash management requirements.

*Condition:* The Department of Transportation's policy is to request Highway Planning and Construction funds in arrears, in accordance with the state's CMIA agreement. Our review of a sample of transactions indicated that DOT complied with this policy during the fiscal year ended June 30, 2018.

However, we noted that the cash accounts maintained for the program in Core-CT, the state's accounting system, had a net aggregate debit balance of $15,146,068 as of June 30, 2018. This is inconsistent with the DOT policy of requesting funds in arrears. Under the DOT policy, federal accounts should have credit cash balances.

The debit cash balance in the program's accounts appears to reflect accumulated posting errors that mostly occurred during the fiscal year ended June 30, 2007. DOT did not detect or correct the errors, because the department does not monitor federal program cash balances.

*Context:* This condition indicates a significant deficiency in internal control. However, we believe that the cash balance in the program's accounts consists of misclassified state funds, not federal funds drawn in advance. Our conclusion is based on our understanding of the transaction level controls in effect at DOT, our current review of program activity, and reviews of prior-period activity performed during previous audits.

*Questioned Costs:* $0

*Effect:* DOT has not implemented a key control over federal cash management requirements. This increases the risk that federal funds will be drawn earlier than permitted by the state's CMIA agreement.

*Cause:* Responsibilities for various aspects of program administration are decentralized. It does not appear that DOT assigned the responsibility for monitoring federal program cash balances to a specific unit.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Transportation should monitor cash accounts maintained for federal programs in the state's accounting system.

*Views of Responsible Officials:*

"The Department agrees with this finding in part.

We agree that having a debit cash balance appears to be inconsistent with DOT's policy of requesting funds in arrears, and that the net aggregate debit cash balance for Highway Planning and Construction funds is the result of past "accumulated posting errors."

However, we do not agree that these errors "were not detected and corrected because DOT does not monitor federal program cash balances." The Department believes that the net aggregate debit cash balance for Highway and Construction funds as of June 30, 2018 exists primarily due to accounting entries made by the Office of the State Comptroller (OSC) to establish Cash balances when Core-CT was implemented in 2003; and, subsequently, when federal SIDs were consolidated in the fiscal year ended June 30, 2007. A resolution to this outstanding issue will require significant further analysis and coordination with OSC.

As detailed in the Department's CAFR management representation letter dated January 15, 2019, prior to the implementation of Core-CT, the Department's state bond and federal funds were commingled. The implementation of Core-CT in 2003 required that funds be split into separate state and federal SIDs. Since it was not possible to precisely delineate these balances, a mechanism was developed to provide estimates in order to distribute project and allotment budget balances between federal and state fund-SID combinations. OSC created cash entries to establish balances by fund-SID according to those estimates, some of which were subsequently modified as part of specific initiatives to make corrections to the initial balances. Over the past several years, the Department has continued to perform research involving pre-Core-CT projects as part of the closeout process. Once the majority of pre-Core-CT projects are closed, we will work with OPM and OSC to determine possible allotment redistributions, which will also affect cash balances.

Regarding the recommendation that the Department should monitor cash accounts maintained for federal programs, the Department will pursue discussion with OSC regarding additional steps that may be taken to monitor cash balances for Federal SIDs.

However, the Department believes that controls are in place to ensure the integrity of cash management for federal programs. The Department submits weekly billings for federal drawdowns to FHWA in arrears for eligible federally coded expenditures that have entered the project resource table since the prior federal billing; the Department regularly reviews and follows up on expenditure transactions coded to federal SIDs that were not billed (OLT and Unbilled); and, each fiscal year, the Department reviews and certifies to OSC that CMIA funding technique requirements have been met.

Also of note, the Department understands that OSC performs regular monitoring to ensure transactions recorded to Core-CT Asset and Liability accounts by fund-SID are balanced."

## 2018-102 Subrecipient Monitoring – Identification of Subawards

**Highway Planning and Construction (Federal-Aid Highway Program) (CFDA 20.205)**
**Federal Award Agency: United States Department of Transportation (Federal Highway Administration (FHWA))**
**Award Years: Various**
**Federal Award Numbers: Various**

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.331 requires pass-through entities to:

- Ensure that subaward documentation clearly identifies subawards as subawards and contains specific information including the Catalog of Federal Domestic Assistance (CFDA) number, the federal award date and the subrecipient's DUNS number.
- Verify that subrecipients have met the audit requirements of 2 CFR Part 200, Subpart F.
- Review the audit reports issued under 2 CFR Part 200, Subpart F and ensure that timely and appropriate action is taken with respect to any applicable audit findings.

Per Title 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards. Without establishing a process to identify all federal subawards centrally, it is difficult to ensure that subrecipient monitoring requirements are met for all subawards.

*Condition:* The Department of Transportation (DOT) made subawards from the Highway Planning and Construction program to municipalities and Councils of Government (COGs) during the fiscal year ended June 30, 2018. We found that subaward documentation for both municipalities and COGs did not include the CFDA number, the federal award date or the subrecipient's DUNS number. Additionally, DOT did not verify that municipalities met the audit requirements of 2 CFR Part 200, Subpart F nor review their audit reports, as applicable.

*Context:* During the fiscal year ended June 30, 2018, DOT made subricipient payments to 80 municipalities (totaling $39,692,141) and 9 Councils of Government (totaling $5,602,772.57) under the Highway Planning and Construction program. We reviewed DOT's monitoring of 25 of the municipalities and all 9 COGs.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* Noncompliance with federal subrecipient monitoring requirements decreases assurance that subrecipients are using federal funds in accordance with federal requirements.

*Cause:* The Department of Transportation does not have a centralized process in place to identify all federal subawards and verify that federal monitoring requirements are met.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Transportation should develop a process to identify all federal subawards centrally and verify that all federal monitoring requirements are met.

*Views of Responsible Officials:*

"Bureau of Policy and Planning

We agree with this finding in part as it relates to the COGs. At present, the Bureau of Policy and Planning does not have any agreements with municipalities. The Bureau of Policy and Planning uses a ten-year master COG agreement, with specific project parameters outlined in a Project Authorization Letter. The Bureau has developed a checklist of all the requirements that need to be included in the PAL. We will add the CFDA number, the DUNS number and the federal award date to this checklist. For your records, please find the following: Subrecipient Monitoring Internal Control summary (revised 1/3/2019); The PAL instruction form and the PAL checklist.

Bureau of Engineering and Construction

We agree with this finding that sub-award documentation must clearly identify sub-awards as sub-awards and contain specific information including the Catalog of Federal Domestic Assistance (CFDA) number, the federal award date and the sub-recipients DUNS number.

The corrective action planned involves modifying existing Department processes and practices to include the CFDA, DUNS and federal award date in information that is routinely conveyed to sub-recipients. More specifically, the Departments standard "Authorization to Award" letter to sub-recipients will be modified to include the CFDA number and actual federal award date. The Departments Project Authorization Letter (PAL) template will be modified to include the DUNS number.

This information will be disseminated in the Department through an Engineering and Construction bulletin.

While we agree with the state auditors' conclusion that "DOT did not verify that municipalities had met the audit requirements of 2 CFR Part 200, Subpart F or review their audit reports" we would like to note the following actions being taken. The Department's External Audits office routinely performs agreed upon procedures/engagements on specific federal aid projects upon completion of construction and when requested by the administrating unit. The findings are communicated to the Departments Financial and Support unit who notifies the sub-recipient and follows-up on any findings/recommendations. Additionally, the Departments overall relationship with the Federal Highway Administration (FHWA) is governed by our May 2018 Stewardship and Oversight Implementation Manual which provides assurances and procedures to ensure that all federal regulations are met. More specifically on pages 36 through 45 detail these requirements. We would like to note that the FHWA has not indicated any issue with how the Department implements 2 CFR 200 Part F with our sub recipients.

Regardless, the Department will take action to ensure all parties are satisfied with the process in place. To that end, we will be setting up a meeting with the Bureau Chiefs of Finance and Administration (Bob Card) and Engineering and Construction (Mark Rolfe) to develop a course of action to resolve this finding. We anticipate we may also have to consult with FHWA and meet again with the Auditors of Public Accounts in the future."

## DEPARTMENT OF LABOR

### 2018-150 Reporting – ETA 227

**Unemployment Insurance (UI) (CFDA 17.225)**
**Federal Award Agency: United States Department of Labor**
**Award Years: Not Applicable**
**Federal Award Number: Not Applicable**

*Criteria:* The Unemployment Insurance (UI) Reports Handbook No. 401, 5th Edition, Section IV, General Reporting Instructions for the ETA 227 Overpayment Detection and Recovery Activities, states that applicable data on the ETA 227 report should be traceable to the data regarding overpayments and recoveries in the state's financial accounting system. The item-by-item instructions state that for Section A, Overpayments Established, total non-fraud overpayments (line 103) includes all overpayments classified as non-fraud (lines 104 through 108) and Section C, Recovery/Reconciliation, waived overpayments (line 308) includes overpayments reported in Section A that were waived under state law. The instructions also state that for Section E, Aging of Benefit Overpayment Accounts, the sum of Total Accounts Receivable (line 507) must equal the sum Outstanding at the End of Period (line 313).

The U.S. Department of Labor Unemployment Insurance Program Letter (UIPL) No. 02-12 requires states to impose a monetary penalty on claimants whose fraudulent acts resulted in overpayments.

According to UIPL 11-09, States should report FAC overpayments (established and recovered) in the comments section of the ETA 227 report as "FAC Established = $$$" and "FAC Collected = $$$".

*Condition:* Based on our fieldwork, we determined that the ETA 227 reporting deficiencies noted in prior audits will continue to occur until the department replaces its current system used to populate the report. The federal government is aware of the ongoing issues.

*Context:* Prior audits of the ETA 227 Overpayment Detection and Recovery Activity reports have disclosed internal control deficiencies for over 10 consecutive years.

*Questioned Costs:* $0

*Effect:* When reports are not properly prepared, the state's integrity efforts cannot be effectively assessed.

*Cause:* The condition appears to be due to a combination of accounting and software errors. Furthermore, it appears that the supporting data for the ETA 227 is unreliable as it contains information from incorrect periods.

*Prior Audit Finding:* We previously reported this as finding 2017-150, as well as in 10 prior reports.

*Recommendation:* The Department of Labor should strengthen internal controls to ensure that amounts reported on the ETA 227 Overpayment Detection and Recovery Activities Report are accurate, complete, and supported.

*Views of Responsible Officials:*

"We agree with this finding and it remains unresolved. The data on the ETA 227 has improved from technology changes that were implemented about four years ago. In addition, agency personnel review and will continue to review each quarterly submission and evaluate the accuracy from a listing of the data included in the aggregate calculations on the report. However, the agency is severely hampered by the constraints of a forty-year-old mainframe system which will continue to include a marginal level of error as it is not feasible or cost effective for the agency to correct data errors of the magnitude that could be involved in the effort to undo decades of inaccurate programming. The agency is instead focusing its resources on moving forward with a modernized technology system, which should correct any remaining errors with this data. The agency is transparent with its communication on these issues to both Federal and State authorities."

## 2018-151 Special Tests and Provisions – UI Benefit Overpayments

**Unemployment Insurance (UI) (CFDA 17.225)**
**Federal Award Agency: United States Department of Labor**
**Award Year: Not Applicable**
**Federal Award Number: Not Applicable**

*Criteria:* Pub. L. No. 112-40, enacted on October 21, 2011, and effective October 21, 2013, amended sections 303(a) and 453A of the Social Security Act and sections 3303, 3304, and 3309 of the Federal Unemployment Tax Act (FUTA) to improve program integrity and reduce overpayments. States are (1) required to impose a monetary penalty (not less than 15 %) on claimants whose fraudulent acts resulted in overpayments, and (2) states are prohibited from providing relief from charges to an employer's Unemployment Compensation account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information. States may continue to waive recovery of overpayments in certain situations and must continue to offer the individual a fair hearing prior to recovery.

Section 31-273(a)(1) of the Connecticut General Statutes requires that any person who, through error, has received any sum of benefits under this chapter while any condition for the receipt of benefits imposed by this chapter was not fulfilled in his case, or has received a greater amount of benefits than was due him under this chapter, shall be charged with an overpayment of a sum equal to the amount so overpaid to him, provided such error has been discovered and brought to his attention within 1 year of the date of receipt of such benefits.

Section 31-273(b)(1) of the Connecticut General Statutes requires that any person who, by reason of fraud, willful misrepresentation or willful nondisclosure by such person or by another of material fact, has received any sum as benefits under this chapter while any condition for the receipt of benefits imposed by this chapter was not fulfilled in such person's case, or has received a greater amount of benefits than was due such person under this chapter, shall be charged with an overpayment and shall be liable to repay to the administrator of the Unemployment Compensation Fund a sum equal to the amount so overpaid to such person.

*Condition:* Our review of 15 positive cross-match results identified 5 instances in which potential overpayments were not investigated further because employers did not return the Certification of Earnings (UC-1124) letters.

*Context:* The department did not investigate 5 possible overpayments because the employers did not return UC-1124 requests. No documentation was noted in the department's mainframe system regarding its follow up with employers concerning the unreturned UC-1124 requests.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* Overpayment of unemployment compensation may not be recovered if employers fail to respond to UC-1124 letters. In addition, the department may not receive penalty and interest charges that would be assessed on fraudulent overpayments.

*Cause:* The department does not follow up on potential overpayments detected through cross-match, if the employer does not return the UC-1124 letter. Furthermore, the department informed us that it does not actively track outstanding UC-1124 letters.

*Prior Audit Finding:* We previously reported this as finding 2017-152, as well as in 3 prior audits.

*Recommendation:* The Department of Labor should strengthen internal controls to ensure that all potential overpayments are investigated.

*Views of Responsible Officials:*

"We agree with this finding and it remains unresolved. It should be stressed that the agency's multiple automated cross-match programs will only detect possible overpayment leads. These leads do not all result in an overpayment as defined by law. Of the thousands issued to employers each year, many are either returned with an indication that there are no wages during a filing period or are investigated and found to result in no overpayment. With thousands of leads each year, unit staff triages cases to focus on the highest probable cases that are likely to result in an actual overpayment, knowing that a number of the cases will not. Further, to address the issue of the failure of some employers or their agents to respond to the agency's request for wage information from a cross-match "hit", BPC personnel has begun to target specific industry clusters in a controlled and systematic way to seek maximum results. This new approach is turning out to be very successful. The first specific industry being analyzed will result in the establishment of about two million dollars in overpayments involving nearly two dozen employers and hundreds of claimants. It is likely that this investigation will lead to a felony case for hundreds of individuals via the Chief State Attorney's Office."

## 2018-152 Lack of Budget Management and Approval for WIOA Allocation Formula

**Workforce Innovation and Opportunity Act (WIOA)**
**WIOA Adult Program (CFDA 17.258)**
**WIOA Youth Activities (CFDA 17.259)**
**WIOA Dislocated Workers (CFDA 17.278)**
**Federal Award Agency: United States Department of Labor**
**Award Years: Federal Fiscal Years 2016-2017, 2017-2018**
**Federal Award Numbers: AA-28307-16-55-A-9; AA-30739-17-55-A-9**

*Background:* The Connecticut Employment and Training Commission (CETC) is Connecticut's State Workforce Development Board (WDB), as authorized under the federal Workforce Innovation and Opportunity Act (WIOA) and established under state statute. The CETC, which holds quarterly meetings as required by the statute, provides workforce-related policy and planning guidance to the Governor and General Assembly, and promotes coordination of the state's workforce-related activities. The WIOA fund allocation for each of the state's 5 regional WDBs is approved during the CETC regular board meeting before its distribution. The Department of Labor (DOL) provides the majority of its funds for 5 local WDBs. The Office of Workforce Competitiveness (OWC) provides support and technical assistance to the CETC membership.

*Criteria:* Title 20 Code of Federal Regulations (CFR) 679.130 states that Under WIOA Section 101(d), the state WDB must assist the Governor in the development of allocation formulas for the distribution of funds for employment and training activities for adults and youth workforce investment activities to local areas as permitted under WIOA Sections 128(b)(3) and 133(b)(3).

Title 2 CFR 200.302 requires that the financial management system for non-federal entities must provide comparisons of expenditures with budget amounts for each federal award.

*Condition:* The CETC, as the designated authority, was not involved in the development of WIOA allocation formulas for distribution of federal award AA-0739-17-55-A-9, to the 5 local WDBs.

Our review disclosed that 7 out of 15 monthly Contract Budget vs. Expenditures reports were not submitted by the 5 local WDB between January 1, 2018 and March 30, 2018.

*Context:* The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The federal awards may not be allocated properly if certain designated authority is not involved in the process. In addition, without closely monitoring the monthly Contract Budget vs. Expenditures reports, there is an increased risk that allocated WIOA funds to the local WDB may not be expended as intended.

*Cause:* The CETC did not hold quarterly board meetings to fulfill its responsibility to assist the Governor in the development of allocation formulas for the WIOA funds distribution. The OWC acted on behalf of the Governor and reviewed the allocation formulas developed by the WIOA Administration Unit. However, the OWC cannot provide supporting evidence for such authorization.

DOL administrative policy requires the WDBs to submit monthly Contract Budget vs. Expenditures reports. The DOL does not have adequate controls in place to ensure that its administrative policy is properly implemented.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Labor should strengthen internal controls to ensure that its administrative policy pertaining to its Contract Budget vs. Expenditures reports is fully implemented and properly followed. Additionally, the Connecticut Employment and Training Commission should fulfill its responsibility for the development of allocation formulas for Workforce Innovation and Opportunity Act fund distribution.

*Views of Responsible Officials:*

"We partially agree with this finding. In November 2017, a policy was issued to the 5 WDBs requiring monthly submission of budget vs. actual expenditures reports. Subsequent correspondence with WDBs highlighted the need for a phased in approach since WDBs had not previously been held accountable for such reports. WDBs have been submitting on a quarterly basis. Correspondence from the WIOA Administration unit advising the WDBs that the monthly submittal will be required beginning with January of 2019 was sent on December 18, 2018.

We partially disagree with reference that the Connecticut Employment and Training Commission did not involve the WDBs or fulfill its responsibility for the development of allocation formulas for WIOA fund distribution. Neither the CETC or the WIOA Administrative Unit develop the formulas to calculate the in-state allocations of WIOA funding to each of the local WDBs. The in-state allocation formulas are provided in WIOA legislation; and applying these formulas the WIOA Administration unit works collectively with the CTDOL Office of Research to ascertain and utilize the current data sets as required by the legislation to calculate the local WDBs allocations using the formulas as outlined in the legislation. OWC and the Labor Commissioner Jackson did discuss the allocations with the Governor's Office and acted on his behalf. The June CETC meeting was cancelled due to the resignation of the CETC chair earlier that year."

*Auditors' Concluding Comments:*

Although the June CETC meeting was cancelled, other measures should have been taken to ensure the CETC involvement in the development of the allocation formulas. Additionally, there is lack of documentation to substantiate that the allocations were discussed with the Office of the Governor.

## 2018-153 Earmarking – Youth Activities

**Workforce Innovation and Opportunity Act (WIOA)**
**WIOA Youth Activities (CFDA 17.259)**
**Federal Award Agency: United States Department of Labor**
**Award Years: Federal Fiscal Year 2016-2017**
**Federal Award Number: AA-28307-16-55-A-9**

*Criteria:* Title 20 Code of Federal Regulations (CFR) 681.410 requires that for any program year, not less than 75% of the Youth Activity funds allocated to statewide activities and local areas must be used to provide direct youth workforce investment activities for out-of-school youth, except funds spent on activities that do not provide direct services to youth, such as administrative costs, monitoring and technical assistance.

Title 20 CFR 681.590 also provides that local youth programs must expend not less than 20% of the non-administrative Youth Activity funds to provide both in-school and out-of-school youth with paid and unpaid work experiences.

*Condition:* The Department of Labor (DOL) provides the majority of its WIOA funds to 5 Workforce Development Boards (WDB). Our review of earmarking related to WIOA Youth Activity funds disclosed the following:

- One WDB did not meet the earmarking requirement related to direct services for out-of-school youth by $23,764.
- One WDB did not meet the earmarking requirement related to providing youth work experiences by $161,106.

*Context:* We reviewed quarterly financial reports submitted for fiscal year ended June 30, 2018, and noted that the WDBs expended the Youth Activity funds for the federal award totaling $8,766,869.

The sample was not statistically valid.

*Questioned Costs:* $184,870

*Effect:* The WIOA Youth Activity funds may have been improperly used.

*Cause:* The department does not have proper procedures in place to ensure that the WDBs expend Youth Activity funds in compliance with federal earmarking requirements.

*Prior Audit Finding:* We previously reported this as finding 2017-156.

*Recommendation:* The Department of Labor should implement procedures to ensure that Workforce Innovation and Opportunity Act funds appropriately meet federal Youth Activities earmarking requirements.

*Views of Responsible Officials:*

"We agree with this finding. The WIOA Administration unit has been working closely with Business Management regarding this previous finding. A shared drive folder has been created in which completed and certified 9130 financial reports along with a spreadsheet formulated to calculate the Youth earmarking percentages for each WDB and the State as a whole are placed by Business Management staff. The WIOA Administration then reviews the information for WDB progress. Although the 9130 financial reports had been finalized, the WIOA Administration unit requested The Workplace review its youth work experience expenditures to determine if they had not properly reported all appropriate related expenses. The Workplace did in fact indicate that they had not categorized certain expenditures related to youth work experience as provided for in federal guidance and subsequent review determined that they had met the earmarking requirement."

### 2018-154 Subrecipient Monitoring

**Workforce Innovation and Opportunity Act (WIOA)**
**WIOA Adult Program (CFDA 17.258)**
**WIOA Youth Activities (CFDA 17.259)**
**WIOA Dislocated Workers (CFDA 17.278)**
**Federal Award Agency: United States Department of Labor**
**Award Years: Federal Fiscal Years 2016-2017, 2017-2018**
**Federal Award Numbers: AA-28307-16-55-A-9; AA-30739-17-55-A-9**

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.331 provides that the pass-through entity must monitor the activities of its subrecipients as necessary to ensure that each subaward is used for authorized purposes in compliance with federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved. Monitoring includes reviewing financial and performance reports required by the pass-through entity, following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award, and issuing a management decision for audit findings as required by 2 CFR 200.521.

In addition, the U.S. Department of Labor's Training and Employment Guidance Letter No. 15-14 provides guidance to Employment and Training Administration (ETA) grantees on the implementation of the U.S. Department of Labor's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" regulation, which went into effect on December 26, 2014.

*Condition:* Our review of subrecipient monitoring at the Department of Labor (DOL) disclosed the following:

- DOL received 5 independent public accountant (IPA) reports that were issued for the Workforce Development Boards (WDB) between December 2017 and February 2018. We noted that DOL completely reviewed 3 of the IPA reports. In 1 instance, DOL did not send the results of its monitoring reviews to the WDB until 11 months after the

- IPA issued its report. As of December 2018, the department was still reviewing the other 2 IPA reports.
- DOL program managers did not sign 2 of 4 WDB subrecipient monitoring review reports. Therefore, we cannot determine if the program managers properly reviewed and approved the reports before the WDBs were notified.
- We also noted that the DOL still uses the references related to outdated OMB Circulars instead of the new Uniform Guidance.

*Context:* During the fiscal year ended June 30, 2018, DOL claimed $26,880,793 in expenditures incurred by 5 WDBs for WIOA related activities. We reviewed 4 subrecipient monitoring files and 7 contracts. One WDB monitoring file was not available for review, due to an ongoing dispute related to its funding.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* Subrecipients' corrective action may be delayed without the DOL timely review of their audit reports. Citing incorrect references to audit guidance increases the risk that DOL may not have conducted proper monitoring of its subrecipients.

*Cause:* A lack of management oversight and inadequate staffing contributed to this condition.

*Prior Audit Finding:* We previously reported this as finding 2017-155.

*Recommendation:* The Department of Labor should strengthen its internal controls in order to effectively monitor its subrecipients.

*Views of Responsible Officials:*

"We agree with this finding. All Fiscal monitoring reports are reviewed and signed by program management staff prior to issuance to the WDBs. Although template forms may refer to OMB Circulars, WIOA fiscal monitoring is conducted and based on Uniform Guidance. WIOA Administration Unit staff will review the fiscal monitoring reports and ensure reference to OMB Circulars is removed.

The WIOA Administration unit and Business Management continue to work together implementing the new procedure on the IPA reviews and subsequent notice to the WDBs."

## 2018-155 Lack of Internal Controls Over Fiscal Management of Federal Awards

**Unemployment Insurance (UI) (CFDA 17.225)**
**Workforce Innovation and Opportunity Act (WIOA)**
**WIOA Adult Program (CFDA 17.258)**
**WIOA Youth Activities (CFDA 17.259)**
**WIOA Dislocated Workers (CFDA 17.278)**
**Federal Award Agency: United States Department of Labor**
**Award Years: UI – Not Applicable**
**WIOA – Federal Fiscal Years 2015-2016, 2016-2017, 2017-2018**
**Federal Award Numbers: UI – Not Applicable**
**WIOA – AA-26770-15-55-A-9; AA-28307-16-55-A-9; AA-30739-17-55-A-9**

*Background:* The Connecticut Department of Labor (DOL) receives various federal grants with the majority for the Workforce Innovation and Opportunity Act (WIOA) program, and the Unemployment Insurance (UI) program. Approximately 20-30 quarterly financial reports are required by the United State Department of Labor (USDOL) for both programs. In preparing these financial reports, numerous reconciliations are performed between different reports, Core-CT and the Federal Accounting and Reporting (FARS) System.

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.303 provides that a non-federal entity must establish and maintain effective internal control over the federal award to provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 2 CFR 200.430 provides that compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries.

*Condition:* One employee was responsible for all quarterly financial reporting and related reconciliations for the fiscal year ended June 30, 2018. An unexpected long-term leave in October 2018 left the agency dependent on inexperienced employees with limited knowledge to prepare quarterly financial reports.

We cannot determine if the reconciliation of personal services is accurate, because DOL is unable to provide us with a clear explanation of the reconciliation process due to the absence of one employee.

Additionally, DOL does not have a succession plan in the case of a sudden departure of the key employee.

*Context:* During the fiscal year ended June 30, 2018, DOL expended UI and WIOA federal awards totaling $734,280,845 and $36,811,747, respectively. In addition, DOL expended personnel services costs for UI and WIOA totaling $25,487,505 and $8,945,145, respectively.

*Questioned Costs:* $0

*Effect:* DOL may not have accurately prepared and submitted the financial reports without fully understanding of the requirements for the UI and WIOA programs.

*Cause:* DOL placed too many responsibilities on one employee. Also, the department did not provide adequate training to its employees to complete certain fiscal tasks.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Labor should strengthen its internal controls by dividing financial reporting responsibilities among its employees, rather than relying on a single individual. Also, the Department of Labor should provide adequate cross-training for its employees to fulfill certain fiscal responsibilities. In addition, the department should establish detailed financial reporting procedures and a succession plan in order to ensure it adheres to all federal requirements.

*Views of Responsible Officials:*

"We agree with this finding. On October 1, 2018 we provided corrective action by dividing the responsibilities of the financial reporting to the entire accounting and budget staff with each staff member being assigned specific financial reporting to complete. Starting June 22, 2018 a new accountant was hired to help alleviate the workload on the existing staff and allow for cross training of staff. With these measures there is still a need for an additional Accountant in the Accounting Unit to strengthen the Business Management succession plan. We are in the process of attempting to refill this position."

## DEPARTMENT OF PUBLIC HEALTH

### 2018-200 Lack of Monitoring of Connecticut AIDS Drug Assistance Program (CADAP) Rebates

**HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) (CFDA 93.917)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: April 1, 2017 to March 31, 2018**
**Federal Award Numbers: X07HA00022-27-00**

*Background:* In January 2017, the National Alliance of State and Territorial AIDS Directors (NASTAD) directed an email to all State AIDS Directors and AIDS Drug Assistance Program Coordinators regarding changes in the claim level data elements that administering state agencies should provide to pharmaceutical companies to receive rebates. Both the Department of Public Health (DPH) and the Department of Social Services (DSS) received this email and were aware of the changes.

The Department of Public Health is designated as the single state agency to administer this program in the federal notice of award. DPH entered into a memorandum of agreement with DSS to administer the Connecticut AIDS Drug Assistance Program (CADAP) segment of the AIDS program. This agreement stipulates that DSS must apply for all available and applicable drug manufacturer rebates, including but not limited to Section 340B drug discount pricing (ceiling prices for eligible health care organizations and covered entities for outpatient drugs) and AIDS Crisis Task Force pricing agreements.

*Criteria:* Proper contract management practice dictates that an agency should maintain sufficient oversight to ensure that a contractor is meeting the terms of an agreement.

Title 45 Code of Federal Regulations 75.305(a)(2) provides that to the extent available, before requesting additional cash drawdowns, states must disburse funds from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds.

*Condition:* During our audit, we discovered that DPH did not collect a large amount CADAP rebates available from pharmaceutical companies. For the period from January 1, 2017 through March 30, 2018, there was an estimated $10 million in uncollected rebates. DPH drew down $2,279,429 in federal funds in July, 2018, because DSS did not collect available rebates on behalf of DPH.

*Context:* DPH only became aware of the uncollected rebates when a pharmaceutical company contacted them in the fall of 2017. At the time that the federal draw down occurred, the rebates were still not collected.

*Questioned Costs:* $0

*Effect:* Since DSS did not collect the rebates available from pharmaceutical companies. These funds were not available to DPH, which had to draw down federal funds.

*Cause:* In accordance with the memorandum of agreement between DPH and DSS, DSS was responsible to collect all available rebates from pharmaceutical companies. DSS was aware of the additional data elements that pharmaceutical companies needed to process the outstanding CADAP rebates. However, DPH did not determine why DSS did not provide the required information to the companies.

A lack of timely oversight by DPH regarding uncollected rebates may have contributed to the delays in DSS collecting receipts for use toward the program.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Public Health should ensure that the Department of Social Services promptly pursues and collects all Connecticut AIDS Drug Assistance Program rebates available from pharmaceutical companies, and make these funds available for utilization prior to the drawdown of federal funds.

*Views of Responsible Officials:*

"The Department of Public Health (DPH) does not agree with this finding. The National Alliance of State & Territorial AIDs Directors (NASTAD)/ AIDS Crisis Task Force reached an agreement for supplemental rebates for HIV medications beginning January 1, 2017 with DPH and other pharmaceutical companies as parties to the agreement. Because the supplemental taskforce rebate amounts are not known at the time of billing, DPH is not in a position to know how much rebate amount will be paid until such payments are made by pharmaceutical companies. Department of Social Services (DSS), the DPH sub-recipient responsible for administering the CT ADAP program provided assurance that the information necessary in satisfying the rebate requirements under this supplemental agreement with pharmaceutical companies is readily available with no need for any additional action on the DPH's part.

DSS and the pharmaceutical companies involved in the CT ADAP program did not notify DPH and DPH was not made aware of any issues related to satisfying the conditions for the rebates until the fall of 2017. As a result, DPH was in no capacity to address any of the concerns raised prior to the fall of 2017.

DPH conducted extensive oversight and monitoring of DSS through routine receipt and review of financial and program reports related to the collected and in-process rebates. As there were no available rebates during the period in question, DPH complied with 45 CFR.305 (A) (2) and the DPH policy and procedure on AIDS Drug Assistance Program Rebate and requested the federal draw down of $2,279,427.

DPH has engaged a new sub-recipient that is now responsible for day-to-day operations and management of CADAP activities including timely invoicing of drug manufacturers, rebate, and cash posting and reporting. DPH will directly oversee all CADAP functions and ensure that available rebates are promptly pursued, collected and utilized in accordance with the HRSA Ryan White Part B program monitoring standards and federal regulations."

*Auditors' Concluding Comments:*

DPH has the ultimate responsibility for the program, despite its agreement with DSS to perform CADAP-related functions. If DPH exercised extensive oversight and monitoring of DSS, it should have been able to determine the failures with the implementation of the changes regarding claim level data elements in rebate billing.

## 2018-201 Eligibility – AIDS Drug Assistance Program

**HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) (CFDA 93.917)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: N/A**
**Federal Award Numbers: N/A**

*Background:* The Department of Public Health (DPH) performs annual comprehensive site visits of each subrecipient. They also conduct an additional limited quality assurance review of the Department of Social Services (DSS) Connecticut AIDS Drug Assistance Program (CADAP) eligibility function that DSS must perform in accordance with a memorandum of agreement with DPH.

*Criteria:* Title 42 United States Code Section 300ff-26 requires, as a condition of eligibility for the AIDS Drug Assistance Program (ADAP), that each individual have a medical diagnosis of HIV/AIDS and be a low-income individual, as defined by the state. Per the ADAP manual, the Human Resources and Services Administration (HRSA), an agency of the United States Department of Health and Human Services, has interpreted this legislation to mean that an individual must be determined eligible for ADAP prior to receiving services. Thus, a client cannot be deemed "presumptively eligible".

The ADAP manual also has a prohibition on grace periods. It states that since HRSA requires a redetermination of eligibility every 6 months and does not allow ADAP to provide services before DSS deems a client eligible for services, it is also unallowable for a client to receive ADAP services after their 6-month eligibility period.

The memorandum of agreement between the DPH and DSS states that DPH must receive a complete renewal application by the client's renewal date or the client will have their CADAP coverage closed on that date. There are no grace periods permitted. Furthermore, DSS must ensure that clients meet the eligibility criteria for services prior to CADAP providing any services. There is no provision for presumptive eligibility.

*Condition:* In a quality assurance review of the DSS ADAP eligibility function, DPH found that DSS was granting grace periods and presumptive eligibility to clients. Out of 105 client records reviewed by DPH, 51 were granted presumptive eligibility and 3 were granted grace periods.

*Context:* DPH sampled approximately 5% of the total population of CADAP clients for compliance with eligibility requirements.

*Questioned Costs:* $14,525

*Effect:* DPH may have covered services for ineligible clients.

*Cause:* Despite the fact that DPH noted these exceptions during previous reviews, DSS did not implement the necessary corrective action to ensure compliance with eligibility requirements. It should also be noted that the CADAP function began its transition from DSS to DPH during the audited period.

*Prior Audit Finding:* We previously reported this as finding 2017-202.

*Recommendation:* The Department of Public Health should continue to monitor client eligibility in accordance with Title 42 United States Code Section 300ff-26 and the HIV/AIDS Bureau policy, and ensure that corrective action is taken when necessary.

*Views of Responsible Officials:*

"DPH agrees with this finding. The DPH was successful in transitioning the CADAP Program from the Department of Social Services (DSS) to the DPH on November 1, 2018. CADAP enrollment, eligibility and recertification is managed through a Pharmacy Benefit Management (PBM) contractor. The DPH now has the capacity to monitor and review real time enrollment data on a daily basis. This will ensure compliance with annual eligibility, recertification at 6 months and no grace period or presumptive eligibility."

## DEPARTMENT OF CHILDREN AND FAMILIES

### 2018-250 Allowable Costs/Cost Principles, Reporting, Special Tests and Provisions and Payment Rate Setting and Application

**Foster Care – Title IV-E (CFDA 93.658)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1702CTFOST; and 1802CTFOST**

*Background:* The Department of Children and Families (DCF) administers the Title IV-E Foster Care Program and establishes payment rates for maintenance, administrative and other services costs. The department maintains a case management and payment system called LINK. DCF processes payments on behalf of placed children through LINK from its board and care checking account. Workers in 14 offices are primarily responsible for entering the child's placement (foster or adoptive homes, institutions, and child-placing agency approved homes) in LINK. DCF automatically sends maintenance payments each month based on the children's placement information. All payments are associated with service codes, each of which is designated as IV-E reimbursable or non-reimbursable. Service codes are grouped into program categories and only those designated as foster care are claimed for federal reimbursement under that program.

Certain service codes were established to support the Therapeutic Foster Care Program and to allow for child-specific rates to be entered into LINK. Therapeutic foster care provides additional social, emotional, or psychological support to the foster family. The rates paid are all-inclusive. They contain the maintenance payment for the foster family, administrative costs, and support or other services deemed necessary as specified in the child's care plan.

*Criteria:* Title 2 Code of Federal Regulations (CFR) Section 200.403(b), (d) and (g) requires that costs must conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items, be accorded consistent treatment and must be adequately documented to be allowable under federal awards.

Funds may be expended for foster care maintenance payments on behalf of eligible children. Title 42 United States Code (USC) Section 675(4)(A) defines the term "foster care maintenance payments" as payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, reasonable travel to the child's home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. Title 42 USC Section 672(b) requires that foster care maintenance payments shall be limited so as to include in such payments only those items which are included in the term "foster care maintenance payments" as defined in Section 675(4).

Title 45 CFR Section 1356.60(a)(1)(i) and (2) states that Federal Financial Participation (FFP) is available at the rate of the Federal Medical Assistance Percentage (FMAP) for allowable costs in expenditures for foster care maintenance payments. Title 45 CFR Section 1356.60(c) states that FFP is available at the rate of 50 percent for administrative expenditures necessary for the proper and efficient administration of the Title IV-E plan. Title 45 CFR Section 1356.60(c)(3) states that allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.

Title 45 CFR Section 201.5(a)(3) requires that the state submit a quarterly statement of expenditures. The submission of the Form CB-496, Title IV E Programs Quarterly Financial Report (CB-496) to the federal Administration of Children and Families (ACF) is required for the state to receive federal reimbursement for foster care program expenditures. The quarterly maintenance payments, along with the administrative and training costs allocated to the program in accordance with the approved cost allocation plan, are reported on separate lines of the CB-496 in accordance with the report's instructions. Maintenance payments are federally reimbursed at the applicable state's FMAP as published annually in the Federal Register by the Department of Health and Human Services. Connecticut's FMAP was 50 percent during the state fiscal year ended June 30, 2017. Administrative costs are federally reimbursed at the FFP rate of 50 percent.

*Condition:* As follow-up to a prior audit finding, we analyzed the maintenance cost rates claimed for federal reimbursement in the fiscal year ended June 30, 2018. We identified $13,428,333 claimed as maintenance payments which included identifiable administrative costs contained in the per diem rates, totaling $7,393,644 ($3,696,822 federal share). DCF incorrectly claimed these costs as maintenance payments on the CB-496 as illustrated in the table below in the context section.

*Context:* DCF claimed $48,665,370 ($24,122,576 federal share) as maintenance payments for the Title IV-E Foster Care Program in the fiscal year ended June 30, 2018. Our review of the maintenance payments identified 9 service codes related to therapeutic foster care, representing $21,376,245 ($10,688,122 federal share) claimed, which contain multiple cost components as described in the background section. We were unable to determine all of the administrative costs that DCF incorrectly claimed as maintenance payments. However, in 4 of the 9 service codes, we identified certain per diem rates that contained a standard administrative cost component as summarized in the table below:

| Service Code description and per diem rate most commonly paid | Total claimed in SFY18 at these rates as maintenance payments on behalf of IV-E eligible children | Known administrative component of applicable rate of $70.80 per day |
|---|---|---|
| Relative/Special Study/Therapeutic Foster Care Wrap $136.45 | $12,232,469 | $6,347,078 |
| CPA Provider Payment $70.80 | $1,195,864 | $1,046,566 |
| **Incorrectly reported** | | **$7,393,644** |
| **Total** | **$13,428,333** | |

*Questioned Costs:* $0

*Effect:* DCF is not properly identifying and claiming certain costs of the Title IV E Foster Care Program. As demonstrated above, DCF overstated the maintenance costs reported to the Administration of Children and Families (ACF) on the CB-496 and understated the administrative costs. Although the current FMAP and FFP percentages are the same for maintenance and administrative costs, any future changes in the percentages would result in federal claims being overstated or understated.

*Cause:* The department's payment and claiming systems were not designed to accurately identify the various components of certain per diem rates to ensure proper federal claiming of maintenance and administrative costs.

*Prior Audit Finding:* We previously reported this as part of finding 2017-250.

*Recommendation:* The Department of Children and Families should establish or strengthen internal controls to ensure that all costs are consistently treated and properly claimed for federal reimbursement as maintenance or administrative costs in accordance with federal requirements.

*Views of Responsible Officials:*

"We agree with this finding in part. In SFY 2015, the Department established a committee to identify cost components within rates paid to child placing agencies for Therapeutic Foster Care with the intention of identifying items that were not allowable for IV-E funding. The costs were separated into levels and types of allowable costs, along with administrative components. The result was a reduction in the quarterly IV-E claim for the quarter ending 9/2015 of about $1.1 million per quarter for the previous two years. The $1.1 million amount represents about 7.7% of total eligible contracted therapeutic foster care payments.

Although the Department believes that the vast majority of non-allowable IV-E services are included in RTC and Therapeutic Group Homes, we recognize that other payments may also contain some unallowable amounts. Because the LINK computer system is not capable of identifying and reporting payment components, we are building this capability into a new state-wide Child Welfare Information System, CT-KIND (CT-Kids Information Network Database) system currently under development. During the time CT-KIND is in development, the Department has increased the claim disallowance from 7.7% to 9.0% on reimbursable maintenance amounts, to reflect an estimate for other unallocated non-allowable and unallowable administrative amounts, starting with the claim for the quarter ending March 2016. All claims submitted since that change have been accepted by ACF.

In ACF's response to the Connecticut Auditors of Public Accounts Audit No.: A-01-18-33518, in a letter received by the Department dated December 12, 2018 referencing the same finding, ACF agreed with the Department's planned corrective action and considered this finding cleared."

## DEPARTMENT OF EDUCATION

### 2018-300 Subrecipient Monitoring

**Title I, Part A (CFDA 84.010)**
**Federal Award Agency: United States Department of Education**
**Award Years: Federal Fiscal Years 2016 and 2017**
**Federal Award Number: S010A160007 and S010A170007**

*Background:* The State Department of Education (SDE) serves as the pass-through entity for Title I, Part A funds and is required to monitor subrecipients of the program. SDE initially reviews each local educational agency's (LEA) application for compliance with Title I, Part A requirements.

The SDE fiscal office implemented procedures to compare amounts on each subrecipient's financial reports to amounts on their audited schedule of expenditures of federal awards for all grants in the SDE prepayment grant system. Financial reports for Title I, Part A funding are maintained in the prepayment grants system.

The SDE Office of Internal Audit (OIA) reviews each subrecipient's single audit for findings related to grants administered by SDE. If findings are reported, the program manager is notified and a management decision letter is sent to the subrecipient. The subrecipient then submits a corrective action plan to OIA, which is reviewed and approved by the program manager.

*Criteria:* Section 1120A(c)(3) of the Elementary and Secondary Education Act (ESEA) requires LEAs to maintain records supporting compliance with comparability requirements that are updated at least biennially. An "LEA may receive funds under this part only if state and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part."

Title 2 Code of Federal Regulations (CFR) 200.331(b) requires the pass-through entity to determine the appropriate methods for monitoring subrecipients based on an evaluation of each subrecipient's risk of noncompliance with program requirements.

Title 2 CFR 200.331(d) requires the pass-through entity to monitor the activities of the subrecipient to ensure that the subaward is used for the authorized purposes, in compliance with all Federal laws, and the terms and conditions of the award.

Section 1127 of ESEA allows carryover of no more than 15 percent of the funds allocated to the local educational agency for any fiscal year.

*Condition:* SDE did not implement adequate subrecipient monitoring policies and procedures at the program level for Title I, Part A to evaluate the risk of subrecipient noncompliance and reasonably ensure that subrecipients used program funds in accordance with the approved application and fiscal requirements of the program.

SDE did not review LEA records supporting compliance with comparability requirements.

SDE did not verify that the amounts reported by LEAs in the ED141 Expenditures Report were obligated and liquidated within the required period for purposes of determining LEA compliance with the carryover requirement.

SDE has developed forms and procedures for subrecipient monitoring, however the department did not ensure that LEAs used Title I, Part A funds in accordance with the approved application and the requirements of the program.

SDE relies on the single audits of subrecipients performed by independent accountants to ensure program funds are used in accordance with the approved application and fiscal requirements of the Title I, Part A program. However, Title I, Part A is not always reviewed as a major program under the Uniform Guidance published by the federal Office of Management and Budget. We reviewed LEA single audits submitted to the state covering the 2017 fiscal year. Our review of 15 LEAs receiving Title I, Part A funding during that fiscal year, disclosed that 9 LEAs did not have Title I, Part A audited as a major federal program.

SDE is responsible for ensuring that LEAs remain in compliance with the comparability requirement. Guidance provided by the U.S. Department of Education provides that a state education agencies (SEA) should review LEA comparability calculations at least once every 2 years. SDE informed us that it has not reviewed the comparability requirement since state fiscal year 2014.

While SDE tested LEA compliance with the carryover requirement, it did not verify that the expenditures self-reported by LEAs were obligated and liquidated within the required period. Not all LEAs have their Title I, Part A program audited by an independent accountant as a major program. Thus, we cannot be reasonably assured that the subaward is used for the authorized purposes, and in compliance with all federal laws and the terms and conditions of the award.

*Context:* SDE receives single audits for most of the 169 cities and towns in Connecticut, plus various regional school districts and charter schools. Our sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* There is decreased assurance that subrecipients used federal funds in compliance with all federal laws and the terms and conditions of the award.

*Cause:* SDE has developed subrecipient monitoring policies and procedures, which if implemented, would provide reasonable assurance that the Title I, Part A funds are spent in accordance with the approved application and the requirements of the program. However, SDE did not implement those policies and procedures during the 2018 fiscal year.

*Prior Audit Finding:* We previously reported this as finding 2017-302.

*Recommendation:* The State Department of Education should implement subrecipient monitoring policies and procedures at the program level for Title I, Part A to evaluate the risk of subrecipient noncompliance and provide reasonable assurance that each subrecipient used program funds in accordance with the approved application and the requirements of the program.

*Views of Responsible Officials:*

"We disagree with this finding. Subrecipient monitoring procedures are in place at the SDE. In addition to the agency procedures, there are several program activities that occur to support the subrecipient monitoring process through a large amount of front end oversight. The program office informs subrecipients of the allowable use of the funds through the grant application process, and the applications are thoroughly reviewed for allowable use, and ultimately approved. Further, guidance documents addressed in the application further guide the allowable use of funds. The program office also provides each subrecipient with individual technical assistance. All of these are consistent with appropriate subrecipient monitoring activities APA has stated that the "cause" of this finding is "SDE relied solely on the federal single audits of subrecipients to ensure that they used program funds in accordance with the approved application and fiscal requirements of the program. However, federal single audit laws and regulations allow some subjectivity when determining which programs to consider as major for each auditee.

It is SDE's position that the federal single audit does not disregard those federal funds that are not selected as a major program, as they are also included in the Schedule of Expenditure of Federal Awards, within the single audit. As the single audit does perform a series of tests to ensure fidelity of the accounting systems and segregation of duties, we feel assured that all federal funds are at least reviewed to ensure the basic requirements of how they are treated at the subrecipient level. SDE does recognize that the expenditures of subrecipients, where the single audit does not select this as a major program, are not tested against the requirements of the federal compliance supplement; however, if they were not selected as a major program, that would mean that the amount of funding from this program at the subrecipient level was smaller relative to their other federal grants, and therefore pose less of a material risk. To that end, if SDE were to select a random sampling of districts to monitor, as it would be impossible to review them all, it is the agency's position that we are getting a larger sampling of the larger grants within this program just by virtue of the single audit. Further, if a district has material findings on any of the federal grants in their single audit, SDE does review the subrecipients' other federal funds for possible exposure.

SDE will continue to monitor all federal programs within the prescribed procedures adopted at the agency and ensure that such procedures are consistent with federal standards."

*Auditors' Concluding Comments:*

We acknowledge that SDE has partially addressed the last year's Title I, Part A Subrecipient Monitoring finding and has developed subrecipient monitoring policies and procedures. However, SDE did not implement monitoring and evaluation activities listed in the 2017 SWSA Corrective Action for Title I, Part A Subrecipient Monitoring finding during the 2018 fiscal year. Those activities would include:

- Annual Title I self-assessment for all districts;
- Annual desk audits of a minimum of 6 districts across Connecticut's geographic regions and socio-economic levels;
- Additional site visits, if warranted; and
- Increased frequency of monitoring, if warranted.

Additionally, those monitoring activities were included in the Connecticut's Consolidated State Plan Under the Every Student Succeeds Act, as monitoring tools for Title I, Part A, approved by the U.S. Department of Education on August 4, 2017.

SDE is in the process of implementing those monitoring tools in the 2018-19 school year.

## 2018-301 Activities Allowed/Allowable Costs

**Title I, Part A (CFDA 84.010)**
**Federal Award Agency: United States Department of Education**
**Award Years: Federal Fiscal Year 2017**
**Federal Award Number: S010A170007**

*Background:* Title I, Part A of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act of 2015, requires the U.S. Department of

Education (ED) to calculate basic, concentration, targeted, and education finance incentive grant allocations to local educational agencies (LEAs). In calculating Title I allocations, ED uses a list of LEAs provided by the Census Bureau, which is based on census maps that are generally two years old. The data used for allocation purposes includes Census Bureau estimates. ED determines the eligibility of each LEA on the census list and the state educational agency (SEA) distributes these funds to the LEAs.

ED's list of LEAs does not match the current universe of LEAs for many states. SEAs must adjust ED's allocations to account for LEA boundary changes and for eligible LEAs, such as charter schools, that are not included in the department's calculations. In addition, SEAs must adjust ED's allocations in order to reserve funds for school improvement activities, state administration and the state academic achievement awards program.

*Criteria:* Title 34 Code of Federal Regulations 200.72 requires the SEA to determine the number of formula children and the number of children ages 5 to 17, inclusive, for each LEA not on the Census list. The SEA must then determine basic, concentration, targeted and education finance incentive grant eligibility for each LEA not on the Census list and re-determine eligibility for LEAs on the Census list based on the previously determined child counts.

*Condition:* The State Department of Education (SDE) calculation used to adjust the United States Department of Education's initial Title I, Part A allocations does not redetermine eligibility for LEAs.

*Context:* SDE did not redetermine eligibility for LEAs on the Census list after SDE allocated students to LEAs not on the Census list.

*Questioned Costs:* We determined that SDEs method of calculating entitlements to LEAs did not change since the last audit period.

*Effect:* LEAs determined ineligible for Title I, Part A received funding, while some eligible LEAs were underfunded.

*Cause:* When the calculation was initially developed, SDE was not required to redetermine eligibility. SDE did not adjust the calculation once sufficient data became available to allow for the required redetermination of eligibility.

*Prior Audit Finding:* We previously reported this, in modified form, as finding 2017-300.

*Recommendation:* The State Department of Education should make adjustments to the calculation used to allocate Title I, Part A funds to ensure compliance with Federal laws, regulations, and guidance.

*Views of Responsible Officials:*

"We disagree with this finding. SDE maintains that we are calculating the Title I grant appropriately and that all districts that are currently receiving or have received Title I funds in the past are eligible for those funds.

The federal government determines the eligibility of the districts. SDE determines eligibility of districts not determined by the federal government and adjusts the pre-determined eligible districts' allocations.

It should be noted that in September of 2007 there was an on-site audit by the Federal Title I office, which reviewed the calculation in detail. Connecticut was found to be in compliance with the procedures for adjusting ED-determined allocations outlined in sections 200.70 thru 200.75 of the regulations. The basis of that review used the same 2003 guidance that APA used for this audit that resulted in this finding. Further, the SDE calculation has been reviewed several times by other teams from the APA and with no findings of the calculation being non-compliant."

*Auditors' Concluding Comments:*

All statutes, regulations, and guidance published by the United States Department of Education (ED) require a state educational agency (SEA) to redetermine eligibility for all local education agencies (LEA) when adjustments to ED's initial Title I, Part A allocation is necessary. As the State Department of Education could not provide us with a written waiver of this requirement, SDE directed us to their Title I, Part A contact at ED's Office of Elementary and Secondary Education who informed us that if a state uses data that tracks the formula of students from the LEA to the special LEA as part of the allocation process, then the state is required to redetermine eligibility. The data used by SDE tracks formula students, which requires SDE to redetermine eligibility. The manner in which SDE allocates funds does not comply with all of the school improvement reservation requirements.

## 2018-302 Review of CTECS Title I, Part A Expenditures

**Title I, Part A (CFDA 84.010)**
**Federal Award Agency: United States Department of Education**
**Award Years: Federal Fiscal Years 2016 and 2017**
**Federal Award Number: S010A160007 and S010A170007**

*Background:* The State Department of Education (SDE) acts as the state educational agency (SEA) and distributes Title I, Part A funding to local educational agencies (LEA) in the state. To receive Title I, Part A funds, LEAs must have an approved plan on file with the SEA. LEAs allocate Title I, Part A funds to eligible school attendance areas based on the number of children from low-income families residing within the attendance area. SDE also acts as an LEA administering the Title I, Part A program through the Connecticut Technical Education and Career System – CTECS (formerly the Connecticut Technical High School System).

During the audit period, Title I, Part A expenditures at CTECS totaled $2,633,270. Our prior audit disclosed that CTECS had not complied with the federal requirements for Title I program and expended the funds for activities that are not allowed. As a result, we conducted a review of Title I, Part A grant funds allotted to CTECS for the 2016 and 2017 federal fiscal years.

*Criteria:* Title 34 Code of Federal Regulations (CFR) 200.78 provides that an LEA must allocate Title I, Part A funds to each participating school attendance area or school, in rank order, on the basis of the total number of children from low-income families residing in the area or attending the school.

Title 34 CFR 76.700 provides that a subgrantee shall use federal funds in accordance with the State plan and applicable statutes, regulations, and approved applications.

*Condition:* CTECS did not expend Title I, Part A funding in accordance with the allocation methods used in their approved application for the 2016 and 2017 federal fiscal years. Specifically, more funds were spent than was allotted at 1 school for the 2016 federal fiscal year and at 2 schools for the 2017 federal fiscal year.

CTECS did not expend Title I, Part A funds according to budget line items approved in its application.

CTECS made a payment to a vendor that was not allowable under the Title I, Part A federal award.

*Context:* We reviewed Title I, Part A expenditures at CTECS by school, vendor, and expenditure type for the 2016 and 2017 federal fiscal years. Title I, Part A allotments to CTECS totaled $2,802,824 and $2,939,677, respectively. Our review disclosed the following:

- CTECS allotted 2016 and 2017 Title I, Part A funds to eligible schools in rank order on their application according to program requirements. A review of expenditures of the 2016 grant award disclosed 1 school spent $27,159 over the amount allotted in the application. A review of expenditures of the 2017 grant award disclosed 2 schools spent a combined $100,974 over the amount allotted in the application.
- A review of expenditures of the 2016 grant award disclosed that CTECS spent $598,978 over the budgeted amount approved in the application for supplies and $317,835 over the budgeted for property.

- A review of expenditures disclosed that CTECS approved payment, in the amount of $79,688, for a capital project – building maintenance at the Prince Technical High School.

*Questioned Costs:*

| **Federal Award #** | **Questioned Costs** |
|---|---|
| S010A160007 | $ 943,972 |
| S010A170007 | 180,662 |
| **Total** | **$1,124,634** |

*Effect:* Noncompliance with Title I, Part A laws and regulations undermines the objectives of the program, leaving children who reside in areas with high concentrations of low-income families at an increased risk of not meeting challenging academic standards.

*Cause:* CTECS management did not understand or neglected to follow Title I, Part A laws and regulations in their administration of the program.

*Prior Audit Finding:* We previously reported this as finding 2017-301.

*Recommendation:* The State Department of Education's Connecticut Technical Education and Career System should implement policies and procedures to ensure Title I, Part A funding is used in accordance with the laws and regulations of the program.

*Views of Responsible Officials:*

"We agree with this finding. As this is a repeated finding and the corrective action was taken after the audit period reflected in this finding, we are restating our corrective action statement. The district has met with appropriate agency and district central office staff to review and implement appropriate policies and procedures to ensure compliance with laws and regulations of the Title I program.

Members of the central office fiscal staff attended purchasing training in November 2017 led by the Department of Administrative Services (DAS). An internal review of the appropriate purchasing and payment policies and procedures has already taken place.

District staff having a role in administering federal grants have either met or will be meeting with representatives from the State Department of Education to review all requirements."

## 2018-303 Child Nutrition – Eligibility for Individuals

**Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556 and 10.559)**
**Federal Awarding Agency: United States Department of Agriculture**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 20174CT300300 and 20184CT300300**

*Background:* The State Department of Education (SDE), via the Child Nutrition Unit, acts as a school food authority (SFA) at the Connecticut Technical Education and Career System (CTECS) and operates the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP).

CTECS determines eligibility for students enrolled at the technical high schools, which received $2,186,374 in NSLP and SBP claims during our audited period.

During the 2017-2018 school year, CTECS maintained child nutrition program data using software purchased from a vendor. The software includes the ability to track eligibility of students and point of service transactions (i.e. meals purchased by students at the school level). As a part of the closeout/rollover process, a software platform provides for archiving of prior year records – including student participation data. This data is archived on a secure network server.

*Criteria:* Title 7 Code of Federal Regulations (CFR) Part 245 section 6(c)(6)(i) states that the local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household.

Additionally, the U.S. Department of Agriculture Eligibility Manual for School Meals dated July 2017 states that applications must be reviewed in a timely manner. An eligibility determination must be made, the family notified of its status, and the status implemented within 10 operating days of the receipt of the application. The determining official must sign or initial and date each application.

Title 7 CFR Part 245 section 6(e) states that the local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain.

*Condition:* Our review of 25 applications for free and reduced price meals at CTECS disclosed that CTECS did not process 5 applications within the required 10-day period, or they could not be verified for timeliness due to the applications not being date stamped.

CTECS did not properly archive prior school year records documenting students' meal eligibility as a part of the closeout/rollover process.

*Context:* As of October 1, 2017, CTECS approved 960 applications approved for free and reduced price meals for the 2017-2018 school year. We selected a non-statistical sample of 25 applications for eligibility testing.

*Questioned Costs:* $0

*Effect:* If the benefits are denied or reduced, there is increased risk that the households may incur unpaid meals charges. CTECS did not have complete archived students' meal eligibility records.

*Cause:* There was inadequate oversight of the employee performing the initial determination process. CTECS produced the records of the meal eligibility data, but there were integrity issues in certain fields that could not be resolved to a satisfactory level.

*Prior Audit Finding:* We previously reported this as finding 2017-304.

*Recommendation:* The State Department of Education and the Connecticut Technical Education and Career System should institute policies and procedures to ensure that they properly approve Child Nutrition Program applications, and make and implement eligibility determinations within required timeframes. Additionally, CTECS should ensure the proper archiving of prior school year meal eligibility data on a secure network server so the information is available for review.

*Views of Responsible Officials:*

"We agree with this finding. CTECS has made staffing adjustments, based on a prior finding, to ensure that applications containing the required information are processed and that the eligibility determination is made and the status is implemented within 10 operating days of the receipt of the application.

A new software platform currently provides for archiving of prior year records – including student participation date – as part of the closeout/rollover process. This data will be archived on a secure network server and available for review for three years as required by Title 7 CFR 201.23(c)."

# DEPARTMENT OF ADMINISTRATIVE SERVICES

## 2018-450 Allowable Cost/Cost Principles – Statewide Cost Allocation Plan – Billing Rate Development

**Temporary Assistance to Needy Families (TANF) (CFDA 93.558)**
**Federal Award Agency: United States Department of Health and Human Services**
**Awards Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1701CTTANF and 1801CTTANF**

**Foster Care – Title IV-E (CFDA 93.658) (Non-Major Program)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: 1702CTFOST and 1802CTFOST**

*Background:* The General Services Revolving Fund (GSRF) is an internal service fund used primarily to account for the revenues and expenditures related to fleet vehicle operations billed to other state agencies. The Department of Administrative Services (DAS) utilizes the GSRF to recover the purchase price and relevant overhead costs to prepare and maintain vehicles for state use. DAS recovers these costs over the life of the vehicles using a cost recovery rate that is part of an approved schedule of rates included in Section II of the approved Statewide Cost Allocation Plan (SWCAP) for the fiscal year ended June 30, 2018.

*Criteria:* DAS accounts for billed central services through a variety of funds and operations. Title 2 Code of Federal Regulations (CFR) Part 200 Appendix V (B)(3) defines billed central services as "central services that are billed to benefitted agencies or programs on an individual fee-for-service or similar basis. Typical examples of billed central services include computer services, transportation services, insurance, and fringe benefits."

Title 2 CFR 200.404 identifies that, "a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost."

*Condition:* We noted during our review of the GSRF that the monthly vehicle lease fees charged to state agencies included administrative costs that were not reduced to the calculated current costs, because the department did not receive approval for its adjusted rates from the state's Office of Policy and Management (OPM). As a result, the monthly lease rate for state vehicles exceeded the costs of maintaining and managing the statewide fleet in the state fiscal year ended June 30, 2018.

*Context:* Statewide fleet revenue totaled $18,737,689 of which $2,613,114 was billed to a single state agency and subsequently allocated to various federal programs based on its approved cost allocation plan, and $444,346 appears to have been directly billed to federal programs at various other state agencies.

*Questioned Costs:* Known questioned costs to federal programs totaled $92,806. These questioned costs include $52,763 claimed under TANF (CFDA #93.558) and $33,976 under the Foster Care Program (CFDA #93.658). Additional estimated questioned costs exist statewide for various other federal programs.

*Effect:* Without timely adjustments resulting from the determination and allocation of costs sufficient to support the established rates, the billed rates may not be allowable costs for federal programs. The total effect on federal awards is dependent upon how each affected agency allocates central services charges.

*Cause:* DAS informed us that it requested approval from OPM in 2016 for changes in the rates, but OPM did not respond. These rate changes would have been effective for state fiscal years ended June 30, 2018 and 2019 had approval been received.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Administrative Services should adequately support rates charged for billed central services. The Department of Administrative Services should also diligently pursue a response from the state's Office of Policy and Management for changes in rates charged for billed central services, when the recorded costs and supporting documentation to provide these services do not support the previously approved billing rates.

*Views of Responsible Officials:*

"We agree with this finding. DAS strives to adequately support the rates for Central Services that have been approved. After submission of the rates, DAS made attempts to inquire on the rate submittal, however we did not document those inquires. DAS took steps to address the auditor's recommendation with a submittal of revised rates for FY 2020 & 2021 in November 2018. DAS will track follow up inquires in the event action hasn't been taken on the revised rate submittal.

DAS has proposed a corrective action plan in the event rates charged don't represent billed central services which includes:

- Issuance of credit where agencies have been overcharged for services
- Issuance of billing where agencies haven't been charged adequately for services

Once this plan is approved, it is the belief of DAS that implementing this corrective action plan will enhance the support to central services that we provide."

# UNIVERSITY OF CONNECTICUT

## 2018-500 Reporting (University of Connecticut)

**Federal Award Agency: National Aeronautics and Space Administration**
**Award Year: State Fiscal Year Ended June 30, 2018**
**Research and Development Programs:**
**Aeronautics (CFDA 43.002)**
**Account # 5635240 – "Reduced kinetic models with fuel sensitivity for turbulent combustion simulations" – NNX15AU96A, project period December 1, 2015 through May 31, 2019**

*Criteria:* Title 2 Code of Federal Regulations (CFR) Part 200.327, requires the submission of federal financial reports in the manner specified by the Office of Management and Budget.

Title 2 CFR Part 1800.906 states that "The recipient shall submit a Federal Financial Report (SF-425) electronically to the Department of Health and Human Services/Payment Management System within 30 days following the end of each federal fiscal quarter."

Instructions for the preparation of the SF-425 report require the recipient to enter cumulative amounts of cash receipts and disbursements from the inception of the award through the end date of the reporting period on the report.

*Condition:* Our review of federal financial reports disclosed one report in which the University of Connecticut overstated cumulative cash disbursements by $19,116. Further review disclosed multiple invoices since 2016 with overpayments totaling $75,677. The Accounts Payable Department processed multiple vendor invoices using the amount in the invoice's cumulative amount column instead of the current amount billed. The university resolved these overpayments as of October 19, 2018, as reflected in the SF-425 it submitted for December 31, 2018.

*Context:* These errors appear to be isolated, relating to the application of a negative expense to a grant account for the overpayment of invoices to a subgrantee.

We reviewed federal financial reports filed for 10 federal research and development awards. The Schedule of Expenditures of Federal Awards reflects activity in 1,322 University of Connecticut federal research and development accounts. In some instances, the university may maintain multiple accounts for the same award. Our sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* SF-425 Federal Financial Reports did not accurately reflect the financial status of the program.

*Cause:* The university paid the incorrect amount on several subaward invoices, which overstated disbursements and the amount reported on the federal financial report.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The University of Connecticut should strengthen internal controls to ensure that it reports accurate amounts on federal financial reports.

*Views of Responsible Officials:*

"Management concurs with this recommendation. Sponsored Program Services has internal controls in place in which all quarterly financial reports receive secondary review and the preparer of the financial report and the certifier of the financial report are separate individuals. Additionally, multiple review and approval levels are required for all expenditures. As noted above, this was an isolated occurrence. However to further strengthen internal controls, Accounts Payable will implement additional procedures and notifications to provide Sponsored Programs Services with timely information of any overpayment that impacts the accuracy of amounts reported on federal financial reports. Additionally, focused training is being provided to the individuals involved in this transaction and broad training will be provided to faculty and staff."

# WESTERN CONNECTICUT STATE UNIVERSITY

### 2018-600 Subrecipient Monitoring — Risk Assessment of Subrecipients

**Research and Development Programs: Research, Prevention, and Education Programs on Lyme Disease in the United States (CFDA 93.942)**
**Federal Award Agency: United States Department of Health and Human Services – Centers for Disease Control and Prevention**
**Award Year: State Fiscal Year Ended June 30, 2018**
**Federal Award Number: 1U01CK000492-01**

*Criteria:* Title 2 of the Code of Federal Regulations Section 200.331(b) states that "All pass-through entities must…evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring…"

*Condition*: The university did not perform a risk assessment to evaluate the risk of subrecipient noncompliance before granting a subaward of program funds to the University of Rhode Island. Furthermore, the university informed us that it had no established policies and procedures for performing risk assessments of subrecipients.

*Context:* We examined 12 expenditure transactions, totaling $30,581, charged to the Research, Prevention, and Education Programs on Lyme Disease in the United States program (CFDA 93.942) during the audited year. Our audit disclosed 1 instance in which the university awarded a subaward without performing a risk assessment of the subrecipient.

The university informed us that its subaward to the University of Rhode Island was the first subaward it has granted in many years. The payments to the subrecipient began in June 2017, and totaled $185,169 through June 2018.

Our sample was not statistically valid.

*Questioned Costs*: $0.

*Effect:* There is decreased assurance that the subrecipient will comply with the requirements of the program and related federal statutes and regulations. There is also an increased risk that the university did not implement monitoring procedures commensurate with the subrecipient's risk of noncompliance.

*Cause:* The university stated that it was unaware of the federal requirement that pass-through entities must assess the risk of noncompliance with federal statutes, regulations, and program requirements when awarding funds to subrecipients.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* Western Connecticut State University should implement subrecipient risk assessment policies and procedures to gauge the risk of subrecipient noncompliance and properly design subrecipient monitoring procedures.

*Views of Responsible Officials:*
"We agree with this finding."

## FEDERAL STUDENT FINANCIAL ASSISTANCE - DEPARTMENTS OF EDUCATION AND HIGHER EDUCATION – STATEWIDE

The following institutions had identification numbers assigned by the Office of Post-Secondary Education (OPE) as of the fiscal year ended June 30, 2018:

| Institution | OPE ID |
|---|---|
| University of Connecticut | 00141700 |
| University of Connecticut School of Medicine | 00141700 |
| University of Connecticut School of Dental Medicine | 00141700 |
| Central Connecticut State University | 00137800 |
| Eastern Connecticut State University | 00142500 |
| Southern Connecticut State University | 00140600 |
| Western Connecticut State University | 00138000 |
| Charter Oak State College | 03234300 |
| Asnuntuck Community College | 01115000 |
| Capital Community College | 00763500 |
| Gateway Community College | 00803700 |
| Housatonic Community College | 00451300 |
| Manchester Community College | 00139200 |
| Middlesex Community College | 00803800 |
| Naugatuck Valley Community College | 00698200 |
| Northwestern Connecticut Community College | 00139800 |
| Norwalk Community College | 00139900 |
| Quinebaug Valley Community College | 01053000 |
| Three Rivers Community College | 00976500 |
| Tunxis Community College | 00976400 |
| A.I. Prince Technical High Technical College | 00982200 |
| Bullard-Havens Technical High School | 01149600 |
| E.C. Goodwin Technical High School | 00927700 |
| Eli Whitney Technical High School | 00730000 |
| Emmett O'Brien Technical High School | 02562400 |
| Grasso Southeastern Technical High School | 02213000 |
| H.C. Wilcox Technical High School | 01218500 |
| Henry Abbott Technical High School | 01326400 |
| H.H. Ellis Technical High School | 02058900 |
| J.M Wright Technical High School | 00929100 |
| Howell Cheney Technical High School | 02245300 |
| Norwich Technical High School | 01184300 |
| Oliver Wolcott Technical High School | 03231400 |
| Platt Technical High School | 02565000 |
| Vinal Technical High School | 01169700 |
| W.F. Kaynor Technical High School | 02300000 |
| Windham Technical High School | 00731100 |

## 2018-650 Activities Allowed or Unallowed

**Federal Work Study (CFDA 84.033)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Criteria:* Title 34 Code of Federal Regulations 675.9 states that a student at an institution of higher education is eligible to receive part-time employment under the Federal Work Study Program (FWS) for an award year if the student is enrolled at the institution.

*Condition:* We selected a sample of 12 students who received Federal Work Study and also separated from the University of Connecticut (UConn). From this sample, we noted 2 instances in which a student received Federal Work Study funds for work performed after their separation. In the first instance, the student separated on March 29, 2018, but their timesheet reflected that they worked between April 2, 2018 and April 12, 2018. In the second instance, the student separated on November 8, 2017, but their timesheet reflected that they worked on December 22, 2017. In each instance, the student was paid with Federal Work Study funds. When we brought these matters to the university's attention, they returned the funds to the Federal Work Study Program.

*Context:* UConn awarded Federal Work Study to 990 students during the audited period. We identified 17 students who were awarded Federal Work Study and subsequently separated from the University. We selected 12 for testing. The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The university paid students with Federal Work Study funds for work performed after their separation.

*Cause:* The university normally contacts the student's supervisor when a Federal Work Study recipient withdraws to prevent them from being paid after their separation. In these instances, the procedure was not followed.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The University of Connecticut should ensure that students do not get paid from Federal Work Study funds for work they performed after their separation.

*Views of Responsible Officials:*

"We agree with this finding. The staff member responsible for the procedure has been notified and has been following the procedure moving forward. In addition, internal controls have been enhanced to include additional steps to the Federal Work Study reconciliation and student separation procedures. An additional staff member has also been added to the internal control process for quality assurance purposes and has been conducting an internal review throughout the academic year."

### 2018-651 Cash Management

**Federal Direct Student Loans (CFDA 84.268)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Criteria:* Title 34 CFR 668.166(b) states that an institution may maintain an amount of excess cash for up to 7 days that does not exceed 1 percent of the total amount of funds the institution drew down in the prior award year. The institution must immediately return any amount of cash over the 1 percent tolerance and any amount remaining in its account after the 7- day tolerance period to the Secretary of the US Department of Education.

*Condition:* Western Connecticut State University (Western) held excess Direct Loan funds longer than allowed. The university held Direct Loan funds totaling $98,622 for 9 days, 2 days beyond the allowable 7-day period.

Manchester Community College (Manchester) held excess Direct Loan funds longer than allowed. The college held Direct Loan funds totaling $1,992 and $761 for 11 and 14 days, respectively. The 11 and 14 days are 4 and 7 days beyond the allowable 7-day period.

*Context:* *Western:* The condition appears to be an isolated instance. The university made 35 Direct Loan drawdowns, totaling $28,597,256, during the 2017-2018 award year. The sample was not statistically valid.

*Manchester:* The condition appears to be an isolated instance. The college made 10 Direct Loan drawdowns, totaling $543,367, during the 2017-2018 award year. The sample was not statistically valid.

*Questioned Costs:* *Western and Manchester:* $0

*Effect:* These institutions did not comply with established cash management procedures.

*Cause:* *Western:* It appears the delay was caused, in part, by a holiday occurring during the excess cash period.

*Manchester:* The timeliness of processing adjustments in students' accounts caused these delays.

*Prior Audit Finding:* We have not previously reported this finding at these institutions.

*Recommendation:* Western Connecticut State University and Manchester Community College should comply with federal cash management requirements by ensuring that any excess cash is returned within the timeframe established in the regulations.

*Views of Responsible Officials:*

*Western:* "We agree with this finding. WCSU will ensure that disbursements are scheduled with time enough to allow for a timely adjustment by the Fiscal Affairs office."

*Manchester:* "We agree with this finding. The college reviewed the 2 instances where loan funds were held longer than the 7-day period. The Director of Financial Aid, the Director of Administrative Affairs/Finance and Administrative Services, and the Dean of Student Affairs met to discuss the error of the delay in returning the funds. The Director of Administrative Affairs/Finance and Administrative Services has reviewed the policy and procedure with the appropriate staff, and measures are in place to prevent reoccurrence, and comply with the regulation."

### 2018-652 Special Tests – Disbursements

**Federal SEOG (CFDA 84.007)**
**Federal Work-Study (CFDA 84.033)**
**Federal Perkins Loans – Federal Capital Contributions (CFDA 84.038)**
**Federal Pell Grant Program (CFDA 84.063)**
**Federal Direct Student Loans (CFDA 84.268)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Criteria:* 34 CFR 668.164(h)(2) requires that a credit balance in a student's account must be paid to the student within 14 after the balance occurred.

*Condition:* We selected 10 Title IV recipients from Manchester Community College for disbursements testing. From this sample, we noted 4 instances during the spring 2018 semester in which the college did not pay the student a credit balance resulting from the disbursement of Title IV funds within the required timeframe. The college paid the students' credit balances between $21 and $952 3 days late.

*Context:* The college made over 3,000 disbursements, totaling over $9 million in federal aid, during the award year. The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The college did not pay credit balances to students in a timely manner.

*Cause:* A change in staffing resulted in the credit balances being paid late.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* Manchester Community College should pay credit balances resulting from Title IV program receipts directly to the student within the required timeframe.

*Views of Responsible Officials:*

"We agree with this finding. The college reviewed the 4 instances where Title IV funds were not returned within the required 14 days. The Director of Financial Aid, the Director of Administrative Affairs/Finance and Administrative Services, and the Dean of Student Affairs met to discuss the error of the delay in returning funds. The Director of Administrative Affairs/Finance and Administrative Services has reviewed the policy and procedure with the appropriate staff, and measures are in place to prevent reoccurrence, and comply with the regulation."

### 2018-653 Special Tests – Return of Title IV Funds

**Federal Supplemental Educational Opportunity Grants (CFDA 84.007)**
**Federal Perkins Loan - Federal Capital Contributions (CFDA 84.038)**
**Federal Pell Grant Program (CFDA 84.063)**
**Federal Direct Student Loans (CFDA 84.268)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Criteria:* Title 34 Code of Federal Regulations 668.22 details requirements regarding the treatment of Title IV funds when a student withdraws from an institution.

Title 34 CFR 668.22(f) states that the percentage of the payment period or period of enrollment completed is determined by dividing the total number of calendar days in the payment period or enrollment period into the number of calendar days completed in the period as of the student's withdrawal date. In addition, Dear Colleague Letter GEN 11-14 provides guidance on handling summer session withdrawals. It states, for summer sessions, where the payment period is the term comprising both sessions, all students who withdraw are considered to be withdrawing from a program offered in modules.

Title 34 CFR 668.22(j) states that an institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date the institution's determination that the student withdrew.

*Condition:* From a sample of 10 students who we selected for Return of Title IV Funds testing at Central Connecticut State University (Central), we identified 2 instances in which the university did not correctly calculate the return of Title IV funds. Each instance resulted in an excess return of Title IV funds. One was to the Pell Grant Program for $25, and the other was to the Direct Loan Program for $310.

Our review of Return of Title IV Funds calculations at Eastern Connecticut State University (Eastern) revealed that the university used the incorrect enrollment period when calculating returns for the summer 2018 term. As a result, the university performed 2 return calculations inaccurately. In each instance, the university over returned Pell Grant funds.

From a sample of 10 students who we selected for Return of Title IV Funds testing at Western Connecticut State University (Western), we noted an instance in which the university improperly excluded several adjustments to a student's meal plan charges in calculating institutional charges. This resulted in an over return of $94 to the Federal Direct Student Loans Program.

From a sample of 10 students selected for Return of Title IV Funds testing at Manchester Community College (Manchester), we noted the following:

- The college used the incorrect enrollment period when calculating the spring 2018 return calculations. The college used 112 days, instead of the correct 109 days.
- In 2 instances, the college did not return Title IV funds in a timely manner. The college returned the funds between 3 and 8 days late.

From a sample of 5 students who we selected for Return of Title IV Funds testing at Tunxis Community College (Tunxis), we noted the following:

- In 2 instances, the college did not return Title IV funds in a timely manner. The college returned funds between 10 and 20 days late.
- In 2 instances, the college did not correctly calculate the return of Title IV funds. One instance resulted in a $21 under return of Title IV funds to the Pell Grant Program, and the other a $79 under return to the Direct Loan Program.

*Context:* None of the samples were statistically valid.

*Central:* The university performed 2 Return of Title IV Funds calculations during the 1st summer session of 2018 and used the incorrect enrollment period for both calculations.

*Eastern:* The university performed 2 Return of Title IV Funds calculations during summer 2018 and used the incorrect enrollment period in each instance.

*Western:* The university performed 76 Return of Title IV Funds calculations during the audited period.

*Manchester:* The first issue is systemic. The college performed 95 Return of Title IV Funds calculations for the spring 2018 semester. The second issue does not appear to be a systemic issue. The college performed a total of 199 Return of Title IV Funds calculations during the audited period.

Tunxis: The college performed 49 Return of Title IV Funds calculations during the audited period. Based on discussions with college staff and our review, this condition does not appear to be systemic. We brought this matter to the attention of college officials and they corrected the matter.

*Questioned Costs:* $0

*Effect:* The colleges and universities delayed or improperly calculated Title IV funds that were due to be returned to the U.S. Department of Education.

*Cause:* *Central:* This was caused by a clerical error when determining the enrollment period.

*Eastern:* This was caused by the university's incorrect interpretation of the number of days in the summer session.

*Western:* It appears that there was a clerical error in calculating institutional charges.

*Manchester:* For the first item, the college did not accurately adjust the spring 2018 break period from the enrollment period. For the second item, delays in performing refund calculations caused the delay in returning the funds.

*Tunxis:* Delays in performing the refund calculations attributed to delays in returning the funds. There were clerical errors when entering enrollment period and institutional charges.

*Prior Audit Finding:* *Central, Western, and Manchester:* We have not previously reported this finding.

*Eastern:* We previously included a Return of Title IV Funds finding as 2017-653; however, that was not the same condition noted in the current audit.

*Tunxis:* We previously reported this as finding 2017-653.

*Recommendation:* The colleges and universities should review their procedures to ensure compliance with the federal regulations contained in 34 CFR 668.22. In addition, Eastern Connecticut State University should comply with the requirements contained in Dear Colleague Letter GEN 11-14 when determining enrollment periods to be used in Return of Title IV Funds calculations.

*Views of Responsible Officials:*

*Central:* "We agree with this finding. To mitigate the risk of future errors, the Financial Aid Office will rely on the term dates listed in Banner STVTERM and SOATERM tables when completing return of Title IV funds. The Registrar's Office has confirmed that these tables always reflect the most current dates. In addition, the Registrar's Office will advise the Financial Aid Office of any changes to the published academic calendar. The two students in question regarding this finding had there R2T4's recalculated and properly documented on August 23, 2018."

*Eastern:* "We do not agree with this finding. According to the Federal Student Aid Handbook 'In determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules, the school includes in the denominator (the total number of calendar days in the payment period or period of enrollment) all days within the period that the student was scheduled to complete (including those completed by the student) prior to ceasing attendance, excluding days in which the student was on an approved leave of absence and excluding any scheduled breaks of at least five consecutive days when the student was not scheduled to attend a module or other course offered during that period of time.'

As the federal student handbook was published after the GEN-11-14 DCL, we find the most recent publication to be the most accurate."

*Western:* "We agree with this finding. This was clerical error in nature."

*Manchester:* "We agree with this finding. The college reviewed the 95 return calculations for Spring 2018, based on the incorrect days in Banner for the Spring break period. The Director of Financial Aid, the Registrar, and the Dean of Student Affairs met to discuss the error in the Spring break period. The Registrar has reviewed the policy and procedure, and measures are in place to prevent reoccurrence and comply with the regulation.

The college reviewed the 2 instances where Title IV funds were not returned within the required 45 days, since the students withdrew from all classes. The Director of Financial Aid has reviewed the policy and procedure with the appropriate staff, and measures are in place to prevent reoccurrence and comply with the regulation."

*Tunxis:* "We agree with this finding. The Director of Financial Aid reviewed the federal regulations contained in 34 CFR 668.22. An electronic monthly calendar will be created by the DFA. The Associate Director of Financial Aid will refer to the calendar to complete the Return of Title IV funds each semester. The DFA will check all returns one week prior to the deadline date that the Title IV refunds should be returned to the DOE.

As for the clerical errors made, the DFA will review all R2T4 calculations entered by the ADFA before any funds are returned.

The DFA will meet the Registrar to create a schedule to run the withdrawal reports on a weekly basis. This will ensure that we complete the R2T4 process in a timely manner."

*Auditors' Concluding Comments:*

The section of the Federal Student Aid Handbook that officials at Eastern cited is more general and does not closely relate to the unique situation at the university. In our opinion, Dear Colleague Letter GEN 11-14 is more directly related to withdrawals during the summer sessions at Eastern.

In addition, in its corrective action plan, the university expressed a willingness to change its procedures to review summer withdrawals using individual modules. This revision would bring the college into compliance with Dear Colleague Letter GEN 11-14.

## 2018-654 Special Tests – Enrollment Reporting

**Federal Perkins Loans – Federal Capital Contributions (CFDA 84.038)**
**Federal Pell Grant Program (CFDA 84.063)**
**Federal Direct Student Loans (CFDA 84.268)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Background:* The National Student Loan Data System (NSLDS) is the United States Department of Education's central database for federal student aid disbursed under Title IV of the Higher Education Act of 1965, as amended. NSLDS monitors the programs of attendance and the enrollment status of Title IV aid recipients.

*Criteria:* Title 34 Code of Federal Regulations 685.309(b)(2), requires changes in enrollment to less-than-half-time, graduated, or withdrawn, must be reported within 30 days. However, if a roster file is expected within 60 days, the data may be provided on that roster file.

The NSLDS Enrollment Reporting Guide outlines the specific enrollment reporting requirements, including the valid enrollment status codes that each institution must use when reporting enrollment changes. A school must correctly report students who have completed a program as "graduated" and not as "withdrawn."

*Condition:* We selected 10 students who separated during the audited period from Southern Connecticut State University. We noted 2 instances in which the university incorrectly reported the students' enrollment information to the NSLDS. In these instances, the university did not update the students' enrollment status to reflect each student's graduation.

*Context:* Based on the university's response, the condition does not appear to be a systemic issue. The university reported 1,120 students who graduated during the 2017-2018 award year. Our sample contained a total of 10, 5 of whom were reported as having graduated. Our sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The university did not provide enrollment information to the NSLDS for these students in an accurate manner.

*Cause:* The university did not follow established procedures for reporting enrollment changes. In the first instance, the university did not report the student's degree award to its third-party service provider. In the second instance, while the university reported the degree award, it was never applied to the students account because the student received two degrees and the university did not verify that the status was applied to the correct program(s).

*Prior Audit Finding:* We previously reported this as finding 2017-654.

*Recommendation:* Southern Connecticut State University should review its procedures to ensure that enrollment status changes are accurately submitted to the NSLDS in accordance with federal regulations.

*Views of Responsible Officials:*

"We agree with this finding. To ensure enrollment reporting occurs for students retroactively awarded for prior terms, the procedures have been revised effective October 2018. The Registrar's Office has added additional degree file transmissions to ensure late awards are captured and reported. The monthly degree file transmission will now include the 4 most recently completed terms of fall, winter, spring, and summer, not only last completed term. This will serve as a back up to our standard late award procedures, while ensuring timely reporting.

In addition, the National Student Clearinghouse provides a report following each degree file transmission called 'G Not Applied'. This includes students graduating from multiple programs who require manually verification of the graduation status. The procedures were updated to ensure that these files are reviewed and reconciled within 1-2 weeks following each degree transmission. Training with the staff was performed and these reconciliation activities will continue to be monitored by a supervisor to ensure regular completion and provide back up when necessary."

## 2018-655 Special Tests – Student Loan Repayments - Default

**Federal Perkins Loan – Federal Capital Contributions (CFDA 84.038)**
**Federal Award Agency: United States Department of Education**
**Award Year: 2017-2018**

*Criteria:* Title 34 Code of Federal Regulations 674.42(c) requires that an institution must contact a federal Perkins Loan borrower with a 9-month grace period at the 90-day, 150-day, and 240-day points of the grace period.

The Federal Student Aid Handbook states, "Initial grace period – a nine-month period that immediately follows a period of enrollment and immediately precedes the date repayment is required to begin for the first time." The handbook further states, "The borrower is entitled to a full initial grace period (nine consecutive months) from the date that he or she graduates, withdraws, or drops below half-time enrollment again."

*Condition:* We selected 10 borrowers at the University of Connecticut whose loans went into default during the audited period and noted that the university did not send all of the required grace letters to the borrowers in a timely manner. The letters were sent out between 5 and 8 days late.

*Context:* Based on the exception percentages and discussions with university staff, these findings appear to be systemic. The mailing of grace letters is delayed due to a discrepancy in the start dates of the grace period. The university provided us a report of 82 borrowers whose loans went into default during the audited period. Our sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* The university was not in compliance with the federal due diligence requirements designed to minimize repayment defaults.

*Cause:* The university's third-party Perkins Loans servicer uses the first day of the following month to start the billing cycle for student loans. Grace letters are based on this date, rather than on the actual start date.

*Prior Audit Finding:* We previously reported this as finding 2017-656.

*Recommendation:* The University of Connecticut should ensure that policies and procedures related to Perkins Loans due diligence requirements are being performed in accordance with federal regulations.

*Views of Responsible Officials:*

"We agree with this finding. The ten instances identified in which one or more of the required grace letters were not sent in a timely manner are associated with the timing of the billing cycle of the University's third party servicer. Such instances are related to a finding identified in the FY16-17 audit. As the University responded in the FY16-17 audit, the third party servicer had established their repayment date as the first subsequent month following the expiration of the grace period. Grace period notification were sent when the billing calculation occurred rather than based upon the specific separation date.

When the University reached out to the third party service provider in October, 2017, the third party service provider was reluctant to change procedures that had been audited annually by the Department of Education without exception. In December, 2017, the University reached out to DOE to confirm that the third party service provider's practices were compliant with federal regulations. Upon further review, the DOE concluded that the University's third party service provider was not compliant with Title 34 Code of Federal Regulations 674.42(c). The DOE recommended that the third party service provider align its practices with the state auditor's recommended practice. In addition, the DOE confirmed that because the third party service provider had not received prior audit findings specific to this regulation, institutions using this provider, as well as the provider, would be held harmless for this past practice.

The DOE has confirmed, effective May 2018, the third party service provider implemented changes to its grace expiration notice process. Upon corrective action taken by the third party service provider, the University does not anticipate future findings specific to Title 34 Code of Federal Regulations 674.42(c)."

# DEPARTMENT OF HOUSING

## 2018-725 Allowable Costs/Cost Principles – Housing Assistance Payments

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* The federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers Program (HCV) provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. The Mainstream 5-Year Vouchers Program (MS5) enables families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. Public housing agencies (PHA) authorized to administer the programs locally make housing assistance payments (HAP) directly to landlords for the lease of suitable rental housing that meets program requirements on behalf of eligible families.

In Connecticut, the state Department of Housing (DOH) is a designated PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.403 provides that in order to be allowable under federal awards, costs must be necessary and reasonable for the performance of the federal award and must be adequately documented.

Title 24 CFR Part 5 Subpart F provides HUD Section 8 public housing program requirements for determining family income and calculating tenant rent payments. If the cost of utilities is not included in the tenant's rent, the PHA uses a schedule of utility allowances to determine the amount an assisted family needs to cover the cost of utilities.

Title 24 CFR Part 982 Subpart K describes program requirements concerning the HAP and rent to owners under the HUD Section 8 HCV and MS5 programs.

- Section 982.503 requires the PHA to adopt a payment standard schedule that establishes voucher payment standard amounts for each fair market rent area in the PHA jurisdiction.

- Section 982.505 provides that the PHA shall pay a monthly HAP on behalf of the family that is equal to the lesser of either the payment standard for the family or the gross rent, minus the total tenant payment. The payment standard in place on the effective date of the HAP contract remains in place for the duration of the contract term unless the PHA increases or decreases its payment standard. If a payment standard is increased, the higher payment standard is first used in calculating the HAP at the time of the family's regular reexamination. If the PHA lowers its payment standard, the payment standard in effect on the effective date of the HAP contract will remain in effect until the family moves to another unit, has a change in its family size, or the second annual reexamination after the PHA decreases its payment standard. Decreases in the payment standard due to changes in family size are effective as of the next regular reexamination.
- Section 982.516 requires the PHA to conduct a reexamination of family income and composition at least annually and to obtain and document in the tenant file third-party verifications of reported family annual income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, or must document why third party verification was not available. At the effective date of a reexamination, the PHA must make appropriate adjustments in the HAP.
- Section 982.517 requires the PHA to maintain a utility allowance schedule for all tenant-paid utilities, which must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. The PHA must review its schedule each year and must revise its allowances for a utility category, as necessary. At reexamination, the PHA must use the current utility allowance schedule.

The Housing Choice Voucher Program Guidebook provides that if the HAP paid by a PHA is too low and the error is the fault of the PHA, then the PHA must immediately refund the total amount due to the tenant.

*Condition:* Our review of 60 HAP transactions and utility reimbursements noted the following:

- In 7 cases, the correct payment standard was not used.
- In 6 cases, the utility allowance was incorrectly calculated or the correct schedule was not used.
- In 11 cases, the tenant's family income was incorrectly calculated, improperly updated, or unsupported.
- In 1 case, the total tenant payment was incorrectly calculated.
- In 1 case, the allowance for unreimbursed medical expenses was incorrectly calculated.

The above errors resulted in HAP overpayments totaling $151 and HAP and utility reimbursement underpayments totaling $802 for the tested benefit month. Further review noted additional HAP overpayments, totaling $924, and HAP and utility reimbursement underpayments, totaling $5,078, during the audited period.

*Context:* The audit universe consisted of HAP transactions and utility reimbursements totaling $83,957,987. We examined 60 HAP transactions and utility reimbursements, totaling $49,839.

Our sample was not statistically valid.

*Questioned Costs:* Errors resulted in questioned costs totaling $151 for the tested benefit months. Further review noted additional questioned costs totaling $924 during the audited period.

*Effect:* There is reduced assurance that DOH and its vendor are correctly calculating HAP and utility reimbursements.

*Cause:* The errors were due to clerical mistakes and oversights by DOH and its contracted vendor. Internal controls were not sufficient to ensure that DOH or its vendor did not use outdated schedules or incorrect lines in the schedule when calculating the HAP and utility reimbursements.

*Prior Audit Finding:* We previously reported this as finding 2017-725 and in 3 prior audits.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that they properly calculate and support housing assistance payments and utility reimbursements with current payment standards and utility allowance schedules. They should promptly correct any underpayments.

*Views of Responsible Officials:*

"We agree with this finding in part. We agree that, as stated in the finding above, these minor errors were due to clerical errors. While it is impossible to eliminate all clerical errors, errors identified represent 0.3% of the $49,839 in transactions tested, which demonstrates 99.7% accuracy. Nonetheless, the department and its contracted vendor have implemented a detailed quality control process designed to identify and quickly correct clerical errors, and will continue to look for ways to do so. DOH has one staff member assigned to consistently monitor this program. This staff member reviews over 150 files annually to ensure compliance with HUD regulations."

*Auditors' Concluding Comments:*

The error ratio that DOH calculated does not take into consideration errors that resulted in underpayments. Our testing disclosed that 19 of the 60 transactions (31.7%) contained one or more errors and resulted in the incorrect calculation of HAP or utility reimbursement payments. As a result, there is reduced assurance that DOH and its vendor are correctly calculating HAP and utility reimbursements.

### 2018-726 Financial Reporting – HUD-52681-B

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* Public Housing Authorities (PHA) authorized under state law to administer the federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers and Mainstream Vouchers programs are required to submit Form HUD-52681-B, Voucher for Payment of Annual Contributions and Operating Statement, monthly via the Voucher Management System (VMS).

In Connecticut, the state Department of Housing (DOH) is designated as a PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 24 Code of Federal Regulations 5.801 requires PHAs to submit financial information as required by HUD. The PHA must submit this information in such form and substance as prescribed by HUD.

Title 24 CFR 982.155 provides that the PHA must maintain an administrative fee reserve, which includes administrative fees paid by HUD that exceed the PHA program administrative expenses for the fiscal year and any earned interest. The PHA must use funds in the administrative fee reserve to pay program administrative expenses in excess of administrative fees paid by HUD for a PHA fiscal year. If the PHA does not need funds in the administrative fee reserves to cover its administrative expenses, the PHA may use these funds for other housing purposes permitted by state and local law. VMS refers to the administrative fee reserve as unrestricted net position (UNP).

*Condition:* Our review disclosed that DOH improperly calculated the amount of UNP funds on the HUD-52681-B. DOH used UNP funds for administrative expenses before current year administrative funding from HUD. DOH reported UNP in December 2017 and March 2018 as $0 and $2,591,177, respectively. The correct UNP amounts could not be determined. In addition, we noted that DOH understated the amount of restricted net position (RNP) on the December 2017 HUD-52681-B by $585.

*Context:* DOH prepared 12 monthly HUD-52681-B reports during the fiscal year ended June 30, 2018. We selected 2 reports to review.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* HUD-52681-B reports did not accurately reflect the financial status of the program. HUD uses this data to monitor the financial and operational performance of the PHA and to determine renewal-funding levels. If information included on HUD-52681-B is not accurate, HUD may not have the information necessary to make informed decisions.

*Cause:* DOH elected to spend UNP funds on administrative expenses before spending current year funding from HUD. A clerical mistake caused the error in the RNP amount DOH reported.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that information provided on HUD-52681-B is accurate. In addition, DOH should use current year administrative funding prior to amounts in the administrative fee reserve.

*Views of Responsible Officials:*

"We disagree with this finding. DOH has confirmed with HUD that is allowable to use administrative funds from a previous year. DOH has provided a copy of the email confirmation with its response."

*Auditors' Concluding Comments:*

Title 24 CFR 982.155 provides that the PHA must use funds in the administrative fee reserve to pay program administrative expenses in excess of administrative fees paid by HUD for a PHA fiscal year. While DOH is permitted to use administrative funds from a previous year, those funds should be used after current year funds are depleted.

## 2018-727 Reporting – Financial Assessment Subsystem for Public Housing

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* The federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers Program (HCV) provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. The Mainstream 5-Year Vouchers Program (MS5) enables families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. Public housing agencies (PHA) authorized to administer the programs locally make housing assistance payments directly to landlords, on behalf of eligible families, for the lease of suitable rental housing that meets program requirements.

In Connecticut, the state Department of Housing (DOH) is a designated PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 24 Code of Federal Regulations 5.801 requires PHAs to submit financial information (prepared in accordance with Generally Accepted Accounting Principles) annually, no later than 60 days after the end of the fiscal year. The PHA should submit financial information through the HUD Financial Assessment Subsystem for Public Housing (FASS-PH).

*Condition:* Our review disclosed that DOH has not submitted required financial information for the fiscal years ended June 30, 2016, 2017, and 2018.

*Context:* Until HUD approves a prior year's submission, the department is unable to submit subsequent reports. While DOH completed the 2015 submission during the fiscal year ended June 30, 2017, HUD did not approve it until May 2018.

*Questioned Costs:* $0

*Effect:* HUD uses financial information submitted through the FASS-PH to monitor and oversee the Section 8 HCV and MS5 programs. Without the timely submission of information, HUD may not have the data necessary to make informed decisions about the program.

*Cause:* The department has not devoted the resources necessary to complete the federal financial reports after HUD approved the 2015 submission

*Prior Audit Finding:* We previously reported this as finding 2017-728 and in 1 prior audit.

*Recommendation:* The Department of Housing should submit required financial information to the Department of Housing and Urban Development in a timely manner in accordance with Title 24 Code of Federal Regulations 5.801.

*Views of Responsible Officials:*

"We disagree with this finding. DOH cannot submit any further financial information to HUD until HUD approves of the previous submission in their electronic system. DOH has the proper information ready to submit for fiscal years 2016, 2017 and 2018. As soon as HUD resolves its system issues, and allows us to submit this information, DOH will do so within 30 days for the 2016 information. Similarly, upon approval of that 2016 submission by HUD, the 2017 will be submitted. Previous audits correctly identified this was an issue, but DOH has resolved those issues and is currently waiting on HUD to complete their review before DOH can move on."

*Auditors' Concluding Comments:*

HUD approved the financial information for fiscal year 2015 in May of 2018. As a result, DOH should have submitted financial information for the fiscal year ended June 30, 2016.

## 2018-728 Special Reporting – Form HUD-50058, Family Report

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* Public Housing Authorities (PHA) authorized under state law to administer the federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers and Mainstream Vouchers programs are required to submit Form HUD-50058, Family Report, electronically each time the PHA completes an admission, annual reexamination, interim reexamination, transfer from another jurisdiction, or other change of unit for a family. The following items included in the report are considered critical information:

a. Type of Action
b. Effective Date of Action
c. Names
d. Dates of Birth
e. Social Security Numbers
f. Unit Address
g. Unit Inspection Dates
h. Total Annual Income
i. Family's Participation in the Family Self Sufficiency (FSS) Program
j. FSS Account Balance

In Connecticut, the state Department of Housing (DOH) is designated as a PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 24 Code of Federal Regulations 908.101 requires PHAs to electronically submit Form HUD-50058, including the FSS Addendum. Applicable program entities must retain at a minimum, the last three years of the form HUD-50058, and supporting documentation, during the term of each assisted lease, and for a period of at least 3 years from the end of participation date, to support billings to HUD and to permit an effective audit.

*Condition:* Our review noted 2 HUD-50058 forms that contained an incorrect date of birth or social security number.

*Context:* The maximum units permitted per DOH's Annual Contributions Contract with HUD ranged from 8,027 to 8,154 units a month, during the fiscal year ended June 30, 2018. The PHA would need to complete a Form HUD-50058 each time it completes an admission, annual reexamination, interim reexamination, transfer from another jurisdiction, or other change of unit for a family. We selected 25 HUD-50058 forms to review.

Our sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* Data PHAs submit through Form HUD-50058 is used by HUD to analyze the program, monitor the PHAs, detect fraud, and provide information to Congress and other interested parties. If information included on Form HUD-50058 is not accurate, HUD may not have the information necessary to make informed decisions about the program.

*Cause:* The errors appear to be clerical mistakes.

*Prior Audit Finding:* We previously reported this as finding 2017-729.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that information provided on Form HUD-50058 is accurate.

*Views of Responsible Officials:*

"We agree with this finding in part. We agree that, as stated in the finding above, these minor errors were due to clerical errors. While, it is impossible to eliminate all clerical errors, the department and its contracted vendor have implemented a detailed quality control process designed to identify and quickly correct them. Although it is a clerical error, it is not a weakness or indication of insufficient control or oversight. In addition, DOH is requesting a detailed list of the files reviewed, so that DOH can ensure that these errors occurred, and make any necessary corrections."

## 2018-729 Special Tests and Provisions – Reasonable Rent

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* The federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers Program (HCV) provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. The Mainstream 5-Year Vouchers Program (MS5) enables families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. Public housing agencies (PHA) authorized to administer the programs locally make housing assistance payments (HAP) directly to landlords, on behalf of eligible families, for the lease of suitable rental housing that meets program requirements.

In Connecticut, the state Department of Housing (DOH) is designated as a PHA and administers the programs statewide with a contracted vendor.

The PHA determines whether rents for units occupied by HCV or MS5 participants are reasonable based upon a comparison with similar unassisted units. The PHA utilizes a rent reasonableness system to determine the average rents for units of like size and type within the same market area.

*Criteria:* Title 24 Code of Federal Regulations 982.507 provides that the PHA may not approve a lease until the PHA determines that the rent is reasonable. The PHA must also redetermine if the rent is reasonable before any increase and at the HAP contract anniversary, if there is a 10% decrease in the published fair-market rent in effect 60 days before the anniversary date. The PHA must determine whether the rent is reasonable in relation to other comparable unassisted units by considering the location, quality, size, unit type, age of the unit, and any amenities, services, and utilities provided by the owner in accordance with the lease.

*Condition:* Our review of reasonable rent determinations for 10 newly leased units and 10 existing units disclosed the following:

- In 6 cases, the unit characteristics used to determine if rent was reasonable did not match supporting documentation.
- In 1 case, a reasonable rent determination was not completed until 2 months after the rent to the owner had been increased.

*Context:* The maximum number of units permitted per DOH's Annual Contributions Contract with HUD ranged from 8,027 to 8,154 units a month during the fiscal year ended June 30, 2018. A determination of reasonable rent would be required at the time of initial leasing, before any increase in the rent to the owner, or at the HAP contract anniversary if there is a 10% decrease in the published fair market rent in effect 60 days before the anniversary date.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* There is reduced assurance that rental rates are reasonable. We were unable to determine if the errors noted resulted in any overpayments.

*Cause:* The errors were due to clerical mistakes.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that they properly and timely complete reasonable rent determinations.

*Views of Responsible Officials:*

"We agree with this finding in part. We agree that, as stated in the finding above, these minor errors were due to clerical errors. While, it is impossible to eliminate all clerical errors, the department and its contracted vendor have implemented a detailed quality control process designed to identify and quickly correct them. Although it is a clerical error, it is not a weakness or indication of insufficient control or oversight. In addition, DOH is requesting a detailed list of the files reviewed, so that DOH can ensure that these errors occurred, and make any necessary corrections."

### 2018-730 Special Tests and Provisions – Housing Quality Standards Inspections

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* The federal Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers Program provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. The Mainstream 5-Year Vouchers Program enables families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. Public housing agencies (PHA) authorized to administer the programs locally make housing assistance payments directly to landlords, on behalf of eligible families, for the lease of suitable rental housing that meets program requirements.

In Connecticut, the state Department of Housing (DOH) is designated as a PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 24 Code of Federal Regulations (CFR) 982.405(a) provides that the PHA must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during occupancy, and at other times as needed, to determine if the unit meets the housing quality standards (HQS).

Title 24 CFR 982.54 provides that the PHA must adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD requirements. The PHA must administer the program in accordance with its administrative plan.

The DOH administrative plan provides that the PHA must annually inspect each unit under contract.

*Condition:* We reviewed 60 HQS inspection files and found 9 inspections that were not completed at least annually in accordance with DOH's administrative plan. The contracted vendor completed these inspections between 3 and 294 days late.

*Context:* During the fiscal year ended June 30, 2018, the PHA contracted vendor performed 11,155 HQS inspections on dwelling units.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* While the contracted vendor conducted HQS inspections biennially in accordance with Title 24 CFR 982.405(a), it did not perform them in accordance with the DOH administrative plan.

*Cause:* DOH contracts with a vendor who is responsible for ensuring compliance with housing quality standards. For the instances of noncompliance identified, the vendor did not properly perform its contractual duties.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that housing quality standards inspections are performed in accordance with its administrative plan or should amend its administrative plan to reflect its current practices.

*Views of Responsible Officials:*

"We disagree with this finding. This finding notes that DOH is fully in compliance with Title 24 CFR 982.405 (a). In addition, DOH is recognized as being a high performing housing authority. Our annual HUD review was provided, which shows a perfect score on the evaluation. What is questioned here is DOH's compliance with our own Administrative Plan. Our Administrative Plan is a guideline for how the program shall be managed and conducted. It does outline the expected procedures on the timeliness of HQS inspections. Unfortunately, there are occasions when there are circumstances that leads to a late inspection. For example, a tenant or a landlord may not let an inspector in for a re-inspection. While DOH will not allow a new tenant to move into a new unit without an inspection, DOH does also realize that there may be mitigating circumstances for a late inspection. DOH would rather work with the landlord and tenant to resolve the timeliness of the inspection than force a tenant to move to a new unit especially when DOH is in full compliance with HUD regulations."

*Auditors' Concluding Comments:*

Title 24 CFR 982.54 provides that the PHA must adopt a written administrative plan and must administer the program in accordance with its administrative plan. By not adhering to its administrative plan, DOH did not comply with federal regulations.

## 2018-731 Special Tests and Provisions – Housing Quality Standards Enforcement

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

**Mainstream Vouchers (CFDA 14.879)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 DVO**

*Background:* The federal Department of Housing and Urban Development's Section 8 Housing Choice Vouchers Program provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. The Mainstream 5-Year Vouchers Program enables families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. Public housing agencies (PHA) authorized to administer the programs locally make housing assistance payments directly to landlords, on behalf of eligible families, for the lease of suitable rental housing that meets program requirements.

In Connecticut, the state Department of Housing (DOH) is designated as a PHA and administers the programs statewide with a contracted vendor.

*Criteria:* Title 24 Code of Federal Regulations (CFR) 982.404(a) provides that the PHA must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards (HQS), unless the owner of the unit corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within 24 hours. For other defects, the owner must correct the defect within 30 calendar days (or any PHA-approved extension). The PHA must take prompt and vigorous action to enforce the owner obligations. PHA remedies for such breach of the HQS include termination, suspension, or reduction of housing assistance payments and termination of the HAP contract.

Title 24 CFR 982.54 provides that the PHA must adopt a written plan that establishes local policies for administration of the program in accordance with HUD requirements. The PHA must administer the program in accordance with its plan.

The DOH administrative plan provides that, if a unit fails its HQS inspection and the unit owner is responsible, the PHA must send a letter to the owner informing them of the repairs needed. For 24-hour emergency reports, the owner must fax or call the inspection firm within 20 hours verifying the completion of the repair. When 24-hour repairs are required, the PHA then reinspects the unit within 10 business days after owner notification. If other non-emergency repairs were required, the PHA reinspects when the owner completed all of the repairs. If the owner does not conduct repairs in the period required by the PHA, DOH or its contracted vendor will suspend the housing assistance payment.

*Condition:* Our review disclosed that the DOH administrative plan contains policies that are not in accordance with HUD requirements. The administrative plan provides that if a unit fails its HQS inspection and there are both 24-hour emergency repairs and non-emergency repairs needed, the PHA will only reinspect when the owner has completed all repairs. As a result, the PHA is not verifying that owners have corrected 24-hour emergency repairs in a timely manner, as required by Title 24 CFR 982.404(a).

*Context:* During the fiscal year ended June 30, 2018, the PHA contracted vendor performed 11,155 HQS inspections on dwelling units, 3,319 of which failed the initial inspection.

The sample was not statistically valid.

*Questioned Costs:* Our review identified questioned costs totaling $4,402.

*Effect:* The errors resulted in overpayments to landlords for dwelling units that failed to meet the HQS. Furthermore, by not conducting reinspections within the appropriate timeframe, the PHA cannot ensure that the dwelling units are decent, safe, and sanitary.

*Cause:* DOH contracts with a vendor who is responsible for ensuring compliance with housing quality standards and the suspension of housing assistance payments. For 6 of the 10 cases noted, the vendor did not reinspect a 24-hour emergency repair until the owner had corrected other non-emergency repairs, as provided in the DOH administrative plan. For the other instances of noncompliance we identified, the vendor did not properly perform its contractual duties.

*Prior Audit Finding:* We previously reported this as finding 2017-727 and in a prior audit.

*Recommendation:* The Department of Housing and its contracted vendor should ensure that they complete housing quality standards reinspections on time, and that they should suspend payments if owners do not correct identified defects within the required period. In addition, the department should ensure policies included in its administrative plan conform to Department of Housing and Urban Development requirements.

*Views of Responsible Officials:*

"We agree with this finding. The department identified this as an issue prior to review, and has worked with the contracted vendor to increase capacity with regard to both initial HQS inspections, as well as annual HQS re-inspections. Further, internal processes of the contracted vendor have been streamlined to better ensure that payments are suspended if identified defects are not corrected within the required timeframes."

## 2018-732 Allowable Costs/Cost Principles – Payroll Costs

**Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (CFDA 14.269)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0001**

**National Disaster Resilience Competition (CDBG-NDR) (CFDA 14.272)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0002**

**Section 8 Housing Choice Vouchers (CFDA 14.871)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: ACC CT 901 VO**

*Criteria:* Title 2 Code of Federal Regulations 200.405 provides that a cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award in accordance with relative benefits received.

Title 2 CFR 200.430 provides that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to federal awards.

*Condition:* Our review disclosed that DOH did not charge payroll and fringe benefit costs to the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR), the National Disaster Resilience Competition (CDBG-NDR), or the Section 8 Housing Choice Vouchers (HCV) programs in accordance with related benefits received.

*Context:* During the fiscal year ended June 30, 2018, $1,631,018 DOH charged the CDBG-DR Program, $95,413 to the CDBG-NDR Program, and $390,201 was charged to the Section 8 HCV Program for payroll and fringe benefit expenditures. Our review disclosed that DOH allocated $727,080 of the CDBG-DR expenditures, $5,808 of the CDBG-NDR expenditures, and $390,201 of the Section 8 HCV expenditures to the programs using rates estimated before services were performed.

*Questioned Costs:* We could not determine the amount of time employees worked on CDBG-DR, CDBG-NDR, or the Section 8 HCV programs. Therefore, we could not determine if there were any questioned costs.

*Effect:* Payroll and fringe benefit costs may not reflect the time actually worked by the employees and may result in charging unallowable costs to the programs.

*Cause:* The department charged payroll and fringe benefit costs based on budget estimates instead of records that support the work actually performed.

*Prior Audit Finding:* We previously reported this as finding 2017-731 and in a prior audit.

*Recommendation:* The Department of Housing should allocate payroll and fringe benefit expenditures claimed under the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants, National Disaster Resilience Competition, and Section 8 Housing Choice Vouchers programs based on records that accurately reflect the work performed.

*Views of Responsible Officials:*

"We agree with this finding. The department identified this as an issue prior to review, and has been working to develop a methodology to ensure that payroll and fringe benefit expenditures accurately reflect the work performed. A temporary quarterly work distribution verification will be obtained from all supervisors and provided to the Office of Finance and Administration so that proper charges can be made to the respective accounts for the prior quarter. A more permanent methodology allowing the entry of administrative coding in CORE-CT is underway. Staff working on the CDBG-DR and NDR grants have received new override codes within CORE-CT and have entered them into their respective timesheets for approval. Additional coding is underway in CORE-CT to fully implement this methodology across all programs."

## 2018-733 Allowable Costs / Cost Principles – Benefit Payments

**Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (CFDA 14.269)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0001**

*Background:* The Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program (CDBG-DR) provides disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013.

The Department of Housing (DOH) funded the rehabilitation, reconstruction, or mitigation measures for owner-occupied homes, scattered-site properties, and multi-family houses. Scattered-site properties are non-owner occupied 1 to 4 unit rental properties. There was also funding provided for infrastructure and planning projects that would help to improve the resiliency of infrastructure and public facilities and provide mitigation measures.

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.403 provides that in order to be allowable under federal awards, costs must be necessary and reasonable for the performance of the federal award and must be adequately documented.

76 Federal Register 221 (November 16, 2011) page 71061 provides that the Stafford Act directs administrators of federal assistance to ensure that no person, business concern, or other entity will receive duplicative assistance and imposes liability to the extent such assistance duplicates benefits available to the person for the same purpose from another source. Because assistance to each person varies widely based on individual insurance coverage and eligibility for federal funding, grantees cannot comply with the Stafford Act without completing a duplication of benefits analysis specific to each applicant.

The DOH Multifamily Assistance Programs Policies and Procedures Guide includes policies relating to scattered-site properties. The guide provides that to ensure projects do not result in a duplication of benefits, property owners must place any unspent third-party duplication of benefits funds in an escrow account and execute an escrow agreement with DOH.

The DOH escrow agreement with property owners provides that DOH shall advance any third-party funds from the escrow account for the payment of the costs of the project prior to the making of any advances. DOH makes an exception to this policy if the escrow funds are for a specific purpose.

*Condition:* We reviewed payments associated with 10 projects for owner-occupied homes and scattered-site properties totaling $548,483.

- For 3 projects, the DOH duplication of benefits analyses prepared contained improper or unsupported amounts. This resulted in DOH making overpayments totaling $56,802.
- For 1 project, escrow funds were not used in a timely manner. Escrow funds were held for a specific purpose, but CDBG-DR funds were initially used to pay for this project. Ultimately, the owner used all escrow funds.

*Context:* During the fiscal year ended June 30, 2018, DOH funded 70 projects totaling $5,253,374 for owner-occupied homes and scattered-site properties.

Our samples were not statistically valid.

*Questioned Costs:* Our review identified questioned costs totaling $56,802

*Effect:* There is reduced assurance that Hurricane Sandy CDBG-DR financial assistance is being correctly calculated and paid, and that available escrow funds are being used prior to CDBG-DR funds.

*Cause:* These errors were due to staff oversights that went unnoticed during the supervisory review process.

*Prior Audit Finding:* We previously reported this as finding 2017-732 and in 1 prior audit.

*Recommendation:* The Department of Housing should strengthen its internal controls to ensure that Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program expenditures are necessary, reasonable, adequately supported, and correctly calculated.

*Views of Responsible Officials:*

"We agree with this finding. The department has and continues to strengthen its internal controls for allowable costs, cost principles and benefit payments through the implementation of an additional compliance review. Over the past few months, staff have embarked upon a compliance review of the completed projects ensuring that expenditures are necessary, reasonable, adequately supported and correctly calculated."

## 2018-734 Suspension and Debarment – Inadequate Procedures

**Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (CFDA 14.269)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0001**

**National Disaster Resilience Competition (CDBG-NDR) (CFDA 14.272)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0002**

*Background:* The Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program (CDBG-DR) and the National Disaster Resilience Competition Program (CDBG-NDR) provide disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013.

Under CDBG-DR the Department of Housing (DOH) funded the rehabilitation, reconstruction, or mitigation measures for owner-occupied homes, scattered-site properties, and multi-family houses. Scattered-site properties are non-owner occupied 1 to 4 unit rental properties. There was also funding provided for infrastructure and planning projects that would help to improve the resiliency of infrastructure and public facilities and provide mitigation measures.

The CDBG-NDR Program provides discretionary grants that address unmet needs from past disasters, while addressing the vulnerabilities to future disasters. The Department of Housing will use CDBG-NDR funding to support infrastructure as well as planning and research projects.

*Criteria:* Title 2 Code of Federal Regulations (CFR) Part 180 prohibits non-federal entities from contracting with or making subawards under covered transactions to participants that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include those procurement contracts for goods and services that are expected to equal or exceed $25,000 or meet certain other specified criteria.

A principal is defined as an officer, director, owner, partner, principal investigator, or other person with an entity, with management or supervisory responsibilities related to a covered transaction.

States must verify that participants and principals are not suspended or debarred or otherwise excluded by checking the System for Award Management (SAM) Exclusions, collecting a certification from the person, or adding a clause or condition to the covered transaction with that person. SAM Exclusions is a United States Government system that is available to the public with the most current information about persons who are suspended, debarred, or otherwise excluded from covered transactions.

*Condition:* Our review disclosed that DOH did not determine whether contractors providing goods or services or their principals were excluded from participating in federal programs prior to entering into covered transactions for 1 multi-family, 4 infrastructure, and 5 planning projects funded by CDBG-DR and 2 CDBG-NDR contractors. None of the contractors we examined were excluded.

*Context:* During the fiscal year ended June 30, 2018, DOH funded 2 multi-family, 21 planning, and 16 infrastructure projects under CDBG-DR. We reviewed 1 multi-family, 6 planning, and 6 infrastructure projects for compliance with the suspension and debarment requirements. In addition, there were 2 contractors that DOH paid more than $25,000 under the CDBG-NDR Program. We reviewed both of these contractors for compliance with the suspension and debarment requirements.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* DOH has decreased assurance that contractors providing goods and services or their principals have not been suspended, debarred, or otherwise excluded from federal programs.

*Cause:* DOH does not have adequate procedures in place to verify that contractors providing goods or services or their principals are not suspended, debarred or otherwise excluded from federal programs. DOH did not always check the SAM exclusions prior to entering into a covered transaction.

*Prior Audit Finding:* We previously reported this as finding 2017-735 and in 1 prior audit.

*Recommendation:* The Department of Housing should develop procedures that ensure that all contractors and their principals are not suspended, debarred, or otherwise excluded from federal programs as specified in federal regulations.

*Views of Responsible Officials:*

"We disagree with this finding. The department believes that adequate procedures specified in the federal regulations for all components of the activities funded under CDBG-DR grant are in place, however acknowledges that since the files for the projects reviewed as part of this audit are not at DOH, staff did not have immediate access to the records. It is important to note that prior to entering into contracts with the developers for the assisted projects, DOH confirmed that none were suspended, debarred, or otherwise excluded from working on federal programs.

The auditor is specifically referencing the subcontractors who were not directly contracted by DOH but by the respective developer or municipality. DOH has language in each Assistance Agreement for each project regarding Suspension and Debarment that states: This Agreement is a covered transaction for purposes of 49 CFR Part 29. As such, the Municipality is required to verify that none of the contractor, its principals, as defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945. The Municipality is required to comply with 49 CFR 29, Subpart C and must include the requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into. The Municipality shall require that each contractor and subcontractor engaged to work on the Project (including any contractors or subcontractors submitting bids, responding for requests for proposals or requests for quotes) to execute a certification substantially in the following form: "This certification is a material representation of fact relied upon by State of Connecticut Department of Housing and the United States Department of Housing and Urban Development. If it is later determined that the undersigned [contractor/subcontractor/bidder/proposer] knowingly rendered an erroneous certification, in addition to remedies available to State of Connecticut Department of Housing and/or the United States Department of Housing and Urban Development, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The undersigned [contractor/subcontractor/bidder/proposer] agrees to comply with the requirements of 49 CFR 29, Subpart C while this contract/offer is valid and throughout the period of any contract that may arise from this offer. The undersigned [contractor/subcontractor/bidder/proposer] further agrees to include a provision requiring such compliance in its lower tier covered transactions."

As part of the compliance review, DOH will ensure that we have records in the project files that confirm that none of the subcontractors working on any CDBG-DR or NDR projects have been suspended or debarred from working on federal projects."

*Auditors' Concluding Comments:*

DOH is not properly communicating suspension and debarment requirements to grantees. Title 2 CFR 2424.332 provides that to communicate the requirements to lower-tier participants for HUD grants, a term or condition must be added in the transaction requiring compliance with Subpart C of the Office of Management and Budget guidance in 2 CFR Part 180. Title 49 CFR Part 29, which DOH references in its assistance agreements, has been repealed.

The 2 CDBG-NDR contractors included in the finding were directly contracted by DOH. Therefore, DOH was responsible for determining whether these contractors or their principals were excluded from participating in federal programs prior to entering into covered transactions.

### 2018-735 Financial Reporting – SF-425 Report

**Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (CFDA 14.269)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0001**

**National Disaster Resilience Competition (CDBG-NDR) (CFDA 14.272)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Number: B-13-DS-09-0002**

*Criteria:* Federal Financial Reports (SF-425) to report cash transactions must be submitted to the Department of Housing and Urban Development (HUD) on a quarterly basis, no later than 30 days after the end of each reporting period. Instructions for the preparation of the SF-425 report require the recipient to enter cumulative amounts of cash receipts and disbursements from the inception of the award through the end date of the reporting period.

*Condition:* Our review of the SF-425 for the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program (CDBG-DR) disclosed the following:

1. The SF-425 for the quarter ending September 30, 2017, understated cash disbursements by $60,585.
2. The SF-425 for the quarter ending December 31, 2017, understated cash disbursements by $59,743.

Our review of the SF-425 for the National Disaster Resilience Competition Program (CDBG-NDR) disclosed the following:

1. The SF-425 for the quarter ending March 31, 2018, understated cash disbursements by $25,048.

*Context:* SF-425 Federal Financial Reports are prepared quarterly for CDBG-DR and CDBG-NDR. We reviewed 2 quarterly reports for each program.

The sample was not statistically valid.

*Questioned Costs:* $0

*Effect:* SF-425 Federal Financial Reports did not accurately reflect the financial status of the programs.

*Cause:* Errors made during the preparation of the SF-425 Federal Financial Reports went unnoticed during the supervisory review process.

*Prior Audit Finding:* We previously reported this as finding 2017-736 and in 1 prior audit.

*Recommendation:* The Department of Housing should strengthen internal controls to ensure the accurate submission of federal financial reports.

*Views of Responsible Officials:*

"We agree with this finding. Internal controls have been strengthened to facilitate accurate submission of the SF-425 Federal Financial Reports. Over the past few weeks there have been constant communication with the Auditor and finance team and it was discovered that they were reviewing two different reports in Core. Unfortunately, the report used by DOH finance staff did not include a reversal payroll change that understated the cash disbursements. For all future SF-425 reports, the finance team will run the same report the Auditors used "Core-CT General Ledger Activity Reports" in order to avoid not seeing all the transactions.

In addition, we have reached out to the Finance Team at DECD for guidance and have been informed that the Controller issued a Memorandum # 2018-11 on July 1, 2018 that clarified the "Treatment of Accounts 50423 and 50476 for Federal and Other Funds." These were the two accounts that resulted in the understatement of the cash disbursements by $842 and per this guidance should not have been included in the federal report. Moving forward, these accounts will be excluded from the report."

## OFFICE OF EARLY CHILDHOOD

### 2018-775 Activities Allowed/Unallowed Costs

**Child Care and Development Block Grant (CFDA 93.575)**
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: Federal Fiscal Year: 2017-2018**
**Federal Award Number: G1801CTCCDF**

*Criteria:* Title 2 Code of Federal Regulations (CFR) Part 200, Subpart E, provides that allowable costs should conform to any limitations or exclusions set forth in the federal award. Allowable costs include those necessary and reasonable for the performance of the federal award. Advertising and public relations are allowable with restrictions.

Title 2 CFR 200.421, describes general provisions related to advertising and public relations costs:

- Part (b)(4) states that the only allowable advertising costs are for "program outreach and other specific purpose necessary to meet the requirements of the federal award."
- Part (d)(1) states the only allowable public relations costs are "costs specifically required by the federal award."
- Part (e) states, in part, that "unallowable advertising and public relations costs" include "all advertising and public relations costs other than as specified in paragraphs (b) and (d) of this section."

State Contract 13PSX0236 Exhibit A part III "Client Agency use of Contract" states that "State Agencies are encouraged to obtain three (3) quotes when utilizing this contract award."

State Contract 13PSX0236 Exhibit B provides a price schedule for services. This schedule details hourly rates by function.

*Condition:* Our review of Office of Early Childhood (OEC) expenditures disclosed that the OEC hired a firm to provide various services including advertising and public relations. Activities included the following:

- OEC Website Restructure and Redesign
- Communication Infrastructure and Distribution Lists
- Developing Infrastructure for Communications Campaign
- Branding and General Campaign

- Infant Campaign
- General Communication and Public Education Campaign

1. We were unable to determine whether all costs were directly associated with the Childcare Development Fund (CCDF) Program. It appears that some of the branding and advertising costs may relate to other federal programs and the state agency as a whole.
2. We were unable to confirm the percentage of work completed for all activities on each invoice.
3. We confirmed that OEC obtained 3 quotes for services. However, vendors were not provided a reasonable time to respond. Two separate requests were made to 3 candidates. One provided 4 business days for responses and a second provided a 2 business days. Given the scope of work, this does not appear reasonable.
4. Our initial review found price quotes and invoices were not consistent with state contracts. The invoices detailed several "campaigns" with total costs for each. Detailed information was not available until we inquired. Such information should have been available in order for the agency to verify quotes and invoice documentation.
5. The due date for the OEC website implementation was June 29, 2018. As of January 23, 2019, OEC informed us that parts of the website were not yet "live". OEC paid $115,000 for website restructure and redesign.

*Context:* We selected 10 expenditure transactions for review, totaling approximately $3.3 million. Two were for advertising and public relations services, totaling approximately $1.3 million. The audit population for testing federal expenditures, not subject to eligibility requirements, totaled approximately $10 million. The sample was not statistically valid.

*Questioned Costs:* We were unable to determine questioned costs, since it was not clear what amount or percentage of costs incurred were directly related to the CCDF program.

*Effect:* OEC may not have assigned all costs to the correct program. The office allocated general costs solely to CCDF funds that may apply to the entire agency. We do not have assurance that contract costs incurred were accurate.

*Cause:* Management did not perform a formal analysis to determine if costs were accurate or what percentage of costs pertain solely to the CCDF program.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Office of Early Childhood should adhere to federal requirements regarding the Childcare Development Fund (CCDF) Program advertising and public relations. OEC should perform an analysis of the associated costs and applicable federal programs to ensure that only allowable costs are allocated to federal funds. If this cannot be determined, the Office of Early Childhood should seek guidance from the federal awarding agencies to identify an acceptable method for cost allocation across various programs.

The Office of Early Childhood should ensure that charges for goods and services agree to pricing provisions set forth in the state contract and allow a reasonable vendor response time when obtaining quotes for services.

*Views of Responsible Officials:*

"The Office of Early Childhood (OEC) agrees with these findings. After the death of nine infants in child care settings, the agency acted with urgency to enter into the communications contract during a time of an understaffed fiscal office and overlooked documentation processes. The agency has already begun work to improve the processes for fiscal, programmatic, and contractual oversight of projects using federal funds. The agency has arranged for staff training on contract management and has requested additional staff for fiscal and contract management roles to increase capacity of contract management. The agency will implement stronger controls to review expenses, create federal reports, document expenses, and track analysis of project costs and their applicability to be charged to federal funds. The agency has also begun work to make fiscal processes more formal, including such items such as strengthening both fiscal and programmatic reporting requirements in contracts and invoices and associated reviews, timely requests for refunds, and allowing for more reasonable vendor response times. For example, OEC plans to pursue improvements such as implementing a change in operations with regard to the use of federal funds for program expenditures to ensure appropriate authorizations of expenditures using those funds; using a contracting and invoicing structure will be detailed with SMART (Specific, Measurable, Attainable, Relevant, and Time-Based) goals so as to clearly define expectations and deliverables; and the agency will ensure that all staff associated with any part of the procurement of goods and services will be trained in the process as related to the purchasing authority being utilized to comply with all contract provisions, paying special attention to the guidelines for use of each contract."

## 2018-776 Reporting – ACF-696

**Child Care and Development Block Grant (CFDA 93.575)**
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: Federal Fiscal Year: 2017-2018**
**Federal Award Number: G1801CTCCDF**

*Criteria:* Each state is required to file a quarterly ACF-696, Child Care and Development Fund Financial Report in accordance with 2 CFR 200.327 and 200.328, and the Federal Office of Child Care's website instructions. The instructions for completion of ACF-696 require "states to spend a specified amount of non-federal funds on child care in order to claim federal match from the Matching Fund. The state's maintenance of effort must be expended on allowable services or activities as described in the approved state plan, as appropriate, that meets the goals and purposes of the Child Care Development Block Grant (CCDBG) Act. The same expenditure may not be counted as both state match and state maintenance of effort."

*Condition:* Quarterly ACF-696 reports did not undergo a supervisory review prior to submission. One ACF-696 report contained an error for the amount reported as maintenance of effort.

*Context:* We selected 2 ACF-696 reports for the quarters ended December 31, 2017 and June 30, 2018 from a non-statistically valid sample. On October 30, 2018, OEC informed us that it had not completed a review for the selected reports. OEC included a review checklist in the December 31, 2017 supporting documentation, but the office did not complete the review.

*Questioned Costs:* $0

*Effect:* The lack of a proper supervisory review increases the risk that OEC may not identify errors in quarterly reports.

Quarterly reports are not accurate as maintenance of effort was overstated for the quarter ended December 31, 2017.

*Cause:* OEC did not perform its supervisory review due to managerial oversight following staffing changes.

The Office of Early Childhood (OEC) incorrectly included an expenditure adjustment in its calculation of maintenance of effort.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Office of Early Childhood should implement procedures to ensure that it accurately prepares the each quarterly ACF-696, Child Care and Development Fund Financial Report. The final report should undergo supervisory review prior to submission.

*Views of Responsible Officials:*

"The Office of Early Childhood (OEC) agrees in part with these findings. OEC works closely with the Department of Social Services (DSS) to execute the 9,000+ monthly payments related to the Care 4 Kids program. The amount of $537,910 that is reported as being overstated in the calculation of Maintenance of Effort represents a return of unspent prior fiscal year funds from DSS to the General Fund, which is in accordance with the State Accounting Manual. On the quarterly report in question, the return was initially included within the ACF-696 report calculations. However, given the cumulative nature of the ACF-696 and the ability to amend before the final report is complete, OEC corrected the reporting.

Pertaining to the lack of review of the ACF-696 report, OEC in the past had implemented the supervisory review as was recommended. However, OEC lost 33% of its fiscal staff and had a vacancy in the supervisory role. The quarterly reports were reviewed with program staff, but given the complexity of the calculations and the newly experienced situation described above, the inclusion of the adjustment was missed. The agency has already begun work to improve the processes for fiscal, programmatic, and contractual oversight of projects using federal funds. The agency will implement stronger controls to review expenses, create federal reports, document expenses, and track analysis of project costs and their applicability to be charged to federal funds. The agency has also begun work to make fiscal processes more formal, including such items such as strengthening both fiscal and programmatic reporting requirements in contracts and invoices and associated reviews. For example, fiscal staff have simplified the calculations for the ACF-696 so that they are not as intricate and have created a detailed instruction manual to allow other staff

## 2018-777 Subrecipient Monitoring

**Child Care and Development Block Grant (CFDA 93.575)**
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: Federal Fiscal Year: 2017-2018**
**Federal Award Number: G1801CTCCDF**

*Criteria:* Title 45 Code of Federal Regulations (CFR) 98.11 requires lead agencies that use other governmental or non-governmental subrecipients to administer the program, to have written agreements in place outlining roles and responsibilities for meeting CCDF requirements. Lead agencies shall oversee the expenditure of funds by sub-grantees, monitor programs and services, and ensure that sub-grantees responsible for determining individual eligibility operate according to rules established by the program.

The Office of Early Childhood (OEC) has a contract with a vendor to manage and administer the Care 4 Kids Program. This contract requires the following:

- Part 2, section B of the vendor contract states that fiscal reports "shall be in a format and include data pre-approved by the department."
- Part 3, section A (13) (b) states that "the contractor shall provide the department with such statistical, financial and programmatic information necessary to monitor and evaluate compliance with the contract. The contractor agrees to provide the department with such reports as the department requests."
- Part 3, section A (13) (c) states "the contractor will submit required reports by the designated due dates." It also states "the department reserves the right to withhold payments for services performed under this contract if the department has not received acceptable progress reports, expenditure reports, refunds, and/or audits as required by this contract."
- Part 3, section A (8) states "whenever the department determines from its review of the contractor's records related to this contract that excess funds and/or excess payments have been provided and/or made by the department exceeding the total of expenses incurred by the contractor, such excess income shall be deemed by the department to be unexpended funds and returned to the department." Methods for the return of funds include an offset to future contract payments or payment directly from the contractor.
- Part 3, section C (5) states that "unexpended funds shall be returned to the department."

*Condition:* Our review of OEC procedures related to subrecipient monitoring consisted of testing 2 quarterly financial status reports. Our testing disclosed the following:

1. OEC informed us that it did not perform a review of the quarterly financial status reports.
2. Our review of quarterly financial status reports disclosed an excess cash balance of $1,570,682. The OEC did not promptly request a refund of these excess funds. No refund has been requested as of January 7, 2019.

*Context:* OEC received quarterly financial status reports, but they contained insufficient supporting detail. OEC planned to change the required report format to include the necessary detail, but this change did not occur. OEC decided not to perform a review of the reports in the current format.

*Questioned Costs:* $0

*Effect:* There is decreased assurance that OEC used federal funds for allowable activities. OEC did not fully meet its responsibility to monitor the vendor that received federal funds.

*Cause:* OEC did not implement the new reporting format and delayed its refund request for unexpended funds.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Office of Early Childhood should implement procedures to comply with Title 45 CFR 98.11 concerning its responsibilities as a pass-through entity and to ensure that it properly monitors its subrecipients. In addition, Office of Early Childhood should ensure that vendors promptly refund all unexpended funds. The Office of Early Childhood should ensure that its vendors follow established contractual requirements pertaining to financial status reports.

*Views of Responsible Officials:*

"The Office of Early Childhood partially agrees with these findings. While the agency did receive and review the quarterly financial reports, staff determined that the fiscal reports do not contain enough information for agency purposes. The agency has already begun work to improve the processes for fiscal, programmatic, and contractual oversight of projects using federal funds broadly. The agency has arranged for staff training on contract management and has requested additional staff for fiscal and contract management roles to increase capacity of contract management. The agency will implement stronger controls to review expenses, create federal reports, document expenses, and track analysis of project costs and their applicability to be charged to federal funds. The agency has also begun work to make fiscal processes more formal, including such items such as strengthening both fiscal and programmatic reporting requirements in contracts and invoices and associated reviews, timely requests for refunds, and allowing for more reasonable vendor response times. Specifically, OEC has been working with the United Way to develop better programmatic and fiscal reports. For example, the agency began work on new reporting formats by implementing a Unified Chart of Accounts on a portion of the contract to begin this process and agency staff have been planning for the next contract, starting July 1, 2019, to have new language in the contract regarding reporting structure, frequency, and detail required. The OEC has submitted an invoice to the vendor to refund the unexpended funds."

## 2018-778 Special Tests and Provisions - Health and Safety Requirements and Criminal Background Checks

**Child Care and Development Block Grant (CFDA 93.575)**
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: Federal Fiscal Year: 2017-2018**
**Federal Award Number: G1801CTCCDF**

*Criteria:* Title 45 Code of Federal Regulations (CFR) 98.40 requires the lead agency to certify that procedures are in effect (e.g., monitoring and enforcement) to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that childcare providers (unless they meet an exception e.g., family members or individuals who object to immunization) serving children who receive subsidies meet requirements pertaining to prevention and control of infectious diseases, building and physical premises safety, and basic health and safety training for providers (45 CFR section 98.41).

Section 19a-80(c) of the General Statutes states that "the Commissioner of Early Childhood, within available appropriations, shall require each prospective employee of a child day care center or group day care home in a position requiring the provisions of care to a child, to submit to state and national criminal history record checks. The criminal history record checks required pursuant to this subsection shall be conducted in accordance with Section 29-17a. The Commissioner shall also request a check of the state child abuse registry established pursuant to Section 17a-101k…"

Public Act 17-2, section 174 amended section 19a-80(c) of the general statutes to include "No such prospective employee shall have unsupervised access to children in the child care center or group child care home until such comprehensive background check is completed and the Commissioner of Early Childhood permits such prospective employee to work in such child care center or group child care home."

Public Act 17-2, section 177 mandated comprehensive background checks required pursuant to subsection (c) of section 19a-80 of the general statutes "shall be conducted at least once every five years."

*Condition:* Our June 30, 2016 Statewide Single Audit noted deficiencies in the processing of background checks for daycare providers. Public Act 17-2 addressed our concerns in part. However, we were unable to review the new background check procedures for childcare providers during the audited period.

*Context:* OEC informed us that it will implement a new background check system in the spring of 2019.

The Office of Early Childhood procedures no longer allow prospective daycare providers to begin employment prior to the completion of their background check.

*Questioned Costs:* $0

*Effect:* We are not assured that OEC identified providers with criminal backgrounds in a timely manner, which would make them ineligible to provide services under the Child Care and Development Fund Program.

The lack of timely processing of employee background checks could result in individuals with disqualifying criminal histories working in childcare settings for a significant duration before being completely vetted.

*Cause:* Implementation of the new background check system did not occur during the audit period.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Office of Early Childhood should implement its background check system and expedite the process for monitoring and enforcing federal and state guidelines regarding background checks for childcare providers.

*Views of Responsible Officials:*

"The agency partially agrees with these findings. The OEC wholeheartedly agrees that timely completion of background checks and communication with providers is important to provide health and safety protections for children in care, not to mention compliance with federal and state law.

With regard to the lack of timely processing of background checks, currently, OEC staff are responsible for a portion of the tasks required and State Police staff are responsible for a portion. OEC has invested in additional staff and process improvements to reach the point where OEC tasks are completed within 1-4 weeks turnaround time. The agency has been working collaboratively with State Police to offer support to reduce the 4-6 month turnaround time at that agency. For example, OEC is purchasing biometric fingerprinting collection devices to reduce the number of fingerprint card rejections and is working to identify strategies to reduce the timeframes to receive results from State Police such as sharing staff and resources with DESPP and hiring temporary staff. Reducing the total processing time child care programs experience to a reasonable time frame to allow for hiring and deploying staff is of concern to all agencies.

The agency began development of technology solutions to provide information on the status of background checks to child care programs to help them determine if a staff member is eligible to begin work and where staff members are in the background check process. The agency expects that this new digital system will launch by summer of 2019 and will result in increased transparency into the process as well as tools for enhanced monitoring and process improvements to help ensure that all child care staff have completed a comprehensive background check before working with children unsupervised and any prospective staff members who have disqualifying records are identified in a timely manner."

### 2018-779 Reporting – ACF-696 Allocation of Federal and State funds

**Child Care and Development Block Grant (CFDA 93.575)**
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)**
**Federal Award Agency: United States Department of Health and Human Services**
**Award Year: Federal Fiscal Year: 2017-2018**
**Federal Award Number: G1801CTCCDF**

*Criteria:* The U.S Department of Health and Human Services, Administration for Children and Families awards the Connecticut Office of Early Childhood mandatory and matching funds subject to the requirements of the Social Security Act, and discretionary funds subject to the requirements of the Child Care and Development Block Grant Act.

The State Accounting Manual states "In order to ensure accurate reporting of federal grant expenditures by the Comptroller, and to facilitate compliance with the Federal Single Audit Act and the Federal Cash Management Improvement Act, separate appropriation Special Identification Codes (SIDs) must be maintained for each federal grant or federal program. Federal programs are identified by the Catalog of Federal Domestic Assistance (CFDA) number assigned to each grant award. Multiple year grants do not require a separate SID for each year, and may be commingled in a single SID. A separate budget reference may be used to distinguish between grant periods."

The State Accounting Manual requires an SID which is "used to uniquely define appropriation budgets by tying an accounting transaction back to the appropriations act via a combination of other chartfields - Fund + Dept + SID. The SID also defines the source and use of funding in non-appropriated funds. It is a required chartfield on all expenditure and revenue transactions."

The State Accounting Manual provides the 20000 series SID to account for federal grants. The Office of Early Childhood uses such Fund and SID combinations to account for other federal programs.

*Condition:* Federal and state expenditures associated with the Care4KidsProgram (CCDF) are charged to one account. There is no distinction between federal and state funded expenditures in Core-CT.

*Context:* CCDF program expenditures are charged to the General Fund (11000) and SID Care4Kids TANF/CCDF (16147).

*Questioned Costs:* $0

*Effect:* There is added risk that financial information communicated to interested parties (childcare providers) may not accurately reflect the percentage of federal and state funds provided for a given point in time. This information may not be readily available since those calculations are performed on a quarterly basis. The calculation may not provide a percentage of federal and state funds specific to each provider.

*Cause:* The Department of Social Services (DSS) transferred the CCDF program to OEC. When this transfer was completed, OEC management elected to follow the procedures that were currently in place. This appears to be a long standing practice.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Office of Early Childhood should allocate federal and state CCDF program funds to separate fund and SID combinations. The use of separate accounts would allow for a more accurate accounting of costs allocated to federal and state funding sources.

*Views of Responsible Officials:*

"The Office of Early Childhood (OEC) agrees with this finding. The Office of Early Childhood (OEC) agrees wholeheartedly that it is appropriate and necessary to divide the State and Federal portions of funding for the CCDF program between the respective Fund + SID combination. Consequently, the OEC submitted a request (a budget option for SFY 2020-2021) to the Office of Policy and Management seeking to realign these funds as part of our SFY 20-21 biennial budget. On February 20, 2019 the Governor's recommended budget submitted to the Legislature included the separate accounting structure such as those highlighted in this audit recommendation. It is anticipated that the final State budget will include this structural change. Having the appropriate Fund + SID combinations for this program will allow for more accurate and transparent reporting to our cognizant agency as well as will allow OEC to comply with the State Accounting Manual, will allow for more a more accurate accounting of costs allocated to federal and state funding sources."

# DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

## 2018-800 Internal Controls

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Background:* The federal Department of Housing and Urban Development's (HUD) Continuum of Care (CoC) Program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts of nonprofit providers, state and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

During the fiscal year ended June 30, 2018, the Department of Mental Health and Addiction Services (DMHAS) received 52 CoC grant awards, totaling $23,993,538. DMHAS assigns each grant award to a specific geographic region of the state.

*Criteria:* Title 2 Code of Federal Regulations (CFR) 200.62 defines internal control over compliance requirements for federal awards as a process implemented by a non-federal entity designed to provide reasonable assurance that (a) transactions are properly recorded and accounted for in relation to the federal program, and (b) transactions are executed in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a direct and material effect on a federal program.

Standards for internal control promulgated by the US GAO include the requirement that entities establish control activities, which include the establishment of policies and procedures to ensure that management accomplishes its directives to mitigate risk.

Title 2 Code of Federal Regulations (CFR) 200.303 states that the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The CFR further requires that the non-federal entity evaluate and monitor the non-federal entity's compliance with statutes, regulations and the terms and conditions of federal awards.

*Condition:* DMHAS failed to establish or document policies and procedures which would provide reasonable assurance that transactions are properly recorded, accounted for and executed in compliance with the terms and conditions of the grant award.

*Context:* The lack of policies and procedures demonstrates a systemic issue which may lead to possible errors and noncompliance with federal laws and regulations.

Continuum of Care Program expenditures totaled $23,529,805 during the state fiscal year ended June 30, 2018.

*Questioned Costs:* $0

*Effect:* Without adequate written policies and procedures, there is a significant risk that DMHAS is not in compliance with federal laws and regulations applicable to the CoC program.

*Cause:* DMHAS management did not establish a comprehensive internal control system over the CoC program.

*Prior Audit Finding:* We previously reported this as finding 2017-800.

*Recommendation:* The Department of Mental Health and Addiction Services should formally implement effective internal controls, including adequate policies and procedures, to ensure that transactions are properly recorded, accounted for and executed in compliance with the terms and conditions of the grant award.

*Views of Responsible Officials:*

"The department agrees with this finding. The department will develop policies and procedures covering CoC program operations. Policies and procedures will be combined in a newly created operations manual and disseminated to non-profit and state-operated agency housing staff. The department will conduct required trainings for housing agency staff with an estimated completion date of September 1, 2019."

## 2018-801 Activities Allowed or Unallowed - Contracts

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Sound business practice dictates that contracts be properly completed, fully executed, and that contract terms and conditions adequately describe the goods to be received or the services to be rendered.

*Condition:* Contracts we reviewed as part of our test of support services payments did not include specific language relating to payments to providers for administrative fees. DMHAS pays providers for administrative fees based on the amount of Housing Assistance Payments (HAP).

*Context:* In our test of 25 payments, (totaling $237,715) we noted 7 payments (totaling $15,241) for administrative fees. The 7 payments were supported by 6 contracts without language related to the HAP administrative fee.

*Questioned Costs:* $0

*Effect:* Without specific contract language relating to administrative fees, the department may make payments for unallowable activities.

*Cause:* There appears to be a lack of management oversight related to contract administration.

*Prior Audit Finding:* We previously reported this as finding 2017-801.

*Recommendation:* The Department of Mental Health and Addiction Services should strengthen internal controls to ensure that contracts include appropriate language related to provider administrative fees.

*Views of Responsible Officials:*

"The department agrees with this finding. The department will review the internal control processes related to contract development and execution covering rental assistance, contract development and monitoring with private non-profit agencies receiving HUD funds. New controls related to ensuring that a fully executed contract is in place for all payments will be established with an estimated completion date of July 1, 2019.

The department will also review the contracting process with its private non-profit sub recipients to identify steps to ensure standard contract language and accurate funding levels are met with an estimated completion date of July 1, 2019."

## 2018-802 Matching

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Title 24 Code of Federal Regulations (CFR) 578.73 states that the recipient or subrecipient must match all grant funds, except for leasing funds, with no less than 25% of funds or in-kind contributions from other sources. For Continuum of Care (CoC) Program geographic areas in which there is more than one grant agreement, the 25% match must be provided on a grant-by-grant basis.

*Condition:* DMHAS does not have a mechanism in place to document or track the match for the CoC program grants.

*Context:* During the fiscal year ended June 30, 2018, DMHASreceived52 CoC grant awards, totaling $23,993,538, and expended $23,529,805 from those grants. The department informed us that it does not maintain documentation or otherwise track the state match for the 52 CoC grant awards.

The noted condition indicates a systemic issue.

*Questioned Costs:* $0

*Effect:* Without a formal structure in place to monitor state matching funds, the department was unable to document whether it satisfied the state matching requirement.

*Cause:* Management failed to implement a system to track the state match.

*Prior Audit Finding:* We previously reported this as finding 2017-802.

*Recommendation:* The Department of Mental Health and Addiction Services should develop a formal mechanism to track the match of state funds for the Continuum of Care Program.

*Views of Responsible Officials:*
"The department agrees with this finding. The department will identify and track the appropriate match dollars for each grant on an ongoing basis."

## 2018-803 Eligibility

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Title 24 Code of Federal Regulations section 578.103 provides that individuals must be considered chronically homeless and have a disabling condition in order to be eligible to receive Continuum of Care (CoC) Program benefits.

Title 24 Code of Federal Regulations section 578.77(c) provides that each program participant on whose behalf rental assistance payments are made must pay a contribution toward rent in accordance with section 3(a) (1) of the U.S Housing Act of 1937. The income of program participants must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a). Recipients must examine a program participant's income initially, and at least annually thereafter, to determine the amount of the contribution toward rent payable by the program participant.

*Condition:* Our review of eligibility for 60 clients receiving CoC rental assistance disclosed the following deficiencies in eligibility supporting documentation:

- Eligibility verification forms were missing for 5 clients (2 were missing both the homeless verification and disability verification forms and 3 were missing disability verification forms).
- For 5 of the clients, 1 or more of the verification forms supporting eligibility determinations was dated after the clients were enrolled in the program. Three homelessness verification forms were dated between 20 days to 3 months after entry into the CoC program. Three disability verification forms were dated from 5 days to more than 5 years after entry into the program.
- A licensed clinician did not certify a client's disability verification form.
- Seven rental assistance calculation worksheets contained errors. For 5 clients, DMHAS did not include the $400 deduction allowed for elderly and disabled in their calculation. The department carried forward an incorrect amount for a client from the prior year and a client's worksheet contained a mathematical error.

*Context:* During the fiscal year ended June 30, 2018, there were 20,829 rental assistance payments made, totaling $18,437,718. Our review of 60 rental assistance payments, totaling $62,263, disclosed 5 instances of missing verification forms and a disability verification form that was not certified, related to payments totaling $4,047.

The conditions noted above indicate a systemic problem.

The sample is not statistically valid.

*Questioned Costs:* $4,047

*Effect:* DMHAS may be providing housing assistance to ineligible individuals. Program participants may not be making the correct required contributions to their monthly rental payments.

*Cause:* The Department of Mental Health and Addiction Services does not have established controls in place to administer the Continuum of Care Program or ensure that it supports eligibility determinations by contracted vendors or DMHAS mental health authorities.

*Prior Audit Finding:* We previously reported this as finding 2017-804.

*Recommendation:* The Department of Mental Health and Addiction Services should ensure the eligibility of each client in the Continuum of Care Program. The department should support and document each factor of that eligibility decision.

*Views of Responsible Officials:*

"The department agrees with this finding. An income calculation process will be followed using the DMHAS Income Calculation Worksheet uniformly throughout the agencies. This will prevent errors.

The department will develop policies and procedures for CoC documented program operations and will be documented in an operations manual and disseminated to private non-profit and state operated agency housing staff. The department will conduct required trainings for housing agency staff. The department will follow-up with periodic reviews of a sample of eligibility documentation every six months."

### 2018-804 Period of Performance

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Title 2 Code of Federal Regulations section 200.309 states that a non-Federal entity may charge to the federal award only allowable costs incurred during the period of performance (except as described in §200.461 publication and printing costs) and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity.

Title 2 Code of Federal Regulations section 200.77 states period of performance means the time during which the non-federal entity may incur new obligations to carry out the work authorized under the federal award. The federal awarding agency or pass-through entity must include start and end dates of the period of performance in the federal award.

Title 2 Code of Federal Regulations 200.210(a)(5) states that each federal award must include the period of performance start and end date.

*Condition:* Our review of 15 Continuum of Care Program (CoC) grants awarded during the fiscal year ended June 30, 2018 disclosed the following exceptions:

- For 4 grants, we noted 13 payments for obligations that occurred prior to the start of the grant period or after it ended.
- For 5 grants, the performance dates per the grant award letters did not agree with the period of performance dates recorded in the electronic Line of Credit Control System (eLOCCS), HUD's primary grant distribution system.

*Context:* In our review of 15 grants, totaling $3,855,184, we noted 13 payments (totaling $7,018) charged to grants in which the period of performance had ended or had not yet commenced.

The start and end dates in eLOCCS are intended to inform the nonfederal entity when they are allowed to incur obligations and expend grant funds.

We reviewed 15 of the 52 CoC grant awards, totaling $18,856,163, during state fiscal year 2018.

Our sample was not statistically valid.

*Questioned Costs:* $7,018

*Effect:* Noncompliance with period of performance requirements may result in a loss of future grant funding.

Incorrect dates in eLOCCS could result in funds being drawn outside of the period of performance.

*Cause:* The charges to incorrect grants appear to be a result of insufficient reviews of expenditure reports.

DMHAS did not seek supporting documentation from HUD when discrepancies were noted between the period of performance dates on the federal grant awards and eLOCCS.

*Prior Audit Finding:* We have not previously reported the portion of the finding related to incorrect charges to the grants' period of performance. We previously reported discrepancies between the period of performance dates on the federal grant award letters and eLOCCS during the prior audit as finding 2017-805.

*Recommendation:* The Department of Mental Health and Addiction Services should strengthen internal controls to ensure that expenditures are charged to the correct grant and should request supporting documentation from the U.S. Department of Housing and Urban Development when period of performance discrepancies are noted on federal grant awards.

*Views of Responsible Officials:*

"The department partially agrees with this finding. During the annual contract development process between HUD and DMHAS, DMHAS will ensure that the operating dates are correct. If not, staff will contact HUD to rectify. If HUD is unable to correct the operating dates on the contract, staff will obtain written verification from HUD indicating the correct dates prior to signature. Additionally, DMHAS will annually review each grant agreement with the information in eLOCCS to cross check any discrepancies of dates. If such discrepancies are found, DMHAS will verify with correct dates to be used with HUD Field Office staff."

## 2018-805 Special Tests and Provisions– Reasonable Rental Rates

**Continuum of Care Program (CoC) (CFDA 14.267)**
**Federal Award Agency: United States Department of Housing and Urban Development**
**Award Years: Federal Fiscal Years 2016-2017 and 2017-2018**
**Federal Award Numbers: Various**

*Criteria:* Title 24 CFR Code of Federal Regulations (CFR) 578.51 (g) provides that HUD will only provide rental assistance for a unit if the rent is reasonable. The recipient or subrecipient must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units.

*Condition:* Our review of reasonable rental rates for 25 payments disclosed 2 instances in which there was no documentation available to indicate that reasonable rent comparisons were performed.

*Context:* During the fiscal year ended June 30, 2018, DMHAS processed 20,829 rental assistance payments, totaling $18,437,718. We reviewed 25 payments, totaling $21,070, and found that 2 payments (totaling $1,120) were not supported by a rent reasonableness certification.

*Questioned Costs:* Questioned costs totaled $1,120 for the tested benefit months.

*Effect:* The lack of reasonable rent documentation on file indicates that comparisons are not being performed which may lead to excessive rental subsidy payments.

*Cause:* DMHAS did not have proper internal controls in place to ensure that rent reasonableness comparisons were performed and documented.

*Prior Audit Finding:* We have not previously reported this finding.

*Recommendation:* The Department of Mental Health and Addiction Services should implement internal controls to ensure that reasonable rent rate comparisons are performed and documented.

*Views of Responsible Officials:*

"The department partially agrees with this finding.

The department will develop policies and procedures for CoC documented program operations and will be documented in an operations manual and disseminated to private non-profit and state operated agency housing staff. The department will conduct required trainings for housing agency staff. The department will follow-up with periodic reviews of a sample of documentation annually.

The department is developing training for all staff regarding the rent reasonableness requirements, among others."