



State of Connecticut Single Audit Report

For the Fiscal Year Ended June 30, 2019



AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ♦ ROBERT J. KANE

STATE OF CONNECTICUT
Single Audit Report
For the Year Ended June 30, 2019

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Letter of Transmittal

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

JOHN C. GERAGOSIAN

210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT J. KANE

June 12, 2020

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, 2019.

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 \$9,765,575,000 in federal financial assistance during the fiscal year ended June 30, 2019. 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, 2019.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. C. Geragosian".

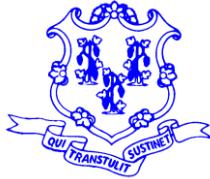
John C. Geragosian
Auditor of Public Accounts

A handwritten signature in black ink, appearing to read "R. J. Kane".

Robert J. Kane
Auditor of Public Accounts

**State of Connecticut
Financial Statements**

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL

210 CAPITOL AVENUE

ROBERT J. KANE

HARTFORD, CONNECTICUT 06106-1559

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, certain major funds, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2019, 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.

Auditor's 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, 3% 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, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 44% of the assets, 29% of the net position and 31% 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 99% 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, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 44% of the assets, 29% of the net position and 31% 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, 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 opinions.

Basis for Qualified Opinion on the Major Enterprise Fund Board of Regents

The Board of Regents includes the financial activity of the Connecticut State University System and the Connecticut Community Colleges. As noted above, the financial statements of the Connecticut State University System were audited by other auditors whose reports were furnished to us, and which we are relying on. The financial statements of the Connecticut Community Colleges were not audited, and we were not engaged to audit the Connecticut Community Colleges' financial statements as part of our audit of the State of Connecticut's basic financial statements. The financial activities of the Connecticut Community Colleges represent 33%, 39%, and 23% of the assets, net position, and revenues, respectively, of the Board of Regents, and furthermore, represent 9%, 11% and 4% of the assets, net position, and revenues, respectively, of the Business-Type Activities.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on the Major Enterprise Fund Board of Regents* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and cash flows of the Board of Regents of the State of Connecticut, as of and for the year ended June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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, the General Fund, Debt Service Fund, Transportation Fund, Restricted Grants & Accounts Fund, Grants & Loan Programs Fund, University of Connecticut & Health Center Fund, Employment Security Fund, Clean Water Fund, and the aggregate remaining fund information of the State of Connecticut, as of June 30, 2019, 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.

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 February 21, 2020, 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, 2019, 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.

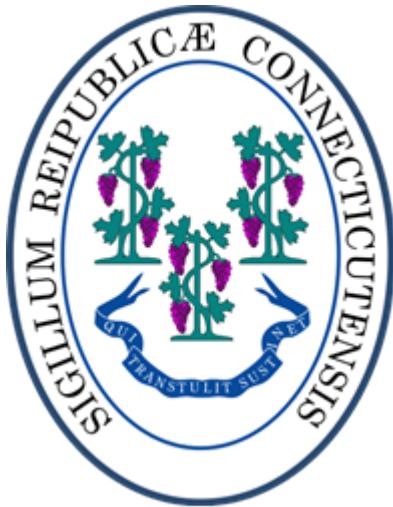


John C. Geragosian
State Auditor



Robert J. Kane
State Auditor

February 21, 2020
State Capitol
Hartford, Connecticut



MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2019. The information provided here should be read in conjunction with the letter of transmittal in the front of this report and with the State's financial statements, which follow this section.

HIGHLIGHTS

Government-wide Financial Statements

The State's total net position (deficit) decreased \$1.4 billion (or 2.9 percent) as a result of this year's operations. Net position (deficit) of governmental activities decreased by \$1.1 billion (or 2.1 percent) and net position of business-type activities increased by \$263.7 million (or 3.8 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative \$53.5 billion and \$7.3 billion, respectively.

Component units reported net position of \$2.26 billion, an increase of \$18.1 million or 0.81 percent from the previous year. Most of the net position is attributable to the Connecticut Housing Finance Authority, a major component unit.

Fund Financial Statements

The governmental funds reported combined ending fund balance of \$6.5 billion, an increase of \$1.7 billion in comparison with the prior year. Of this total fund balance, \$205.4 million represents nonspendable fund balance, \$4.2 billion represents restricted fund balance, \$2.7 billion represents committed fund balance, and \$183.8 million represents assigned fund balance. A negative \$772.2 million unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which increased by \$530.4 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Fund (Rainy Day Fund) ended the fiscal year with a balance of \$2.5 billion compared to the prior year's balance of \$1.2 billion. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949.7 million was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2019, the balance in the Budget Reserve Fund was \$1,185.3 million, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the surplus transfer of \$370.67 million would bring the year-end balance of the Budget Reserve Fund to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for fiscal year 2020. Therefore, the Budget Reserve Fund balance more than doubled based on fiscal year 2019 results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the Budget Reserve Fund balance to the statutory target of 15 percent.

Tax revenues in the governmental funds increased \$132.9 million or 0.7 percent. General fund tax revenues increased \$100.2 million or 0.6 percent.

The Enterprise funds reported net position of \$7.3 billion at year-end, an increase of \$263.7 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 \$83.1 billion for governmental activities at year-end, of which \$26.7 billion was bonded debt.

Total long-term debt was \$2.1 billion for business-type activities at year-end, of which \$1.6 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements. The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains 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 39 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 2019. 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 44 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 nineteen 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 45 and 47 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 \$1.4 billion or 2.9 percent. In comparison, last year the combined net position deficit decreased \$11.1 billion or 18.9 percent. The net position deficit of the State's governmental activities decreased \$1.1 billion (2.1 percent) to \$53.5 billion during the current fiscal year.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | Total Primary | |
|-------------------------------------|--------------------------------|--------------------|---------------------------------|-----------------|--------------------|--------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 7,481 | \$ 5,818 | \$ 2,844 | \$ 2,659 | \$ 10,325 | \$ 8,477 |
| Noncurrent Assets | 18,055 | 17,417 | 7,065 | 7,112 | 25,120 | 24,529 |
| <i>Total Assets</i> | <u>25,536</u> | <u>23,235</u> | <u>9,909</u> | <u>9,771</u> | <u>35,445</u> | <u>33,006</u> |
| Deferred Outflows of Resources | 8,507 | 9,084 | 8 | 12 | 8,515 | 9,096 |
| LIABILITIES | | | | | | |
| Current Liabilities | 4,718 | 4,967 | 671 | 673 | 5,389 | 5,640 |
| Long-term Liabilities | 80,814 | 80,877 | 1,984 | 2,066 | 82,798 | 82,943 |
| <i>Total Liabilities</i> | <u>85,532</u> | <u>85,844</u> | <u>2,655</u> | <u>2,739</u> | <u>88,187</u> | <u>88,583</u> |
| Deferred Inflows of Resources | 1,983 | 1,076 | 6 | 7 | 1,989 | 1,083 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 4,508 | 4,321 | 4,262 | 4,287 | 8,770 | 8,608 |
| Restricted | 3,690 | 3,027 | 1,087 | 1,099 | 4,777 | 4,126 |
| Unrestricted | (61,670) | (61,949) | 1,907 | 1,651 | (59,763) | (60,298) |
| <i>Total Net Position (Deficit)</i> | <u>\$ (53,472)</u> | <u>\$ (54,601)</u> | <u>\$ 7,256</u> | <u>\$ 7,037</u> | <u>\$ (46,216)</u> | <u>\$ (47,564)</u> |

Total investment in capital assets net of related debt was \$4.5 billion (buildings, roads, bridges, etc.); and \$3.7 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$61.7 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 \$18.4 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 \$56.4 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 \$263.7 million (3.8 percent) to \$7.3 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 position of \$1.9 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, 2019 and 2018 were as follows:

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | <u>2018</u> | <u>% change</u> <u>19-18</u> |
|--|--------------------------------|-----------------|---------------------------------|--------------|-----------------|-----------------|---------------------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | | | |
| REVENUES | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | \$ 3,190 | \$ 2,642 | \$ 2,991 | \$ 2,947 | \$ 6,181 | \$ 5,589 | 10.6% |
| Operating Grants and Contributions | 7,883 | 7,563 | 365 | 350 | 8,248 | 7,913 | 4.2% |
| Capital Grants and Contributions | 696 | 651 | 4 | 5 | 700 | 656 | 6.7% |
| General Revenues | | | | | | | |
| Taxes | 18,471 | 18,309 | - | - | 18,471 | 18,309 | 0.9% |
| Casino Gaming Payments | 255 | 273 | - | - | 255 | 273 | -6.6% |
| Lottery Tickets | 361 | 336 | - | - | 361 | 336 | 7.4% |
| Other | 251 | 166 | 44 | 29 | 295 | 195 | 51.3% |
| Total Revenues | 31,107 | 29,940 | 3,404 | 3,331 | 34,511 | 33,271 | 3.7% |
| EXPENSES | | | | | | | |
| Legislative | 107 | 72 | - | - | 107 | 72 | 48.6% |
| General Government | 2,781 | 1,518 | - | - | 2,781 | 1,518 | 83.2% |
| Regulation and Protection | 841 | 542 | - | - | 841 | 542 | 55.2% |
| Conservation and Development | 1,177 | 636 | - | - | 1,177 | 636 | 85.1% |
| Health and Hospital | 2,629 | 1,612 | - | - | 2,629 | 1,612 | 63.1% |
| Transportation | 2,120 | 1,284 | - | - | 2,120 | 1,284 | 65.1% |
| Human Services | 9,736 | 5,950 | - | - | 9,736 | 5,950 | 63.6% |
| Education, Libraries, and Museums | 5,051 | 3,189 | - | - | 5,051 | 3,189 | 58.4% |
| Corrections | 2,115 | 1,335 | - | - | 2,115 | 1,335 | 58.4% |
| Judicial | 973 | 605 | - | - | 973 | 605 | 60.8% |
| Interest and Fiscal Charges | 978 | 889 | - | - | 978 | 889 | 10.0% |
| University of Connecticut & Health Center | - | - | 2,485 | 2,402 | 2,485 | 2,402 | 3.5% |
| Board of Regents | - | - | 1,398 | 1,365 | 1,398 | 1,365 | 2.4% |
| Employment Security | - | - | 620 | 696 | 620 | 696 | -10.9% |
| Clean Water | - | - | 42 | 44 | 42 | 44 | -4.5% |
| Other | - | - | 65 | 58 | 65 | 58 | 12.1% |
| Total Expenses | 28,508 | 17,632 | 4,610 | 4,565 | 33,118 | 22,197 | 49.2% |
| Excess (Deficiency) Before Transfers | 2,599 | 12,308 | (1,206) | (1,234) | 1,393 | 11,074 | |
| Transfers | (1,470) | (1,562) | 1,470 | 1,562 | - | - | |
| Increase in Net Position | 1,129 | 10,746 | 264 | 328 | 1,393 | 11,074 | |
| Net Position (Deficit) - Beginning (as restated) | (54,601) | (65,347) | 6,992 | 6,709 | (47,609) | (58,638) | |
| Net Position (Deficit) - Ending | (53,472) | (54,601) | 7,256 | 7,037 | (46,216) | (47,564) | -2.8% |

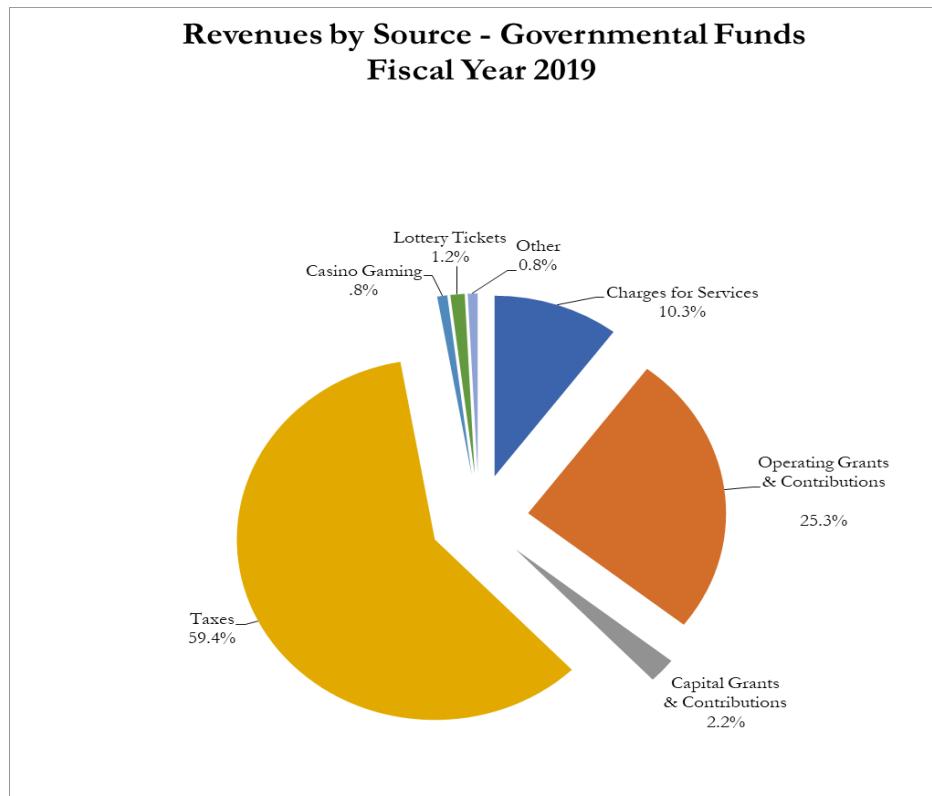
Note: The beginning Net Position for Business-Type Activities was restated due to a restatement for UConn and the Health Center.

Changes in Net Position

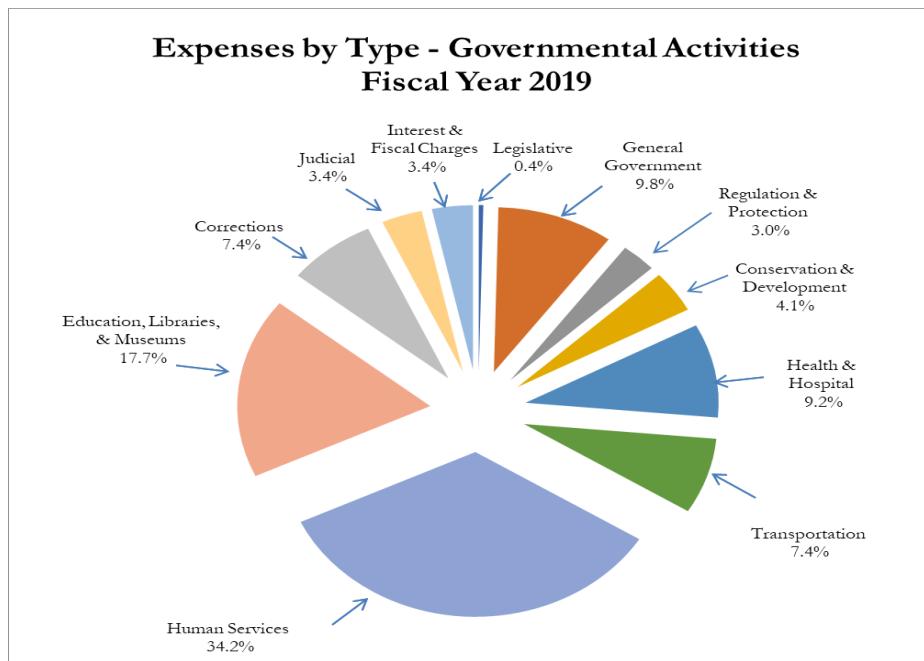
This year the State's governmental activities received 59.4 percent of its revenue from taxes and 27.6 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 61.2 percent and grants and contributions were 27.4 percent of total revenues. Charges for services such as licenses, permits and fees, rents and fines, and other miscellaneous collections comprised 13.0 percent of total revenue in fiscal year 2019, compared to 11.4 percent in fiscal year 2018.

Governmental Activities

The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$1.2 billion, or 3.9 percent. This increase is primarily due to an increase of \$548 million in charges for services and an increase of \$320 million in operating grants and contributions.

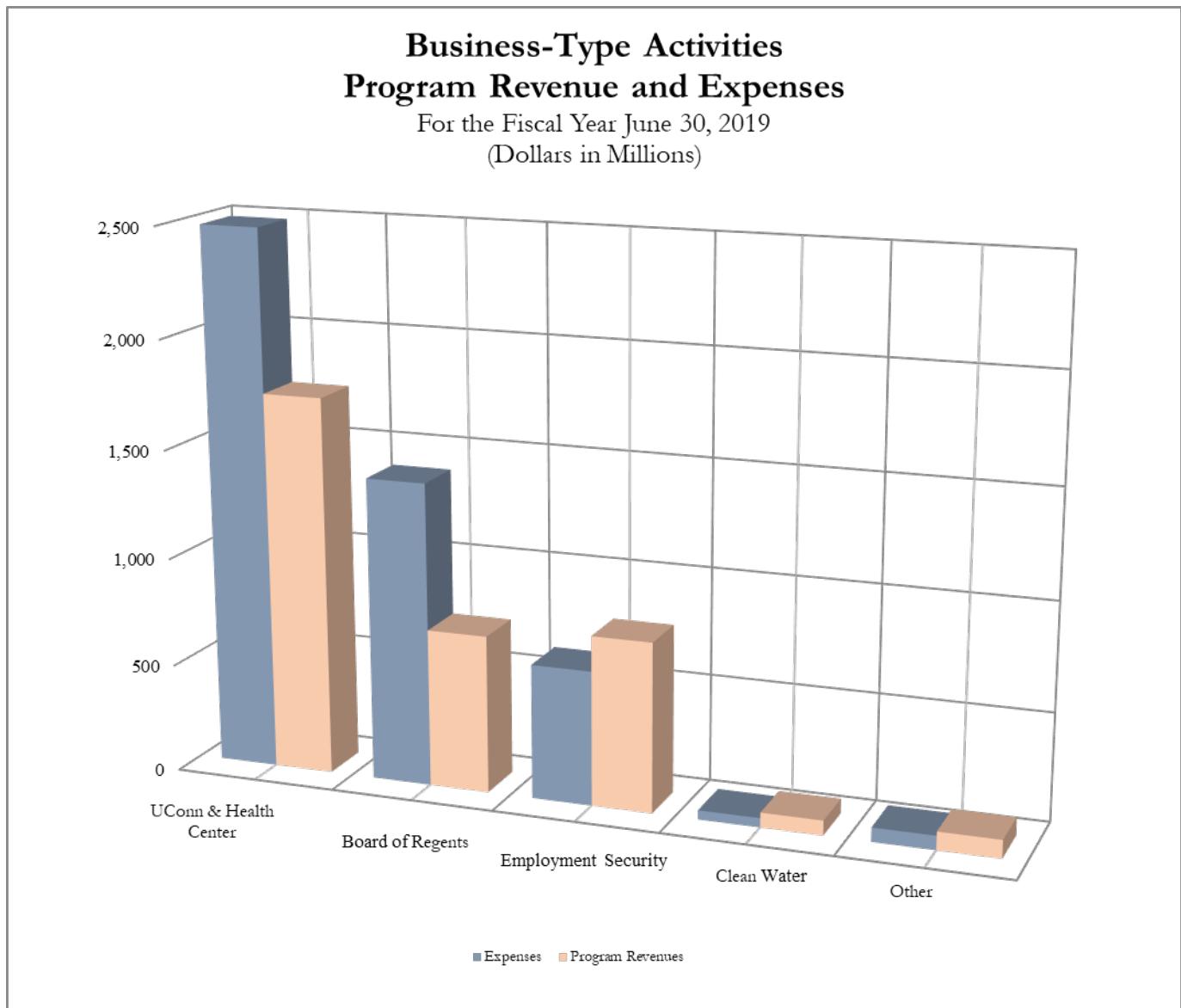


The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$10.9 billion, or 61.7 percent.



Business-Type Activities

Net position of business-type activities increased by \$263.7 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 2.2 percent to \$3.4 billion, while total expenses increased 1.0 percent to \$4.6 billion. In comparison, last year total revenues increased 1.8 percent, while total expenses increased 1.5 percent. The increase in total expenses of \$45.5 million was due mainly to an increase in University of Connecticut and Health Center expenses of \$83.3 million or 3.5 percent. Although total expenses exceeded total revenues by \$1.2 billion, this deficiency was reduced by transfers of \$1.5 billion, resulting in an increase in net position of \$263.7 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 \$6.5 billion, an increase of \$1.7 billion over the prior year ending fund balances. Of the total governmental fund balances, \$4.2 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$205.4 million represents fund balance that is non-spendable and \$2.9 billion represents fund balance that is committed or assigned for specific purposes. A negative \$772.2 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 \$2.1 billion, an increase of \$969.9 million in comparison with the prior year. Of this total fund balance, \$2.9 billion represents non-spendable fund balance, committed or assigned for specific purposes, leaving a deficit of \$771.4 million in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Nonspendable fund balance increased by \$5.9 million or 10.5 percent.
- Committed fund balance increased by \$1.3 billion or 99.9 percent. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund.
- Assigned fund balance increased by \$160.0 million due to a Surplus transfer to fiscal year 2020-2021.
- Unassigned fund balance deficit increased by \$530.4 million.

At the end of fiscal year 2019, General Fund revenues were .55 percent, or \$113.6 million, higher than fiscal year 2018 revenues. This change in revenue results from increases of \$201.0 million primarily attributable to taxes (\$100.2 million), lottery tickets (\$24.8 million), investment earnings (\$33.0 million), and fines, forfeits, and rents (\$43.0 million). These increases were offset by decreases of \$87.4 million primarily attributable to licenses, permits, and fees (\$14.3 million), charges for services (\$6.1 million), casino gaming (\$17.7 million), federal grants (\$28.7 million), and other revenue (\$20.6 million).

At the end of fiscal year 2019, General Fund expenditures were 1.6 percent, or \$281.2 million, higher than fiscal year 2018. This was primarily attributable to increases in human services (\$46.7 million), general government (\$245.9 million), and education, libraries, and museums (\$51.5 million).

Debt Service Fund

At the end of fiscal year 2019, the Debt Service Fund had a fund balance of \$991.8 million, all of which was restricted, an increase of \$89.9 million in comparison with the prior year.

Transportation Fund

The State's Transportation Fund had a fund balance of \$397.6 million at the end of fiscal 2019. Of this amount, \$23.5 million was in nonspendable form and \$374.1 million was restricted or committed for specific purposes. Fund balance increased by \$76.1 million during the current fiscal year.

At the end of fiscal year 2019, Transportation Fund revenues increased by \$53.4 million, or 3.2 percent, and expenditures increased by \$60.9 million, or 6.4 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 2019, the Restricted Grants and Accounts Fund had a fund balance of \$616.8 million, all of which was restricted for specific purposes, an increase of \$338.6 million in comparison with the prior year.

Total revenues were 11.0 percent, or \$782.4 million, higher than in fiscal year 2018. Overall, total expenditures were 5.3 percent, or \$383.5 million, higher than fiscal year 2018.

Grant and Loan Programs

As of June 30, 2019, the Grant and Loan Programs Fund had a fund balance of \$726.3 million, all of which was restricted or committed for specific purposes, a decrease of \$161.0 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 \$37.9 billion, an increase of \$2.0 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 proposal. Negotiations with the governor's office reconcile the two versions and determine the final budget language and the state's fiscal path for the following two years. Lastly, the budget must be voted on and passed by both the House and Senate and signed into law by the governor.

The General Fund ended Fiscal Year 2019 with a surplus of \$370,597,419 on the statutory basis of accounting. In accordance with Section 4-30a of the Connecticut General Statutes, the surplus was transferred to the Budget Reserve Fund (BRF). The Special Transportation Fund had an operating surplus of \$74,395,384 which left a positive fund balance of \$320,116,310 at the close of Fiscal Year 2019.

In FY 2019, as in the prior fiscal year, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949,680,660 was made to the BRF.

Prior to the close of FY 2019, the balance of the BRF was \$1,185,259,428, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the FY 2019 surplus of \$370.6 million brought the year-end balance of the BRF to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for FY 2020. Therefore, the BRF balance more than doubled based on FY 2019's operating results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the BRF balance to the statutory target of 15 percent.

Unlike the earlier years of the economic recovery, FY 2019 was characterized by more stability and less uncertainty. For example, no deficits were projected for the General Fund at any time during the fiscal year and no mid-year deficit mitigation plans were necessary. This was largely the result of net revenues exceeding their budget targets, combined with moderate increases in spending overall. At the same time, as will be described in more detail in the Economic Outlook section below, Connecticut has still not fully recovered from the Great Recession and a few fiscal challenges remain.

In FY 2019, General Fund expenditures totaled \$19,248,650,540 on the statutory basis of accounting. This represented growth of 3.4 percent over actual FY 2018 spending levels, a net increase of \$637.9 million. Closer analysis reveals that spending growth was concentrated in a few specific areas for FY 2019.

For example, the three appropriations with the greatest dollar increases in FY 2019 all fall under the category of fixed costs. The largest was debt service, which grew by \$273.9 million or 14.0 percent over FY 2018 levels. This increase was the result of a year-end transfer to the new Special Capital Reserve Fund for Teachers' Retirement that was established in Public Act 19-117. The second largest dollar increase was the employer contribution to the State Employee Retirement System (SERS), which grew by \$115.8 million or 11.0 percent. Third was the State's share of Medicaid expenditures, which increased by \$93.9 million, but by a relatively modest 3.7 percent. Together these three-line items accounted for three-quarters of the spending growth in the General Fund for FY 2019.

Employee General Fund salary and wage costs (from all appropriations) totaled \$2.73 billion in FY 2019. This represented an increase of \$132.4 million or 5.1 percent compared with FY 2018. However, once programmatic changes are factored in, the actual growth rate was significantly smaller. In FY 2019, the Correction Managed Health Care group was transferred from the University of Connecticut Health Center's operating fund to a General Fund appropriation within the Department of Correction. This program shift accounted for \$51.6 million of the total increase in salaries. After adjusting for this change, the actual FY 2019 growth rate for General Fund salary and wages was 3.1 percent.

One notable example of a year-over-year reduction in costs was in the General Fund retiree health insurance account. Despite increasing enrollment and medical trend growth, retiree health insurance expenditures were \$19.1 million lower in FY 2019, which represented a reduction of 2.7 percent versus FY 2018. The primary factor was savings associated with the implementation of a Medicare Advantage plan for retirees and dependents age 65 and over.

As noted, a few General Fund revenue categories out-performed their budget targets in FY 2019. Overall, realized revenues totaled \$19,649,862,151 on the statutory basis of accounting and came in a net \$641.2 million above the budget plan. Compared with the prior year, this represented General Fund revenue growth of 8 percent over FY 2018. However, this growth rate is overstated due to some timing issues around the receipt of over \$400 million in Federal Medicaid reimbursements related to hospital supplemental payments. Due to delays in the Federal review of the State's claim, these payments were received in FY 2019 instead of FY 2018, as originally anticipated. Therefore, adjusting for this timing difference, General Fund revenues grew by closer to 3.5 percent over FY 2018 realized amounts. Of course, had the revenue been received in FY 2018 as planned, the prior year deficit would have been substantially reduced.

Among the most notable results was the performance of the withholding portion of the income tax, which brought in \$518 million or 8.4 percent more than budgeted. In addition, the Pass-through Entity (PET) tax on partnerships and S-corporations came in \$572 million over its target, nearly twice as much as budgeted. The Sales and Use Tax out-performed its target by \$184.5 million or 4.4 percent, while the Corporations Tax was \$140.7 million or 15.3 percent above the budget plan. These positive developments were partially offset by reductions in other tax categories. These included the Insurance Companies Tax (\$40.5 million below budget or -17.3 percent) and the Cigarettes and Tobacco Tax (\$23.5 million below budget or -6.2 percent).

For non-tax revenues, lottery receipts totaled \$364.1 million or \$11.4 million above the budget plan. In addition, casino gaming payments totaled \$255.2 million or \$51.6 million over budget as competition from out of state casinos had a smaller impact than anticipated. Licenses, Permits, and Fees revenue underperformed, falling \$31.4 million below target, while Sales of Commodities and Services was \$10.6 million under budget.

On a statutory basis of accounting, Special Transportation Fund (STF) spending of \$1,609,093,578 in FY 2019 grew by \$125.4 million or 8.5 percent from the prior fiscal year. Over half of that spending growth was for debt service, which rose by \$67.2 million or 11.7 percent over FY 2018, as borrowing increased for transportation infrastructure improvements. The largest programmatic spending increase for FY 2019 was for Department of Transportation bus operations, which grew \$29.8 million or 18.0 percent. The primary reason for this increase was the end of Federal Highway Administration subsidies for the CT Fastrak transit system. STF state employee retirement contributions increased by \$9.8 million or 8.4

percent in FY 2019. However, employee salary and wages experienced modest growth of \$4.5 million in FY 2019, just 2.2 percent over FY 2018 totals.

The STF had revenue of \$1,688,144,080 in FY 2019, which exceeded the budget plan by \$67.6 million. As with the prior fiscal year, the strongest performing tax category was the Oil Companies tax, which benefitted from higher oil prices and finished the year \$33.2 million above target.

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, 2019 totaled \$21.1 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 \$522 million.

Major capital asset events for governmental activities during the fiscal year include additions to buildings, land, and construction in progress of \$593.4 million and depreciation expense of \$733.4 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 | |
|-----------------------------------|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 1,863 | \$ 1,833 | \$ 54 | \$ 69 | \$ 1,917 | \$ 1,902 |
| Buildings | 2,769 | 2,744 | 3,317 | 3,697 | 6,086 | 6,441 |
| Improvements Other Than Buildings | 88 | 106 | 294 | 201 | 382 | 307 |
| Equipment | 47 | 45 | 1,081 | 410 | 1,128 | 455 |
| Infrastructure | 5,550 | 5,652 | - | - | 5,550 | 5,652 |
| Construction in Progress | 5,591 | 5,053 | 401 | 723 | 5,992 | 5,776 |
| Total | <u>\$ 15,908</u> | <u>\$ 15,433</u> | <u>\$ 5,147</u> | <u>\$ 5,100</u> | <u>\$ 21,055</u> | <u>\$ 20,533</u> |

Additional information on the State's capital assets can be found in Note 9 of this report.

Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$28.3 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

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

| | Governmental | | Business-Type | | Total | |
|--------------------------------------|-------------------|------------------|-------------------|-----------------|---------------------------|------------------|
| | <u>Activities</u> | | <u>Activities</u> | | <u>Primary Government</u> | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| General Obligation Bonds | \$ 18,369 | \$ 18,763 | - \$ | - \$ | \$ 18,369 | \$ 18,763 |
| Direct Borrowings & Direct Placement | 374 | \$ - | - - | - - | 374 | - - |
| Transportation Related Bonds | 5,958 | 5,541 | - - | - - | 5,958 | 5,541 |
| Revenue Bonds | - - | - - | 1,456 | 1,494 | 1,456 | 1,494 |
| Premiums and Deferred Amounts | 2,000 | 1,919 | 174 | 178 | 2,174 | 2,097 |
| Total | <u>\$ 26,701</u> | <u>\$ 26,223</u> | <u>\$ 1,630</u> | <u>\$ 1,672</u> | <u>\$ 28,331</u> | <u>\$ 27,895</u> |

The State's total bonded debt increased by \$435.3 million (1.6 percent) during the current fiscal year. This increase resulted mainly from an increase in Transportation related bonds of \$417.1 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of July 2019, the State had a debt incurring margin of \$3.4 billion.

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

| | Governmental | | Business-Type | | Total | |
|---------------------------------|-------------------|------------------|-------------------|---------------|---------------------------|------------------|
| | <u>Activities</u> | | <u>Activities</u> | | <u>Primary Government</u> | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Net Pension Liability | \$ 34,821 | \$ 34,566 | - \$ | - \$ | \$ 34,821 | \$ 34,566 |
| Net OPEB Liability | 19,663 | 20,591 | - - | - - | 19,663 | 20,591 |
| Compensated Absences | 498 | 498 | 176 | 197 | 674 | 695 |
| Workers Compensation | 772 | 747 | - - | - - | 772 | 747 |
| Nonexchange Financial Guarantee | 510 | 532 | - - | - - | 510 | 532 |
| Other | 126 | 260 | 343 | 355 | 469 | \$ 615 |
| Total | <u>\$ 56,390</u> | <u>\$ 57,194</u> | <u>\$ 519</u> | <u>\$ 552</u> | <u>\$ 56,909</u> | <u>\$ 57,746</u> |

The State's other long-term obligations decreased by \$837.3 million (1.4 percent) during the fiscal year. This decrease was due mainly to a decrease in the net OPEB liability (Governmental activities) of \$928.0 million or 4.5 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 2019 Connecticut's economy experienced low unemployment and moderate growth as the recovery from the Great Recession entered its tenth year. However, based on two significant indicators – job growth and housing prices – Connecticut continued to lag the nation's economic recovery.

According to U.S. Bureau of Labor Statistics data reported by the state Department of Labor (DOL), Connecticut gained 4,600 nonfarm seasonally-adjusted payroll jobs over the course of FY 2019 and had a total of 1,692,800 employed residents as of June 2019. However, most of the employment growth (+8,600 jobs) occurred in the first six months of the fiscal year, from July through December 2018. In the second half of the fiscal year, Connecticut lost a net total of 4,000 jobs. Looking at year-over-year job growth, information, leisure & hospitality, and education & health services were the fastest growing sectors in the state's labor market on a percentage basis. The other services, construction, and trade, transportation, and utilities sectors experienced the largest job losses.

As the fiscal year closed, Connecticut's unemployment rate stood at 3.7 percent in June, down one-tenth of a point from May 2019 and down four-tenths of point from a year earlier when it was 4.1 percent. Nationally, the unemployment rate was also 3.7 percent in June 2019, up one-tenth of a point from May 2019 and down three-tenths of point from the prior year when it stood at 4.0 percent.

As of July 2019, Connecticut had recovered 79.7 percent (95,900 payroll job additions) of the 119,100 seasonally adjusted jobs lost in the Great Recession (3/08-2/10).

At that point in time the job recovery was into its 113th month and the state needed an additional 24,400 new net jobs to reach an overall employment expansion. Within the job recovery numbers, Connecticut's Department of Labor points out a significant distinction. The private sector recovered more than the total jobs lost in the recession (103.4 percent), which means the remaining employment losses were from the government sector. This sector includes all federal, state and local government employment, including public education, and Native American tribal government.

The Connecticut housing market's results were mixed for FY 2019. An August 27, 2019 release by the Federal Housing Finance Agency (FHFA) reported housing price appreciation statistics by state for the period ending June 30, 2019. 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, based on the HPI, Connecticut home prices continued to grow more slowly than most of the nation. Connecticut homes appreciated only 2.98 percent for the year, which ranked 45th in the nation overall. The U.S. average appreciation for the period was 4.99 percent. A comparison of five-year housing prices showed similar results: Single family houses in Connecticut appreciated 10.06 percent for the period versus a 32.92 percent increase for the nation.

A separate measure by data and analytics firm CoreLogic showed U.S. home prices increased by 3.6 percent year-over-year in July. At the same time, Connecticut was one of only two states that experienced a decrease in home prices (-0.3 percent) for the period. The other state was South Dakota, which saw a price decline of 3.4 percent. CoreLogic also reported Connecticut's housing market still has a long way to go to recover its pre-recession peak. As of July 2019, Connecticut's home prices were the farthest in the nation below their all-time high, still 16.4 percent below the peak reached in July 2006.

In a November 7, 2019 report, the Bureau of Economic Analysis (BEA) released Real Gross Domestic Product (GDP) results by state for the second quarter of 2019. Connecticut experienced a seasonally adjusted annual growth rate of 1.0 percent, which ranked 47th in the nation overall. This growth rate was below both the national average of 2.0 percent and the New England regional average of 1.3 percent. The percent change in real GDP in the second quarter ranged from 4.7 percent in Texas to 0.5 percent in Hawaii.

According to September 24, 2019 report by BEA, Connecticut's personal income grew by a 4.8 percent annual rate between the first and second quarters of 2019. Based on this result, Connecticut ranked 31st in the nation for second quarter income growth. This growth rate was below the national average of 5.4 percent. However, it represented a stronger performance than the New England region's average growth rate of 4.3 percent.

Despite the great recession of 2008 to 2010 and the moderate pace of recovery, Connecticut continues to be a wealthy state. BEA reports that in 2018, Connecticut had an annual per capita personal income (PCPI) of \$76,456. This PCPI ranked first in the United States and was 140 percent of the national average of \$54,446. Connecticut's 2018 PCPI reflected an increase of 5.9 percent from 2017. The 2017-2018 national change was 4.9 percent. In 2008, the PCPI of Connecticut was \$61,165 and ranked first in the United States. The 2008-2018 compound annual growth rate of PCPI was 2.3 percent in Connecticut. The compound annual growth rate for the nation was 2.9 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. In addition, Connecticut ranked third in the country for the percentage of the population with advanced degrees.

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. In Bloomberg's 2019 U.S. State Innovation Index, for example, Connecticut was ranked the fourth most innovative state economy in the nation, up from seventh place in 2016. The innovation index is based on six equally-weighted metrics: research and development intensity; productivity; clusters of companies in technology; jobs in science, technology, engineering and mathematics (STEM); proportion of the population with degrees in science and engineering; and patent activity. On the innovation index measures, Connecticut showed strength across all six categories. Connecticut ranked seventh in patent activity and was ranked eighth in the nation in research and development (R&D) intensity, productivity and technology company density. On the last two measures, Connecticut ranked 12th in science and engineering degree holders and 13th in STEM-related jobs.

Connecticut continues to be a leader in the field of high-tech manufacturing, producing submarines, helicopters, jet engines and parts, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military and the outlook for Connecticut's defense industry remains strong. According to the state's Office of Military Affairs (OMA), Connecticut ranked fourth in the nation in U.S. defense spending per capita and second in the nation for defense procurement purchases (not including military pay). OMA reports that the recent defense appropriations bills approved by Congress provided substantial funding for Virginia-class submarines and the new generation of Columbia-Class ballistic missile submarines, with Connecticut-based Electric Boat (EB) as a prime contractor for both. In addition, other Connecticut companies fared well, including Pratt & Whitney, which builds engines for the F-35 Joint Strike Fighter, and Sikorsky, which builds Blackhawk helicopters and other military aircraft.

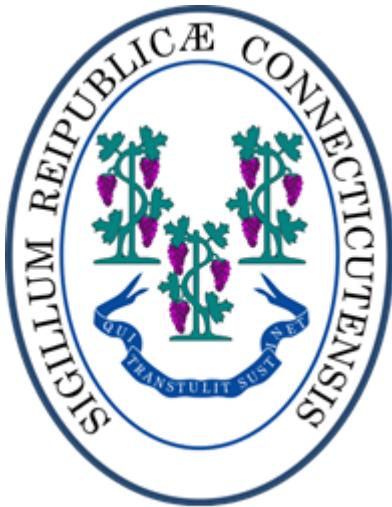
Finance, insurance and real estate (FIRE) is an important industry grouping that represents over a quarter of the State's Real Gross Domestic Product (GDP). Connecticut's FIRE sector has lost 11.5 percent of the jobs held at the pre-recession peak in March of 2008, a reduction of 16,000 jobs. These are some of the highest paying jobs within the state. In the past decade, the strongest job gains continue to be in fields with mid to below average wages, including educational & health services and leisure & hospitality. In the last fiscal year, however, the financial sector performed well adding 2,000 jobs, an increase of 1.6 percent over June 2018.

Through the first six months of FY 2020, the state has continued to add jobs at a modest pace and the unemployment rate remains near historical lows. The State's General Fund is currently projected to end the year with a small deficit, but the shortfall is manageable and will be addressed through agency efforts to curtail hiring and reduce discretionary expenditures. The FY 2020 budget plan includes a revenue volatility transfer to the Budget Reserve Fund (BRF) of \$318.3 million. Therefore, if present projections hold, a significant deposit will be made to the BRF for the third year in a row.

Looking forward to the next biennium, Connecticut faces a few challenges as fixed costs related to entitlements, State pension and retirement health costs and debt service represent a growing share of the state budget. Future budget stability continues to be dependent on economic growth coupled with spending restraint. However, 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 (860) 702-3352.



BASIC
FINANCIAL
STATEMENTS

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*GOVERNMENT-WIDE
FINANCIAL
STATEMENTS*

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State of Connecticut

STATEMENT OF NET POSITION

June 30, 2019
(Expressed in Thousands)

| | Primary Government | | | Component Units |
|---|-------------------------------|-----------------------------|-------------------------------|----------------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 4,161,951 | \$ 868,624 | \$ 5,030,575 | \$ 289,626 |
| Deposits with U.S. Treasury | - | 737,430 | 737,430 | - |
| Investments | 120,323 | 121,863 | 242,186 | 549,917 |
| Receivables, (Net of Allowances) | 3,236,847 | 682,536 | 3,919,383 | 75,979 |
| Due from Primary Government | - | - | - | 5,731 |
| Inventories | 43,912 | 13,454 | 57,366 | 5,779 |
| Restricted Assets | - | 277,131 | 277,131 | 1,128,712 |
| Internal Balances | (93,970) | 93,970 | - | - |
| Other Current Assets | 12,075 | 49,226 | 61,301 | 21,527 |
| Total Current Assets | <u>7,481,138</u> | <u>2,844,234</u> | <u>10,325,372</u> | <u>2,077,271</u> |
| Noncurrent Assets: | | | | |
| Cash and Cash Equivalents | - | 459,554 | 459,554 | - |
| Due From Component Units | 44,069 | - | 44,069 | - |
| Investments | - | 54,271 | 54,271 | 233,779 |
| Receivables, (Net of Allowances) | 1,110,443 | 1,162,315 | 2,272,758 | 137,169 |
| Restricted Assets | 991,788 | 237,860 | 1,229,648 | 5,586,783 |
| Capital Assets, (Net of Accumulated Depreciation) | 15,908,193 | 5,146,855 | 21,055,048 | 778,810 |
| Other Noncurrent Assets | 124 | 4,118 | 4,242 | 92,480 |
| Total Noncurrent Assets | <u>18,054,617</u> | <u>7,064,973</u> | <u>25,119,590</u> | <u>6,829,021</u> |
| Total Assets | <u><u>\$ 25,535,755</u></u> | <u><u>\$ 9,909,207</u></u> | <u><u>\$ 35,444,962</u></u> | <u><u>\$ 8,906,292</u></u> |
| Deferred Outflows of Resources | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | \$ 331 | \$ - | \$ 331 | \$ 13,740 |
| Unamortized Losses on Bond Refundings | 63,932 | 7,028 | 70,960 | 97,610 |
| Related to Pensions | 8,442,736 | - | 8,442,736 | 76,648 |
| Other Deferred Outflows | - | 1,131 | 1,131 | 2,847 |
| Total Deferred Outflows of Resources | <u>\$ 8,506,999</u> | <u>\$ 8,159</u> | <u>\$ 8,515,158</u> | <u>\$ 190,845</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 993,023 | \$ 387,173 | \$ 1,380,196 | \$ 134,663 |
| Due to Component Units | 5,731 | - | 5,731 | - |
| Due to Primary Government | - | - | - | 44,069 |
| Due to Other Governments | 328,561 | 74 | 328,635 | - |
| Current Portion of Long-Term Obligations | 2,276,526 | 165,130 | 2,441,656 | 315,128 |
| Amount Held for Institutions | - | - | - | 210,149 |
| Unearned Revenue | 25,765 | 37,734 | 63,499 | - |
| Medicaid Liability | 591,139 | - | 591,139 | - |
| Liability for Escheated Property | 375,836 | - | 375,836 | - |
| Other Current Liabilities | 121,007 | 81,327 | 202,334 | 45,606 |
| Total Current Liabilities | <u>4,717,588</u> | <u>671,438</u> | <u>5,389,026</u> | <u>749,615</u> |
| Noncurrent Liabilities: | | | | |
| Non-Current Portion of Long-Term Obligations | 80,814,234 | 1,984,230 | 82,798,464 | 5,989,989 |
| Total Noncurrent Liabilities | <u>80,814,234</u> | <u>1,984,230</u> | <u>82,798,464</u> | <u>5,989,989</u> |
| Total Liabilities | <u><u>\$ 85,531,822</u></u> | <u><u>\$ 2,655,668</u></u> | <u><u>\$ 88,187,490</u></u> | <u><u>\$ 6,739,604</u></u> |
| Deferred Inflows of Resources | | | | |
| Related to Pensions | \$ 1,982,567 | \$ - | \$ 1,982,567 | \$ 46,853 |
| Other Deferred Inflows | - | 5,998 | 5,998 | 51,051 |
| Total Deferred Inflows of Resources | <u>\$ 1,982,567</u> | <u>\$ 5,998</u> | <u>\$ 1,988,565</u> | <u>\$ 97,904</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | \$ 4,508,124 | \$ 4,261,844 | \$ 8,769,968 | \$ 448,257 |
| Restricted For: | | | | |
| Transportation | 318,114 | - | 318,114 | - |
| Debt Service | 898,146 | 4,508 | 902,654 | 14,255 |
| Federal Grants and Other Accounts | 644,925 | - | 644,925 | - |
| Capital Projects | 484,088 | 184,663 | 668,751 | 130,268 |
| Grant and Loan Programs | 737,733 | - | 737,733 | - |
| Clean Water and Drinking Water Projects | - | 784,257 | 784,257 | - |
| Bond Indenture Requirements | - | - | - | 781,724 |
| Loans | - | 3,197 | 3,197 | - |
| Permanent Investments or Endowments: | | | | |
| Expendable | - | 39,108 | 39,108 | 11,865 |
| Nonexpendable | 122,925 | 15,492 | 138,417 | 605,081 |
| Other Purposes | 484,119 | 55,902 | 540,021 | 144,206 |
| Unrestricted (Deficit) | (61,669,809) | 1,906,729 | (59,763,080) | 123,974 |
| Total Net Position (Deficit) | <u><u>\$ (53,471,635)</u></u> | <u><u>\$ 7,255,700</u></u> | <u><u>\$ (46,215,935)</u></u> | <u><u>\$ 2,259,630</u></u> |

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

State of Connecticut

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | | |
|--|-------------------------|---|---|---|--|
| | <u>Expenses</u> | <u>Charges for Services, Fees, Fines, and Other</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| Legislative | \$ 106,795 | \$ 2,675 | \$ - | \$ - | |
| General Government | 2,389,815 | 1,159,500 | 87,549 | - | |
| Regulation and Protection | 841,390 | 729,665 | 174,712 | - | |
| Conservation and Development | 1,177,950 | 263,563 | 197,369 | - | |
| Health and Hospitals | 2,630,660 | 674,495 | 202,677 | - | |
| Transportation | 2,120,570 | 133,398 | - | 695,772 | |
| Human Services | 9,740,017 | 75,217 | 6,389,856 | - | |
| Education, Libraries, and Museums | 5,053,033 | 13,471 | 661,259 | - | |
| Corrections | 2,115,612 | 11,020 | 150,118 | - | |
| Judicial | 973,512 | 126,815 | 19,231 | - | |
| Interest and Fiscal Charges | 1,358,663 | - | - | - | |
| Total Governmental Activities | 28,508,017 | 3,189,819 | 7,882,771 | 695,772 | |
| Business-Type Activities: | | | | | |
| University of Connecticut & Health Center | 2,485,461 | 1,474,927 | 251,341 | 3,907 | |
| Board of Regents | 1,397,779 | 659,228 | 54,329 | - | |
| Employment Security | 619,685 | 755,712 | 25,939 | - | |
| Clean Water | 42,635 | 33,211 | 21,851 | - | |
| Other | 65,075 | 68,048 | 11,227 | - | |
| Total Business-Type Activities | 4,610,635 | 2,991,126 | 364,687 | 3,907 | |
| Total Primary Government | \$ 33,118,652 | \$ 6,180,945 | \$ 8,247,458 | \$ 699,679 | |
| Component Units | | | | | |
| Connecticut Housing Finance Authority (12/31/18) | \$ 223,740 | \$ 165,331 | \$ - | \$ - | |
| Connecticut Lottery Corporation | 1,336,573 | 1,333,987 | - | - | |
| Connecticut Airport Authority | 90,432 | 105,097 | - | 20,200 | |
| Other Component Units | 361,364 | 331,199 | 6,450 | 4,071 | |
| Total Component Units | \$ 2,012,109 | \$ 1,935,614 | \$ 6,450 | \$ 24,271 | |
| 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.

State of Connecticut

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | | Component Units | |
|--------------------------------|---------------------------------|------------------------|---------------------|------------------------|--|
| Governmental Activities | Business-Type Activities | Total | | | |
| \$ (104,120) | \$ - | \$ (104,120) | \$ - | | |
| (1,142,766) | - | (1,142,766) | | | |
| 62,987 | - | 62,987 | | | |
| (717,018) | - | (717,018) | | | |
| (1,753,488) | - | (1,753,488) | | | |
| (1,291,400) | - | (1,291,400) | | | |
| (3,274,944) | - | (3,274,944) | | | |
| (4,378,303) | - | (4,378,303) | | | |
| (1,954,474) | - | (1,954,474) | | | |
| (827,466) | - | (827,466) | | | |
| (1,358,663) | - | (1,358,663) | | | |
| <u>(16,739,655)</u> | <u>-</u> | <u>(16,739,655)</u> | | | |
| - | (755,286) | (755,286) | | | |
| - | (684,222) | (684,222) | | | |
| - | 161,966 | 161,966 | | | |
| - | 12,427 | 12,427 | | | |
| - | 14,200 | 14,200 | | | |
| <u>-</u> | <u>(1,250,915)</u> | <u>(1,250,915)</u> | | | |
| <u>(16,739,655)</u> | <u>(1,250,915)</u> | <u>(17,990,570)</u> | | | |
| - | - | - | (58,409) | | |
| - | - | - | (2,586) | | |
| - | - | - | 34,865 | | |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(19,644)</u> | | |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(45,774)</u> | | |
| 8,377,644 | - | 8,377,644 | | | |
| 957,031 | - | 957,031 | | | |
| 4,332,195 | - | 4,332,195 | | | |
| 3,550,946 | - | 3,550,946 | | | |
| 827,816 | - | 827,816 | | | |
| 425,828 | - | 425,828 | | | |
| 255,239 | - | 255,239 | | | |
| 124,508 | - | 124,508 | | | |
| 360,996 | - | 360,996 | | | |
| 127,543 | 44,318 | 171,861 | 63,854 | | |
| <u>(1,470,321)</u> | <u>1,470,321</u> | <u>-</u> | <u>-</u> | | |
| 17,869,425 | 1,514,639 | 19,384,064 | 63,854 | | |
| 1,129,770 | 263,724 | 1,393,494 | 18,080 | | |
| (54,601,405) | 6,991,976 | (47,609,429) | 2,241,550 | | |
| <u>\$ (53,471,635)</u> | <u>\$ 7,255,700</u> | <u>\$ (46,215,935)</u> | <u>\$ 2,259,630</u> | | |

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FUND FINANCIAL STATEMENTS

State of Connecticut

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2019

(Expressed in Thousands)

| | General | Debt Service | Transportation | Restricted Grants & Accounts | Grant & Loan Programs | Other Funds | Total Governmental Funds |
|---|----------------------------|--------------------------|--------------------------|------------------------------|--------------------------|----------------------------|----------------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 1,927,034 | \$ - | \$ 194,986 | \$ 527,818 | \$ 247,594 | \$ 1,253,792 | \$ 4,151,224 |
| Investments | - | - | - | - | 50 | 120,273 | 120,323 |
| Securities Lending Collateral | - | - | - | - | - | 11,900 | 11,900 |
| Receivables: | | | | | | | |
| Taxes, Net of Allowances | 1,780,927 | - | 203,927 | - | - | - | 1,984,854 |
| Accounts, Net of Allowances | 484,881 | - | 39,094 | 44,706 | 12,428 | 39,025 | 620,134 |
| Loans, Net of Allowances | 3,419 | - | - | 189,364 | 504,265 | 413,395 | 1,110,443 |
| From Other Governments | 114,032 | - | - | 504,612 | - | 9,383 | 628,027 |
| Interest | - | 2,563 | 787 | - | - | - | 3,350 |
| Other | - | - | - | - | - | 3 | 3 |
| Due from Other Funds | 47,737 | - | 2,563 | 790 | 4 | 13,727 | 64,821 |
| Due from Component Units | 43,735 | - | - | 132 | - | 202 | 44,069 |
| Inventories | 15,188 | - | 23,559 | - | - | - | 38,747 |
| Restricted Assets | - | 991,788 | - | - | - | - | 991,788 |
| Total Assets | <u>\$ 4,416,953</u> | <u>\$ 994,351</u> | <u>\$ 464,916</u> | <u>\$ 1,267,422</u> | <u>\$ 764,341</u> | <u>\$ 1,861,700</u> | <u>\$ 9,769,683</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 357,955 | \$ - | \$ 30,092 | \$ 223,697 | \$ 26,267 | \$ 76,546 | \$ 714,557 |
| Due to Other Funds | 74,651 | 2,563 | - | 3,827 | 35 | 72,363 | 153,439 |
| Due to Component Units | - | - | - | 5,731 | - | - | 5,731 |
| Due to Other Governments | 326,994 | - | - | 1,567 | - | - | 328,561 |
| Unearned Revenue | 11,039 | - | - | - | - | 14,726 | 25,765 |
| Medicaid Liability | 242,356 | - | - | 348,783 | - | - | 591,139 |
| Liability For Escheated Property | 375,836 | - | - | - | - | - | 375,836 |
| Securities Lending Obligation | - | - | - | - | - | 11,900 | 11,900 |
| Other Liabilities | 93,263 | - | - | 15,844 | - | - | 109,107 |
| Total Liabilities | <u>1,482,094</u> | <u>2,563</u> | <u>30,092</u> | <u>599,449</u> | <u>26,302</u> | <u>175,535</u> | <u>2,316,035</u> |
| Deferred Inflows of Resources | | | | | | | |
| Receivables to be Collected in Future Periods | 813,873 | - | 37,212 | 51,172 | 11,725 | 36,852 | 950,834 |
| Fund Balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories/Long-Term Receivables | 62,342 | - | 23,560 | - | - | - | 85,902 |
| Permanent Fund Principal | - | - | - | - | - | 119,543 | 119,543 |
| Restricted For: | | | | | | | |
| Debt Service | - | 991,788 | - | - | - | - | 991,788 |
| Transportation Programs | - | - | 340,752 | - | - | - | 340,752 |
| Federal Grant and State Programs | - | - | - | 616,801 | - | - | 616,801 |
| Grants and Loans | - | - | - | - | 725,308 | - | 725,308 |
| Other | - | - | - | - | - | 1,507,651 | 1,507,651 |
| Committed For: | | | | | | | |
| Continuing Appropriations | 164,550 | - | 33,300 | - | - | - | 197,850 |
| Budget Reserve Fund | 2,505,538 | - | - | - | - | - | 2,505,538 |
| Assigned To: | | | | | | | |
| Surplus Transfer to Fiscal Year 2020-2021 | 160,000 | - | - | - | - | - | 160,000 |
| Grants and Loans | - | - | - | - | 1,006 | - | 1,006 |
| Other | - | - | - | - | - | 22,834 | 22,834 |
| Unassigned | <u>(771,444)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(715)</u> | <u>(772,159)</u> |
| Total Fund Balances | <u>2,120,986</u> | <u>991,788</u> | <u>397,612</u> | <u>616,801</u> | <u>726,314</u> | <u>1,649,313</u> | <u>6,502,814</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u><u>\$ 4,416,953</u></u> | <u><u>\$ 994,351</u></u> | <u><u>\$ 464,916</u></u> | <u><u>\$ 1,267,422</u></u> | <u><u>\$ 764,341</u></u> | <u><u>\$ 1,861,700</u></u> | <u><u>\$ 9,769,683</u></u> |

State of Connecticut

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

June 30, 2019

(Expressed in Thousands)

| | |
|---|--------------|
| Total Fund Balance - Governmental Funds | \$ 6,502,814 |
|---|--------------|

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) | 32,156,531 |
| Less: Accumulated depreciation (excluding internal service funds) | <u>(16,295,431)</u> |
| Net capital assets | 15,861,100 |

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. 950,834

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. 63,932

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). 8,442,736

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 | (18,368,713) |
| Transportation bonds payable | (5,957,640) |
| Direct Borrowings & Direct Placements | (374,080) |
| Unamortized premiums | (2,000,370) |
| Accrued interest payable | <u>(276,369)</u> |
| Net long-term debt | (26,977,172) |

Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 16).

| | |
|---|------------------|
| Net pension liability | (34,820,505) |
| Net OPEB liability | (19,663,039) |
| Obligations for worker's compensation | (771,753) |
| Capital leases payable | (27,997) |
| Compensated absences (excluding internal service funds) | (497,059) |
| Claims and judgments payable | (63,444) |
| Landfill postclosure care | (33,535) |
| Nonexchange Financial guarantee | <u>(510,275)</u> |
| Total other liabilities | (56,387,607) |

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 | (1,982,567) |
|--------------------------|-------------|

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 54,295

| | |
|--|------------------------|
| Total Net Position - Governmental Activities | <u>\$ (53,471,635)</u> |
|--|------------------------|

State of Connecticut

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

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

| | <u>General</u> | <u>Debt Service</u> | <u>Transportation</u> | <u>Restricted Grants & Accounts</u> | <u>Grant & Loan Programs</u> | <u>Other Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------|-----------------------|---|----------------------------------|---------------------|---------------------------------|
| Revenues | | | | | | | |
| Taxes | \$ 17,133,724 | \$ - | \$ 1,248,312 | \$ - | \$ - | \$ - | \$ 18,382,036 |
| Licenses, Permits, and Fees | 288,055 | - | 338,685 | 7,004 | - | 147,258 | 781,002 |
| Tobacco Settlement | - | - | - | - | - | 124,508 | 124,508 |
| Federal Grants and Aid | 2,267,084 | - | 12,259 | 6,229,391 | - | 69,809 | 8,578,543 |
| Lottery Tickets | 360,996 | - | - | - | - | - | 360,996 |
| Charges for Services | 27,105 | - | 66,928 | - | - | 1,039 | 95,072 |
| Fines, Forfeits, and Rents | 147,538 | - | 19,005 | - | - | 900 | 167,443 |
| Casino Gaming Payments | 255,239 | - | - | - | - | - | 255,239 |
| Investment Earnings | 48,950 | 29,065 | 16,164 | 3,686 | 13,395 | 16,269 | 127,529 |
| Interest on Loans | - | - | - | - | - | 14 | 14 |
| Miscellaneous | 247,597 | - | 15,944 | 1,656,846 | 29,778 | 100,572 | 2,050,737 |
| Total Revenues | 20,776,288 | 29,065 | 1,717,297 | 7,896,927 | 43,173 | 460,369 | 30,923,119 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Legislative | 103,362 | - | - | 1,896 | - | 42 | 105,300 |
| General Government | 1,504,690 | - | 12,992 | 629,617 | 471,503 | 95,418 | 2,714,220 |
| Regulation and Protection | 435,627 | - | 105,245 | 113,434 | 4,835 | 166,164 | 825,305 |
| Conservation and Development | 217,743 | - | 4,717 | 284,290 | 475,718 | 166,886 | 1,149,354 |
| Health and Hospitals | 1,654,556 | - | - | 816,838 | 20,878 | 71,126 | 2,563,398 |
| Transportation | - | - | 892,624 | 631,359 | 31,601 | - | 1,555,584 |
| Human Services | 4,998,915 | - | - | 4,478,462 | 30 | 4,229 | 9,481,636 |
| Education, Libraries, and Museums | 4,338,242 | - | - | 570,665 | 16,303 | 2,618 | 4,927,828 |
| Corrections | 2,040,489 | - | - | 23,808 | 1,242 | 2,007 | 2,067,546 |
| Judicial | 867,606 | - | - | 27,929 | - | 56,535 | 952,070 |
| Capital Projects | - | - | - | - | - | 955,637 | 955,637 |
| Debt Service: | | | | | | | |
| Principal Retirement | 1,060,482 | 323,470 | - | - | - | - | 1,383,952 |
| Interest and Fiscal Charges | 1,136,304 | 279,499 | 547 | 99,594 | 3,569 | 5,434 | 1,524,947 |
| Total Expenditures | 18,358,016 | 602,969 | 1,016,125 | 7,677,892 | 1,025,679 | 1,526,096 | 30,206,777 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,418,272 | (573,904) | 701,172 | 219,035 | (982,506) | (1,065,727) | 716,342 |
| Other Financing Sources (Uses) | | | | | | | |
| Bonds Issued | - | - | - | - | 817,964 | 1,356,822 | 2,174,786 |
| Premiums on Bonds Issued | - | 91,930 | - | - | 75,033 | 138,910 | 305,873 |
| Transfers In | 1,095,660 | 685,437 | 21,810 | 145,591 | - | 453,248 | 2,401,746 |
| Transfers Out | (2,552,943) | (56,068) | (647,168) | (26,072) | (71,464) | (534,452) | (3,888,167) |
| Refunding Bonds Issued | - | 803,985 | - | - | - | - | 803,985 |
| Payment to Refunded Bond Escrow Agent | - | (861,512) | - | - | - | - | (861,512) |
| Capital Lease Obligations | 6,639 | - | - | - | - | - | 6,639 |
| Total Other Financing Sources (Uses) | (1,450,644) | 663,772 | (625,358) | 119,519 | 821,533 | 1,414,528 | 943,350 |
| Net Change in Fund Balances | 967,628 | 89,868 | 75,814 | 338,554 | (160,973) | 348,801 | 1,659,692 |
| Fund Balances (Deficit) - Beginning | 1,151,043 | 901,920 | 321,508 | 278,247 | 887,287 | 1,300,512 | 4,840,517 |
| Change in Reserve for Inventories | 2,315 | - | 290 | - | - | - | 2,605 |
| Fund Balances (Deficit) - Ending | \$ 2,120,986 | \$ 991,788 | \$ 397,612 | \$ 616,801 | \$ 726,314 | \$ 1,649,313 | \$ 6,502,814 |

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 1,659,692

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 | (2,174,786) |
| Refunding bonds issued | (819,075) |
| Premium on bonds issued | (296,415) |
| Accretion on Capital Appreciation Bonds | (20,142) |
| Principal repayment: | |
| Principal Retirement | 1,764,581 |
| Payments to refunded bond escrow agent | 852,710 |
| Capital lease payments | <u>6,219</u> |
| Net debt adjustments | (686,908) |

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

(6,639)

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) | 1,206,355 |
| Depreciation expense (excluding internal service funds) | (732,889) |
| Net capital outlay adjustments | <u>473,466</u> |

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.

2,605

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recognized in the funds. In the current period, the net adjustments consist of:

| | |
|--|------------------|
| Increase in accrued interest | (36,846) |
| Amortization of bond premium | 215,528 |
| Amortization of loss on debt refunding's | (5,207) |
| Decrease in Net OPEB Liability | 927,960 |
| Increase in net deferred inflows related to other post employment benefits {OPEB} | (601,701) |
| Increase in net deferred outflows related to other post employment benefits {OPEB} | 156,408 |
| Increase in compensated absences | (168) |
| Increase in workers compensation | (24,519) |
| Decrease in claims and judgments | 132,099 |
| Decrease in landfill post closure cost | 1,530 |
| Decrease in non-exchange financial guarantees | 21,285 |
| Increase in pension liability | (254,016) |
| Increase in net deferred inflows related to pensions | (305,355) |
| Decrease in net deferred outflows related to pensions | <u>(728,263)</u> |
| Net expense accruals | (501,265) |

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.

184,987

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.

3,832

Change in net position - governmental activities \$ 1,129,770

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

State of Connecticut

STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2019

(Expressed in Thousands)

| | Business-Type Activities | | | | | | Governmental Activities | |
|---|---|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|-------------------------|--|
| | Enterprise Funds | | | | | | | |
| | 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 | \$ 486,269 | \$ 306,334 | \$ 158 | \$ 4,961 | \$ 70,902 | \$ 868,624 | \$ 10,727 | |
| Deposits with U.S. Treasury | - | - | 737,430 | - | - | 737,430 | - | |
| Investments | 667 | 121,196 | - | - | - | 121,863 | - | |
| Receivables: | | | | | | | | |
| Accounts, Net of Allowances | 150,514 | 65,308 | 185,563 | - | 6,987 | 408,372 | 100 | |
| Loans, Net of Allowances | 2,295 | 2,552 | - | 214,744 | 41,462 | 261,053 | - | |
| Interest | - | - | - | 3,668 | 503 | 4,171 | - | |
| From Other Governments | - | 2,729 | 5,481 | - | 730 | 8,940 | - | |
| Due from Other Funds | 45,871 | 78,683 | 501 | - | - | 125,055 | 4,850 | |
| Inventories | 13,454 | - | - | - | - | 13,454 | 5,165 | |
| Restricted Assets | 277,131 | - | - | - | - | 277,131 | - | |
| Other Current Assets | 40,236 | 8,963 | - | - | 27 | 49,226 | 175 | |
| Total Current Assets | <u>1,016,437</u> | <u>585,765</u> | <u>929,133</u> | <u>223,373</u> | <u>120,611</u> | <u>2,875,319</u> | <u>21,017</u> | |
| Noncurrent Assets: | | | | | | | | |
| Cash and Cash Equivalents | - | 143,875 | - | 218,034 | 97,645 | 459,554 | - | |
| Investments | 16,187 | 33,196 | - | 4,888 | - | 54,271 | - | |
| Receivables: | | | | | | | | |
| Loans, Net of Allowances | 6,510 | 5,754 | - | 1,003,187 | 146,864 | 1,162,315 | - | |
| Restricted Assets | 463 | - | - | 210,804 | 26,593 | 237,860 | - | |
| Capital Assets, Net of Accumulated Depreciation | 3,183,505 | 1,939,404 | - | - | 23,946 | 5,146,855 | 47,093 | |
| Other Noncurrent Assets | 3,733 | 200 | - | - | 185 | 4,118 | 124 | |
| Total Noncurrent Assets | <u>3,210,398</u> | <u>2,122,429</u> | - | <u>1,436,913</u> | <u>295,233</u> | <u>7,064,973</u> | <u>47,217</u> | |
| Total Assets | <u><u>\$ 4,226,835</u></u> | <u><u>\$ 2,708,194</u></u> | <u><u>\$ 929,133</u></u> | <u><u>\$ 1,660,286</u></u> | <u><u>\$ 415,844</u></u> | <u><u>\$ 9,940,292</u></u> | <u><u>\$ 68,234</u></u> | |
| Deferred Outflows of Resources | | | | | | | | |
| Unamortized Losses on Bond Refundings | \$ - | \$ - | \$ - | \$ 6,867 | \$ 161 | \$ 7,028 | \$ - | |
| Other Deferred Outflows | 135 | 996 | - | - | - | 1,131 | - | |
| Total Deferred Outflows of Resources | <u><u>\$ 135</u></u> | <u><u>\$ 996</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 6,867</u></u> | <u><u>\$ 161</u></u> | <u><u>\$ 8,159</u></u> | <u><u>\$ -</u></u> | |
| Liabilities | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 236,772 | \$ 130,608 | \$ 16 | \$ 9,556 | \$ 10,221 | \$ 387,173 | \$ 1,241 | |
| Due to Other Funds | 25,963 | 4,825 | 297 | - | - | 31,085 | 10,679 | |
| Due to Other Governments | - | - | 74 | - | - | 74 | - | |
| Current Portion of Long-Term Obligations | 68,347 | 27,158 | - | 58,363 | 11,262 | 165,130 | 82 | |
| Unearned Revenue | - | 37,734 | - | - | - | 37,734 | - | |
| Other Current Liabilities | 70,335 | 10,992 | - | - | - | 81,327 | - | |
| Total Current Liabilities | <u>401,417</u> | <u>211,317</u> | <u>387</u> | <u>67,919</u> | <u>21,483</u> | <u>702,523</u> | <u>12,002</u> | |
| Noncurrent Liabilities: | | | | | | | | |
| Noncurrent Portion of Long-Term Obligations | 577,869 | 461,719 | - | 789,863 | 154,779 | 1,984,230 | 1,937 | |
| Total Noncurrent Liabilities | <u>577,869</u> | <u>461,719</u> | <u>-</u> | <u>789,863</u> | <u>154,779</u> | <u>1,984,230</u> | <u>1,937</u> | |
| Total Liabilities | <u><u>\$ 979,286</u></u> | <u><u>\$ 673,036</u></u> | <u><u>\$ 387</u></u> | <u><u>\$ 857,782</u></u> | <u><u>\$ 176,262</u></u> | <u><u>\$ 2,686,753</u></u> | <u><u>\$ 13,939</u></u> | |
| Deferred Inflows of Resources | | | | | | | | |
| Other Deferred Inflows | \$ 5,998 | \$ - | \$ - | \$ - | \$ - | \$ 5,998 | \$ - | |
| Total Deferred Inflows of Resources | <u><u>\$ 5,998</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 5,998</u></u> | <u><u>\$ -</u></u> | |
| Net Position (Deficit) | | | | | | | | |
| Net Investment in Capital Assets | \$ 2,465,937 | \$ 1,794,292 | \$ - | \$ - | \$ 1,615 | \$ 4,261,844 | \$ 47,217 | |
| Restricted For: | | | | | | | | |
| Debt Service | - | - | - | - | 4,508 | 4,508 | - | |
| Clean and Drinking Water Projects | - | - | - | 617,328 | 166,929 | 784,257 | - | |
| Capital Projects | 184,663 | - | - | - | - | 184,663 | - | |
| Nonexpendable Purposes | 15,005 | 487 | - | - | - | 15,492 | - | |
| Expendable Endowment | - | 39,108 | - | - | - | 39,108 | - | |
| Loans | 3,197 | - | - | - | - | 3,197 | - | |
| Other Purposes | 23,304 | 32,598 | - | - | - | 55,902 | - | |
| Unrestricted (Deficit) | 549,580 | 169,669 | 928,746 | 192,043 | 66,691 | 1,906,729 | 7,078 | |
| Total Net Position | <u><u>\$ 3,241,686</u></u> | <u><u>\$ 2,036,154</u></u> | <u><u>\$ 928,746</u></u> | <u><u>\$ 809,371</u></u> | <u><u>\$ 239,743</u></u> | <u><u>\$ 7,255,700</u></u> | <u><u>\$ 54,295</u></u> | |

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

State of Connecticut

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

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

| | Business-Type Activities | | | | | | Governmental Activities | |
|--|---|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------------|--|
| | Enterprise Funds | | | | | | | |
| | 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 \$235,837) | \$ 1,185,676 | \$ 504,423 | \$ - | \$ - | \$ 32,135 | \$ 1,722,234 | \$ 53,649 | |
| Assessments | - | - | 731,022 | - | 31,459 | 762,481 | - | |
| Federal Grants, Contracts, and Other Aid | 179,789 | 21,604 | 11,761 | - | - | 213,154 | - | |
| State Grants, Contracts, and Other Aid | 17,959 | 22,345 | 14,178 | - | - | 54,482 | - | |
| Private Gifts and Grants | 53,593 | 10,380 | - | - | - | 63,973 | - | |
| Interest on Loans | - | - | - | 24,243 | 3,719 | 27,962 | - | |
| Other | 157,020 | 12,077 | 24,690 | - | 735 | 194,522 | 141 | |
| Total Operating Revenues | <u>1,594,037</u> | <u>570,829</u> | <u>781,651</u> | <u>24,243</u> | <u>68,048</u> | <u>3,038,808</u> | <u>53,790</u> | |
| Operating Expenses | | | | | | | | |
| Salaries, Wages, and Administrative | 2,122,758 | 1,253,068 | - | 1,017 | 20,535 | 3,397,378 | 33,359 | |
| Unemployment Compensation | - | - | 619,685 | - | - | 619,685 | - | |
| Claims Paid | - | - | - | - | 22,879 | 22,879 | - | |
| Depreciation and Amortization | 191,673 | 95,841 | - | - | 1,160 | 288,674 | 17,553 | |
| Other | 161,412 | 37,414 | - | 3,661 | 1,790 | 204,277 | - | |
| Total Operating Expenses | <u>2,475,843</u> | <u>1,386,323</u> | <u>619,685</u> | <u>4,678</u> | <u>46,364</u> | <u>4,532,893</u> | <u>50,912</u> | |
| Operating Income (Loss) | <u>(881,806)</u> | <u>(815,494)</u> | <u>161,966</u> | <u>19,565</u> | <u>21,684</u> | <u>(1,494,085)</u> | <u>2,878</u> | |
| Nonoperating Revenue (Expenses) | | | | | | | | |
| Interest and Investment Income | 13,369 | 13,329 | - | 12,888 | 4,732 | 44,318 | 760 | |
| Interest and Fiscal Charges | (9,618) | (11,456) | - | (37,957) | (6,775) | (65,806) | - | |
| Other - Net | 132,231 | 142,728 | - | 8,968 | (11,936) | 271,991 | 192 | |
| Total Nonoperating Revenues (Expenses) | <u>135,982</u> | <u>144,601</u> | <u>-</u> | <u>(16,101)</u> | <u>(13,979)</u> | <u>250,503</u> | <u>952</u> | |
| Income (Loss) Before Capital Contributions, Grants, and Transfers | <u>(745,824)</u> | <u>(670,893)</u> | <u>161,966</u> | <u>3,464</u> | <u>7,705</u> | <u>(1,243,582)</u> | <u>3,830</u> | |
| Capital Contributions | 3,907 | - | - | - | - | 3,907 | - | |
| Federal Capitalization Grants | - | - | - | 21,851 | 11,227 | 33,078 | - | |
| Transfers In | 807,623 | 667,393 | - | 336 | 384 | 1,475,736 | - | |
| Transfers Out | - | - | (5,415) | - | - | (5,415) | - | |
| Change in Net Position | 65,706 | (3,500) | 156,551 | 25,651 | 19,316 | 263,724 | 3,830 | |
| Total Net Position (Deficit) - Beginning (as restated) | <u>3,175,980</u> | <u>2,039,654</u> | <u>772,195</u> | <u>783,720</u> | <u>220,427</u> | <u>6,991,976</u> | <u>50,465</u> | |
| Total Net Position (Deficit) - Ending | <u>\$ 3,241,686</u> | <u>\$ 2,036,154</u> | <u>\$ 928,746</u> | <u>\$ 809,371</u> | <u>\$ 239,743</u> | <u>\$ 7,255,700</u> | <u>\$ 54,295</u> | |

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

State of Connecticut

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

| | Business-Type Activities | | | | | | Governmental Activities | |
|---|---|---------------------|---------------------|--------------------|--------------------|-----------------------|-------------------------|--|
| | Enterprise Funds | | | | | | | |
| | 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 | \$ 1,165,814 | \$ 518,871 | \$ 733,509 | \$ 115,552 | \$ 78,590 | \$ 2,612,336 | \$ 53,280 | |
| Payments to Suppliers | (744,244) | (243,275) | - | (3,661) | (9,429) | (1,000,609) | (21,422) | |
| Payments to Employees | (1,461,071) | (955,262) | - | (957) | (12,108) | (2,429,398) | (10,281) | |
| Other Receipts (Payments) | 446,133 | 65,528 | (730,374) | (155,386) | (73,225) | (447,324) | (843) | |
| Net Cash Provided by (Used in) Operating Activities | <u>(593,368)</u> | <u>(614,138)</u> | <u>3,135</u> | <u>(44,452)</u> | <u>(16,172)</u> | <u>(1,264,995)</u> | <u>20,734</u> | |
| Cash Flows from Noncapital Financing Activities | | | | | | | | |
| Proceeds from Sale of Bonds | 13,000 | - | - | - | - | 13,000 | - | |
| Retirement of Bonds and Annuities Payable | (38,358) | - | - | (53,831) | (10,054) | (102,243) | - | |
| Interest on Bonds and Annuities Payable | (26,929) | - | - | (37,497) | (6,395) | (70,821) | - | |
| Transfers In | 495,283 | 550,087 | - | 336 | 384 | 1,046,090 | - | |
| Transfers Out | - | - | (5,415) | - | - | (5,415) | - | |
| Other Receipts (Payments) | 133,136 | 142,727 | (12,845) | - | (4,030) | 258,988 | 192 | |
| Net Cash Flows from Noncapital Financing Activities | <u>576,132</u> | <u>692,814</u> | <u>(18,260)</u> | <u>(90,992)</u> | <u>(20,095)</u> | <u>1,139,599</u> | <u>192</u> | |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | |
| Additions to Property, Plant, and Equipment | (267,767) | (126,541) | - | - | (823) | (395,131) | (19,673) | |
| Proceeds from Capital Debt | 187,000 | - | - | - | - | 187,000 | - | |
| Principal Paid on Capital Debt | (112,471) | (18,940) | - | - | - | (131,411) | - | |
| Interest Paid on Capital Debt | (69,543) | (11,456) | - | - | - | (80,999) | - | |
| Transfer In | 184,234 | 117,307 | - | - | - | 301,541 | - | |
| Federal Grant | - | - | - | 21,851 | 10,621 | 32,472 | - | |
| Other Receipts (Payments) | 23,165 | (18,474) | - | - | - | 4,691 | - | |
| Net Cash Flows from Capital and Related Financing Activities | <u>(55,382)</u> | <u>(58,104)</u> | <u>-</u> | <u>21,851</u> | <u>9,798</u> | <u>(81,837)</u> | <u>(19,673)</u> | |
| Cash Flows from Investing Activities | | | | | | | | |
| Proceeds from Sales and Maturities of Investments | - | 54,656 | - | - | - | 54,656 | - | |
| Purchase of Investment Securities | (462) | (111,173) | - | - | - | (111,635) | - | |
| Interest on Investments | 12,450 | 13,329 | 13,985 | 13,156 | 4,408 | 57,328 | 760 | |
| (Increase) Decrease in Restricted Assets | - | - | - | (21,055) | - | (21,055) | - | |
| Other Receipts (Payments) | - | - | - | 121,392 | 21,743 | 143,135 | - | |
| Net Cash Flows from Investing Activities | <u>11,988</u> | <u>(43,188)</u> | <u>13,985</u> | <u>113,493</u> | <u>26,151</u> | <u>122,429</u> | <u>760</u> | |
| Net Increase (Decrease) in Cash and Cash Equivalents | (60,630) | (22,616) | (1,140) | (100) | (318) | (84,804) | 2,013 | |
| Cash and Cash Equivalents - Beginning of Year | 824,493 | 472,826 | 1,298 | 5,061 | 71,220 | 1,374,898 | 8,714 | |
| Cash and Cash Equivalents - End of Year | <u>\$ 763,863</u> | <u>\$ 450,210</u> | <u>\$ 158</u> | <u>\$ 4,961</u> | <u>\$ 70,902</u> | <u>\$ 1,290,094</u> | <u>\$ 10,727</u> | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities | | | | | | | | |
| Operating Income (Loss) | \$ (881,806) | \$ (815,494) | \$ 161,966 | \$ 19,565 | \$ 21,685 | \$ (1,494,084) | \$ 2,878 | |
| Adjustments not Affecting Cash: | | | | | | | | |
| Depreciation and Amortization | 191,673 | 95,841 | - | - | 1,160 | 288,674 | 17,553 | |
| Other | 120,315 | 37,414 | - | - | - | 157,729 | - | |
| Change in Assets and Liabilities: | | | | | | | | |
| (Increase) Decrease in Receivables, Net | 2,781 | (40,292) | (158,240) | (64,017) | (749) | (260,517) | (19) | |
| (Increase) Decrease in Due from Other Funds | - | 54,666 | 171 | - | - | 54,837 | (350) | |
| (Increase) Decrease in Inventories and Other Assets | 12,443 | (2,008) | - | - | (21,999) | (11,564) | (985) | |
| Increase (Decrease) in Accounts Payables & Accrued Liabilities | (38,774) | 56,734 | (679) | - | (16,269) | 1,012 | 1,657 | |
| Increase (Decrease) in Due to Other Funds | - | (999) | (83) | - | - | (1,082) | - | |
| Total Adjustments | <u>288,438</u> | <u>201,356</u> | <u>(158,831)</u> | <u>(64,017)</u> | <u>(37,857)</u> | <u>229,089</u> | <u>17,856</u> | |
| Net Cash Provided by (Used In) Operating Activities | <u>\$ (593,368)</u> | <u>\$ (614,138)</u> | <u>\$ 3,135</u> | <u>\$ (44,452)</u> | <u>\$ (16,172)</u> | <u>\$ (1,264,995)</u> | <u>\$ 20,734</u> | |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets | | | | | | | | |
| Cash and Cash Equivalents - Current | \$ 486,269 | \$ 306,334 | | | | | | |
| Cash and Cash Equivalents - Noncurrent | 463 | 143,875 | | | | | | |
| Cash and Cash Equivalents - Restricted | <u>277,131</u> | <u>-</u> | | | | | | |
| | <u>\$ 763,863</u> | <u>\$ 450,209</u> | | | | | | |
| Noncash Investing, Capital, and Financing Activities: | | | | | | | | |
| Amortization of Premiums, Discounts, and net loss on debt refunding's | \$ 16,460 | | | | | | | |
| Loss on disposal of capital assets | 15,401 | | | | | | | |
| Acquisition of software license under long term purchase contract | 4,846 | | | | | | | |
| Accruals of expenses related to construction in progress | 40,014 | | | | | | | |
| Unrealized gain (loss) on investment | (108) | | | | | | | |
| | <u>\$ 76,613</u> | | | | | | | |

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

State of Connecticut

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2019

(Expressed in Thousands)

| | Pension & Other Employee Benefit | Investment <u>Trust Fund</u> External Investment | Private- Purpose <u>Trust Fund</u> Escheat Securities | Agency Funds | Total |
|---|---|---|--|-------------------------|----------------------|
| | <u>Trust Funds</u> | <u>Pool</u> | | | |
| Assets | | | | | |
| Current: | | | | | |
| Cash and Cash Equivalents | \$ 146,498 | \$ - | \$ - | \$ 133,622 | \$ 280,120 |
| Receivables: | | | | | |
| Accounts, Net of Allowances | 46,778 | - | - | 9,143 | 55,921 |
| From Other Governments | 456 | - | - | - | 456 |
| From Other Funds | 2,874 | - | - | - | 2,874 |
| Interest | 1,045 | 3,096 | - | 156 | 4,297 |
| Inventories | | | | 14 | 14 |
| Investments (See Note 3) | 35,994,470 | 1,695,173 | - | - | 37,689,643 |
| Securities Lending Collateral | 2,080,404 | - | - | - | 2,080,404 |
| Other Assets | - | 13 | - | 334,473 | 334,486 |
| Noncurrent: | | | | | |
| Due From Employers | 17,060 | - | - | - | 17,060 |
| Other Assets | - | - | 985 | - | 985 |
| Total Assets | <u>\$ 38,289,585</u> | <u>\$ 1,698,282</u> | <u>\$ 985</u> | <u>\$ 477,408</u> | <u>\$ 40,466,260</u> |
| Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 52,574 | \$ 3,469 | \$ - | \$ 46,505 | 102,548 |
| Securities Lending Obligation | 2,080,404 | - | - | - | 2,080,404 |
| Due to Other Funds | 2,018 | - | - | 379 | 2,397 |
| Funds Held for Others | - | - | - | 430,524 | 430,524 |
| Total Liabilities | <u>\$ 2,134,996</u> | <u>\$ 3,469</u> | <u>\$ -</u> | <u>\$ 477,408</u> | <u>\$ 2,615,873</u> |
| Net Position | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | \$ 34,865,427 | \$ - | \$ - | \$ 34,865,427 | |
| Other Postemployment Benefits | 1,289,162 | - | - | 1,289,162 | |
| Pool Participants | - | 1,694,813 | - | 1,694,813 | |
| Individuals, Organizations, and Other Governments | - | - | 985 | 985 | |
| Total Net Position | <u>\$ 36,154,589</u> | <u>\$ 1,694,813</u> | <u>\$ 985</u> | | <u>\$ 37,850,387</u> |

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

State of Connecticut

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2019

(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 | \$ 1,048,973 | \$ - | \$ - | \$ 1,048,973 |
| State | 3,686,325 | - | - | 3,686,325 |
| Municipalities | 84,432 | - | - | 84,432 |
| Total Contributions | <u>4,819,730</u> | <u>-</u> | <u>-</u> | <u>4,819,730</u> |
| Investment Income | 2,149,013 | 48,178 | - | 2,197,191 |
| Less: Investment Expense | (180,789) | (542) | - | (181,331) |
| Net Investment Income | <u>1,968,224</u> | <u>47,636</u> | <u>-</u> | <u>2,015,860</u> |
| Escheat Securities Received | - | - | 37,839 | 37,839 |
| Pool's Share Transactions | - | 197,176 | - | 197,176 |
| Transfer In | 16,100 | - | - | 16,100 |
| Other | 15,507 | - | - | 15,507 |
| Total Additions | <u>6,819,561</u> | <u>244,812</u> | <u>37,839</u> | <u>7,102,212</u> |
| Deductions | | | | |
| Administrative Expense | 17,880 | - | - | 17,880 |
| Benefit Payments and Refunds | 5,003,126 | - | - | 5,003,126 |
| Escheat Securities Returned or Sold | - | - | 39,589 | 39,589 |
| Distributions to Pool Participants | - | 47,636 | - | 47,636 |
| Other | 17,535 | - | 524 | 18,059 |
| Total Deductions | <u>5,038,541</u> | <u>47,636</u> | <u>40,113</u> | <u>5,126,290</u> |
| Change in Net Position Held In Trust For: | | | | |
| Pension and Other Employee Benefits | 1,781,020 | - | - | 1,781,020 |
| Individuals, Organizations, and Other Governments | - | 197,176 | (2,274) | 194,902 |
| Net Position - Beginning | <u>34,373,569</u> | <u>1,497,637</u> | <u>3,259</u> | <u>35,874,465</u> |
| Net Position - Ending | <u>\$ 36,154,589</u> | <u>\$ 1,694,813</u> | <u>\$ 985</u> | <u>\$ 37,850,387</u> |

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

State of Connecticut

STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2019
(Expressed in Thousands)

| | Connecticut Housing Finance Authority (12-31-18) | Connecticut Lottery Corporation | Connecticut Airport Authority | Other Component Units | Total |
|---|--|---------------------------------------|-------------------------------------|-----------------------------|----------------------------|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 20,880 | \$ 110,270 | \$ 158,476 | \$ 289,626 |
| Investments | - | 5,403 | - | 544,514 | 549,917 |
| Receivables: | | | | | |
| Accounts, Net of Allowances | - | 30,548 | 7,468 | 22,339 | 60,355 |
| Loans, Net of Allowances | - | - | - | 10,816 | 10,816 |
| Other | - | 1,206 | - | 446 | 1,652 |
| Due From Other Governments | - | - | 3,156 | - | 3,156 |
| Due From Primary Government | - | - | 5,567 | 164 | 5,731 |
| Restricted Assets | 798,771 | - | 11,075 | 318,866 | 1,128,712 |
| Inventories | - | - | - | 5,779 | 5,779 |
| Other Current Assets | - | 6,057 | 59 | 15,411 | 21,527 |
| Total Current Assets | <u>798,771</u> | <u>64,094</u> | <u>137,595</u> | <u>1,076,811</u> | <u>2,077,271</u> |
| Noncurrent Assets: | | | | | |
| Investments | - | 120,913 | - | 112,866 | 233,779 |
| Accounts, Net of Allowances | - | - | - | 40,193 | 40,193 |
| Loans, Net of Allowances | - | - | - | 96,976 | 96,976 |
| Restricted Assets | 4,962,804 | - | 281,949 | 342,030 | 5,586,783 |
| Capital Assets, Net of Accumulated Depreciation | 3,046 | 641 | 353,793 | 421,330 | 778,810 |
| Other Noncurrent Assets | - | 10,927 | - | 81,553 | 92,480 |
| Total Noncurrent Assets | <u>4,965,850</u> | <u>132,481</u> | <u>635,742</u> | <u>1,094,948</u> | <u>6,829,021</u> |
| Total Assets | <u><u>\$ 5,764,621</u></u> | <u><u>\$ 196,575</u></u> | <u><u>\$ 773,337</u></u> | <u><u>\$ 2,171,759</u></u> | <u><u>\$ 8,906,292</u></u> |
| Deferred Outflows of Resources | | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | \$ - | \$ - | \$ 13,740 | \$ - | \$ 13,740 |
| Unamortized Losses on Bond Refundings | 96,056 | - | 1,554 | - | 97,610 |
| Related to Pensions & Other Postemployment Benefits | 19,419 | 16,626 | 22,367 | 18,236 | 76,648 |
| Other | - | - | - | 2,847 | 2,847 |
| Total Deferred Outflows of Resources | <u>115,475</u> | <u>\$ 16,626</u> | <u>\$ 37,661</u> | <u>\$ 21,083</u> | <u>\$ 190,845</u> |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 24,048 | \$ 10,067 | \$ 26,380 | \$ 74,168 | \$ 134,663 |
| Current Portion of Long-Term Obligations | 278,391 | 5,969 | 7,510 | 23,258 | 315,128 |
| Due To Primary Government | - | - | 132 | 43,937 | 44,069 |
| Amount Held for Institutions | - | - | - | 210,149 | 210,149 |
| Other Liabilities | - | 40,525 | 5,081 | - | 45,606 |
| Total Current Liabilities | <u>302,439</u> | <u>56,561</u> | <u>39,103</u> | <u>351,512</u> | <u>749,615</u> |
| Noncurrent Liabilities: | | | | | |
| Pension & OPEB Liability | 131,043 | 97,690 | 143,009 | 99,574 | 471,316 |
| Noncurrent Portion of Long-Term Obligations | 4,613,052 | 121,254 | 262,738 | 521,629 | 5,518,673 |
| Total Noncurrent Liabilities | <u>4,744,095</u> | <u>218,944</u> | <u>405,747</u> | <u>621,203</u> | <u>5,989,989</u> |
| Total Liabilities | <u><u>\$ 5,046,534</u></u> | <u><u>\$ 275,505</u></u> | <u><u>\$ 444,850</u></u> | <u><u>\$ 972,715</u></u> | <u><u>\$ 6,739,604</u></u> |
| Other Deferred Inflows | | | | | |
| Related to Pensions & Other Postemployment Benefits | \$ 15,279 | \$ 13,613 | \$ 7,395 | \$ 10,566 | \$ 46,853 |
| Other Deferred Inflows | 49,544 | - | - | 1,507 | 51,051 |
| Total Deferred Inflows of Resources | <u>64,823</u> | <u>\$ 13,613</u> | <u>\$ 7,395</u> | <u>\$ 12,073</u> | <u>\$ 97,904</u> |
| Net Position | | | | | |
| Net Investment in Capital Assets | \$ 3,046 | \$ 641 | \$ 231,305 | \$ 213,265 | \$ 448,257 |
| Restricted: | | | | | |
| Debt Service | - | - | 14,255 | - | 14,255 |
| Bond Indentures | 765,693 | - | 16,031 | - | 781,724 |
| Expendable Endowments | - | - | - | 11,865 | 11,865 |
| Nonexpendable Endowments | - | - | - | 605,081 | 605,081 |
| Capital Projects | - | - | 130,268 | - | 130,268 |
| Other Purposes | - | - | - | 144,206 | 144,206 |
| Unrestricted (Deficit) | - | (76,558) | (33,106) | 233,638 | 123,974 |
| Total Net Position | <u><u>\$ 768,739</u></u> | <u><u>\$ (75,917)</u></u> | <u><u>\$ 358,753</u></u> | <u><u>\$ 1,208,055</u></u> | <u><u>\$ 2,259,630</u></u> |

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

State of Connecticut

STATEMENT OF ACTIVITIES COMPONENT UNITS

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

| Functions/Programs | Program Revenues | | | |
|--|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Connecticut Housing Finance Authority (12/31/18) | \$ 223,740 | \$ 165,331 | \$ - | \$ - |
| Connecticut Lottery Corporation | 1,336,573 | 1,333,987 | - | - |
| Connecticut Airport Authority | 90,432 | 105,097 | - | 20,200 |
| Other Component Units | 361,364 | 331,199 | 6,450 | 4,071 |
| Total Component Units | <u>\$ 2,012,109</u> | <u>\$ 1,935,614</u> | <u>\$ 6,450</u> | <u>\$ 24,271</u> |

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.

State of Connecticut

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

| Connecticut Housing | | Connecticut Lottery Corporation | Connecticut Airport Authority | Other Component Units | Totals |
|---|-----------------------|--|--|--------------------------------------|------------------------|
| Finance Authority (12-31-18) | | | | | |
| \$ (58,409) | \$ - | \$ (2,586) | \$ - | \$ - | \$ (58,409) |
| - | - | - | - | - | (2,586) |
| - | - | - | 34,865 | - | 34,865 |
| - | - | - | - | (19,644) | (19,644) |
| <u>(58,409)</u> | <u>(2,586)</u> | <u>34,865</u> | <u>(19,644)</u> | <u>(19,644)</u> | <u>(45,774)</u> |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 12,922 | 6,348 | 2,882 | 41,702 | 63,854 | |
| 12,922 | 6,348 | 2,882 | 41,702 | 63,854 | |
| (45,487) | 3,762 | 37,747 | 22,058 | 18,080 | |
| 814,226 | (79,679) | 321,006 | 1,185,997 | 2,241,550 | |
| \$ 768,739 | \$ (75,917) | \$ 358,753 | \$ 1,208,055 | \$ 2,259,630 | |

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Note 1

Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles 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 can 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, 2018.

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 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 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 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 considering pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

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

Inventories

Inventories are reported at cost. 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 certain amount of time. State law requires that all escheat property receipts be recorded as revenue in the General fund. Escheat revenue is reduced, and a fund liability is reported to the extent that it is probable that escheat property will be refunded to claimants in the future. This liability is estimated based on the State's historical relationship between escheat property receipts and amounts paid as refunds, considering current conditions and trends.

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 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 are as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to 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 certain 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 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, 2018. 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.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement's 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.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice related to (1) commitments extended by issuers, (2) arrangements related with debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. 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, 2019, none of which constitutes a violation of statutory provisions (amounts in thousands).

| <u>Capital Projects</u> | |
|-------------------------|----------|
| Transportation | \$ 718 |
| <hr/> | |
| <u>Special Revenue</u> | |
| Regional Market | \$ 172 |
| Tourism | \$ 2,446 |
| <hr/> | |
| <u>Enterprise</u> | |
| Bradley Parking Garage | \$ 6,607 |

The Transportation deficit will be eliminated in the future by the sale of bonds. Bonds have not been issued in this fund since fiscal year 2008.

The Regional Market fund deficit was because of additional expenditures this fiscal year and lower revenue collections. This deficit should be eliminated in the future. The Tourism fund deficit was a result of revenues being recognized in fiscal year 2020 not fiscal year 2019, this deficit 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 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, 2019, STIF had the following investments and maturities (amounts in thousands):

| Short-Term Investment Fund | | | | |
|-----------------------------------|---|---------------------|-------------------|--|
| Investment Type | Investment Maturities (in years) | | | |
| | Amortized Cost | Less Than 1 | 1-5 | |
| Federal Agency Securities | \$ 1,948,287 | \$ 1,684,224 | \$ 264,063 | |
| Bank Commercial Paper | 1,873,824 | 1,873,824 | - | |
| Repurchase Agreements | 610,395 | 610,395 | - | |
| Total Investments | \$ 4,432,506 | \$ 4,168,443 | \$ 264,063 | |

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, 2019, the weighted average maturity of STIF was 43 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 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, 2019, the amount of STIF's investments in variable-rate securities was \$1,909 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, 2019, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

| Short-Term Investment Fund | | | | |
|-----------------------------------|------------------------|-------------|---------------------|-------------------|
| Investment Type | Quality Ratings | | | |
| | Amortized Cost | AAAm | AA+/A-1+ | A/A-1 |
| Federal Agency Securities | \$ 1,948,287 | \$ - | \$ 1,948,287 | \$ - |
| Corporate & Bank Commercial Paper | 1,873,824 | - | 1,873,824 | - |
| Repurchase Agreements | 610,395 | - | 450,000 | 160,395 |
| Total Investments | \$ 4,432,506 | \$ - | \$ 4,272,111 | \$ 160,395 |

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, 2019, 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 | \$ 790,143 |
| Federal Farm Credit Bank | \$ 721,876 |
| Royal Bank of Canada | \$ 625,025 |

Custodial Credit Risk-Bank Deposits-Nonnegotiable Certificate of Deposits (amounts in thousands):

STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificates of deposit must be issued from commercial banks whose short-term debt is rated at least “A-1” by Standard and Poor’s and “F-1” by Fitch and whose long-term debt is rated at least “A-” or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2019, \$3,612,723 of the bank balance of STIF’s deposits of \$3,664,973 was exposed to custodial credit risk as follows:

| | |
|--|---------------------|
| Uninsured and uncollateralized | \$ 2,779,248 |
| Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State | 833,475 |
| Total | \$ 3,612,723 |

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 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 | \$ 119,543 | \$ 667 | \$ 35,994,470 |
| Other Investments | 780 | 121,196 | 1,695,173 |
| Total Investments-Current | \$ 120,323 | \$ 121,863 | \$ 37,689,643 |

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, 2019, 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 | \$ 547,506 | \$ 10,019 | \$ 537,487 | \$ - | - |
| Asset Backed Securities | 139,086 | - | 139,086 | - | |
| Government Securities | 4,195,366 | 1,670,610 | 2,524,756 | - | |
| Government Agency Securities | 923,626 | - | 923,626 | - | |
| Mortgage Backed Securities | 240,813 | - | 240,813 | - | |
| Corporate Debt | 4,538,294 | - | 4,380,266 | 158,028 | |
| Convertible Securities | 27,070 | - | 27,070 | - | |
| Common Stock | 16,561,339 | 16,551,372 | (318) | 10,285 | |
| Preferred Stock | 61,977 | 47,521 | 14,456 | - | |
| Real Estate Investment Trust | 420,639 | 335,697 | 84,942 | - | |
| Mutual Fund | 809,576 | 809,576 | - | - | |
| Limited Partnerships | 531 | 531 | - | - | |
| Total | 28,465,823 | \$ 19,425,326 | \$ 8,872,184 | \$ 168,313 | |
| Investments Measured by Net Asset Value (NAV) | | Unfunded Commitments | Redemption Frequency | Redemption Notice Period | |
| Limited Liability Corporation | 1,156 | \$ - | Illiquid | N/A | |
| Limited Partnerships | 7,890,572 | 2,513,490 | Illiquid | N/A | |
| Total | 7,891,728 | \$ 2,513,490 | | | |
| Total Investments in Securities at Fair Value | \$ 36,357,551 | | | | |

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 always require each manager to maintain a diversified portfolio. In addition, each core manager is required to maintain a target duration that is like its respective benchmark which is typically the Barclays Aggregate-an intermediate duration index.

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | | |
|------------------------------|----------------------|----------------------------------|---------------------|---------------------|--------------|---------------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | More Than 10 | |
| Cash Equivalents | \$ 547,506 | \$ 547,506 | \$ - | \$ - | \$ - | \$ - |
| Asset Backed Securities | 139,085 | (1,362) | 48,735 | 58,115 | | 33,597 |
| Government Securities | 4,195,366 | 144,857 | 1,384,282 | 1,356,583 | | 1,309,644 |
| Government Agency Securities | 923,626 | 10,845 | 18,844 | 41,043 | | 852,894 |
| Mortgage Backed Securities | 240,813 | - | 9,623 | 10,622 | | 220,568 |
| Corporate Debt | 4,538,295 | 1,332,936 | 1,615,672 | 1,130,129 | | 459,558 |
| Convertible Debt | 27,069 | 3,898 | 3,937 | 9,546 | | 9,688 |
| | <u>\$ 10,611,760</u> | <u>\$ 2,038,680</u> | <u>\$ 3,081,093</u> | <u>\$ 2,606,038</u> | | <u>\$ 2,885,949</u> |

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, 2019, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

| | Combined Investment Funds | | | | | | | | |
|---|---------------------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-------------------------|----------------------|--|
| | Fair Value | Cash | Asset Backed | Government | Agency | Mortgage | Convertible | | |
| | | Equivalents | Securities | Securities | Securities | Backed | | | |
| Aaa | \$ 2,723,104,174 | \$ 2,552,375 | \$ 108,555,291 | \$ 1,846,859,461 | \$ 616,727,644 | \$ 129,104,495 | \$ 19,304,907 | \$ - | |
| Aa | 524,071,220 | - | 2,870,941 | 455,577,146 | - | 7,783,898 | 57,839,236 | - | |
| A | 756,333,083 | - | 3,452,800 | 413,989,495 | - | 3,628,122 | 335,262,665 | - | |
| Baa | 1,158,028,757 | - | 3,435,754 | 518,584,720 | - | 157,386 | 635,850,897 | - | |
| Ba | 863,446,449 | 3,245,076 | 926,892 | 190,880,217 | - | - | 657,403,371 | 10,990,893 | |
| B | 1,131,465,493 | - | - | 289,874,278 | - | - | 841,188,133 | 403,081 | |
| Caa | 433,392,813 | - | - | 38,448,591 | - | - | 394,944,223 | - | |
| Ca | 6,241,204 | - | - | - | - | - | 6,241,204 | - | |
| C | 360,985 | - | - | - | - | - | 360,985 | - | |
| Prime 1 | 737,805,605 | 36,862,349 | - | - | - | - | 700,943,256 | - | |
| Prime 2 | 67,160,910 | 13,952,040 | - | - | - | - | 53,208,870 | - | |
| Prime 3 | 6,137,289 | 3,387,904 | - | - | - | - | 2,749,385 | - | |
| U.S. Government fixed income securities (not rated) | 328,809,509 | - | - | 21,911,096 | 306,898,413 | - | - | - | |
| Non US Government fixed income securities (not rated) | 419,240,763 | - | - | 419,240,763 | - | - | - | - | |
| Not Rated | 1,456,161,864 | 487,506,246 | 19,843,870 | - | - | 100,138,722 | 832,996,911 | 15,676,115 | |
| | <u>\$ 10,611,760,118</u> | <u>\$ 547,505,992</u> | <u>\$ 139,085,548</u> | <u>\$ 4,195,365,767</u> | <u>\$ 923,626,057</u> | <u>\$ 240,812,624</u> | <u>\$ 4,538,294,042</u> | <u>\$ 27,070,088</u> | |

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay

strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the marketplace. While managers within the fixed income portion of the portfolio can invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios.

As of June 30, 2019, CIFS' foreign deposits and investments were as follows (amounts in thousands):

| Foreign Currency | Combined Investment Funds | | | | | | | | | | | |
|-----------------------|---------------------------|----------------------------|-----------------------|----------------|--------------|-------------------------|--------------|-----------------|-----------------------------------|-----------|------------|--------|
| | Total | Cash Equivalent Collateral | | | | Fixed Income Securities | | | | Equities | | |
| | | Cash | Government Securities | Corporate Debt | Asset Backed | Mortgage Backed | Common Stock | Preferred Stock | Real Estate Investment Trust Fund | | | |
| Argentine Peso | \$ 7,639 | \$ 4 | \$ - | \$ 7,264 | \$ 371 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Australian Dollar | 385,256 | 882 | - | 39,292 | - | - | - | - | 323,793 | - | - | 21,289 |
| Brazilian Real | 304,698 | 4 | - | 123,000 | - | - | - | - | 166,984 | 14,710 | - | - |
| Canadian Dollar | 121,409 | 897 | (62) | 16,633 | - | - | - | - | 103,185 | - | - | 756 |
| Chilean Peso | 17,362 | - | - | 17,362 | - | - | - | - | - | - | - | - |
| Chinese Yuan Renminbi | 49 | - | 38 | - | - | 11 | - | - | - | - | - | - |
| Colombian Peso | 75,589 | 252 | - | 73,785 | 1,460 | - | - | - | 92 | - | - | - |
| Czech Koruna | 3,424 | - | - | 1,297 | - | - | - | - | 2,127 | - | - | - |
| Danish Krone | 119,935 | 14 | - | 1,038 | - | - | - | - | 118,883 | - | - | - |
| Dominican Rep Peso | 11,492 | - | - | 11,492 | - | - | - | - | - | - | - | - |
| Egyptian Pound | 15,229 | - | - | 6,591 | - | - | - | - | 8,638 | - | - | - |
| Euro Currency | 2,351,558 | 3,172 | 756 | 256,837 | 21,907 | (526) | - | - | 2,043,301 | 11,992 | - | 14,119 |
| Hong Kong Dollar | 937,082 | 2,173 | - | - | - | - | - | - | 906,878 | - | - | 28,031 |
| Hungarian Forint | 62,232 | 467 | - | 27,417 | - | - | - | - | 34,348 | - | - | - |
| Indian Rupee | 4,111 | - | - | 287 | 3,824 | - | - | - | - | - | - | - |
| Indonesian Rupiah | 208,293 | 146 | - | 62,091 | 59,724 | - | - | - | 86,332 | - | - | - |
| Israeli Shekel | 58,171 | 239 | - | - | - | - | - | - | 57,932 | - | - | - |
| Japanese Yen | 1,352,691 | 7,796 | 27 | 32,106 | - | 31 | - | - | 1,304,647 | - | - | 8,084 |
| Kazakhstan Tenge | 5,318 | - | - | - | 5,318 | - | - | - | - | - | - | - |
| Georgian Lari | 1,415 | - | - | - | 1,415 | - | - | - | - | - | - | - |
| Malaysian Ringgit | 73,083 | 1,070 | - | 66,193 | - | 97 | - | - | 5,723 | - | - | - |
| Mexican Peso | 195,459 | 825 | 232 | 157,253 | 6,640 | - | - | - | 30,509 | - | - | - |
| New Zealand Dollar | 107,556 | 692 | 1,010 | 83,747 | - | (1,165) | - | - | 23,272 | - | - | - |
| Nigerian Naira | 5,243 | - | - | 1,019 | 4,104 | - | - | - | 120 | - | - | - |
| Norwegian Krone | 47,760 | 722 | - | 1,703 | - | - | - | - | 45,335 | - | - | - |
| Peruvian Nuevo Sol | 43,629 | 38 | - | 37,662 | 5,929 | - | - | - | - | - | - | - |
| Philippine Peso | 21,140 | - | - | 6,088 | - | - | - | - | 15,052 | - | - | - |
| Polish Zloty | 133,210 | 50 | (7) | 91,765 | - | 110 | - | - | 41,292 | - | - | - |
| Pound Sterling | 1,391,329 | 2,780 | 449 | 308,804 | 4,717 | (339) | - | - | 1,057,615 | - | - | 17,303 |
| Romanian Leu | 14,098 | 44 | - | 14,054 | - | - | - | - | - | - | - | - |
| Russian Ruble | 95,471 | 275 | - | 82,803 | - | - | - | - | 12,393 | - | - | - |
| Singapore Dollar | 138,762 | 179 | - | - | - | - | - | - | 125,585 | - | - | 12,998 |
| South African Rand | 218,627 | 154 | - | 89,957 | - | - | - | - | 128,516 | - | - | - |
| South Korean Won | 328,998 | 1 | - | - | - | - | - | - | 320,075 | 8,922 | - | - |
| Sri Lanka Rupee | 3,538 | - | - | - | 3,538 | - | - | - | - | - | - | - |
| Swedish Krona | 179,020 | 453 | - | 3,405 | - | - | - | - | 175,162 | - | - | - |
| Swiss Franc | 537,091 | 218 | - | - | - | - | - | - | 536,873 | - | - | - |
| Thailand Baht | 166,290 | 12 | - | 61,504 | - | - | - | - | 104,774 | - | - | - |
| Turkish Lira | 47,086 | 24 | - | 30,667 | - | - | - | - | 16,395 | - | - | - |
| Ukraine Hryvna | 6,235 | - | - | - | 6,235 | - | - | - | - | - | - | - |
| Uruguayan Peso | 4,596 | - | - | 4,596 | - | - | - | - | - | - | - | - |
| | \$ 9,801,174 | \$ 23,583 | \$ 2,443 | \$ 1,717,712 | \$ 125,182 | \$ (1,781) | \$ - | \$ - | \$ 7,795,831 | \$ 35,624 | \$ 102,580 | |

Derivatives

As of June 30, 2019, the CIFS held the following derivative investments (amounts in thousands):

| | 2019 | 2018 |
|--|---------------------|---------------------|
| | Fair Value | Fair Value |
| Adjustable Rate Securities | \$ 357,004 | \$ 724,765 |
| Asset Backed Securities | 142,835 | 257,317 |
| Mortgage Backed Securities | 164,087 | 269,910 |
| Collateralized Mortgage Obligations | 76,726 | 63,289 |
| Forward Mortgage Backed Securities (TBA's) | 306,359 | 140,844 |
| Interest Only | 2,317 | 341 |
| Options | (1,163) | (179) |
| Total | \$ 1,048,165 | \$ 1,456,287 |

The Inflation Linked Bond Fund held futures with a notional cost of \$4,225. Also, the Core Fixed Income held futures with a notional cost of \$74,891. The High Yield Debt Fund held futures with a negative notional cost of (\$2,727), the Developed Market International Stock held futures with a notional cost of \$88,301.

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, 2019, the fair value of contracts to buy and contracts to sell was \$8.2 billion and \$8.2 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, 2019, the CIFS had deposits with a bank balance of \$63.8 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 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, 2019, 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 | \$ 353 | \$ 353 | \$ - | \$ - |
| Fixed Income Securities | 1,837 | 1,837 | - | - |
| Equity Securities | 11,627 | 10,874 | 753 | - |
| Total | \$ 13,817 | \$ 13,064 | \$ 753 | \$ - |
| Investments Measured by Net Asset Value (NAV) | | | | |
| | Unfunded Commitments | Redemption Frequency | Redemption Notice Period | |
| Private Capital Partnerships | \$ 1,031 | \$ 78 | N/A | N/A |
| Private Real Estate Partnerships | 24 | 39 | N/A | N/A |
| Natural Resource Partnerships | 419 | 76 | N/A | N/A |
| Long/Short Equities | 1 | - | N/A | N/A |
| Relative Value | 925 | - | N/A | N/A |
| Other | 723 | - | N/A | N/A |
| Total | \$ 3,123 | \$ 193 | | |
| Total Investments in Securities at Fair Value | \$ 16,940 | | | |

As of June 30, 2019, the State had other investments and maturities as follows (amounts in thousands):

| Investment Type | Other Investments | | | | |
|---------------------------------------|-------------------|-------------|-----------|------------|----------------------------------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 | Investment Maturities (in years) |
| State Bonds | \$ 8,067 | \$ 2,676 | \$ 5,391 | \$ - | |
| U.S. Government and Agency Securities | 375,127 | 140,752 | 3,922 | 230,453 | |
| Guaranteed Investment Contracts | 96,299 | 7,906 | 36,327 | 52,066 | |
| Money Market Funds | 29,641 | 29,641 | - | - | |
| Total Debt Investments | 509,134 | \$ 180,975 | \$ 45,640 | \$ 282,519 | |
| Endowment Pool | 15,005 | | | | |
| Corporate Stock | 1,212 | | | | |
| Other Investments | 723 | | | | |
| Total Investments | \$ 526,074 | | | | |

Credit Risk

As of June 30, 2019, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

| Investment Type | Other Investments | | | | |
|---------------------------------------|-------------------|-------------------|------------------|------------------|------------------|
| | Fair Value | AA | A | BBB | Unrated |
| State Bonds | \$ 8,067 | \$ 2,449 | \$ 5,618 | \$ - | \$ - |
| U.S. Government and Agency Securities | 235,300 | 235,300 | - | - | - |
| Guaranteed Investment Contracts | 96,299 | 14,565 | 51,816 | 13,071 | 16,847 |
| Money Market Funds | 29,641 | - | - | - | 29,641 |
| Total | \$ 369,307 | \$ 252,314 | \$ 57,434 | \$ 13,071 | \$ 46,488 |

Connecticut State Universities had \$140 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, 2019, \$148,607 of the bank balance of the Primary Government of \$171,976 was exposed to custodial credit risk as follows:

| | |
|--|-------------------|
| Uninsured and uncollateralized | \$ 63,822 |
| Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State | 84,785 |
| Total | \$ 148,607 |

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2018 and June 30, 2019, respectively (amounts in thousands):

| Investment Type | Major Component Units | | | | | |
|-------------------------------------|-----------------------|-------------|----------|----------|--------------|----------------------------------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 | Investment Maturities (in years) |
| Collateralized Mortgage Obligations | \$ 304 | \$ - | \$ - | \$ 304 | \$ - | |
| GNMA & FNMA Program Assets | 1,966,992 | - | - | 2,478 | 1,964,514 | |
| Money Market | 3,998 | 3,998 | - | - | - | |
| Municipal Bonds | 53,388 | 310 | 1,483 | 1,951 | 49,644 | |
| STIF | 495,561 | 495,561 | - | - | - | |
| MBS's | 402 | - | 41 | 43 | 318 | |
| Structured Securities | 1,100 | - | - | 1,100 | - | |
| U.S. Government Agency Securities | 835 | - | - | - | 835 | |
| U.S. Treasury Bills | 79,816 | 79,816 | - | - | - | |
| Total Debt Investments | 2,602,396 | \$ 579,685 | \$ 1,524 | \$ 5,876 | \$ 2,015,311 | |
| Annuity Contracts | 126,316 | | | | | |
| Total Investments | \$ 2,728,712 | | | | | |

The CHFA and the CLC own 95.4 percent and 4.6 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, 2018 as follows (amounts in thousands):

| Investment Type | Component Units | | | | | |
|-------------------------------------|-------------------|-------------------|-----------------|-----------------|------------------|--------|
| | Fair | | Quality Ratings | | | |
| | Value | AAA | CCC | D | Unrated | |
| Collateralized Mortgage Obligations | \$ 304 | \$ - | \$ 304 | \$ - | \$ - | |
| Municipal Bonds | 53,388 | - | - | - | - | 53,388 |
| Money Market | 3,998 | - | - | - | - | 3,998 |
| STIF | 495,561 | 495,561 | - | - | - | |
| Structured Securities | 1,100 | - | - | 1,100 | - | |
| Total | \$ 554,351 | \$ 495,561 | \$ 304 | \$ 1,100 | \$ 57,386 | |

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, 2018, 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 fair value of the domestic loaned securities or 105 percent of the fair value of foreign loaned securities.

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit risk exposure to borrowers because the fair value of the collateral held and the fair value of securities on loan were \$2,092.4 million and \$2,049.6 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 5.79 days and an average weighted maturity of 38.99 days.

Note 4

Receivables-Current

As of June 30, 2019, current receivables consisted of the following (amounts in thousands):

| | Primary Government | | |
|------------------------------|-------------------------|--------------------------|------------------|
| | Governmental Activities | Business-Type Activities | Component Units |
| Taxes | \$ 2,245,384 | \$ - | \$ - |
| Accounts | 1,351,969 | 509,700 | 60,981 |
| Loans-Current Portion | - | 261,053 | 10,816 |
| Other Governments | 630,850 | 8,940 | 3,156 |
| Interest | 3,350 | 2,496 | 1,233 |
| Other (1) | 383 | 1,675 | 419 |
| Total Receivables | 4,231,936 | 783,864 | 76,605 |
| Allowance for Uncollectibles | (995,091) | (101,328) | (626) |
| Receivables, Net | <u>\$ 3,236,845</u> | <u>\$ 682,536</u> | <u>\$ 75,979</u> |

(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, 2019 (amounts in thousands):

| | Governmental Activities | | |
|------------------------------|-------------------------|---------------------|---------------------|
| | General Fund | Transportation Fund | Total |
| Sales and Use | \$ 806,430 | \$ - | \$ 806,430 |
| Income Taxes | 698,028 | - | 698,028 |
| Corporations | 59,679 | - | 59,679 |
| Gasoline and Special Fuel | - | 204,022 | 204,022 |
| Various Other | 477,226 | - | 477,226 |
| Total Taxes Receivable | 2,041,363 | 204,022 | 2,245,385 |
| Allowance for Uncollectibles | (260,436) | (95) | (260,531) |
| Taxes Receivable, Net | <u>\$ 1,780,927</u> | <u>\$ 203,927</u> | <u>\$ 1,984,854</u> |

Note 6

Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2019, consisted of the following (amounts in thousands):

| | Primary Government | | |
|------------------------------|-------------------------|--------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Component Units |
| Accounts | \$ - | \$ - | \$ 40,193 |
| Loans | 1,138,650 | 1,164,417 | 114,643 |
| Total Receivables | 1,138,650 | 1,164,417 | 154,836 |
| Allowance for Uncollectibles | (28,207) | (2,102) | (17,667) |
| Receivables, Net | <u>\$ 1,110,443</u> | <u>\$ 1,162,315</u> | <u>\$ 137,169</u> |

The Grants and Loans fund (governmental activities) makes loans through the Department of Economic and Community Development to provide financial support to businesses, municipalities, nonprofits, economic development agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten-year period with rates ranging from 2 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 \$1.0 billion.

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 \$112.0 million.

Note 7 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2019, restricted assets were comprised of the following (amounts in thousands):

| | <u>Cash & Cash Equivalents</u> | <u>Investments</u> | <u>Loans, Net of Allowances</u> | <u>Other</u> | <u>Total</u> <u>Restricted Assets</u> |
|----------------------------------|------------------------------------|---------------------|---------------------------------|-------------------|--|
| Governmental Activities: | | | | | |
| Debt Service | \$ 991,788 | \$ - | \$ - | \$ - | \$ 991,788 |
| Total Governmental Activities | <u>\$ 991,788</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 991,788</u> |
| Business-Type Activities: | | | | | |
| UConn/Health Center | \$ 277,594 | \$ - | \$ - | \$ - | \$ 277,594 |
| Clean Water | 101,618 | 109,186 | - | - | 210,804 |
| Other Proprietary | <u>19,648</u> | <u>6,945</u> | <u>-</u> | <u>-</u> | <u>26,593</u> |
| Total Business-Type Activities | <u>\$ 398,860</u> | <u>\$ 116,131</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 514,991</u> |
| Component Units: | | | | | |
| CHFA | \$ 580,049 | \$ 2,022,711 | \$ 3,057,849 | \$ 100,966 | \$ 5,761,575 |
| CAA | 289,086 | (1) | - | 3,939 | 293,024 |
| Other Component Units | <u>310,038</u> | <u>31,479</u> | <u>313,073</u> | <u>6,306</u> | <u>660,896</u> |
| Total Component Units | <u>\$ 1,179,173</u> | <u>\$ 2,054,189</u> | <u>\$ 3,370,922</u> | <u>\$ 111,211</u> | <u>\$ 6,715,495</u> |

Note 8 Current Liabilities

Accounts Payable and Accrued Liabilities

As of June 30, 2019, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Interest</u> | <u>Other</u> | <u>Total Payables & Accrued Liabilities</u> |
|---|-------------------|------------------------------|-------------------|------------------|---|
| Governmental Activities: | | | | | |
| General | \$ 140,326 | \$ 217,629 | \$ - | \$ - | \$ 357,955 |
| Transportation | 17,640 | 12,452 | - | - | 30,092 |
| Restricted Accounts | 210,889 | 12,808 | - | - | 223,697 |
| Grants and Loans | 21,317 | 111 | - | 4,839 | 26,267 |
| Other Governmental | 69,397 | 6,648 | - | 501 | 76,546 |
| Internal Service | 360 | 881 | - | - | 1,241 |
| Reconciling amount from fund financial statements to government-wide financial statements | - | - | 276,369 | 856 | 277,225 |
| Total-Governmental Activities | <u>\$ 459,929</u> | <u>\$ 250,529</u> | <u>\$ 276,369</u> | <u>\$ 6,196</u> | <u>\$ 993,023</u> |
| Business-Type Activities: | | | | | |
| UConn/Health Center | \$ 94,158 | \$ 89,726 | \$ - | \$ 52,888 | \$ 236,772 |
| Board of Regents | 28,843 | 98,750 | 2,355 | 660 | 130,608 |
| Other Proprietary | 5,827 | - | 11,574 | 2,392 | 19,793 |
| Total-Business-Type Activities | <u>\$ 128,828</u> | <u>\$ 188,476</u> | <u>\$ 13,929</u> | <u>\$ 55,940</u> | <u>\$ 387,173</u> |
| Component Units: | | | | | |
| CHFA | \$ - | \$ - | \$ 17,447 | \$ 6,601 | \$ 24,048 |
| Connecticut Lottery Corporation | 8,862 | - | 1,205 | - | 10,067 |
| Connecticut Airport Authority | 13,760 | 5,662 | 2,472 | 4,486 | 26,380 |
| Other Component Units | 2,345 | - | 961 | 70,862 | 74,168 |
| Total-Component Units | <u>\$ 24,967</u> | <u>\$ 5,662</u> | <u>\$ 22,085</u> | <u>\$ 81,949</u> | <u>\$ 134,663</u> |

Note 9

Capital Assets

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|---|--------------------------|---------------------|--------------------|-----------------------|
| Governmental Activities | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | \$ 1,833,257 | \$ 29,329 | \$ - | \$ 1,862,586 |
| Construction in Progress | <u>5,053,268</u> | <u>1,154,027</u> | <u>616,105</u> | <u>5,591,190</u> |
| Total Capital Assets not being Depreciated | 6,886,525 | 1,183,356 | 616,105 | 7,453,776 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 4,633,387 | 145,392 | 7,276 | 4,771,503 |
| Improvements Other than Buildings | 473,267 | 5,758 | 198 | 478,827 |
| Equipment | 2,613,097 | 100,319 | 73,186 | 2,640,230 |
| Infrastructure | <u>16,607,608</u> | <u>390,238</u> | <u>31,461</u> | <u>16,966,385</u> |
| Total Other Capital Assets at Historical Cost | 24,327,359 | 641,707 | 112,121 | 24,856,945 |
| Less: Accumulated Depreciation For: | | | | |
| Buildings | 1,890,082 | 119,287 | 7,276 | 2,002,093 |
| Improvements Other than Buildings | 367,178 | 23,882 | 198 | 390,862 |
| Equipment | 2,568,119 | 98,198 | 73,186 | 2,593,131 |
| Infrastructure | <u>10,955,897</u> | <u>492,006</u> | <u>31,461</u> | <u>11,416,442</u> |
| Total Accumulated Depreciation | 15,781,276 | 733,373 | 112,121 | 16,402,528 |
| Other Capital Assets, Net | <u>8,546,083</u> | <u>(91,666)</u> | <u>-</u> | <u>8,454,417</u> |
| Governmental Activities, Capital Assets, Net | <u>\$ 15,432,608</u> | <u>\$ 1,091,690</u> | <u>\$ 616,105</u> | <u>\$ 15,908,193</u> |

* Depreciation expense was charged to functions as follows:

| | |
|--|--------------------------|
| Governmental Activities: | |
| Legislative | \$ 4,746 |
| General Government | 20,914 |
| Regulation and Protection | 22,127 |
| Conservation and Development | 9,711 |
| Health and Hospitals | 9,023 |
| Transportation | 592,559 |
| Human Services | 743 |
| Education, Libraries and Museums | 29,229 |
| Corrections | 28,348 |
| Judicial | 15,489 |
| Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets | <u>484</u> |
| Total Depreciation Expense | <u><u>\$ 733,373</u></u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|---|--------------------------|---------------------|---------------------|-----------------------|
| Business-Type Activities | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | \$ 68,643 | \$ - | \$ 15,070 | \$ 53,573 |
| Construction in Progress | <u>723,540</u> | <u>193,005</u> | <u>515,685</u> | <u>400,860</u> |
| Total Capital Assets not being Depreciated | 792,183 | 193,005 | 530,755 | 454,433 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 6,073,127 | 464,607 | 923,561 | 5,614,173 |
| Improvements Other Than Buildings | 449,565 | 119,819 | 33,631 | 535,753 |
| Equipment | <u>1,105,319</u> | <u>1,073,171</u> | <u>77,106</u> | <u>2,101,384</u> |
| Total Other Capital Assets at Historical Cost | 7,628,011 | 1,657,597 | 1,034,298 | 8,251,310 |
| Less: Accumulated Depreciation For: | | | | |
| Buildings | 2,375,705 | 233,659 | 312,161 | 2,297,203 |
| Improvements Other Than Buildings | 248,554 | 14,303 | 21,672 | 241,185 |
| Equipment | <u>695,194</u> | <u>397,746</u> | <u>72,440</u> | <u>1,020,500</u> |
| Total Accumulated Depreciation | 3,319,453 | 645,708 | 406,273 | 3,558,888 |
| Other Capital Assets, Net | <u>4,308,558</u> | <u>1,011,889</u> | <u>628,025</u> | <u>4,692,422</u> |
| Business-Type Activities, Capital Assets, Net | <u>\$ 5,100,741</u> | <u>\$ 1,204,894</u> | <u>\$ 1,158,780</u> | <u>\$ 5,146,855</u> |

Component Units

Capital assets of the component units consisted of the following as of June 30, 2019 (amounts in thousands):

| | |
|-----------------------------------|--------------------------|
| Land | \$ 59,964 |
| Buildings | 713,055 |
| Improvements other than Buildings | 349,454 |
| Machinery and Equipment | 630,944 |
| Construction in Progress | <u>47,521</u> |
| Total Capital Assets | 1,800,938 |
| Accumulated Depreciation | <u>1,022,128</u> |
| Capital Assets, Net | <u><u>\$ 778,810</u></u> |

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 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:

| | <u>SERS</u> | <u>TRS</u> | <u>JRS</u> |
|---|-------------|------------|------------|
| 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 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 3.5 percent and 5.5 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 6.5 percent above that level; Tier I Plan C members are required to contribute 6.5 percent of their annual salary; Tier II Plan Hazardous Duty

members are required to contribute 5.5 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 3.5 percent and 6.5 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 7 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 5 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, 2018.

| <u>Asset Class</u> | SERS | | TRB | | JRS | |
|-----------------------------|--------------------------|---|--------------------------|---|--------------------------|---|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 5.88 percent, 5.85 percent, and 6.12 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability

The components of the net pension liability as of the measurement June 30, 2018 were as follows (amounts in millions):

| | <u>SERS</u> | <u>TRS</u> | <u>JRS</u> |
|--|-------------------------|-------------------------|----------------------|
| Total Pension Liability | \$ 34,214 | \$ 31,111 | \$ 443 |
| Fiduciary Net Position | <u>12,528</u> | <u>17,947</u> | <u>223</u> |
| Net Pension Liability | <u><u>\$ 21,686</u></u> | <u><u>\$ 13,164</u></u> | <u><u>\$ 220</u></u> |
| Ratio of Fiduciary Net Position to Total Pension Liability | 36.62% | 57.69% | 50.29% |

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, 2019, 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% | Current | 1% |
|----------------------------|--------------------|--------------------|--------------------|
| | Decrease in | Discount | Increase in |
| | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> |
| SERS Net Pension Liability | \$ 25,580 | \$ 21,436 | \$ 17,979 |
| TRS Net Pension Liability | \$ 16,637 | \$ 13,164 | \$ 10,227 |
| JRS Net Pension Liability | \$ 266 | \$ 220 | \$ 181 |
| Component Units | \$ 299 | \$ 250 | \$ 210 |

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, 2019 (amounts in thousands):

| | <u>SERS</u> | <u>TRS</u> | <u>JRS</u> | <u>Total</u> |
|------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|
| Primary Government | \$ 1,561,658 | \$ 1,292,314 | \$ 27,427 | \$ 2,881,399 |
| Component Units | <u>16,666</u> | <u>-</u> | <u>-</u> | <u>16,666</u> |
| Total Employer Contributions | <u><u>\$ 1,578,324</u></u> | <u><u>\$ 1,292,314</u></u> | <u><u>\$ 27,427</u></u> | <u><u>\$ 2,898,065</u></u> |

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

As of the measurement date June 30, 2018, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

| | <u>Primary</u> | <u>Component</u> |
|--|-----------------------------|--------------------------|
| | <u>Government</u> | <u>Units</u> |
| Proportionate Share of the Net Pension Liability | | |
| State Employees' Retirement System | \$ 21,436,166 | \$ 250,455 |
| Net Pension Liability | | |
| Teachers' Retirement System | 13,164,059 | - |
| Judicial Retirement System | <u>220,279</u> | <u>-</u> |
| Total Net Pension Liability | <u><u>\$ 34,820,504</u></u> | <u><u>\$ 250,455</u></u> |

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, 2018 as follows:

| | <u>Primary Government</u> | <u>Component Units</u> |
|------------------------------------|-------------------------------|----------------------------|
| State Employees' Retirement System | | |
| Proportion-June 30, 2018 | 98.85% | 1.15% |

For the measurement June 30, 2018, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

| | <u>Primary Government</u> | <u>Component Units</u> |
|------------------------------------|-------------------------------|----------------------------|
| Pension Expense | | |
| State Employees' Retirement System | \$ 2,662,043 | \$ 27,624 |
| Teachers' Retirement System | 1,477,433 | - |
| Judicial Retirement System | 34,485 | - |
| | <u>\$ 4,173,961</u> | <u>\$ 27,624</u> |

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Primary Government</u> | | <u>Component Units</u> | |
|---|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| State Employees' Retirement System | | | | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | \$ - | \$ 67,208 | \$ - | \$ 785 |
| Difference Between Expected and Actual Experience | 756,619 | - | 8,840 | - |
| Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions | - | - | 11,765 | 20,724 |
| Change in Assumptions | 2,335,711 | - | 27,290 | - |
| Employer Contributions Subsequent to Measurement Date | <u>1,561,658</u> | <u>-</u> | <u>16,666</u> | <u>-</u> |
| Total | <u><u>\$ 4,653,988</u></u> | <u><u>\$ 67,208</u></u> | <u><u>\$ 64,561</u></u> | <u><u>\$ 21,509</u></u> |
| Teachers' Retirement System | | | | |
| Net Difference Between Projected and Actual Experience | \$ - | \$ 543,452 | - | - |
| Change in Assumptions | 1,238,217 | - | - | - |
| Net Difference Between Projected and Actual Earnings on Plan Investments | 243,425 | - | - | - |
| Employer Contributions Subsequent to Measurement Date | <u>1,292,314</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 2,773,956</u></u> | <u><u>\$ 543,452</u></u> | | |
| Judicial Retirement System | | | | |
| Net Difference Between Projected and Actual Earnings on Plan Investments | \$ 1,636 | \$ - | - | - |
| Difference Between Expected and Actual Experience | - | - | 15,792 | - |
| Change in Assumptions | 16,511 | - | - | - |
| Employer Contributions Subsequent to Measurement Date | <u>27,427</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 45,574</u></u> | <u><u>\$ 15,792</u></u> | | |

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):

| <u>State Employees' Retirement System</u> <u>Year Ending June 30</u> | <u>Primary Government</u> | <u>Component Units</u> |
|---|-------------------------------|----------------------------|
| 2019 | \$ 1,185,841 | \$ 10,376 |
| 2020 | 1,079,216 | 9,112 |
| 2021 | 642,497 | 5,120 |
| 2022 | 72,248 | 1,258 |
| 2023 | 54,279 | 520 |
| | <u><u>\$ 3,034,081</u></u> | <u><u>\$ 26,386</u></u> |

| <u>Teachers' Retirement System</u> <u>Year Ending June 30</u> | <u>Primary Government</u> |
|--|-------------------------------|
| 2019 | \$ 490,835 |
| 2020 | 310,485 |
| 2021 | 37,060 |
| 2022 | 181,537 |
| 2023 | (62,868) |
| Thereafter | (18,859) |
| | <u><u>\$ 938,190</u></u> |

| <u>Judges' Retirement System</u> <u>Year Ending June 30</u> | <u>Primary Government</u> |
|--|-------------------------------|
| 2019 | \$ 11,291 |
| 2020 | (4,025) |
| 2021 | (5,171) |
| 2022 | 260 |
| 2023 | - |
| | <u><u>\$ 2,355</u></u> |

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:

| | <u><u>SERS</u></u> | <u><u>TRS</u></u> | <u><u>JRS</u></u> |
|---------------------------|--------------------|-------------------|-------------------|
| Valuation Date | 6/30/2018 | 6/30/2018 | 6/30/2018 |
| Inflation | 2.50% | 2.75% | 2.50% |
| 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 White Collar 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, 2018 (amounts in thousands):

| Total Pension Liability | SERS | TRS | JRS |
|---|----------------------|----------------------|-------------------|
| Service Cost | \$ 429,321 | \$ 465,207 | \$ 11,352 |
| Interest | 2,212,890 | 2,371,168 | 29,954 |
| Benefit Changes | - | 28,036 | - |
| Difference between expected and actual experience | 482,904 | (396,067) | (18,528) |
| Changes of assumptions | - | - | - |
| Benefit payments | (1,955,985) | (1,994,092) | (27,616) |
| Refunds of Contributions | (7,659) | - | - |
| Net change in total pension liability | 1,161,471 | 474,252 | (4,838) |
| Total pension liability - beginning (a) | 33,052,692 | 30,636,646 | 447,925 |
| Total pension liability - ending (c) | \$ 34,214,163 | \$ 31,110,898 | \$ 443,087 |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 1,443,053 | \$ 1,272,277 | \$ 25,458 |
| Contributions - member | 193,942 | 312,150 | 1,663 |
| Net investment income | 875,944 | 1,224,931 | 13,178 |
| Benefit payments | (1,955,985) | (1,994,092) | (27,616) |
| Administrative Expense | (391) | - | - |
| Refunds of Contributions | (7,659) | - | - |
| Other | (3,139) | (2,753) | - |
| Net change in plan fiduciary net position | 545,765 | 812,513 | 12,683 |
| Plan net position - beginning (b) | 11,981,777 | 17,134,326 | 210,125 |
| Plan net position - ending (d) | \$ 12,527,542 | \$ 17,946,839 | \$ 222,808 |
| Net pension liability - beginning (a)-(b) | \$ 21,070,915 | \$ 13,502,320 | \$ 237,800 |
| Net pension liability - ending (c)-(d) | \$ 21,686,621 | \$ 13,164,059 | \$ 220,279 |

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 \$32.1 million and \$44.9 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 | 379 |
| Terminated plan members entitled to but not receiving benefits | 4,522 | 130 |
| Active plan members | 10,096 | 329 |
| Total | 22,066 | 838 |
| 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. Investments

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

| Asset Class | MERS | |
|-----------------------------|-------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return |
| Large Cap U.S. Equities | 20.0% | 5.8% |
| Developed Non-U.S. Equities | 11.0% | 6.6% |
| Emerging Markets (Non-U.S.) | 9.0% | 8.3% |
| Real Estate | 10.0% | 5.1% |
| Private Equity | 10.0% | 7.6% |
| Alternative Investment | 7.0% | 4.1% |
| Fixed Income (Core) | 16.0% | 1.3% |
| High Yield Bonds | 5.0% | 3.9% |
| Emerging Market Bond | 5.0% | 3.7% |
| Inflation Linked Bonds | 5.0% | 1.0% |
| Cash | 1.0% | 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, 2018 were as follows (amounts in millions):

| | MERS |
|--|----------------------|
| Total Pension Liability | \$ 3,622 |
| Fiduciary Net Position | <u>2,666</u> |
| Net Pension Liability | <u><u>\$ 956</u></u> |
| Ratio of Fiduciary Net Position to Total Pension Liability | 73.60% |

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent for MERS. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of MERS, calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in millions):

| | 1% Decrease in Rate | Current Discount Rate | 1% Increase in Rate |
|-----------------------|---------------------------|-----------------------------|---------------------------|
| | | | |
| Net Pension Liability | \$ 1,411 | \$ 956 | \$ 576 |

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):

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Municipal Employees Retirement System | | |
| Difference Between Expected and | | |
| Actual Experience | \$ 64,303 | \$ - |
| Changes in actuarial assumptions | 351,882 | - |
| Net Difference Between Projected and | | |
| Actual Investment Earnings on | | |
| Plan Investments | 62,458 | - |
| Employer Contributions Subsequent to | | |
| Measurement Date | <u>83,370</u> | - |
| | <u>\$ 562,013</u> | <u>\$ -</u> |

Amounts recognized in subsequent fiscal years:

| <u>Year Ending June 30</u> | <u>MERS</u> |
|----------------------------|-------------|
| 2019 | \$ 154,310 |
| 2020 | 129,577 |
| 2021 | 88,113 |
| 2022 | 106,643 |

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, 2018 (amounts in thousands):

| Total Pension Liability MERS | |
|--|----------------------------|
| Service Cost | \$ 79,098 |
| Interest on the total pension liability | 231,873 |
| Difference between expected and actuary experience | 56,149 |
| Changes of assumptions | 440,517 |
| Benefit payments | (165,548) |
| Refunds of contributions | <u>(1,605)</u> |
| Net change in total pension | 640,484 |
| Total pension liability - beginning | <u>2,981,984</u> |
| Total pension liability - ending (a) | <u>\$ 3,622,468</u> |
| Plan net position | |
| Contributions - employer | 177,267 |
| Initial Liability Payments and Transfers | 2,103 |
| Contributions - member | 24,996 |
| Net investment income | 149,740 |
| Benefit payments | (165,548) |
| Refunds of contributions | (1,605) |
| Other | <u>(254,712)</u> |
| Net change in plan net position | <u>(67,759)</u> |
| Plan net position - beginning | <u>\$ 2,733,784</u> |
| Plan net position - ending (b) | <u>\$ 2,666,025</u> |
| Net pension liability - ending (a) -(b) | <u>\$ 956,443</u> |

Actuarial Assumptions

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

| | |
|-------------------------------------|---|
| Inflation | 2.50% |
| Salary increase | 3.5-10.0%, including inflation |
| Long-Term investment rate of return | 7.00%, net of pension plan investment expenses, including inflation |

Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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, 2019, 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 | \$ 11,002 | \$ 4,350 | \$ 6 | \$ 997 | \$ 21 | \$ 401 | \$ 16,777 |
| Receivables: | | | | | | | |
| Accounts, Net of Allowances | 13,216 | 13,321 | 8 | 20,228 | 5 | - | 46,778 |
| From Other Governments | - | 456 | - | - | - | - | 456 |
| From Other Funds | 411 | 67 | - | 44 | - | 2 | 524 |
| Interest | 347 | 634 | 3 | 57 | 3 | - | 1,044 |
| Investments | 13,250,839 | 18,492,536 | 235,909 | 2,709,856 | 109,625 | 2,065 | 34,800,830 |
| Securities Lending Collateral | 764,858 | 1,021,618 | 15,078 | 196,509 | 6,686 | 133 | 2,004,882 |
| Noncurrent: | | | | | | | |
| Due From Employers | - | - | - | 17,060 | - | - | 17,060 |
| Total Assets | <u>\$ 14,040,673</u> | <u>\$ 19,532,982</u> | <u>\$ 251,004</u> | <u>\$ 2,944,751</u> | <u>\$ 116,340</u> | <u>\$ 2,601</u> | <u>\$ 36,888,351</u> |
| Liabilities | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 122 | \$ 15,891 | \$ - | \$ - | \$ 11 | \$ - | \$ 16,024 |
| Securities Lending Obligation | 764,858 | 1,021,618 | 15,078 | 196,509 | 6,686 | 133 | 2,004,882 |
| Due to Other Funds | - | 2,018 | - | - | - | - | 2,018 |
| Total Liabilities | <u>\$ 764,980</u> | <u>\$ 1,039,527</u> | <u>\$ 15,078</u> | <u>\$ 196,509</u> | <u>\$ 6,697</u> | <u>\$ 133</u> | <u>\$ 2,022,924</u> |
| Net Position | | | | | | | |
| Held in Trust For Employee Pension Benefits | <u>\$ 13,275,693</u> | <u>\$ 18,493,455</u> | <u>\$ 235,926</u> | <u>\$ 2,748,242</u> | <u>\$ 109,643</u> | <u>\$ 2,468</u> | <u>\$ 34,865,427</u> |
| Total Net Position | <u><u>\$ 13,275,693</u></u> | <u><u>\$ 18,493,455</u></u> | <u><u>\$ 235,926</u></u> | <u><u>\$ 2,748,242</u></u> | <u><u>\$ 109,643</u></u> | <u><u>\$ 2,468</u></u> | <u><u>\$ 34,865,427</u></u> |

| Statement of Changes in Fiduciary Net Position (thousands) | | | | | | | |
|--|-----------------------------|-----------------------------|--------------------------|--|--------------------------|------------------------|-----------------------------|
| | State Employees' | State Teachers' | Judicial | Connecticut Municipal Employees' | Probate Judges' | Other | Total |
| Additions | | | | | | | |
| Contributions: | | | | | | | |
| Plan Members | \$ 489,099 | \$ 309,333 | \$ 1,694 | \$ 24,613 | \$ 222 | \$ 25 | \$ 824,986 |
| State | 1,578,324 | 1,292,314 | 27,427 | - | - | - | 2,898,065 |
| Municipalities | - | 358 | - | 83,370 | - | - | 83,728 |
| Total Contributions | <u>2,067,423</u> | <u>1,602,005</u> | <u>29,121</u> | <u>107,983</u> | <u>222</u> | <u>25</u> | <u>3,806,779</u> |
| Investment Income | 776,193 | 1,105,105 | 14,612 | 168,155 | 6,440 | 118 | 2,070,623 |
| Less: Investment Expenses | (65,332) | (93,016) | (1,230) | (14,153) | (542) | (10) | (174,283) |
| Net Investment Income | <u>710,861</u> | <u>1,012,089</u> | <u>13,382</u> | <u>154,002</u> | <u>5,898</u> | <u>108</u> | <u>1,896,340</u> |
| Other | 3,704 | 598 | - | 599 | 9,381 | 26 | 14,308 |
| Total Additions | <u>2,781,988</u> | <u>2,614,692</u> | <u>42,503</u> | <u>262,584</u> | <u>15,501</u> | <u>159</u> | <u>5,717,427</u> |
| Deductions | | | | | | | |
| Administrative Expense | 693 | - | - | - | - | - | 693 |
| Benefit Payments and Refunds | 2,033,144 | 2,066,641 | 29,385 | 180,367 | 5,742 | - | 4,315,279 |
| Other | - | 1,435 | - | - | - | - | 1,435 |
| Total Deductions | <u>2,033,837</u> | <u>2,068,076</u> | <u>29,385</u> | <u>180,367</u> | <u>5,742</u> | <u>-</u> | <u>4,317,407</u> |
| Changes in Net Position | 748,151 | 546,616 | 13,118 | 82,217 | 9,759 | 159 | 1,400,020 |
| Net Position Held in Trust For Employee Pension Benefits: | | | | | | | |
| Beginning of Year | <u>12,527,542</u> | <u>17,946,839</u> | <u>222,808</u> | <u>2,666,025</u> | <u>99,884</u> | <u>2,309</u> | <u>33,465,407</u> |
| End of Year | <u><u>\$ 13,275,693</u></u> | <u><u>\$ 18,493,455</u></u> | <u><u>\$ 235,926</u></u> | <u><u>\$ 2,748,242</u></u> | <u><u>\$ 109,643</u></u> | <u><u>\$ 2,468</u></u> | <u><u>\$ 34,865,427</u></u> |

Note 13

Other Postemployment Benefits (OPEB)

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP).

The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the State Employee OPEB Plan. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions. The Teachers' Retirement Board administers the Retired Teachers' Healthcare Plan. None of these plans issue stand alone statements, however, financial statements for these plans are presented in Note No. 14.

a. Plan Descriptions and Funding Policy

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

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

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, 2018, the measurement date.

| Asset Class | SECOPEBP | | RTHP | |
|------------------------------------|--------------------------|---|--------------------------|---|
| | 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 Equivalent) | 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, 2018, the measurement date, were as follows (amounts in thousands):

| | SECOPEBP | RTHP |
|--|-----------------------------|----------------------------|
| Total OPEB Liability | \$ 18,114,287 | \$ 2,671,315 |
| Fiduciary Net Position | <u>849,889</u> | <u>39,736</u> |
| Net OPEB Liability | <u><u>\$ 17,264,398</u></u> | <u><u>\$ 2,631,579</u></u> |
| Ratio of Fiduciary Net Position to Total OPEB Liability | 4.69% | 1.49% |

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:

| | SECOPEBP | 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 | 3.95% | 3.87% |
| Investment rate of return | 6.90% | 3.00%, net of OPEB plan investment expense including price inflation |
| Healthcare cost trend rates | 8.0% for drug cost graded to 4.5% over 7 years 6.5% for medical graded to 4.5% over 4 years 4.5% for dental 3.0% for administrative expense | 5.95% decreasing to 4.75% by year 2025 |

Mortality rates for the State Employees OPEB Plan were based on the RP-2014 White Collar Mortality Table projected to 2020 by Scale BB at 100% for males and 95% for females.

Mortality rates for the State Teachers Retirement System were based on RPH-2014 White Collar Mortality 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 for the period after service retirement and for dependent beneficiaries as well as active members. 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 RPH-2014 Disabled Retiree Mortality Table projected to 2020 with Scale BB.

Discount Rate

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 3.95 and 3.87 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):

| | <u>SEOPEBP</u> | | |
|---------------------------------------|---|--------------------------------------|---|
| | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
| | <u>2.95%</u> | <u>3.95%</u> | <u>4.95%</u> |
| SEOPEBP: | | | |
| Primary Government Net OPEB Liability | \$ 19,755,249 | \$ 17,031,459 | \$ 14,819,567 |
| Component Units Net OPEB Liability | 270,192 | 232,939 | 202,687 |
| <u>RTHP</u> | | | |
| | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
| | <u>2.87%</u> | <u>3.87%</u> | <u>4.87%</u> |
| RTHP Net OPEB Liability | \$ 3,124,805 | \$ 2,631,579 | \$ 2,237,942 |

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):

| | <u>SEOPEBP</u> | | |
|---------------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| | 1% Decrease in Trend Rates | Current Trend Rate | 1% Increase in Trend Rates |
| | <u>2%</u> | <u>3%</u> | <u>4%</u> |
| SEOPEBP: | | | |
| Primary Government Net OPEB Liability | \$ 14,506,857 | \$ 17,031,459 | \$ 20,230,495 |
| Component Units Net OPEB Liability | 198,410 | 232,939 | 276,692 |
| <u>RTHP</u> | | | |
| | 1% Decrease in Trend Rates | Current Trend Rate | 1% Increase in Trend Rates |
| | <u>2.205,344</u> | <u>2,631,579</u> | <u>3,197,374</u> |
| RTHP Net OPEB Liability | \$ 2,205,344 | \$ 2,631,579 | \$ 3,197,374 |

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, 2019 (amounts in thousands):

| | <u>SEOPEBP</u> | <u>RTHP</u> | <u>Total</u> |
|------------------------------|-----------------------|--------------------|---------------------|
| Primary Government | \$ 742,122 | \$ 35,319 | \$ 777,441 |
| Component Units | 10,819 | - | 10,819 |
| Total Employer Contributions | \$ 752,941 | \$ 35,319 | \$ 788,260 |

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, 2018, the primary government and component units reported net OPEB liabilities for the following plans administered by the State as follows (amounts in thousands):

| | <u>Primary</u> | <u>Component</u> |
|---|-------------------|------------------|
| | <u>Government</u> | <u>Units</u> |
| Proportionate Share of the Net OPEB Liability | | |
| State Employees' OPEB Plan | \$ 17,031,459 | \$ 232,939 |
| Net OPEB Liability | | |
| Retired Teachers' Health Plan | 2,631,579 | - |
| Total Net OPEB Liability | \$ 19,663,038 | \$ 232,939 |

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, 2018 as follows (amounts in thousands):

| | <u>Primary</u> | <u>Component</u> |
|----------------------------|-------------------|------------------|
| | <u>Government</u> | <u>Units</u> |
| State Employees' OPEB Plan | | |
| Proportion-June 30, 2018 | 98.65% | 1.35% |

For the measurement date June 30, 2018, the primary government and component units' recognized OPEB expense (income) for the following OPEB plan administered by the State as follows (amounts in thousands):

| | <u>Primary</u> | <u>Component</u> |
|-------------------------------|-------------------|------------------|
| | <u>Government</u> | <u>Units</u> |
| OPEB Expense (Income) | | |
| State Employees' OPEB Plan | \$ 1,173,623 | \$ 13,667 |
| Retired Teachers' Health Plan | (874,209) | - |
| | \$ 299,414 | \$ 13,667 |

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

| | <u>Primary</u> | | <u>Component Units</u> | |
|--|--------------------|-------------------|------------------------|-------------------|
| | <u>Government</u> | | <u>Units</u> | |
| | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> |
| | <u>Outflows of</u> | <u>Inflows of</u> | <u>Outflows of</u> | <u>Inflows of</u> |
| | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> |
| State Employees' OPEB Plan | | | | |
| Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments | \$ - | \$ 6,834 | \$ - | \$ 104 |
| Change in Assumptions | - | 900,285 | - | 12,551 |
| Employer Contributions Subsequent to Measurement Date | 742,122 | - | 10,819 | - |
| Total | <u>\$ 742,122</u> | <u>\$ 907,119</u> | <u>\$ 10,819</u> | <u>\$ 12,655</u> |
| Retired Teachers' Health Plan | | | | |
| Difference Between Expected and Actual Experience | \$ 190,242 | \$ - | | |
| Change in Assumptions | - | 448,996 | | |
| Differences between projected and actual earnings on plan investments | 1,535 | - | | |
| Employer Contributions Subsequent to Measurement Date | 35,319 | - | | |
| Total | <u>\$ 227,096</u> | <u>\$ 448,996</u> | | |

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

| <u>State Employees' OPEB Plan</u> <u>Year Ending June 30</u> | <u>Primary</u> <u>Government</u> | <u>Component</u> <u>Units</u> |
|---|-------------------------------------|----------------------------------|
| 2020 | \$ (225,355) | \$ (5,453) |
| 2021 | (225,355) | (5,453) |
| 2022 | (225,356) | (5,452) |
| 2023 | (166,554) | (4,681) |
| 2024 | <u>(54,352)</u> | <u>(1,763)</u> |
| | <u><u>\$ (896,972)</u></u> | <u><u>\$ (22,802)</u></u> |

| <u>Retired Teachers' Health Plan</u> <u>Year Ending June 30</u> | <u>Primary</u> <u>Government</u> |
|--|-------------------------------------|
| 2019 | \$ (43,155) |
| 2020 | (43,154) |
| 2021 | (43,154) |
| 2022 | (43,458) |
| 2023 | (43,614) |
| Thereafter | <u>(40,684)</u> |
| | <u><u>\$ (257,219)</u></u> |

Changes in Net OPEB Liability

The following schedule presents changes in the State's OPEB liability and fiduciary net position for each plan for the measurement date June 30, 2018 (amounts in thousands):

| Total OPEB Liability | SEOEBP | RTHP |
|---|-----------------------------|----------------------------|
| Service Cost | \$ 901,698 | \$ 132,392 |
| Interest | 680,154 | 133,597 |
| Benefit Changes | - | (1,044,628) |
| Difference between expected and actual experience | - | 217,853 |
| Changes of assumptions | (724,140) | (196,049) |
| Benefit payments | <u>(648,347)</u> | <u>(110,622)</u> |
| Net change in total OPEB liability | 209,365 | (867,457) |
| Total OPEB liability - beginning | 17,904,922 | 3,538,772 |
| Total OPEB liability - ending (a) | <u>\$ 18,114,287</u> | <u>\$ 2,671,315</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 801,893 | \$ 35,299 |
| Contributions - member | 116,814 | 51,484 |
| Net investment income | 37,001 | 411 |
| Benefit payments | (648,347) | (110,622) |
| Administrative expense | - | (264) |
| Other | 186 | - |
| Net change in plan fiduciary net position | 307,547 | (23,692) |
| Plan fiduciary net position - beginning | \$ 542,342 | \$ 63,428 |
| Plan fiduciary net position - ending (b) | \$ 849,889 | \$ 39,736 |
| Net OPEB liability - ending (a)-(b) | \$ 17,264,398 | \$ 2,631,579 |

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 the most recent actuarial report 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' <u>OPEB Plan</u> | Retired Teachers' <u>Healthcare Plan</u> | Policemen, Firemen, and Survivors' Benefits | | Total | |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 72,730 | \$ 56,956 | \$ 35 | \$ 129,721 | | |
| Receivables: | | | | | | |
| Accounts, Net of Allowances | - | - | - | - | | |
| From Other Funds | 308 | 2,042 | - | 2,350 | | |
| Interest | - | - | 1 | 1 | | |
| Investments | 1,156,975 | - | 36,665 | 1,193,640 | | |
| Securities Lending Collateral | 73,208 | - | 2,314 | 75,522 | | |
| Total Assets | <u>\$ 1,303,221</u> | <u>\$ 58,998</u> | <u>\$ 39,015</u> | <u>\$ 1,401,234</u> | | |
| Liabilities | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 34,005 | \$ 2,545 | \$ - | \$ 36,550 | | |
| Securities Lending Obligation | 73,208 | - | 2,314 | 75,522 | | |
| Total Liabilities | <u>\$ 107,213</u> | <u>\$ 2,545</u> | <u>\$ 2,314</u> | <u>\$ 112,072</u> | | |
| Net Position | | | | | | |
| Held in Trust For Employee Pension and Other Benefits | \$ 1,196,008 | \$ 56,453 | \$ 36,701 | \$ 1,289,162 | | |
| Total Net Position | <u>\$ 1,196,008</u> | <u>\$ 56,453</u> | <u>\$ 36,701</u> | <u>\$ 1,289,162</u> | | |

| Statement of Changes in Fiduciary Net Position (thousands) | | | | | | |
|--|---|--|--|---------------------|-------|--|
| | State Employees' <u>OPEB Plan</u> | Retired Teachers' <u>Healthcare Plan</u> | Policemen, Firemen, and Survivors' Benefit | | Total | |
| Additions | | | | | | |
| Contributions: | | | | | | |
| Plan Members | \$ 116,539 | \$ 106,804 | \$ 644 | \$ 223,987 | | |
| State | 752,941 | 35,319 | - | 788,260 | | |
| Municipalities | - | - | 704 | 704 | | |
| Total Contributions | <u>869,480</u> | <u>142,123</u> | <u>1,348</u> | <u>1,012,951</u> | | |
| Investment Income | 75,175 | 1,091 | 2,124 | 78,390 | | |
| Less: Investment Expenses | (6,327) | - | (179) | (6,506) | | |
| Net Investment Income | <u>68,848</u> | <u>1,091</u> | <u>1,945</u> | <u>71,884</u> | | |
| Transfer In | - | 16,100 | - | 16,100 | | |
| Other | 1,194 | - | 5 | 1,199 | | |
| Total Additions | <u>939,522</u> | <u>159,314</u> | <u>3,298</u> | <u>1,102,134</u> | | |
| Deductions | | | | | | |
| Administrative Expense | - | 17,187 | - | 17,187 | | |
| Benefit Payments and Refunds | 593,403 | 93,210 | 1,234 | 687,847 | | |
| Other | - | 16,100 | - | 16,100 | | |
| Total Deductions | <u>593,403</u> | <u>126,497</u> | <u>1,234</u> | <u>721,134</u> | | |
| Changes in Net Assets | 346,119 | 32,817 | 2,064 | 381,000 | | |
| Net Position Held in Trust For Other Postemployment Benefits: | | | | | | |
| Beginning of Year | 849,889 | 23,636 | 34,637 | 908,162 | | |
| End of Year | <u>\$ 1,196,008</u> | <u>\$ 56,453</u> | <u>\$ 36,701</u> | <u>\$ 1,289,162</u> | | |

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):

| | |
|------------|-------------------|
| 2020 | \$ 48,076 |
| 2021 | 34,468 |
| 2022 | 33,301 |
| 2023 | 25,530 |
| 2024 | 21,011 |
| Thereafter | <u>76,948</u> |
| Total | <u>\$ 239,334</u> |

Contingent revenues for the year ended June 30, 2019, were \$685 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, 2019, were as follows (amounts in thousands):

| | Noncancelable Operating Leases | Capital Leases |
|--|-----------------------------------|-------------------|
| 2020 | \$ 29,999 | \$ 8,722 |
| 2021 | 24,095 | 4,838 |
| 2022 | 27,845 | 4,527 |
| 2023 | 7,982 | 3,636 |
| 2024 | 29,560 | 2,273 |
| 2025-2029 | 20,869 | 6,119 |
| 2030-2034 | 11,277 | 2,432 |
| 2035-2039 | 854 | - |
| Total minimum lease payments | <u>\$ 152,481</u> | <u>32,547</u> |
| Less: Amount representing interest costs | | <u>4,550</u> |
| Present value of minimum lease payments | | <u>\$ 27,997</u> |

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

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2019, were \$30.0 million.

Note 16

Long-Term Liabilities

Long-term liabilities of the primary government totaled \$85.2 billion decreasing by \$402.0 million when compared to the prior year. Of the total amount \$2.4 billion is due within one year. A significant decrease included a \$928.0 million decrease for Net OPEB Liability which was offset by an increase of \$417.1 million in Transportation bonds.

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2019 (amounts in thousands):

| Governmental Activities | Beginning | | | Ending Balance | Amounts due within one year |
|--|----------------------|----------------------|----------------------|----------------------|--------------------------------|
| | Balance | Additions | Reductions | | |
| Bonds: | | | | | |
| General Obligation | \$ 18,328,363 | \$ 2,143,755 | \$ 2,103,405 | \$ 18,368,713 | \$ 1,459,451 |
| Direct Borrowings and Direct Placements | 434,865 | - | 60,785 | 374,080 | 45,000 |
| Transportation | 5,540,495 | 850,105 | 432,960 | 5,957,640 | 344,975 |
| | 24,303,723 | 2,993,860 | 2,597,150 | 24,700,433 | 1,849,426 |
| Plus (Less) Premiums | 1,919,483 | 296,415 | 215,528 | 2,000,370 | 202,475 |
| Total Bonds | <u>26,223,206</u> | <u>3,290,275</u> | <u>2,812,678</u> | <u>26,700,803</u> | <u>2,051,901</u> |
| Other L/T Liabilities: ¹ | | | | | |
| Net Pension Liability (Note 10) | 34,566,488 | 5,671,889 | 5,417,872 | 34,820,505 | - |
| Net OPEB Liability (Note 10) | 20,590,998 | 2,798,605 | 3,726,564 | 19,663,039 | - |
| Compensated Absences | 498,278 | 29,920 | 29,825 | 498,373 | 35,800 |
| Workers' Compensation | 747,234 | 122,847 | 98,328 | 771,753 | 98,968 |
| Capital Leases | 27,576 | 6,639 | 6,218 | 27,997 | 8,722 |
| Claims and Judgments | 195,543 | 9,006 | 141,105 | 63,444 | 58,217 |
| Landfill Post Closure Care | 35,065 | - | 1,530 | 33,535 | 1,529 |
| Liability on Interest Rate Swaps | 440 | - | 109 | 331 | - |
| Contracts Payable & Other | 705 | - | - | 705 | - |
| Non-exchange Financial Guarantees | 531,560 | - | 21,285 | 510,275 | 22,620 |
| Total Other Liabilities | <u>57,193,887</u> | <u>8,638,906</u> | <u>9,442,836</u> | <u>56,389,957</u> | <u>225,856</u> |
| Governmental Activities Long-Term Liabilities | | | | | |
| | <u>\$ 83,417,093</u> | <u>\$ 11,929,181</u> | <u>\$ 12,255,514</u> | <u>\$ 83,090,760</u> | <u>\$ 2,277,757</u> |
| ¹ In prior years, the General and Transportation funds have been used to liquidate other liabilities. | | | | | |
| Business-Type Activities | | | | | |
| Revenue Bonds | \$ 1,494,355 | \$ 92,105 | \$ 130,525 | \$ 1,455,935 | \$ 98,650 |
| Plus/(Less) Premiums and Discounts | 178,191 | 9,320 | 13,187 | 174,324 | 2,050 |
| Total Revenue Bonds | <u>1,672,546</u> | <u>101,425</u> | <u>143,712</u> | <u>1,630,259</u> | <u>100,700</u> |
| Compensated Absences | 197,574 | 36,862 | 58,249 | 176,187 | 41,332 |
| Other | 354,900 | 14,574 | 26,560 | 342,914 | 23,098 |
| Total Other Liabilities | <u>552,474</u> | <u>51,436</u> | <u>84,809</u> | <u>519,101</u> | <u>64,430</u> |
| Business-Type Long-Term Liabilities | <u>\$ 2,225,020</u> | <u>\$ 152,861</u> | <u>\$ 228,521</u> | <u>\$ 2,149,360</u> | <u>\$ 165,130</u> |
| Primary Government Long-Term Liabilities | <u>\$ 85,642,113</u> | <u>\$ 12,082,042</u> | <u>\$ 12,484,035</u> | <u>\$ 85,240,120</u> | <u>\$ 2,442,887</u> |

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$38.3 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of

goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2019, long-term debt of component units consisted of the following (amounts in thousands):

| Long-Term Debt | Balance June 30, 2019 | Amounts due within year |
|---|--------------------------|----------------------------|
| Bonds Payable (includes premiums/discounts) | \$ 5,366,406 | \$ 268,810 |
| Escrow Deposits | 187,429 | 39,680 |
| Annuities Payable | 126,882 | 5,969 |
| Rate Swap Liability | 101,180 | - |
| Net Pension Liability | 250,456 | - |
| Net Post Employment Liability | 232,938 | - |
| Other | 265,204 | 213,968 |
| Total | \$ 6,530,495 | \$ 528,427 |

Not all component units report net pension liabilities and OPEB liabilities; therefore, the notes show a higher liability for the net pension liability of \$6,257 and a higher net OPEB liability of \$5,821 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 \$1,529,345 in FY2019.

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 the State demonstrated the ability to convert such debt to long-term debt rather than including the debt as fund liabilities. The bonds were issued to gain timely access to favorable pricing opportunities.

| | Beginning | | | Ending | |
|-------------------------|------------|--------|------------|---------|--|
| | Balance | Issued | Redeemed | 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, 2019, were as follows (amounts in thousands):

| Purpose of Bonds | Final Dates | Original Rates | Authorized | |
|--|--------------------|-----------------------|-----------------------------|---------------------|
| | | | Outstanding | But Unissued |
| Capital Improvements | 2019-2038 | 2.00-5.632% | \$ 4,076,682 | \$ 585,339 |
| School Construction | 2019-2039 | 1.70-5.632% | 4,498,674 | 3,001 |
| Municipal & Other | | | | |
| Grants & Loans | 2019-2036 | 1.30-5.632% | 2,463,224 | 1,413,476 |
| Housing Assistance | 2019-2035 | 2.25-5.350% | 527,585 | 245,063 |
| Elimination of Water Pollution | 2019-2035 | 2.00-5.09% | 487,162 | 34 |
| General Obligation | | | | |
| Refunding | 2019-2038 | 2.00-5.25% | 3,463,585 | - |
| GAAP Conversion | 2019-2027 | 4.00-5.00% | 423,260 | - |
| Pension Obligation | 2019-2032 | 5.69-6.27% | 2,197,477 | - |
| Miscellaneous | 2019-2034 | 3.50-5.10% | <u>63,139</u> | <u>75,085</u> |
| | | | 18,200,788 | <u>\$ 2,321,998</u> |
| Accretion-Various Capital Appreciation Bonds | | | <u>167,925</u> | |
| Total | | | <u>\$ 18,368,713</u> | |

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

| Year Ending | June 30, | | |
|--------------------|-----------------------------|----------------------------|-----------------------------|
| | Principal | Interest | Total |
| 2020 | \$ 1,459,451 | \$ 828,231 | \$ 2,287,682 |
| 2021 | 1,466,891 | 765,453 | 2,232,344 |
| 2022 | 1,439,434 | 752,244 | 2,191,678 |
| 2023 | 1,464,456 | 700,097 | 2,164,553 |
| 2024 | 1,359,289 | 662,326 | 2,021,615 |
| 2025-2029 | 5,996,957 | 2,094,094 | 8,091,051 |
| 2030-2034 | 3,937,310 | 702,463 | 4,639,773 |
| 2035-2039 | <u>1,077,000</u> | <u>93,940</u> | <u>1,170,940</u> |
| Total | <u>\$ 18,200,788</u> | <u>\$ 6,598,848</u> | <u>\$ 24,799,636</u> |

Direct Borrowing and Direct Placements

On June 28, 2017 the State issued direct placement debt raising cash from a non-public offering based on a contractual agreement. The State entered into the agreement to take advantage of various favorable terms and at a substantially lower cost than if the State used a traditional public offering. \$300 million was raised as direct placement debt which provided timely resources to continue ongoing capital projects and grants to municipalities in the State. \$134.9 million was raised to redeem \$90 million of 2005 series A bonds and to redeem \$44.9 million of 2012 series D bonds. Direct placement debt outstanding as of June 30, 2019 is as follows:

| Type of debt | Final Maturity Dates | Original Interest Rates | | Amount Outstanding |
|---------------------|-----------------------------|--------------------------------|--------------------|---------------------------|
| | | Interest Rates | Outstanding | |
| Direct Placements | 2019-2037 | 2.45% | \$ 284,215 | |
| Direct Placements | | | | |
| Refundings | 2019-2024 | 3.50% | <u>89,865</u> | |
| | | | | |
| | | | Total | <u>\$ 374,080</u> |

Future amounts required to pay principal and interest on direct borrowings and direct placements outstanding at June 30, 2019 were as follows:

| Year Ending | | Principal | Interest | Total |
|--------------------|--------------|-------------------|-------------------|-------------------|
| June 30, | | | | |
| | 2020 | \$ 45,000 | \$ 13,175 | \$ 58,175 |
| | 2021 | 15,790 | 11,905 | 27,695 |
| | 2022 | 5,790 | 11,348 | 17,138 |
| | 2023 | 15,790 | 11,139 | 26,929 |
| | 2024 | 15,790 | 10,584 | 26,374 |
| | 2025-2029 | 150,525 | 35,560 | 186,085 |
| | 2030-2034 | 91,445 | 14,637 | 106,082 |
| | 2035-2039 | 33,950 | 2,212 | 36,162 |
| | Total | \$ 374,080 | \$ 110,560 | \$ 484,640 |

GO Demand Bonds

The State enters into standby bond purchase and remarketing agreements with brokerage firms and/or banks upon the issuance of demand bonds. The State issued demand bonds as General Obligation Tax Exempt 2016 Series C bonds maturing in 2034.

Under the Standby Bond Purchase Agreement, the Bank would purchase the put bonds and hold them until they were remarketed. The Bank Bonds would bear a base rate for a period up to 270 days and base rate plus 1.0 percent thereafter. The State is required to pay the standby bond purchase provider a quarterly fee of .42 percent of the Principal and Interest commitment.

The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders. The State is required to pay the remarketing agent a quarterly fee of .06 percent per annum on the amount of outstanding demand bond principal.

Term out funding would commence on the 271st day following the bank purchase date. The outstanding bank bonds would be amortized on a quarterly basis for a three-year period as shown below. The interest on the bonds would be calculated at a rate determined per the Standby Bond Purchase Agreement (base rate plus 1 percent). For example, at the end of fiscal year 2019, the calculated rate was 7.5 percent, based on the terms of the Agreement. The standby bond purchase agreement expires on June 13, 2022. The agreement could be terminated at an earlier date if certain termination events described in the agreement were to occur. As of June 30, 2019, the amount of demand bonds outstanding was \$288,235,000. The table below shows the debt service requirements should the bond holders exercise their option in the full amount of the outstanding demand bonds.

| Fiscal Year | Beginning Banked Bonds | | | Ending Bank Bonds | | |
|--------------------|-------------------------------|------------------|-----------------|--------------------------|---------------------|--------------------|
| | Outstanding | Principal | Interest | Total | Debt Service | Outstanding |
| First | \$ 288,235,000 | \$ 96,078,333 | \$ 18,915,422 | \$ 114,993,755 | \$ 192,156,667 | |
| Second | 192,156,667 | 96,078,333 | 11,709,547 | 107,787,880 | 96,078,334 | |
| Third | 96,078,333 | 96,078,333 | 4,503,672 | 100,582,005 | | - |

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, 2019, were as follows (amounts in thousands):

| Purpose of Bonds | Final Maturity Dates | Original Interest Rates | Authorized | |
|---|-----------------------------|--------------------------------|---------------------------|---------------------|
| | | | Amount Outstanding | But Unissued |
| Infrastructure | | | | |
| Improvements | 2019-2038 | 3.00-5.740% | \$ 5,252,805 | \$ 3,831,606 |
| STO Refunding | 2019-2028 | 2.00-5.20% | 704,835 | - |
| | | | 5,957,640 | \$ 3,831,606 |
| Acretion-Various Capital Appreciation Bonds | | | | |
| | | | - | |
| | | | Total | \$ 5,957,640 |

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

| Year Ending | | Principal | Interest | Total |
|--------------------|-----------|---------------------|---------------------|---------------------|
| June 30, | | | | |
| | 2020 | \$ 344,975 | \$ 288,863 | \$ 633,838 |
| | 2021 | 355,335 | 272,349 | 627,684 |
| | 2022 | 343,980 | 255,121 | 599,101 |
| | 2023 | 351,575 | 238,112 | 589,687 |
| | 2024 | 353,375 | 221,525 | 574,900 |
| | 2025-2029 | 1,802,785 | 833,742 | 2,636,527 |
| | 2030-2034 | 1,593,965 | 391,964 | 1,985,929 |
| | 2035-2039 | 811,650 | 79,743 | 891,393 |
| | | <u>\$ 5,957,640</u> | <u>\$ 2,581,419</u> | <u>\$ 8,539,059</u> |

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, 2019, were as follows (amounts in thousands):

| Funds | Final Maturity Dates | Original Interest Rates | Amount Outstanding (000's) |
|-------------------------------------|-----------------------------|--------------------------------|-----------------------------------|
| UConn | 2020-2047 | 1.5-5.25% | \$ 233,445 |
| Board of Regents | 2020-2037 | 2.0-5.25% | 351,690 |
| Clean Water | 2020-2037 | 1.0-5.0% | 744,424 |
| Drinking Water | 2020-2037 | 1.0-5.0% | 104,046 |
| Bradley Parking Garage | 2020-2024 | 6.5-6.6% | <u>22,330</u> |
| Total Revenue Bonds | | | 1,455,935 |
| Plus/(Less) premiums and discounts: | | | |
| UConn | | | 30,885 |
| Board of Regents | | | 24,061 |
| Clean Water | | | 103,802 |
| Drinking Water | | | <u>15,576</u> |
| Revenue Bonds, net | | | <u>\$ 1,630,259</u> |

The University of Connecticut has issued student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

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

In 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, 2019, \$22.3 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, 2019, were as follows (amounts in thousands):

| Year Ending | June 30, | Principal | Interest | Total |
|--------------------|-----------------|---------------------|-------------------|---------------------|
| | 2020 | \$ 98,649 | \$ 66,580 | \$ 165,229 |
| | 2021 | 86,581 | 62,119 | 148,700 |
| | 2022 | 88,845 | 58,088 | 146,933 |
| | 2023 | 89,805 | 53,839 | 143,644 |
| | 2024 | 285,231 | 128,351 | 413,582 |
| | 2025-2029 | 399,174 | 139,703 | 538,877 |
| | 2030-2034 | 266,205 | 59,146 | 325,351 |
| | 2035-2039 | 70,645 | 23,478 | 94,123 |
| | 2040-2044 | 37,800 | 13,082 | 50,882 |
| | 2044-2048 | 33,000 | 3,579 | 36,579 |
| | Total | \$ 1,455,935 | \$ 607,965 | \$ 2,063,900 |

d. Component Units

Component Units' revenue bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

| Component Unit | Final Maturity Date | Interest Rates | Amount Outstanding (000's) |
|-------------------------------------|----------------------------|-----------------------|-----------------------------------|
| CT Housing Finance Authority | 2019-2056 | 0.0-6.627% | \$ 4,579,533 |
| CT Student Loan Foundation | 2020-2046 | 2.013-4.101% | 171,625 |
| CT Higher Education | | | |
| Supplemental Loan Authority | 2020-2035 | 1.65-5.25% | 171,570 |
| CT Airport Authority | 2020-2050 | %/1 mth libor | 253,205 |
| CT Regional | | | |
| Development Authority | 2020-2034 | 1.00-5.75% | 74,295 |
| UConn Foundation | 2020-2025 | 2.30-2.92% | 13,606 |
| CT Green Bank | 2020-2037 | 2.00%-7.04% | 54,714 |
| CT Innovations Inc | 2020 | 2.37-5.25% | 595 |
| | | | |
| Total Revenue Bonds | | | 5,319,143 |
| Plus/(Less) premiums and discounts: | | | |
| CHFA | | | 37,574 |
| CSLF | | | (323) |
| CHESLA | | | 4,973 |
| CAA | | | 3,303 |
| UConn Foundation | | | (141) |
| CT Innovations Inc | | | (595) |
| CRDA | | | 1,735 |
| | | | |
| Revenue Bonds, net | | | \$ 5,365,669 |

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 \$595 thousand 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, 2018, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$4,260.0 million, \$66.1 million, and \$291.0 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 \$323.4 million per the resolution and \$5.2 million per the indenture at 12/31/18. As of December 31, 2018, the Authority has entered into interest rate swap agreements for \$809.7 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, 2019, were as follows (amounts in thousands):

| Year Ending | | | | |
|--------------------|---------------------|---------------------|---------------------|--|
| June 30, | Principal | Interest | Total | |
| 2019 | \$ 230,076 | \$ 172,961 | \$ 403,037 | |
| 2020 | 180,305 | 168,407 | 348,712 | |
| 2021 | 208,476 | 164,115 | 372,591 | |
| 2022 | 192,668 | 158,238 | 350,906 | |
| 2023 | 196,870 | 152,252 | 349,122 | |
| 2024-2028 | 981,928 | 662,439 | 1,644,367 | |
| 2029-2033 | 1,012,814 | 482,159 | 1,494,973 | |
| 2034-2038 | 830,819 | 318,841 | 1,149,660 | |
| 2039-2043 | 684,395 | 205,794 | 890,189 | |
| 2044-2048 | 703,060 | 102,219 | 805,279 | |
| 2049-2052 | 71,242 | 12,648 | 83,890 | |
| 2053-2057 | 26,350 | 4,649 | 30,999 | |
| | <u>\$ 5,319,003</u> | <u>\$ 2,604,722</u> | <u>\$ 7,923,725</u> | |

No-commitment debt

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2019 were \$320.0 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, 2019, were \$8,408.4 million, of which \$351.7 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 \$925.9 million at an average coupon interest rate of 4.95 percent to refund \$909.3 million of General Obligation and Special Tax Obligation bonds with an average coupon interest rate of 5.02 percent. Although the refunding resulted in a \$11.9 million accounting loss, the State in effect reduced its aggregate fund level debt service payments by \$16.6 million over the next 5 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 \$23.3 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, 2019, the outstanding balance of bonds defeased in prior years was approximately \$0.

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 July 1, 2028 through July 15, 2035, and semiannual interest payments. The contract assistance is limited to an amount equal to (1) the annual debt service on the outstanding amount of (A) refunding bonds to be issued by the City of Hartford pursuant to section 7-370c of the general statutes, or (B) any other bonds or notes issued by the City of Hartford, provided such refunding bonds or other bonds or notes are for payment, funding, refunding, redemption, replacement or substitutions of bonds, notes or other obligations previously issued by the City of Hartford, and (2) cost of issuance on any such refunding bonds and any other expenses that result directly from the refunding of debt. The Act also establishes that the City of Hartford must be under the supervision of the Municipal Accountability Review Board of the State and that the City may not issue any new debt without the board's approval. The State Representatives, defined by the contract as the Secretary of the Office of Policy and Management and the State Treasurer, may agree to provide credit support to the City of Hartford, including, but not limited to, assuming all or part of any bonds, notes, or other obligations of the City or issuance of new State obligations in replacement of such bonds, notes, or other obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State of Connecticut began making contract assistance payments for the City of Hartford's then outstanding \$540 million general obligation debt. During fiscal year 2019, the State of Connecticut has paid \$21,285,000 in principal and \$22,358,404 in interest on the guarantee.

The liability recognized for nonexchange financial guarantees by the State of Connecticut at June 30, 2019 is as follows (amounts in thousands):

| Beginning of Year | Increases | Decreases | End of Year |
|----------------------|-----------|-----------|----------------|
| \$ 531,560.00 | \$ - | \$ 21,285 | \$ 510,275 |

Note 18 **Derivative Financial Instruments**

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2019, 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: | Deferred | | Deferred | | |
| Pay-fixed interest | outflow of | | outflow of | | |
| rate swap | Resources | \$ 109 | Resources | \$ (331) | \$ 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, 2019, along with the credit rating of the associated counterparty (amounts in thousands).

| <u>Type</u> | <u>Objective</u> | <u>Notional</u> | | <u>Effective Date</u> | <u>Maturity Date</u> | <u>Terms</u> | <u>Counterparty Credit Rating</u> |
|------------------------------|---|-----------------|----------------|-----------------------|----------------------|---------------------------------|-----------------------------------|
| | | <u>Amounts</u> | <u>(000's)</u> | | | | |
| 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 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, 2019, 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 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, 2019, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands):

| <u>Fiscal Year</u> | <u>Variable-Rate Bonds</u> | | | <u>Interest Rate</u> | |
|--------------------|----------------------------|------------------|-----------------|----------------------|--------------|
| | <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>SWAP, Net</u> | <u>Total</u> |
| 2020 | \$ 20,000 | \$ 815 | \$ 225 | \$ 21,040 | |
| | \$ 20,000 | \$ 815 | \$ 225 | \$ 21,040 | |

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

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

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 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 many 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 claim's liabilities during the last two fiscal years were as follows (amounts in thousands):

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> |
|-----------------|-----------------------------------|------------------------------------|
| | Workers' <u>Compensation</u> | Medical Malpractice |
| 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 |
| Incurred claims | 122,847 | 2,936 |
| Paid claims | (98,328) | (5,759) |
| Balance 6-30-19 | <u>\$ 771,753</u> | <u>\$ 12,158</u> |

Note 20

Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2019, were as follows (amounts in thousands):

| | Balance due to fund(s) | | | | | | | | | | | | |
|---------------------------------|------------------------|-----------------|----------------|-------------|------------------|------------------|------------------|---------------|-----------------|-----------------|-----------------|-------------------|-----------|
| | Restricted | | | Grant & | | | Board of | | | | | | |
| | General | | Transportation | Grants & | Loan | Other | Regents | | Employment | | Internal | | Component |
| | General | Transportation | Accounts | Programs | Governmental | UConn | Regents | Security | Services | Fiduciary | Units | | Total |
| <u>Balance due from fund(s)</u> | | | | | | | | | | | | | |
| General | \$ - | \$ - | \$ 790 | \$ 4 | \$ 2,025 | \$ 34,483 | \$ 31,142 | \$ 501 | \$ 4,850 | \$ 856 | \$ - | \$ 74,651 | |
| Debt Service | - | 2,563 | - | - | - | - | - | - | - | - | - | 2,563 | |
| Restricted Grants & Accounts | 3,827 | - | - | - | - | - | - | - | - | - | - | 5,731 | |
| Grant & Loan Programs | 35 | - | - | - | - | - | - | - | - | - | - | 35 | |
| Other Governmental | 2,408 | - | - | - | 11,026 | 11,388 | 47,541 | - | - | - | - | 72,363 | |
| UConn | 25,963 | - | - | - | - | - | - | - | - | - | - | 25,963 | |
| Board of Regents | 4,825 | - | - | - | - | - | - | - | - | - | - | 4,825 | |
| Employment Security | - | - | - | - | 297 | - | - | - | - | - | - | 297 | |
| Internal Services | 10,679 | - | - | - | - | - | - | - | - | - | - | 10,679 | |
| Fiduciary | - | - | - | - | 379 | - | - | - | - | 2,018 | - | 2,397 | |
| Component Units | 43,735 | - | 132 | - | 202 | - | - | - | - | - | - | 44,069 | |
| Total | \$ 91,472 | \$ 2,563 | \$ 922 | \$ 4 | \$ 13,929 | \$ 45,871 | \$ 78,683 | \$ 501 | \$ 4,850 | \$ 2,874 | \$ 5,731 | \$ 247,400 | |

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, 2019, consisted of the following (amounts in thousands):

| | Amount transferred to fund(s) | | | | | | | | | | |
|--|-------------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|----------------|------------------|---------------------|---------------|
| | Restricted | | | Grants & | | | Other | | Board of | | Clean Water & |
| | Debt | | Transportation | Accounts | Governmental | UConn | Regents | Drinking Water | Fiduciary | Total | |
| | General | Service | Transportation | Accounts | Governmental | UConn | Regents | Drinking Water | Fiduciary | Total | |
| <u>Amount transferred from fund(s)</u> | | | | | | | | | | | |
| General | \$ 949,681 | \$ - | \$ - | \$ - | \$ 241,732 | \$ 794,623 | \$ 550,087 | \$ 720 | \$ 16,100 | \$ 2,552,943 | |
| Debt Service | - | - | 21,810 | - | 34,258 | - | - | - | - | 56,068 | |
| Transportation | - | 641,668 | - | - | 5,500 | - | - | - | - | 647,168 | |
| Restricted Grants & Accounts | 25,600 | 64 | - | - | 408 | - | - | - | - | 26,072 | |
| Grants and Loans | - | - | - | - | 71,464 | - | - | - | - | 71,464 | |
| Other Governmental | 120,379 | 43,705 | - | 145,591 | 94,471 | 13,000 | 117,306 | - | - | 534,452 | |
| Employment Security | - | - | - | - | 5,415 | - | - | - | - | 5,415 | |
| Total | \$1,095,660 | \$685,437 | \$ 21,810 | \$ 145,591 | \$ 453,248 | \$ 807,623 | \$ 667,393 | \$ 720 | \$ 16,100 | \$ 3,893,582 | |

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

For fiscal year 2019, Component Units beginning net position was \$2.3 billion. As a result of implementing GASB 75, Connecticut Housing Finance Authority, (major Component Unit) beginning net position was reduced by \$66.8 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. Also, the Connecticut Green Bank, (Component Unit) restated their beginning net position as a result of an error consisting of warranty management costs previously expensed. These amounts should have been amortized as a prepaid expense over the life of the contracted warranty management period which is 20 years. The effect of this error was an increase in their beginning net position of \$1,955 million.

The University of Connecticut and the University of Connecticut Health Center (major Proprietary Funds) made reclassifications to their 2018 Capital and Intangible Assets as well as Long-Term Liabilities. As a result of these reclassifications the beginning net position decreased by \$45.1 million, the Statement of Activities beginning net position was restated to \$7.0 billion. This decrease is reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as well.

Fund Balance – Restricted and Assigned

As of June 30, 2019, restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

| | Restricted Purposes | Assigned Purposes |
|------------------------------------|------------------------|----------------------|
| Capital Projects | \$ 485,640 | \$ - |
| Environmental Programs | 118,402 | - |
| Housing Programs | 435,486 | - |
| Employment Security Administration | 20,297 | - |
| Banking | 2,140 | - |
| Other | 445,686 | 22,834 |
| Total | \$ 1,507,651 | \$ 22,834 |

Restricted Net Position

As of June 30, 2019, the government-wide statement of net position reported \$4,777 million of restricted net position, of which \$431.1 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 12-217j) equal to thirty percent of production expenses.

No eligible company incurring an amount of production expenses that qualifies for a tax credit shall be eligible unless on or after January 1, 2010, the company conducts (1) not less than 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 years, 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 at the date the investment is made; or (3) through a community development entity or a contractually bound community development entity. A tax credit made through a fund, should only be available for investments in funds that are not open to additional investments beyond the amount set forth at the formation of the fund.

Insurance Reinvestment Fund Program

The purpose of the Insurance Reinvestment Fund Program is to capitalize on the base of local insurance expertise and help people laid off after the massive restructuring of the insurance industry. The program was also intended to encourage small insurance startups and specialty insurance businesses in Connecticut companies engaged in the insurance business or providing services to insurance companies.

In accordance with Chapter 698 section 38a-88 a tax credit is allowed against the tax imposed under chapter 207, 208, or 229 or section 38a-343 an amount equal to the following percentage of the moneys the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: (a) in the initial income year in which the investment in the insurance business was made and two succeeding income years, 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.

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 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 <i>Corporate Income Tax (as of 6/30/2019)</i> | \$ 88,720,509 |
| The Urban and Industrial Sites Reinvestment Tax Program <i>Corporate Income Tax (as of 6/30/19)</i> | 32,359,751 |
| The Insurance Reinvestment Fund Program <i>Corporate Income Tax (as of 6/30/2019)</i> | 23,342,944 |
| The Connecticut Neighborhood Assistance Act Credit Program <i>Corporate Income Tax (as of 6/30/2019)</i> | 3,775,893 |
| Historic Structures Rehabilitation <i>Corporate Income Tax (as of 6/30/2019)</i> | 5,866,653 |
| Historic Preservation <i>Corporate Income Tax (as of 6/30/2019)</i> | 1,024,308 |
| Historic Rehabilitation <i>Corporate Income Tax (as of 6/30/2019)</i> | - |
| Research and Development Expenditures <i>Corporate Income Tax (as of 6/30/2019)</i> | 6,330,719 |
| Manufacturing Facility Credit <i>Corporate Income Tax (as of 6/30/2019)</i> | 869,420 |
| Enterprise Zone Property Tax Reimbursement Program <i>Property Tax (6/30/2019)</i> | - |

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

Asset Retirement Obligations

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The State assesses asset retirement obligations on an annual basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

During the year, the Department of Veterans Affairs reported that when their power plant is retired there will be a cost associated with the mitigation of hazardous materials. The State cannot estimate the cost associated with the removal of the hazardous materials, therefore, has not recorded an asset retirement obligation for this matter.

Note 25

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 26

New Accounting Pronouncements

In 2019, The State implemented the following statements issued by the Governmental Accounting Standards Board ("GASB"). During the fiscal year 2019, the State adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB).

GASB Statement 83, *Certain Asset Retirement Obligations*

GASB Statement 83 – This Statement establishes standards of accounting and financial reporting requirements, for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the regulation of the statement. Statement No. 83, had no material impact on the State's financial statements.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement 88 – This Statement improves the information that is disclosed in notes to government 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 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional information associated with this statement is included Note 17-Long-Term Debt.

Note 27 **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, 2019, the State had contractual commitments as follows (amounts in millions):

| | |
|--|---------|
| Infrastructure & Other Transportation Programs | \$1,227 |
| Construction Programs | 120 |
| School Construction and Alteration Grant Program | 2,200 |
| Clean and Drinking Water Loan Programs | 768 |
| Various Programs and Services | 4,005 |

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

Component Units

As of December 31, 2018, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$209.8 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 plan for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

As of June 30, 2019, the State reported an escheat liability of 375.8 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 \$282.5 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 28

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, 2018.

In July 2019, the State issued \$250.0 million of Green general revenue bonds. The bonds were issued to fund Clean water and drinking water projects in the State. The bonds mature in 2039 and bear interest rates ranging from 2.375 to 5.0 percent. Also, in July 2019, the State issued \$29.8 million of 2019 series B General revenue refunding bonds maturing in 2022 and bearing interest rates between 4.0 and 5.0 percent.

In August 2019, the State issued \$239.9 million of 2019 series B General Obligation refunding bonds maturing in 2029 and bearing interest rates of 5.0 percent. The par value together with the premiums received were used to redeem \$270 million of general obligation bonds series 2009A & B.

In December 2019, the State issued \$894.6 million of 2020 series A & B General Obligation bonds. Series A for \$700. 0 million matures in 2040. Series B for \$194.6 million General Obligation refunding bonds mature in 2026. Both series A & B bear interest rates ranging from three to five percent.

In July 2019 the Connecticut Health and Educational Facilities Authority published a remarketing memorandum pertaining to Yale university revenue bonds series 2013a and 2016a-1. The memorandum is generally intended to provide disclosure to purchasers of the remarketing bonds only with respect to the applicable term rate periods. The bonds carry an interest rate of 1.45 percent and a term rate period of July 2019 through June 2022.

In August 2019 the Connecticut Health and Educational Facilities Authority issued \$340.1 million of series 2019A Nuvance Health revenue bonds carrying interest rates ranging from 1.1 to 5.0 percent which mature on July 1, 2039. The proceeds will be loaned by the authority to Nuvance/Health Quest systems, Inc. These bonds were issued in a joint offering with the Dutchess County Local Development Corporation which issued \$99.9 series 2019B Nuvance Health revenue bonds. The proceeds were loaned by the corporation to Nuvance/Western Ct health network, Inc.

In addition to the above the Connecticut Health and Educational Facilities Authority issued \$133.7 million of Series N University of Hartford bonds and \$63.6 million of series G Griffin hospital bonds in December. The authority also issued \$45.7 million of Series A Mary Wade Home bonds in September. The Authority also issued \$183.6 million Series 2020A and \$110.2 million Series 2020B Hartford Health Care revenue bonds in January 2020. Also, CHEFA issued \$93.6 million of Series T-2 and \$250 million Series 2014A remarketed bonds in February 2020. More information concerning these transactions can be obtained from CHEFA offices located at 10 Columbus Blvd., 7th. Floor Hartford, CT 06106-1978

The Connecticut Housing Finance Authority (CHFA), whose financial statements are published as of December 31st of the calendar year prior to Connecticut's fiscal year-end, demonstrated numerous financial events between January 1 and the State's fiscal year-end of June 30, 2019 including the following;

\$377.9 million of various unscheduled principal payments on outstanding debt were made including \$169.4 million for purposes of remarketing debt obligations having demand features.

In March 2019 the Authority issued \$122.8 million of its 2019 Series A revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with U.S. Bank National Association. and a Remarketing Agreement with U.S. Bancorp Investments, Inc. and U.S. Bank Municipal Products Group to secure liquidity for \$35.0 million of Series A bonds having demand features.

In May 2019 the Authority issued \$122.0 million of its series 2019 B revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement and a Remarketing Agreement with Bank of America, N.A., to secure liquidity for \$35.0 million of Series B bonds having demand features. Also, in May 2019 the authority privately placed \$100 million of 2019 series C debt with a securities firm.

In June 2019 the authority remarketed \$108.7 million of its Housing Mortgage Finance Program bonds consisting of series 2012 & 2014 D-3, 2013 B-6 and 2014 C-2. Each subseries of reoffered bonds currently bears interest, and upon their remarketing on the remarketing date will continue to bear interest, in a weekly mode period. The due date for the term bonds ranges between 2033 and 2034. Also, in June 2019 the Authority contracted for a Stand By line of credit (LOC) with Sumitomo Mitsui Banking Corporation. The available LOC balance is \$116.6 million.

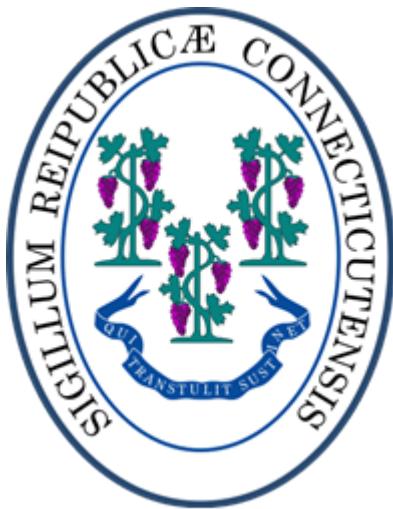
In August the Authority issued \$120.9 million of its 2019 Series D Housing Mortgage Finance program bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with U.S. Bank National Association and a Remarketing Agreement with Raymond James and Associates, Inc. and U.S. Bank National Association to secure liquidity for \$35.0 million of Series A bonds having demand features.

In September 2019 the Authority issued conduit debt on behalf of CIL realty, Inc. in the amount of \$25.1 million. The bonds were sold in a direct purchase transaction to Key Government Finance, Inc. The proceeds of which were used to refund \$21.4 million in existing conduit debt plus Interest.

In October the Authority issued \$128.1 million of its 2019 Series E Housing Mortgage Finance program bonds consisting of Series E, subseries E-1, E-2 and E-3. Subseries E-3 having a par value of \$29.4 million do not have a credit facility to pay the purchase price on the tender date. As a result, all bondholders may be required to hold their subseries E-3 bonds until maturity or prior redemption. Also, in October 2019, the Authority issued \$158.3 million of its 2019 Series F revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with State Street bank and Trust company to secure liquidity for \$35.0 million of Series A bonds having demand features.

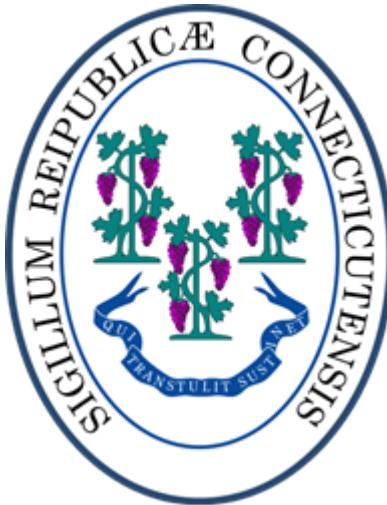
In February 2020 the Authority issued \$145.4 million of its 2020 Series A Housing Mortgage Finance program bonds consisting of subseries A-1, A-2, A-3 and A-4. CHFA expects to enter into a three-year Stand-by Bond Purchase Agreement with Barclays Bank PLC for its subseries A-3 variable rate bonds to secure liquidity for \$31.3 million of Sub-series A-3 bonds having demand features. After February 2023 bondholders may not have the right to tender their 2020 subseries A-3 unless the agreement is extended. More information concerning these transactions can be obtained from CHFA offices located at 999 West Street Rocky Hill, CT 06067-4005.

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SUPPLEMENTARY
INFORMATION*

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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

State of Connecticut

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, 2019

(Expressed in Thousands)

| | General Fund | | | | Variance with Final Budget positive (negative) | |
|--|---------------------|-------------------|-------------------|---------------------|---|--|
| | Budget | | Actual | | | |
| | Original | Final | | | | |
| Revenues | | | | | | |
| Budgeted: | | | | | | |
| Taxes, Net of Refunds | \$ 15,862,300 | \$ 17,069,500 | \$ 17,199,401 | \$ 129,901 | | |
| Casino Gaming Payments | 203,600 | 255,200 | 255,239 | 39 | | |
| Licenses, Permits, and Fees | 322,600 | 297,100 | 291,171 | (5,929) | | |
| Other | 388,500 | 457,100 | 456,629 | (471) | | |
| Federal Grants | 2,112,400 | 2,083,800 | 2,083,774 | (26) | | |
| Refunds of Payments | (58,800) | (59,100) | (59,139) | (39) | | |
| Operating Transfers In | 462,900 | 474,300 | 474,282 | (18) | | |
| Operating Transfers Out | - | - | - | - | | |
| Transfer to BRF - Volatility Adjustment | (363,100) | (940,500) | (949,681) | (9,181) | | |
| Transfer to/from the Resources of the General Fund | 78,300 | (101,700) | (101,814) | (114) | | |
| Total Revenues | <u>19,008,700</u> | <u>19,535,700</u> | <u>19,649,862</u> | <u>114,162</u> | | |
| Expenditures | | | | | | |
| Budgeted: | | | | | | |
| Legislative | 66,734 | 66,484 | 64,595 | 1,889 | | |
| General Government | 708,190 | 678,366 | 653,271 | 25,095 | | |
| Regulation and Protection | 289,772 | 291,053 | 272,421 | 18,632 | | |
| Conservation and Development | 174,249 | 175,636 | 170,167 | 5,469 | | |
| Health and Hospitals | 1,190,737 | 1,211,586 | 1,194,174 | 17,412 | | |
| Transportation | - | - | - | - | | |
| Human Services | 4,353,584 | 4,342,825 | 4,311,722 | 31,103 | | |
| Education, Libraries, and Museums | 5,220,536 | 5,254,787 | 5,208,400 | 46,387 | | |
| Corrections | 1,344,537 | 1,423,540 | 1,410,967 | 12,573 | | |
| Judicial | 565,122 | 566,660 | 557,067 | 9,593 | | |
| Non Functional | 5,240,524 | 5,588,969 | 5,405,867 | 183,102 | | |
| Total Expenditures | <u>19,153,985</u> | <u>19,599,906</u> | <u>19,248,651</u> | <u>351,255</u> | | |
| Appropriations Lapsed | <u>21,500</u> | <u>126,285</u> | <u>-</u> | <u>(126,285)</u> | | |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(123,785)</u> | <u>62,079</u> | <u>401,211</u> | <u>(363,378)</u> | | |
| Other Financing Sources (Uses) | | | | | | |
| Prior Year Appropriations Carried Forward | 134,315 | 134,315 | 134,315 | - | | |
| Appropriations Continued to Fiscal Year 2019 | - | - | (164,550) | (164,550) | | |
| Miscellaneous Adjustments | - | (379) | (379) | - | | |
| Total Other Financing Sources (Uses) | <u>134,315</u> | <u>133,936</u> | <u>(30,614)</u> | <u>(164,550)</u> | | |
| Net Change in Fund Balance | <u>\$ 10,530</u> | <u>\$ 196,015</u> | <u>370,597</u> | <u>\$ (527,928)</u> | | |
| Budgetary Fund Balances - July 1 | | | (228,241) | | | |
| Changes in Reserves | | | 673,096 | | | |
| Budgetary Fund Balances - June 30 | | | <u>\$ 815,452</u> | | | |

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

State of Connecticut

Transportation Fund

| Budget | | | Variance with Final Budget | |
|------------------|------------------|-------------------|---------------------------------------|--|
| <u>Original</u> | <u>Final</u> | <u>Actual</u> | positive (negative) | |
| \$ 1,212,700 | \$ 1,244,500 | \$ 1,248,446 | \$ 3,946 | |
| - | - | - | - | |
| 393,400 | 401,999 | 400,505 | (1,494) | |
| 12,400 | 36,200 | 37,375 | 1,175 | |
| 12,100 | 12,300 | 12,259 | (41) | |
| (4,600) | (4,900) | (4,941) | (41) | |
| - | - | - | - | |
| (5,500) | (5,500) | (5,500) | - | |
| - | - | - | - | |
| - | - | - | - | |
| <u>1,620,500</u> | <u>1,684,599</u> | <u>1,688,144</u> | <u>3,545</u> | |
| 8,509 | 10,309 | 9,608 | 701 | |
| 71,296 | 72,341 | 63,704 | 8,637 | |
| 2,762 | 2,821 | 2,796 | 25 | |
| - | - | - | - | |
| 705,873 | 708,929 | 693,012 | 15,917 | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| <u>869,485</u> | <u>863,526</u> | <u>839,973</u> | <u>23,553</u> | |
| 1,657,925 | 1,657,926 | 1,609,093 | 48,833 | |
| <u>12,000</u> | <u>12,176</u> | <u>-</u> | <u>(12,176)</u> | |
| <u>(25,425)</u> | <u>38,849</u> | <u>79,051</u> | <u>40,202</u> | |
| 28,643 | 28,643 | 28,643 | - | |
| - | - | (33,300) | (33,300) | |
| - | <u>2</u> | <u>2</u> | - | |
| <u>28,643</u> | <u>28,645</u> | <u>(4,655)</u> | <u>(33,300)</u> | |
| <u>\$ 3,218</u> | <u>\$ 67,494</u> | <u>74,396</u> | <u>\$ 6,902</u> | |
| | | 274,364 | | |
| | | 4,657 | | |
| | | <u>\$ 353,417</u> | | |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

STATUTORY REPORTING

A. Budgeting Process

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

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. 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 Required Supplemental Information section of this report. During the 2019 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, 2019. Amounts are expressed in thousands.

| | General Fund | Transportation Fund |
|---|-------------------------|--------------------------------|
| Net change in fund balances (statutory basis) | \$ 370,597 | \$ 74,395 |
| Volatility Deposit Budget Reserve Fund | 949,681 | - |
| Transfer Out from BRF to Teachers Retirement Fund | (16,100) | - |
| Statutory Surplus Reserve FY 2020-2021 | 160,000 | - |
| Adjustments: | | |
| Increases (decreases) in revenue accruals: | | |
| Receivables and Other Assets | (348,485) | 19,667 |
| (Increases) decreases in expenditure accruals: | | |
| Accounts Payable and Other Liabilities | (151,707) | (18,516) |
| Salaries and Fringe Benefits Payable | (26,593) | (3,372) |
| Increase (Decrease) in Continuing Appropriations | 30,235 | 4,657 |
| Fund Reclassification-Bus Operations | - | (1,017) |
| Net change in fund balances (GAAP basis) | <u>\$ 967,628</u> | <u>\$ 75,814</u> |

C. Budget Reserve Fund (“Rainy Day Fund”)

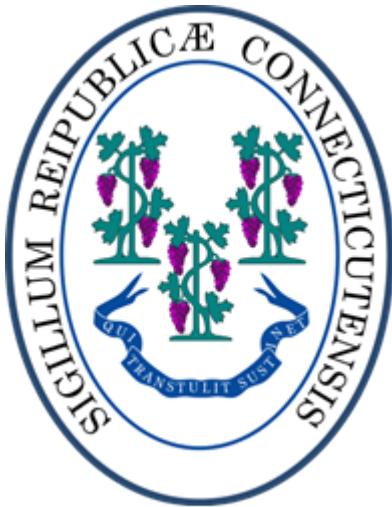
In accordance with Section 4-30a of the Connecticut State Statutes, the State maintains a Budget Reserve (“Rainy Day”) Fund. Per section 4-30a after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus, and after 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 2020 a deposit of \$370.6 million will be made to the Budget Reserve Fund from the budgetary surplus in fiscal year 2019.

In fiscal year 2019, as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949.7 million was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2019, the balance in the Budget Reserve Fund was \$1,185.3 billion, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the surplus transfer of \$370.67 million would bring the year-end balance of the Budget Reserve Fund to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for fiscal year 2020. Therefore, the Budget Reserve Fund balance more than doubled based on fiscal year 2019 results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the Budget Reserve Fund balance to the statutory target of 15 percent.

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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

State of Connecticut

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

Last Five Fiscal Years*

(Expressed in Thousands)

SERS

| Total Pension Liability | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service Cost | \$ 429,321 | \$ 480,350 | \$ 322,114 | \$ 310,472 | \$ 287,473 |
| Interest | 2,212,890 | 2,255,533 | 2,105,947 | 2,052,651 | 1,998,736 |
| Benefit Changes | - | (1,444,220) | - | - | - |
| Difference between expected and actual experience | 482,904 | - | 772,762 | - | - |
| Changes of assumptions | - | - | 4,959,705 | - | - |
| Benefit payments | (1,955,985) | (1,847,715) | (1,729,181) | (1,650,465) | (1,563,029) |
| Refunds of contributions | (7,659) | (7,972) | (7,098) | (7,124) | (3,935) |
| Net change in total pension liability | 1,161,471 | (564,024) | 6,424,249 | 705,534 | 719,245 |
| Total pension liability - beginning | 33,052,692 | 33,616,716 | 27,192,467 | 26,486,933 | 25,767,688 |
| Total pension liability - ending (a) | \$ 34,214,163 | \$ 33,052,692 | \$ 33,616,716 | \$ 27,192,467 | \$ 26,486,933 |
| Plan net position | | | | | |
| Contributions - employer | \$ 1,443,053 | \$ 1,542,298 | \$ 1,501,805 | \$ 1,371,651 | \$ 1,268,890 |
| Contributions - member | 193,942 | 132,557 | 135,029 | 187,339 | 144,807 |
| Net investment income | 875,944 | 1,509,862 | (100) | 294,412 | 1,443,391 |
| Benefit payments | (1,955,985) | (1,847,715) | (1,729,181) | (1,650,465) | (1,563,029) |
| Administrative expense | (391) | (674) | (651) | - | - |
| Refunds of contributions | (7,659) | (7,972) | (7,098) | (7,124) | (3,935) |
| Other | (3,139) | (371) | 85,608 | - | - |
| Net change in plan net position | 545,765 | 1,327,985 | (14,588) | 195,813 | 1,290,124 |
| Plan net position - beginning | 11,981,777 | 10,653,792 | 10,668,380 | 10,472,567 | 9,182,443 |
| Plan net position - ending (b) | \$ 12,527,542 | \$ 11,981,777 | \$ 10,653,792 | \$ 10,668,380 | \$ 10,472,567 |
| Ratio of plan net position to total pension liability | 36.62% | 36.25% | 31.69% | 39.23% | 39.54% |
| Net pension liability - ending (a) -(b) | \$ 21,686,621 | \$ 21,070,915 | \$ 22,962,924 | \$ 16,524,087 | \$ 16,014,366 |
| Covered-employee payroll | \$ 3,428,068 | \$ 3,850,978 | \$ 3,720,751 | \$ 3,618,361 | \$ 3,487,577 |
| Net pension liability as a percentage of covered-employee payroll | 632.62% | 547.16% | 617.16% | 456.67% | 459.18% |

| TRS | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 465,207 | \$ 450,563 | \$ 419,616 | \$ 404,449 | \$ 347,198 |
| Interest | 2,371,168 | 2,308,693 | 2,228,958 | 2,162,174 | 2,090,483 |
| Benefit Changes | 28,036 | - | - | - | - |
| Difference between expected and actual experience | (396,067) | - | (375,805) | - | - |
| Changes of assumptions | - | - | 2,213,190 | - | - |
| Benefit payments | (1,994,092) | (1,962,533) | (1,738,131) | (1,773,408) | (1,737,144) |
| Refunds of contributions | - | - | - | (50,329) | - |
| Net change in total pension liability | 474,252 | 796,723 | 2,747,828 | 742,886 | 700,537 |
| Total pension liability - beginning | 30,636,646 | 29,839,923 | 27,092,095 | 26,349,209 | 25,648,672 |
| Total pension liability - ending (a) | \$ 31,110,898 | \$ 30,636,646 | \$ 29,839,923 | \$ 27,092,095 | \$ 26,349,209 |

| Plan net position | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contributions - employer | \$ 1,272,277 | \$ 1,012,162 | \$ 975,578 | \$ 984,110 | \$ 948,540 |
| Contributions - member | 312,150 | 288,251 | 293,493 | 228,100 | 261,213 |
| Net investment income | 1,224,931 | 2,199,895 | (18,473) | 452,942 | 2,277,550 |
| Benefit payments | (1,994,092) | (1,962,533) | (1,738,131) | (1,773,408) | (1,737,144) |
| Refunds of contributions | - | - | - | (50,329) | - |
| Other | (2,753) | 1,679 | (37,648) | 57,749 | (5,307) |
| Net change in plan net position | 812,513 | 1,539,454 | (525,181) | (100,836) | 1,744,852 |
| Plan net position - beginning | 17,154,326 | 15,594,872 | 16,120,053 | 16,220,889 | 14,462,903 |
| Plan net position - ending (b) | \$ 17,946,839 | \$ 17,134,326 | \$ 15,594,872 | \$ 16,120,053 | \$ 16,207,755 |
| Ratio of plan net position to total pension liability | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |
| Net pension liability - ending (a) -(b) | \$ 13,164,059 | \$ 13,502,320 | \$ 14,245,051 | \$ 10,972,042 | \$ 10,141,454 |
| Covered-employee payroll | \$ 4,321,593 | \$ 4,279,755 | \$ 4,125,066 | \$ 4,078,367 | \$ 3,831,624 |
| Net pension liability as a percentage of covered-employee payroll | 304.61% | 315.49% | 345.33% | 269.03% | 264.68% |

State of Connecticut

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

Last Five Fiscal Years*

(Expressed in Thousands)

| JRS | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 11,352 | \$ 10,159 | \$ 8,508 | \$ 8,142 | \$ 7,539 |
| Interest | 29,954 | 29,062 | 28,251 | 27,240 | 26,301 |
| Difference between expected and actual experience | (18,528) | - | (9,380) | - | - |
| Changes of assumptions | - | - | 64,604 | - | - |
| Benefit payments | (27,616) | (24,899) | (22,994) | (22,541) | (21,668) |
| Net change in total pension liability | (4,838) | 14,322 | 68,989 | 12,841 | 12,172 |
| Total pension liability - beginning | 447,925 | 433,603 | 364,614 | 351,773 | 339,601 |
| Total pension liability - ending (a) | \$ 443,087 | \$ 447,925 | \$ 433,603 | \$ 364,614 | \$ 351,773 |
| Plan net position | | | | | |
| Contributions - employer | \$ 25,458 | \$ 19,164 | \$ 18,259 | \$ 17,731 | \$ 16,298 |
| Contributions - member | 1,663 | 1,689 | 1,831 | 1,791 | 1,641 |
| Net investment income | 13,178 | 24,452 | 1,440 | 4,781 | 23,156 |
| Benefit payments | (27,616) | (24,899) | (22,994) | (22,541) | (21,668) |
| Other | - | (39) | 1,680 | - | - |
| Net change in plan net position | 12,683 | 20,367 | 216 | 1,762 | 19,427 |
| Plan net position - beginning | 210,125 | 189,758 | 189,542 | 187,780 | 168,353 |
| Plan net position - ending (b) | \$ 222,808 | \$ 210,125 | \$ 189,758 | \$ 189,542 | \$ 187,780 |
| Ratio of plan net position to total pension liability | 50.29% | 46.91% | 43.76% | 51.98% | 53.38% |
| Net pension liability - ending (a) -(b) | \$ 220,279 | \$ 237,800 | \$ 243,845 | \$ 175,072 | \$ 163,993 |
| Covered-employee payroll | \$ 34,970 | \$ 36,467 | \$ 34,897 | \$ 34,972 | \$ 33,386 |
| Net pension liability as a percentage of covered-employee payroll | 629.91% | 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).

State of Connecticut

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

(Expressed in Thousands)

| SERS | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|
| Actuarially determined employer contribution | \$ 1,443,110 | \$ 1,569,142 | \$ 1,514,467 | \$ 1,379,189 |
| Actual employer contributions | <u>1,443,053</u> | <u>1,542,298</u> | <u>1,501,805</u> | <u>1,371,651</u> |
| Annual contributions deficiency excess | <u>\$ 57</u> | <u>\$ 26,844</u> | <u>\$ 12,662</u> | <u>\$ 7,538</u> |
| Covered Payroll | \$ 3,428,068 | \$ 3,850,978 | \$ 3,720,751 | \$ 3,618,361 |
| Actual contributions as a percentage of covered-employee payroll | 42.10% | 40.05% | 40.36% | 37.91% |
| TRS | | | | |
| Actuarially determined employer contribution | \$ 1,272,277 | \$ 1,012,162 | \$ 975,578 | \$ 984,110 |
| Actual employer contributions | <u>1,272,277</u> | <u>1,012,162</u> | <u>975,578</u> | <u>984,110</u> |
| Annual contributions deficiency excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 4,321,593 | \$ 4,279,755 | \$ 4,125,066 | \$ 4,078,367 |
| Actual contributions as a percentage of covered-employee payroll | 29.44% | 23.65% | 23.65% | 24.13% |
| JRS | | | | |
| Actuarially determined employer contribution | \$ 25,458 | \$ 19,164 | \$ 18,259 | \$ 17,731 |
| Actual employer contributions | <u>25,458</u> | <u>19,164</u> | <u>18,259</u> | <u>17,731</u> |
| Annual contributions deficiency excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 34,970 | \$ 36,467 | \$ 34,897 | \$ 34,972 |
| Actual contributions as a percentage of covered-employee payroll | 72.80% | 52.55% | 52.32% | 50.70% |

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 |
| | TRS 17.6 years |
| | JRS 15 years |
| Asset Valuation Method | SERS & JRS 5 year smoothed actuarial value |
| Investment Rate of Return | TRS 4 year smoothed market value |
| Salary Increases | SERS & JRS 6.90% |
| Cost-of-Living Adjustments | TRS 8% |
| Inflation | 3.25%-19.5% |
| Social Security Wage Base | 1.0%-7.5% |
| | 2.5%-2.75% |
| | SERS 3.5% |

State of Connecticut

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| \$ 1,268,935 | \$ 1,059,652 | \$ 926,372 | \$ 944,077 | \$ 897,428 | \$ 753,698 |
| <u>1,268,890</u> | <u>1,058,113</u> | <u>926,343</u> | <u>825,801</u> | <u>720,527</u> | <u>699,770</u> |
| <u><u>\$ 45</u></u> | <u><u>\$ 1,539</u></u> | <u><u>\$ 29</u></u> | <u><u>\$ 118,276</u></u> | <u><u>\$ 176,901</u></u> | <u><u>\$ 53,928</u></u> |
| <u><u>\$ 3,355,077</u></u> | <u><u>\$ 3,304,538</u></u> | <u><u>\$ 3,209,782</u></u> | <u><u>\$ 3,308,498</u></u> | <u><u>\$ 2,920,661</u></u> | <u><u>\$ 3,497,400</u></u> |
| 37.82% | 32.02% | 28.86% | 24.96% | 24.67% | 20.01% |
| | | | | | |
| \$ 948,540 | \$ 787,536 | \$ 757,246 | \$ 581,593 | \$ 559,224 | \$ 539,303 |
| <u>948,540</u> | <u>787,536</u> | <u>757,246</u> | <u>581,593</u> | <u>559,224</u> | <u>539,303</u> |
| <u><u>\$ -</u></u> |
| <u><u>\$ 3,930,957</u></u> | <u><u>\$ 4,101,750</u></u> | <u><u>\$ 3,943,990</u></u> | <u><u>\$ 3,823,754</u></u> | <u><u>\$ 3,676,686</u></u> | <u><u>\$ 3,529,470</u></u> |
| 24.13% | 19.20% | 19.20% | 15.21% | 15.21% | 15.28% |
| | | | | | |
| \$ 16,298 | \$ 16,006 | \$ 15,095 | \$ 16,208 | \$ 15,399 | \$ 14,172 |
| <u>16,298</u> | <u>16,006</u> | <u>15,095</u> | <u>-</u> | <u>-</u> | <u>14,173</u> |
| <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 16,208</u></u> | <u><u>\$ 15,399</u></u> | <u><u>\$ (1)</u></u> |
| <u><u>\$ 33,386</u></u> | <u><u>\$ 31,748</u></u> | <u><u>\$ 30,308</u></u> | <u><u>\$ 33,102</u></u> | <u><u>\$ 31,602</u></u> | <u><u>\$ 34,000</u></u> |
| 48.82% | 50.42% | 49.81% | 0.00% | 0.00% | 41.69% |

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

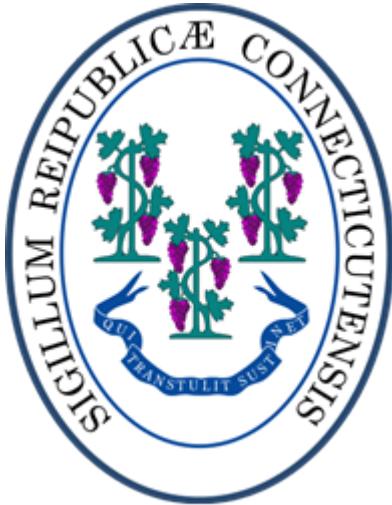
Last Six Fiscal Years*

Annual money-weighted rates of return

net of investment expense

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| State Employees' Retirement Fund | 5.88% | 7.30% | 14.32% | 0.23% | 2.83% | 15.62% |
| Teachers' Retirement Fund | 5.85% | 7.04% | 14.37% | 0.17% | 2.82% | 15.67% |
| State Judges' Retirement Fund | 6.12% | 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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State of Connecticut

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

Last Two Fiscal Year

(Expressed in Thousands)

SEOPEBP

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Total OPEB Liability | \$ 18,114,287 | \$ 17,904,922 |
| Service Cost | \$ 901,698 | \$ 960,992 |
| Interest | 680,154 | 511,133 |
| Changes of assumptions | (724,140) | (510,781) |
| Benefit payments | (648,347) | (639,467) |
| Net change in total OPEB liability | 209,365 | 321,877 |
| Total OPEB liability - beginning | 17,904,922 | 17,583,045 |
| Total OPEB liability - ending (a) | \$ 18,114,287 | \$ 17,904,922 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 801,893 | \$ 667,401 |
| Contributions - member | 116,814 | 120,783 |
| Net investment income | 37,001 | 53,194 |
| Benefit payments | (648,347) | (639,467) |
| Other | 186 | (187) |
| Net change in plan fiduciary net position | 307,547 | 201,724 |
| Plan fiduciary net position - beginning | 542,342 | 340,618 |
| Plan fiduciary net position - ending (b) | \$ 849,889 | \$ 542,342 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 4.69% | 3.03% |
| Net OPEB liability - ending (a) -(b) | \$ 17,264,398 | \$ 17,362,580 |
| Covered-employee payroll | \$ 3,875,035 | \$ 3,743,995 |
| Net OPEB liability as a percentage of covered-employee payroll | 445.53% | 463.74% |

RTHP

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Total OPEB Liability | \$ 2,671,315 | \$ 3,538,772 |
| Service Cost | \$ 132,392 | \$ 148,220 |
| Interest | 133,597 | 111,129 |
| Benefit Changes | (1,044,628) | - |
| Difference between expected and actual experience | 217,853 | - |
| Changes of assumptions | (196,049) | (370,549) |
| Benefit payments | (110,622) | (84,071) |
| Net change in total OPEB liability | (867,457) | (195,271) |
| Total OPEB liability - beginning | 3,538,772 | 3,734,043 |
| Total OPEB liability - ending (a) | \$ 2,671,315 | \$ 3,538,772 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 35,299 | \$ 19,922 |
| Contributions - member | 51,484 | 50,436 |
| Net investment income | 411 | 369 |
| Benefit payments | (110,622) | (84,071) |
| Administrative expense | (264) | (150) |
| Other | - | 42 |
| Net change in plan fiduciary net position | (23,692) | (13,452) |
| Plan fiduciary net position - beginning | 63,428 | 76,880 |
| Plan fiduciary net position - ending (b) | \$ 39,736 | \$ 63,428 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.49% | 1.79% |
| Net OPEB liability - ending (a) -(b) | \$ 2,631,579 | \$ 3,475,344 |
| Covered-employee payroll | \$ 4,075,939 | \$ 4,279,755 |
| Net OPEB liability as a percentage of covered-employee payroll | 64.56% | 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).

State of Connecticut

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

Last Eight and Ten Fiscal Years

(Expressed in Thousands)

| <u>SECOPEBP</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined employer contribution | \$ 1,157,121 | \$ 1,043,143 | \$ 1,443,716 | \$ 1,513,336 |
| Actual employer contributions | <u>801,893</u> | <u>667,401</u> | <u>608,593</u> | <u>546,284</u> |
| Annual contributions deficiency excess | <u>\$ 355,228</u> | <u>\$ 375,742</u> | <u>\$ 835,123</u> | <u>\$ 967,052</u> |
| Covered Payroll | \$ 3,875,035 | \$ 3,743,995 | \$ 3,895,100 | \$ 3,539,800 |
| Actual contributions as a percentage of covered-employee payroll | 20.69% | 17.83% | 15.62% | 15.43% |
| <u>RTHP</u> | | | | |
| Actuarially determined employer contribution | \$ 172,223 | \$ 166,802 | \$ 130,331 | \$ 125,620 |
| Actual employer contributions | <u>35,299</u> | <u>19,922</u> | <u>19,960</u> | <u>25,145</u> |
| Annual contributions deficiency excess | <u>\$ 136,924</u> | <u>\$ 146,880</u> | <u>\$ 110,371</u> | <u>\$ 100,475</u> |
| Covered Payroll | \$ 4,075,939 | \$ 4,279,755 | \$ 3,949,900 | \$ 3,831,600 |
| Actual contributions as a percentage of covered-employee payroll | 0.87% | 0.47% | 0.51% | 0.66% |

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, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | SECOPEBP- Entry Age Normal RTHP-Entry Age |
| Amortization Method | Level Percent of Payroll |
| Remaining Amortization Period | SECOPEBP- 20 years RTHP-30 years |
| Asset Valuation Method | Market Value |
| Investment Rate of Return | SECOPEBP-6.9% RTHP-3.0% |
| Salary Increases | SECOPEBP-3.25% to 19.5% RTHP-3.25%-6.5% |
| Inflation | RTHP-2.75% |
| Claims Trend Assumption | 5.00-10.00% |

State of Connecticut

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| \$ 1,525,371 | \$ 1,271,279 | \$ 1,354,738 | \$ 1,276,099 | N/A | N/A |
| <u>514,696</u> | <u>542,615</u> | <u>541,262</u> | <u>544,767</u> | <u>N/A</u> | <u>N/A</u> |
| <u>\$ 1,010,675</u> | <u>\$ 728,664</u> | <u>\$ 813,476</u> | <u>\$ 731,332</u> | <u>N/A</u> | <u>N/A</u> |
| \$ 3,539,728 | \$ 3,539,728 | \$ 3,902,248 | \$ 3,902,248 | N/A | N/A |
| 14.54% | 15.33% | 13.87% | 13.96% | N/A | N/A |
| | | | | | |
| \$ 187,227 | \$ 180,460 | \$ 184,145 | \$ 177,063 | \$ 121,333 | \$ 116,667 |
| <u>25,955</u> | <u>27,040</u> | <u>49,486</u> | <u>5,312</u> | <u>12,108</u> | <u>22,433</u> |
| <u>\$ 161,272</u> | <u>\$ 153,420</u> | <u>\$ 134,659</u> | <u>\$ 171,751</u> | <u>\$ 109,225</u> | <u>\$ 94,234</u> |
| \$ 3,831,600 | \$ 3,652,500 | \$ 3,652,500 | \$ 3,646,000 | \$ 3,646,000 | \$ 3,399,300 |
| 0.68% | 0.74% | 1.35% | 0.15% | 0.33% | 0.66% |

REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Six Fiscal Years*

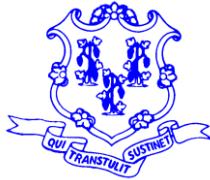
Annual money-weighted rates of return

| net of investment expense | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OPEB Fund | 6.62% | 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 compiled, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of 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

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

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, 2019, and the related notes to the financial statements, which collectively comprise the state's basic financial statements and have issued our report thereon dated February 21, 2020. 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, 2019, 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, 2019.

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

February 21, 2020
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

JOHN C. GERAGOSIAN

STATE CAPITOL

210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

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, 2019. 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 State Education Resource Center, the Clean Water Fund, and the Drinking Water Fund, which expended \$103,571,955 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards, during the year ended June 30, 2019. 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Connecticut's compliance.

Opinion on Each Major Federal Program

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 its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed 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 2019-001, 2019-002, 2019-003, 2019-007, 2019-008, 2019-009, 2019-011, 2019-012, 2019-013, 2019-018, 2019-019, 2019-020, 2019-024, 2019-101, 2019-250, 2019-302, 2019-450, 2019-600, 2019-725, 2019-730, 2019-732, 2019-734, 2019-801, 2019-802, 2019-803, and 2019-804. 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 are 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.

This report replaces one previously issued on June 12, 2020. Subsequent to that issuance, it was determined that the noncompliance present in item 2019-029 was incorrectly labeled as a material weakness in the internal control process. Upon further review, we concluded that the condition was more appropriately described as a significant deficiency in the internal control

report, item 2019-029, and the status reflected in the Index of the Schedule of Findings and Questioned Costs, have been modified accordingly.

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 2019-153, 2019-801, 2019-802, and 2019-804 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 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, 2019-013, 2019-014, 2019-015, 2019-016, 2019-017, 2019-018, 2019-019, 2019-020, 2019-021, 2019-022, 2019-023, 2019-024, 2019-025, 2019-026, 2019-027, 2019-028, 2019-029, 2019-030, 2019-100, 2019-101, 2019-150, 2019-151, 2019-152, 2019-200, 2019-250, 2019-300, 2019-301, 2019-302, 2019-450, 2019-600, 2019-650, 2019-651, 2019-652, 2019-725, 2019-726, 2019-727, 2019-728, 2019-729, 2019-

2019-730, 2019-731, 2019-732, 2019-733, 2019-734, 2019-735, 2019-775, 2019-776, 2019-777, 2019-778, 2019-779, 2019-800, and 2019-803 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, 2019, 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 February 22, 2020, 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
State Auditor



Clark J. Chapin
State Auditor

June 12, 2020, except for item 2019-029, which is as of September 20, 2022.
State Capitol
Hartford, Connecticut

Schedule of Expenditures of Federal Awards

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| 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 | | | | | | |
| PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE | 10.001 | | | | \$ - \$ | 1,115,373 |
| PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE | 10.025 | | | | \$ 4,698 | \$ 479,685 |
| VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM | 10.093 | | | | \$ - \$ | 33,629 |
| INSPECTION GRADING AND STANDARDIZATION | 10.162 | | | | \$ - \$ | 150 |
| MARKET PROTECTION AND PROMOTION | 10.163 | | | | \$ 48,625 | \$ 48,843 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | | | \$ 21,524 | \$ 299,579 |
| COOPERATIVE FORESTRY RESEARCH | 10.202 | | | | \$ - \$ | 472,087 |
| PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT | 10.203 | | | | \$ - \$ | 2,134,633 |
| ANIMAL HEALTH AND DISEASE RESEARCH | 10.207 | | | | \$ - \$ | 14,030 |
| HIGHER EDUCATION & GRADUATE FELLOWSHIPS GRANT PROGRAM | 10.210 | | | | \$ - \$ | 5,000 |
| BIOTECHNOLOGY RISK ASSESSMENT RESEARCH | 10.219 | | | | \$ - \$ | 75,087 |
| SECONDARY AND TWO-YEAR POSTSECONDARY AGRICULTURE EDUCATION CHALLENGE GRANTS | 10.226 | | | | \$ - \$ | 5,634 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | | | \$ - \$ | 5,225 |
| INTEGRATED PROGRAMS | 10.303 | | | | \$ 169,653 | \$ 348,711 |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | | | \$ 267,171 | \$ 2,520,560 |
| BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM | 10.311 | | | | \$ 65,662 | \$ 224,652 |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM | 10.329 | | | | \$ - \$ | 162,641 |
| CROP INSURANCE | 10.450 | | | | \$ - \$ | 3,488 |
| CROP INSURANCE EDUCATION IN TARGETED STATES | 10.458 | | | | \$ - \$ | 190,845 |
| FOOD SAFETY COOPERATIVE AGREEMENTS | 10.479 | | | | \$ - \$ | 80,550 |
| COOPERATIVE EXTENSION SERVICE (SMITH-LEVER FUNDING (VARIOUS PROGRAMS)) | 10.500 | | | | \$ 695 | \$ 1,138,040 |
| EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM | 10.514 | | | | \$ - \$ | 1,152,525 |
| RENEWABLE RESOURCES EXTENSION ACT AND NATIONAL FOCUS FUND PROJECTS | 10.515 | | | | \$ - \$ | 123,574 |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) EMPLOYMENT | 10.537 | | | | \$ - \$ | 32,941 |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SEE NOTE 4) | 10.551 | | | | \$ - \$ | 590,913,863 |
| SCHOOL BREAKFAST PROGRAM | 10.553 | | | | \$ 35,237,969 | \$ 36,318,067 |
| NATIONAL SCHOOL LUNCH PROGRAM (SEE NOTE 4) | 10.555 | | | | \$ 113,751,088 | \$ 132,511,418 |
| SPECIAL MILK PROGRAM FOR CHILDREN | 10.556 | | | | \$ 99,949 | \$ 99,949 |
| SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (SEE NOTE 6) | 10.557 | | | | \$ 12,139,962 | \$ 41,347,137 |
| CHILD AND ADULT CARE FOOD PROGRAM | 10.558 | | | | \$ 19,615,966 | \$ 19,826,266 |
| SUMMER FOOD SERVICE PROGRAM FOR CHILDREN (SEE NOTE 4) | 10.559 | | | | \$ 4,536,177 | \$ 5,055,531 |
| STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION | 10.560 | | | | \$ - \$ | 2,366,950 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | \$ 2,714,072 | \$ 59,213,144 |
| COMMODITY SUPPLEMENTAL FOOD PROGRAM | 10.565 | | | | \$ 137,369 | \$ 141,676 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| 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 FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS) | 10.568 | | | | \$ 625,924 | \$ 631,596 |
| WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP) | 10.572 | | | | \$ - | \$ 311,453 |
| FARM TO SCHOOL GRANT PROGRAM | 10.575 | | | | \$ - | \$ 10,570 |
| SENIOR FARMERS MARKET NUTRITION PROGRAM | 10.576 | | | | \$ - | \$ 84,848 |
| WIC GRANTS TO STATES (WGS) | 10.578 | | | | \$ 6,294 | \$ 250,536 |
| CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY | 10.579 | | | | \$ 194,043 | \$ 207,117 |
| FRESH FRUIT AND VEGETABLE PROGRAM | 10.582 | | | | \$ - | \$ 2,545,249 |
| COOPERATIVE FORESTRY ASSISTANCE | 10.664 | | | | \$ 106,404 | \$ 764,467 |
| FOREST LEGACY PROGRAM | 10.676 | | | | \$ - | \$ 161,723 |
| FOREST HEALTH PROTECTION | 10.680 | | | | \$ - | \$ 34,196 |
| PARTNERSHIP AGREEMENTS | 10.699 | | | | \$ - | \$ 4,487 |
| ENVIRONMENTAL QUALITY INCENTIVES PROGRAM | 10.912 | | | | \$ 7,158 | \$ 75,921 |
| FARM AND RANCH LANDS PROTECTION PROGRAM | 10.913 | | | | \$ - | \$ 515,693 |
| WILDLIFE HABITAT INCENTIVE PROGRAM | 10.914 | | | | \$ - | \$ (260) |
| REGIONAL CONSERVATION PARTNERSHIP PROGRAM | 10.932 | | | | \$ 8,316 | \$ 44,103 |
| FARM TO SCHOOL OUTREACH AND TRAINING | 10.U01 | 18SDE0131AA | | | \$ - | \$ 44,081 |
| LAYING THE FOUNDATION FOR A STATEWIDE FARM TO SCHOOL LAUNCH | 10.U01 | 17SDE0054AA | | | \$ - | \$ 31,285 |
| LISTERIA MONOCYTOGENES GROWTH & SURVIVAL | 10.U01 | 2017CPS02 | | | \$ - | \$ 1,330 |
| DEPARTMENT OF AGRICULTURE DIRECT PROGRAMS Total | | | | | \$ 189,758,719 | \$ 904,301,937 |
| DEPARTMENT OF AGRICULTURE PASS THROUGH PROGRAMS | | | | | | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | VERMONT LAW SCHOOL | AG170185 | \$ - | \$ 51,687 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | UNIVERSITY OF NEBRASKA | 26-6231-0340-003 | \$ - | \$ 23,414 |
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | RUTGERS UNIVERSITY | 5890-NER15OHP-Aulakh | | |
| | | | RUTGERS UNIVERSITY | 5966-NER16OHP-LaMondia | | |
| | | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 28838-Z5659003 | \$ - | \$ 14,432 |
| | | | UNIVERSITY OF MASSACHUSETTS, AMHERST | Subaward 18 010456 B 00 | | |
| | | | UNIVERSITY OF VERMONT | Coordinator16-31064 | | |
| | | | UNIVERSITY OF VERMONT | GNE16-128-29994 | | |
| | | | UNIVERSITY OF VERMONT | GNE17-146-31064 | | |
| | | | UNIVERSITY OF VERMONT | PDP18-33243 | | |
| | | | UNIVERSITY OF VERMONT | LNE18-363-32231 | | |
| SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION | 10.215 | | UNIVERSITY OF VERMONT | CoordinatorPDP17-32231 | \$ 977 | \$ 284,733 |
| | | | UNIVERSITY OF VERMONT | Subaward SNE-17-01-32231 | | |
| HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS | 10.223 | | UNIVERSITY OF VERMONT | SNE18-01-33243 | \$ - | \$ 79,260 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | UNIVERSITY OF TEXAS, RIO GRANDE VALLEY | 2015-38422-24059(6) | \$ - | \$ 3,258 |
| RESEARCH INNOVATION AND DEVELOPMENT GRANTS IN ECONOMIC (RIDGE) | 10.255 | | JOHNS HOPKINS UNIVERSITY | 2003019916 | \$ - | \$ 5,859 |
| INTEGRATED PROGRAMS | 10.303 | | TUFTS UNIVERSITY | 101383-00001/PO #EP01520199 | \$ - | \$ 22,446 |
| HOMELAND SECURITY_AGRICULTURAL | 10.304 | | UNIVERSITY OF IDAHO | 2013-51102-21015 | | |
| | | | CORNELL UNIVERSITY | BJKR15-SB-001 | \$ - | \$ 13,883 |
| | | | CORNELL UNIVERSITY | 80289-10764 | \$ - | \$ 20,733 |
| SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | | RUTGERS UNIVERSITY | Subaward No. 80289-10770 | \$ - | \$ 20,738 |
| | | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | 422179-19756 | | |
| | | | CORNELL UNIVERSITY | 64094-9752 | | |
| | | | RUTGERS UNIVERSITY | 6063-PP2016-Stoner | | |
| | | | UNIVERSITY OF FLORIDA | Subaward No. UFDSP00010709 | \$ - | \$ 281,592 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thorough to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|--|---|--|----------------------|
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | UNIVERSITY OF CALIFORNIA, DAVIS UNIVERSITY OF NEVADA LAS VEGAS (UNLV) CORNELL UNIVERSITY CORNELL UNIVERSITY CORNELL UNIVERSITY CORNELL UNIVERSITY | 201700151-01 UNLV GR08663/USDA 2017- 67022-26608 73984-10396 73984-10396 73984-10396 73984-11013 86935-11195 | \$ - \$ | 147,047 |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM | 10.329 | | CORNELL UNIVERSITY | | 25,082 \$ | 55,253 |
| FOOD INSECURITY NUTRITION INCENTIVE GRANTS PROGRAM | 10.331 | | FARM FRESH RHODE ISLAND KANSAS STATE UNIVERSITY KANSAS STATE UNIVERSITY | PREAWARD S17112.01 S19115 | \$ - \$ | 39,821 |
| COOPERATIVE EXTENSION SERVICE | 10.500 | | UNIVERSITY OF MISSOURI | C00059381-5 | \$ - \$ | 30,616 |
| SCHOOL WELLNESS POLICY COOPERATIVE AGREEMENT URBAN AND COMMUNITY FORESTRY PROGRAM | 10.597 10.675 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN MORTON ARBORETUM CONNECTICUT ASSOCIATION OF CONSERVATION DISTRICTS | PREAWARD 15-DG-11132544-035 | \$ - \$ | 760 4,644 |
| REGIONAL CONSERVATION PARTNERSHIP PROGRAM | 10.932 | | | Agreemwnt #11-UCONN-SH | \$ - \$ | 112,147 |
| DEPARTMENT OF AGRICULTURE PASS THROUGH PROGRAMS Total | | | | | \$ 26,059 \$ | 1,212,324 |
| DEPARTMENT OF AGRICULTURE Total | | | | | \$ 189,784,778 \$ | 905,514,261 |
| DEPARTMENT OF COMMERCE | | | | | | |
| DEPARTMENT OF COMMERCE DIRECT PROGRAMS | | | | | | |
| CLUSTER GRANTS | 11.020 | | | | \$ - \$ | 218,421 |
| ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE | 11.303 | | | | \$ - \$ | 123,190 |
| INTERJURISDICTIONAL FISHERIES ACT OF 1986 | 11.407 | | | | \$ - \$ | 14,357 |
| SEA GRANT SUPPORT | 11.417 | | | | \$ 65,718 \$ | 1,551,240 |
| COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS | 11.419 | | | | \$ 200 \$ | 2,190,383 |
| COASTAL ZONE MANAGEMENT ESTUARINE RESEARCH RESERVES | 11.420 | | | | \$ - \$ | 128 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT GRANTS AND COOPERATIVE AGREEMENTS | | | | | | |
| PROGRAM | 11.427 | | | | \$ - \$ | 15,769 |
| CLIMATE AND ATMOSPHERIC RESEARCH | 11.431 | | | | \$ 32,627 \$ | 86,243 |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) COOPERATIVE INSTITUTES | 11.432 | | | | \$ - \$ | 17,093 |
| COOPERATIVE FISHERY STATISTICS | 11.434 | | | | \$ - \$ | 95,846 |
| CONGRESSIONALLY IDENTIFIED AWARDS AND PROJECTS | 11.469 | | | | \$ - \$ | 61,700 |
| UNALLIED SCIENCE PROGRAM | 11.472 | | | | \$ - \$ | 74,022 |
| ATLANTIC COASTAL FISHERIES COOPERATIVE MANAGEMENT ACT | 11.474 | | | | \$ - \$ | 105,409 |
| CENTER FOR SPONSORED COASTAL OCEAN RESEARCH_COASTAL OCEAN PROGRAM | 11.478 | | | | \$ - \$ | 106,593 |
| STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM | 11.549 | | | | \$ - \$ | 155 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | | | \$ - \$ | 111,114 |
| MARINE DEBRIS PROGRAM | 11.999 | | | | \$ - \$ | 71,053 |
| DEPARTMENT OF COMMERCE DIRECT PROGRAMS Total | | | | | \$ 98,545 \$ | 4,842,716 |
| DEPARTMENT OF COMMERCE PASS THROUGH PROGRAMS | | | | | | |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|---|--|-------------------------------------|---|---|---|--|
| INTEGRATED OCEAN OBSERVING SYSTEM (IOOS) SEA GRANT SUPPORT | 11.012 11.417 | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS RUTGERS UNIVERSITY UNIVERSITY OF WASHINGTON UNIVERSITY OF NEW HAMPSHIRE WOODS HOLE OCEANOGRAPHIC INSTITUTION | A005-01 PRAWARD PRAWARD UWSC100786 17-022 A101322 | \$ - \$ \$ - \$ \$ - \$ | 424,154 4,658 11,529 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT GRANTS AND COOPERATIVE AGREEMENTS PROGRAM | 11.427 | | UNIVERSITY OF HAWAII UNIVERSITY OF WASHINGTON UNIVERSITY OF WASHINGTON AK DEPARTMENT OF FISH AND GAME UNIVERSITY OF ALASKA, FAIRBANKS NATURE CONSERVANCY | MA1272 UWSC10546/BPO35729 UWSC10461 160002056 UAF 17-0033 | \$ - \$ \$ - \$ | 1,360 93,065 |
| CLIMATE AND ATMOSPHERIC RESEARCH | 11.431 | | | | | |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | | | | |
| OFFICE FOR COASTAL MANAGEMENT CENTER FOR SPONSORED COASTAL OCEAN RESEARCH_COASTAL OCEAN PROGRAM | 11.473 11.478 | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS WOODS HOLE OCEANOGRAPHIC INSTITUTION | MA1112017CT A0007-001 PO M219934 | \$ - \$ \$ - \$ | 34,189 59,516 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY CONSTRUCTION GRANT PROGRAM ARRANGEMENTS FOR INTERDISCIPLINARY RESEARCH INFRASTRUCTURE DOLPHIN AND TURTLE IMMUNOLOGY TEXT & DATA ANALYTICS FOR CENSUS OPERATIONS | 11.609 11.618 11.619 11.001 11.001 | 5700-UCONN S/C-001 UCUE2018-USCB | UNIVERSITY OF MICHIGAN ENFIELD FIRE DEPARTMENT, CT NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND EDUCATION INDUSTRIAL ECONOMICS (IEC) NEWLIGHT TECHNOLOGIES | 3004566003 AG181217 AG180853 5700-UCONN S/C-001 UCUE2018-USCB | \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ | 3,328 58,771 90 (8,060) 58,529 |
| VALIDATION OF AN EXHALED NITRIC OXIDE (NO) BASED MODEL OF HYPERBARIC OXIDATIVE STRESS AND PULMONARY OXYGEN TOXICITY SUSCEPTIBILITY PRE- AND POST-DIV | 11.001 | PO10215908 | LEIDOS | PO10215908 | \$ - \$ \$ - \$ | 97,509 880,220 |
| DEPARTMENT OF COMMERCE PASS THROUGH PROGRAMS Total | | | | | \$ 98,545 | \$ 5,722,936 |
| DEPARTMENT OF DEFENSE | | | | | | |
| DEPARTMENT OF DEFENSE DIRECT PROGRAMS | | | | | | |
| STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES | 12.113 | | | | \$ - \$ | 18,785 |
| BASIC AND APPLIED SCIENTIFIC RESEARCH | 12.300 | | | | \$ 1,521,983 | \$ 4,841,021 |
| BASIC SCIENTIFIC RESEARCH - COMBATING WEAPONS OF MASS DESTRUCTION | 12.351 | | | | \$ 200,000 | \$ 312,816 |
| NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS | 12.401 | | | | \$ - \$ | 24,977,728 |
| NATIONAL GUARD CHALLENGE PROGRAM | 12.404 | | | | \$ - \$ | 649,084 |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | | | \$ 25,050 | \$ 732,521 |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | | | \$ - \$ | 352,044 |
| ECONOMIC ADJUSTMENT ASSISTANCE FOR STATE GOVERNMENTS | 12.617 | | | | \$ 175,802 | \$ 175,802 |
| TROOPS TO TEACHERS GRANT PROGRAM | 12.620 | | | | \$ - \$ | 129,883 |
| BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING | 12.630 | | | | \$ | 531 |

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|--|---------------------------|---------------------------------------|---|--|---|-------------------------|
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | | | \$ 1,032,138 | \$ 2,088,703 |
| MATHEMATICAL SCIENCES GRANTS PROGRAM | 12.901 | | | | \$ - | \$ 91,966 |
| RADAR AND EO SYSTEMS TRACK DETECTION ALGORITHMS FOR BMD | 12.U01 | HQ0147-15-C-6004 | | | \$ - | \$ (91,765) |
| SIMULATION-BASED UNCERTAINTY QUANTIFICATION OF MANUFACTURING TECHNOLOGIES | 12.U01 | FA8650-18-C-5700 | | | \$ - | \$ 733,594 |
| STABLE-ISOTOPE LABELED TRACERS, AN INNOVATION WAY TO VALIDATE NATURAL ATTENUATION OF RDX IN GROUNDWATER TRACKING THE HEALTH OF SOLDIERS WITH ADVANCED IMPLANTABLE NANO-SENSORS | 12.U01 | N39430-17-C-1931 | | | \$ - | \$ 141,130 |
| TRACKING THE UPTAKE, TRANSLOCATION, CYCLING AND METABOLISM OF MUNITIONS COMPOUNDS IN COASTAL MARINE ECOSYSTEMS USING STABLE ISOTOPIC TRACER | 12.U01 | W81XWH-15-C-0069 | | | \$ 65,890 | \$ 344,313 |
| DEPARTMENT OF DEFENSE DIRECT PROGRAMS Total | | W912HQ18P0002 | | | \$ - | \$ 28,364 |
| DEPARTMENT OF DEFENSE PASS THROUGH PROGRAMS | | | | | \$ 3,020,863 | \$ 35,526,520 |
| BASIC SCIENTIFIC RESEARCH - COMBATING WEAPONS OF MASS DESTRUCTION | 12.351 | | LABORATORY OF THE MINISTRY OF AGRICULTURE OF GEORGIA | HDTM1-18-1-0053/P00001 WAKE FOREST KFS 5619350 PO#54081 | \$ - | \$ 4,806 |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | UNIVERSITY OF CONNECTICUT UNIVERSITY OF PITTSBURGH CREARE JACKSON (HENRY M.) FOUNDATION UNIVERSITY OF SOUTHERN CALIFORNIA | 0056666(41361- 15)/DODW81XWH1720073 Subcontract No. 75609 Subaward# 3885/PO# 915062 94598298 | \$ - | \$ 390,268 |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | WAKE FOREST UNIVERSITY NORTH CAROLINA STATE UNIVERSITY NORTHEASTERN UNIVERSITY | WFUHS 441059 ER-09 2015-0978-02 504108-78050 | \$ - | \$ 338,797 |
| BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING | 12.630 | | UNIVERSITY OF CALIFORNIA, LOS ANGELES ACADEMY OF APPLIED SCIENCE NATIONAL SCIENCE TEACHERS ASSOCIATION NATIONAL SCIENCE TEACHERS ASSOCIATION UNITED TECHNOLOGIES-RESEARCH CENTER ADVANCED ROBOTICS FOR MANUFACTURING (ARM) INSTITUTE | 1000 G SA915 US ARMY/AAS NSTA/US ARMY 19-871-007 NSTA/US ARMY 19-871-106 PO #2605995 ARM-EWD-17-02-F-09 | \$ - | \$ 134,184 |
| AF 182-100 SBIR-PHASE I: COUPLED INFUSION-CURE MODELING SIMULATION FOR LOW-COST COMPOSITE PARTS FOR PROCESS DEFECTS AND GEOMETRIC CONFORMITY | 12.U01 | AG 190439 | GLOBAL ENGINEERING AND MATERIALS | AG 190439 | \$ - | \$ 17,537 |
| BRAIN FUNCTION ASSESSMENT | 12.U01 | AG170769 | BRAINSCOPE COMPANY | AG170769 | \$ - | \$ 4,476 |
| DESIGN AND PROCESSING OF LOW PHASE NOISE LASER AND GAIN CHIP | 12.U01 | PO# 183190 | SYSTEMS ENGINEERING ASSOCIATES CORPORATION (SEA CORP) | PO# 183190 | \$ - | \$ 15,661 |
| EFFECT OF WAKEFULNESS ON AUDITORY CUED VISUAL SEARCH | 12.U01 | PO10209796 PO10215920 | LEIDOS LEIDOS | PO10209796 PO10215920 | \$ - | \$ 30,765 892 |
| EFFICIENT COMBUSTION CHEMISTRY MODEL DEVELOPMENT WITH UNCERTAINTY QUANTIFICATION | 12.U01 | | 20180012 CFD RESEARCH CORPORATION | 20180012 | \$ - | \$ 41,409 |
| HIGHLY-MANEUVERING OBSCURED TARGET EXTRACTION WITH OTHR | 12.U01 | CRFR-054 | MATRIX RESEARCH | CRFR-054 | \$ - | \$ 191,445 |
| INTEGRATED BIAS ESTIMATION AND TRACKING FOR EO/IR FUSED SYSTEMS | 12.U01 | SC17-C046-1 | TOYON | SC17-C046-1 | \$ - | \$ 103,454 |

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|---|---------------------|---------------------------------|------------------------------|--|--|--------------------------|
| PASSIVE THREE-DIMENSIONAL IMAGING IN LOW LIGHT LEVELS WITH MOBILE DEVICES | 12.U01 | PO#27664 | MTEQ | PO#27664 | \$ - \$ | 74,005 |
| SECURE EFFICIENT CROSS-DOMAIN PROTOCOLS-PHASE II | 12.U01 | 201500410-S | SONALYSTS | 201500410-S | \$ - \$ | 82,313 |
| STABLE-ISOTOPE LABELED TRACERS, AN INNOVATION WAY TO VALIDATE NATURAL ATTENUATION OF RDX IN GROUNDWATER SYSTEM IDENTIFICATION AND TESTING OF A MAGNETORHEOLOGICAL (MR) FLUID DAMPER | 12.U01 | PO 4440278825 | MINISTRY OF DEFENSE (ISRAEL) | PO 4440278825 | \$ - \$ | 41,904 |
| TECHNICAL DIRECTIVE TD-01-007: TURKEY MOFAL | 12.U01 | PO SNE099-004 | ELECTRIC BOAT CORPORATION | PO SNE099-004 | \$ - \$ | 49,950 |
| EPIDEMIOLOGY AND LABORATORY DIAGNOSTIC TESTING | 12.U01 | PO10204923 | LEIDOS | PO10204923 | \$ 40,077 \$ 40,077 \$ | 156,142 1,683,853 |
| DEPARTMENT OF DEFENSE PASS THROUGH PROGRAMS Total | | | | | \$ 3,060,940 \$ | 37,210,373 |
| DEPARTMENT OF DEFENSE Total | | | | | | |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS | | | | | | |
| MULTIFAMILY HOUSING SERVICE COORDINATORS | 14.191 | | | | \$ 278,124 \$ | 278,124 |
| SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM (SEE NOTE 1) | 14.195 | | | | \$ - \$ | 5,714,589 |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS | 14.218 | | | | \$ - \$ | 762 |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII | 14.228 | | | | \$ 9,118,619 \$ | 9,461,243 |
| EMERGENCY SOLUTIONS GRANT PROGRAM | 14.231 | | | | \$ 1,980,731 \$ | 2,069,542 |
| SHELTER PLUS CARE | 14.238 | | | | \$ - \$ | 18,980 |
| HOME INVESTMENT PARTNERSHIPS PROGRAM | 14.239 | | | | \$ 101,365 \$ | 2,609,988 |
| HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS | 14.241 | | | | \$ 235,613 \$ | 235,613 |
| SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY (SEE NOTE 1) | 14.249 | | | | \$ - \$ | 62,469 |
| CONTINUUM OF CARE PROGRAM | 14.267 | | | | \$ 2,666,976 \$ | 26,029,743 |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | \$ - \$ | 9,069,838 |
| NATIONAL DISASTER RESILIENCE COMPETITION | 14.272 | | | | \$ - \$ | 3,731,495 |
| NATIONAL RESILIENT DISASTER RECOVERY COMPETITION | 14.272 | | | | \$ 66,725 \$ | 134,376 |
| HOUSING TRUST FUND | 14.275 | | | | \$ - \$ | 382,733 |
| YOUTH HOMELESSNESS DEMONSTRATION PROGRAM | 14.276 | | | | \$ 1,033,262 \$ | 1,033,263 |
| PROJECT RENTAL ASSISTANCE DEMONSTRATION (PRA DEMO) | | | | | | |
| PROGRAM OF SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES | 14.326 | | | | \$ - \$ | 347,910 |
| FAIR HOUSING ASSISTANCE PROGRAM_STATE AND LOCAL | 14.401 | | | | \$ - \$ | 150,681 |
| LOWER INCOME HOUSING ASSISTANCE PROGRAM_SECTION 8 MODERATE REHABILITATION (SEE NOTE 1) | 14.856 | | | | \$ - \$ | 89,037 |
| SECTION 8 HOUSING CHOICE VOUCHERS (SEE NOTE 1) | 14.871 | | | | \$ - \$ | 89,944,276 |
| MAINSTREAM VOUCHERS | 14.879 | | | | \$ - \$ | 2,179,191 |
| FAMILY SELF-SUFFICIENCY PROGRAM | 14.896 | | | | \$ - \$ | 195,632 |
| LEAD HAZARD REDUCTION DEMONSTRATION GRANT PROGRAM | 14.905 | | | | \$ 2,816,800 \$ | 2,816,800 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS Total | | | | | \$ 18,298,215 \$ | 156,556,285 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS THROUGH PROGRAMS | | | | | | |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS | 14.218 | | CITY OF MIDDLETON | 18-0008 | \$ - \$ | 342 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS THROUGH PROGRAMS Total | | | | | | |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thorough to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|--------------------------------|--|--|-----------------------|
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Total | | | | | \$ 18,298,215 | \$ 156,556,627 |
| DEPARTMENT OF THE INTERIOR | | | | | | |
| DEPARTMENT OF THE INTERIOR DIRECT PROGRAMS | | | | | | |
| HURRICANE SANDY DISASTER RELIEF & COASTAL RESILIENCY GRANTS. | 15.153 | | | | \$ - \$ 85 | |
| WATER DESALINATION RESEARCH AND DEVELOPMENT PROGRAM | 15.506 | | | | \$ - \$ 53,846 | |
| SPORT FISH RESTORATION PROGRAM | 15.605 | | | | \$ - \$ 2,953,948 | |
| FISH AND WILDLIFE MANAGEMENT ASSISTANCE | 15.608 | | | | \$ - \$ 43,113 | |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | \$ 196,815 \$ 6,337,305 | |
| CLEAN VESSEL ACT PROGRAM | 15.616 | | | | \$ 1,118,848 \$ 1,455,389 | |
| SPORTFISHING AND BOATING SAFETY ACT | 15.622 | | | | \$ - \$ 11,365 | |
| NORTH AMERICAN WETLANDS CONSERVATION FUND | 15.623 | | | | \$ - \$ 139,852 | |
| WILDLIFE CONSERVATION AND RESTORATION | 15.625 | | | | \$ - \$ 1,219 | |
| STATE WILDLIFE GRANTS | 15.634 | | | | \$ 75,426 \$ 583,535 | |
| RESEARCH GRANTS (GENERIC) | 15.650 | | | | \$ - \$ 59 | |
| HIGHLANDS CONSERVATION PROGRAM | 15.667 | | | | \$ 205,500 \$ 843,100 | |
| ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES | 15.805 | | | | \$ 2,000 \$ 76,277 | |
| U.S. GEOLOGICAL SURVEY _ RESEARCH AND DATA COLLECTION | 15.808 | | | | \$ 38,915 \$ 158,012 | |
| NATIONAL COOPERATIVE GEOLGIC MAPPING PROGRAM | 15.810 | | | | \$ - \$ 42,830 | |
| NATIONAL GEOLOGICAL AND GEOPHYSICAL DATA PRESERVATION PROGRAM | 15.814 | | | | \$ - \$ 16,054 | |
| HISTORIC PRESERVATION FUND GRANTS-IN-AID | 15.904 | | | | \$ 106,350 \$ 736,895 | |
| OUTDOOR RECREATION _ACQUISITION, DEVELOPMENT AND PLANNING | 15.916 | | | | \$ - \$ 531,223 | |
| NATIONAL MARITIME HERITAGE GRANTS PROGRAM | 15.925 | | | | \$ 212,208 \$ 216,575 | |
| HISTORIC PRESERVATION FUND GRANTS TO PROVIDE DISASTER RELIEF TO HISTORIC PROPERTIES DAMAGED BY HURRICANE SANDY | 15.957 | | | | \$ 313,937 \$ 420,756 | |
| WATER USE AND DATA RESEARCH | 15.981 | | | | \$ - \$ 34,163 | |
| ASSESSING PROCESSES THAT DRIVE FISHERIES PRODUCTIVITY ON NEW ENGLAND SAND SHOALS | 15.U01 | MOA-2018-036/11582 | | | \$ - \$ 7,701 | |
| TOWARD NEAR REAL-TIME MONITORING AND CHARACTERIZATION OF LAND SURFACE CHANGE FOR THE CONTERMINOUS US | 15.U01 | 140G119C0008 | | | \$ - \$ 4,249 | |
| DEPARTMENT OF THE INTERIOR DIRECT PROGRAMS Total | | | | | \$ 2,269,999 | \$ 14,667,551 |
| DEPARTMENT OF THE INTERIOR PASS THROUGH PROGRAMS | | | | | | |
| HURRICANE SANDY DISASTER RELIEF & COASTAL RESILIENCY GRANTS. | 15.153 | | THE UNIVERSITY OF RHODE ISLAND | 44017/031715/0004251 | \$ - \$ 633 | |
| BUREAU OF OCEAN ENERGY MANAGEMENT (BOEM) | | | | | | |
| ENVIRONMENTAL STUDIES PROGRAM (ESP) | 15.423 | | UNIVERSITY OF RHODE ISLAND | 0007060/071918 | \$ - \$ 8,594 | |
| MARINE MINERALS ACTIVITIES - HURRICANE SANDY | 15.424 | | THE UNIVERSITY OF RHODE ISLAND | M14AC00011/0004249/0801201 | \$ - \$ 10,217 | |
| HURRICANE SANDY DISASTER RELIEF ACTIVITIES-FWS | 15.677 | | UNIVERSITY OF DELAWARE | 8 | \$ - \$ 7,752 | |
| NATIONAL LAND REMOTE SENSING _EDUCATION OUTREACH AND RESEARCH | 15.815 | | AMERICA VIEW | DEP43000 | \$ - \$ 22,790 | |
| AMERICAN BATTLEFIELD PROTECTION | 15.926 | | TOWN OF MONTAGUE, MA | AV18-CT-01 | \$ - \$ 3,414 | |
| DEPARTMENT OF THE INTERIOR PASS THROUGH PROGRAMS Total | | | | | \$ 53,400 | |
| DEPARTMENT OF THE INTERIOR Total | | | | | \$ 2,269,999 | \$ 14,720,951 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thorough to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|--|----------------------|
| DEPARTMENT OF JUSTICE | | | | | | |
| DEPARTMENT OF JUSTICE DIRECT PROGRAMS | | | | | | |
| LAW ENFORCEMENT ASSISTANCE NARCOTICS AND DANGEROUS DRUGS STATE LEGISLATION | 16.002 | | | | \$ - \$ | 4,174 |
| SEXUAL ASSAULT SERVICES FORMULA PROGRAM | 16.017 | | | | \$ 325,863 \$ | 331,780 |
| GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS | 16.525 | | | | \$ - \$ | 234,197 |
| JUVENILE JUSTICE AND DELINQUENCY PREVENTION_ALLOCATION TO STATES | 16.540 | | | | \$ 844,681 \$ | 844,681 |
| MISSING CHILDREN'S ASSISTANCE | 16.543 | | | | \$ - \$ | 397,242 |
| NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP) | 16.554 | | | | \$ - \$ | 2,424,399 |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | | | \$ - \$ | 70,996 |
| CRIME VICTIM ASSISTANCE | 16.575 | | | | \$ 16,627,268 \$ | 17,252,434 |
| CRIME VICTIM COMPENSATION | 16.576 | | | | \$ - \$ | 587,194 |
| EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM | 16.579 | | | | \$ - \$ | 21,118 |
| CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS | 16.582 | | | | \$ 15,233 \$ | 105,346 |
| VIOLENCE AGAINST WOMEN FORMULA GRANTS | 16.588 | | | | \$ 1,221,480 \$ | 1,787,820 |
| RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS | 16.593 | | | | \$ - \$ | 118,843 |
| STATE CRIMINAL ALIEN ASSISTANCE PROGRAM | 16.606 | | | | \$ - \$ | 332,577 |
| PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS | 16.710 | | | | \$ - \$ | 523,486 |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM | 16.738 | | | | \$ - \$ | 2,514,577 |
| DNA BACKLOG REDUCTION PROGRAM | 16.741 | | | | \$ 716,792 \$ | 758,986 |
| PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM | 16.742 | | | | \$ - \$ | 157,919 |
| SUPPORT FOR ADAM WALSH ACT IMPLEMENTATION GRANT PROGRAM | 16.750 | | | | \$ - \$ | 94,242 |
| EDWARD BYRNE MEMORIAL COMPETITIVE GRANT PROGRAM | 16.751 | | | | \$ - \$ | 98,815 |
| HAROLD ROGERS PRESCRIPTION DRUG MONITORING PROGRAM | 16.754 | | | | \$ - \$ | 353,639 |
| SECOND CHANCE ACT REENTRY INITIATIVE | 16.812 | | | | \$ 396,521 \$ | 1,138,777 |
| JOHN R. JUSTICE PROSECUTORS AND DEFENDERS INCENTIVE ACT POSTCONVICTION TESTING OF DNA EVIDENCE TO EXONERATE THE INNOCENT | 16.816 | | | | \$ - \$ | 38,234 |
| NATIONAL SEXUAL ASSAULT KIT INITIATIVE | 16.820 | | | | \$ - \$ | 116,078 |
| BODY WORN CAMERA POLICY AND IMPLEMENTATION | 16.833 | | | | \$ 67,198 \$ | 354,815 |
| INDIGENT DEFENSE | 16.835 | | | | \$ - \$ | 717,855 |
| EQUITABLE SHARING PROGRAM | 16.836 | | | | \$ - \$ | 22,275 |
| EQUITABLE SHARING PROGRAM | 16.922 | | | | \$ - \$ | 333,514 |
| DEPARTMENT OF JUSTICE DIRECT PROGRAMS Total | | | | | \$ 20,215,036 \$ | 31,736,013 |
| DEPARTMENT OF JUSTICE PASS THROUGH PROGRAMS | | | | | | |
| SERVICES FOR TRAFFICKING VICTIMS | 16.320 | | INTERNATIONAL INSTITUTE OF CONNECTICUT | AG141356 | \$ - \$ | 2,429 |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | URBAN INSTITUTE | 08976-000-00-CDOC-01 | \$ - \$ | 6,688 |
| DRUG COURT DISCRETIONARY GRANT PROGRAM | 16.585 | | OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES | PREAWARD | \$ - \$ | 49,595 |

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| 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 |
|---|---------------------|---------------------------------|--------------------------------------|--|---|----------------------|
| JUVENILE MENTORING PROGRAM | 16.726 | | NATIONAL 4-H COUNCIL | OPM20000 | \$ 30,320 | \$ 52,181 |
| BYRNE CRIMINAL JUSTICE INNOVATION PROGRAM | 16.817 | | NATIONAL 4-H COUNCIL | OPM20000 | \$ - | \$ 24,003 |
| | | | CITY OF HARTFORD POLICE DEPARTMENT | 2017 AJ BX 002 | \$ - | |
| GIRLS IN THE JUVENILE JUSTICE SYSTEM | 16.830 | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0002 | \$ - | \$ 25,885 |
| DEPARTMENT OF JUSTICE PASS THROUGH PROGRAMS Total | | | POLICY RESEARCH ASSOCIATES, INC. | PRA 1106-0003-001-001 / USDOJ | \$ 30,320 | \$ 160,781 |
| DEPARTMENT OF JUSTICE Total | | | | | \$ 20,245,356 | \$ 31,896,794 |
| DEPARTMENT OF LABOR | | | | | | |
| DEPARTMENT OF LABOR DIRECT PROGRAMS | | | | | | |
| LABOR FORCE STATISTICS (SEE NOTE 1) | 17.002 | | | | \$ - | \$ 1,135,447 |
| COMPENSATION AND WORKING CONDITIONS | 17.005 | | | | \$ - | \$ 79,751 |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES (SEE NOTE 1) | 17.207 | | | | \$ 324,188 | \$ 7,100,274 |
| UNEMPLOYMENT INSURANCE (SEE NOTE 1 AND NOTE 7) | 17.225 | | | | \$ - | \$ 664,719,620 |
| SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM | 17.235 | | | | \$ 758,577 | \$ 758,577 |
| TRADE ADJUSTMENT ASSISTANCE (SEE NOTE 1) | 17.245 | | | | \$ - | \$ 5,510,349 |
| WIOA ADULT PROGRAM | 17.258 | | | | \$ 9,543,180 | \$ 10,411,354 |
| WIOA YOUTH ACTIVITIES | 17.259 | | | | \$ 8,778,219 | \$ 10,216,153 |
| H-1B JOB TRAINING GRANTS | 17.268 | | | | \$ 288,953 | \$ 573,542 |
| WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC) (SEE NOTE 1) | 17.271 | | | | \$ - | \$ 124,298 |
| TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS (SEE NOTE 1) | 17.273 | | | | \$ - | \$ 250,191 |
| WORKFORCE INVESTMENT ACT (WIA) NATIONAL EMERGENCY GRANTS | 17.277 | | | | \$ - | \$ 57,489 |
| WIOA DISLOCATED WORKER FORMULA GRANTS | 17.278 | | | | \$ 10,063,565 | \$ 14,957,858 |
| TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCT) GRANTS | 17.282 | | | | \$ - | \$ 439,889 |
| WORKFORCE INNOVATION FUND | 17.283 | | | | \$ 574,468 | \$ 766,492 |
| APPRENTICESHIP USA GRANTS | 17.285 | | | | \$ 106,267 | \$ 489,042 |
| CONSULTATION AGREEMENTS | 17.504 | | | | \$ - | \$ 16,774 |
| MINE HEALTH AND SAFETY GRANTS | 17.600 | | | | \$ - | \$ 84,301 |
| DISABILITY EMPLOYMENT POLICY DEVELOPMENT | 17.720 | | | | \$ - | \$ 256,771 |
| JOBS FOR VETERANS STATE GRANTS (SEE NOTE 1) | 17.801 | | | | \$ - | \$ 256,086 |
| LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM | 17.804 | | | | \$ - | \$ 650,641 |
| DEPARTMENT OF LABOR DIRECT PROGRAMS Total | | | | | \$ 30,437,417 | \$ 718,854,899 |
| DEPARTMENT OF LABOR PASS THROUGH PROGRAMS | | | | | | |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES | 17.207 | | MATHEMATICA POLICY RESEARCH INC | MATHEMATICA 50723S05952/US | \$ - | \$ 27,577 |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | DOL | \$ - | |
| | | | SOUTHEASTERN REGIONAL ACTION COUNCIL | OSY-12-002 | \$ - | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | 1H79TI080253-01 | \$ - | |
| | | | SOUTHEASTERN REGIONAL ACTION COUNCIL | OSY-16-001 | \$ - | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | 1H79TI080253-01 | \$ - | |
| | | | SOUTHEASTERN REGIONAL ACTION COUNCIL | OSY-16-001 | \$ - | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | 1H79TI080253-01 | \$ - | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | 46355-N | \$ 467,843 | \$ 467,843 |
| | | | THE WORKPLACE INC. | HG-22616-12-60-A-9 | \$ - | \$ 50,936 |
| DEPARTMENT OF LABOR PASS THROUGH PROGRAMS Total | | | | | \$ 467,843 | \$ 546,356 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|--------------------------|--|--|-----------------------|
| DEPARTMENT OF LABOR Total | | | | | \$ 30,905,260 | \$ 719,401,255 |
| DEPARTMENT OF STATE | | | | | | |
| DEPARTMENT OF STATE DIRECT PROGRAMS | | | | | | |
| ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS | 19.009 | | | | \$ - \$ 985,250 | |
| DEPARTMENT OF STATE DIRECT PROGRAMS Total | | | | | \$ - \$ 985,250 | \$ 985,250 |
| DEPARTMENT OF STATE Total | | | | | \$ - \$ 985,250 | \$ 985,250 |
| DEPARTMENT OF TRANSPORTATION | | | | | | |
| DEPARTMENT OF TRANSPORTATION DIRECT PROGRAMS | | | | | | |
| AIRPORT IMPROVEMENT PROGRAM | 20.106 | | | | \$ - \$ 27,701 | |
| AVIATION RESEARCH GRANTS | 20.108 | | | | \$ - \$ 77,411 | |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | | | \$ - \$ 95,653 | |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | | \$ 50,823,611 \$ 534,241,765 | |
| HIGHWAY TRAINING AND EDUCATION | 20.215 | | | | \$ - \$ 4,086 | |
| NATIONAL MOTOR CARRIER SAFETY | 20.218 | | | | \$ - \$ 2,763,803 | |
| RECREATIONAL TRAILS PROGRAM | 20.219 | | | | \$ 171,369 \$ 596,080 | |
| PERFORMANCE AND REGISTRATION INFORMATION SYSTEMS MANAGEMENT | 20.231 | | | | \$ - \$ 460,760 | |
| COMMERCIAL DRIVER'S LICENSE PROGRAM IMPROVEMENT GRANT | 20.232 | | | | \$ - \$ 1,081,959 | |
| SAFETY DATA IMPROVEMENT PROGRAM | 20.234 | | | | \$ - \$ (52) | |
| COMMERCIAL VEHICLE INFORMATION SYSTEMS AND NETWORKS | 20.237 | | | | \$ - \$ 2,059,222 | |
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | | | \$ - \$ 43,124 | |
| FEDERAL TRANSIT CAPITAL INVESTMENT GRANTS | 20.500 | | | | \$ - \$ 40,412,400 | |
| METROPOLITAN TRANSPORTATION PLANNING AND STATE AND NON-METROPOLITAN PLANNING AND RESEARCH | 20.505 | | | | \$ 39,981 \$ 95,897 | |
| FEDERAL TRANSIT FORMULA GRANTS | 20.507 | | | | \$ 235,191 \$ 62,993,540 | |
| FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM | 20.509 | | | | \$ 2,242,267 \$ 3,132,583 | |
| ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES | 20.513 | | | | \$ 2,592,610 \$ 2,876,983 | |
| NEW FREEDOM PROGRAM | 20.521 | | | | \$ 437,760 \$ 461,775 | |
| ALTERNATIVES ANALYSIS | 20.522 | | | | \$ - \$ 39,542 | |
| PUBLIC TRANSPORTATION EMERGENCY RELIEF PROGRAM | 20.527 | | | | \$ - \$ 20,855,044 | |
| STATE AND COMMUNITY HIGHWAY SAFETY | 20.600 | | | | \$ 1,426,394 \$ 3,011,519 | |
| ALCOHOL OPEN CONTAINER REQUIREMENTS | 20.607 | | | | \$ 3,234,977 \$ 6,100,358 | |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | | | \$ - \$ 382,407 | |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | | | \$ 1,715,253 \$ 5,703,502 | |
| PIPELINE SAFETY PROGRAM STATE BASE GRANT | 20.700 | | | | \$ - \$ 950,157 | |
| INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS | 20.703 | | | | \$ - \$ 96,016 | |
| PHMSA PIPELINE SAFETY PROGRAM ONE CALL GRANT | 20.721 | | | | \$ - \$ 39,252 | |
| NATIONAL INFRASTRUCTURE INVESTMENTS | 20.933 | | | | \$ 4,339,960 \$ 4,533,972 | |
| DEPARTMENT OF TRANSPORTATION DIRECT PROGRAMS Total | | | | | \$ 67,259,373 \$ 693,136,459 | |
| DEPARTMENT OF TRANSPORTATION PASS THROUGH PROGRAMS | | | | | | |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | NATIONAL ACADEMIES | HR 12-111 PO# SUB0000987 | \$ 12,516 | \$ 77,087 |
| | | | NATIONAL ACADEMIES | HR 17-85 PO SUB0001265 | | |

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|---|---------------------|---------------------------------|--|---|---|----------------------|
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | SHORT LINE SAFETY INSTITUTE | AG180245 | \$ - \$ | 41,952 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | SHORT LINE SAFETY INSTITUTE STATE OF RHODE ISLAND DEPARTMENT OF TRANSPORTATION | AG190971 3541623 | \$ - \$ | 149,067 |
| UNIVERSITY TRANSPORTATION CENTERS PROGRAM IMPROVED PREDICTION MODELS FOR CRASH TYPES AND CRASH SEVERITIES | 20.701 20.U01 | HR 17-62 | MASSACHUSETTS INSTITUTE OF TECHNOLOGY UNIVERSITY OF MAINE UNIVERSITY OF NORTH CAROLINA, CHARLOTTE | 5710003808 UMS-1184 20160688-03-UOC | \$ 13,250 \$ | 370,196 |
| ROAD FLOODING IN COASTAL CONNECTICUT | 20.U01 | AG170204 | NAS/TRANSPORTATION RESEARCH BOARD SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS | HR 17-62 AG170204 | \$ 25,316 \$ | 27,069 |
| DEPARTMENT OF TRANSPORTATION PASS THROUGH PROGRAMS Total | | | | | \$ 51,082 \$ | 50,393 |
| DEPARTMENT OF TRANSPORTATION Total | | | | | \$ 67,310,455 \$ | 715,764 |
| | | | | | | 693,852,223 |
| DEPARTMENT OF THE TREASURY | | | | | | |
| DEPARTMENT OF THE TREASURY DIRECT PROGRAMS | | | | | | |
| LOW INCOME TAXPAYER CLINICS | 21.008 | | | | \$ - \$ | 90,991 |
| DEPARTMENT OF THE TREASURY DIRECT PROGRAMS Total | | | | | \$ - \$ | 90,991 |
| DEPARTMENT OF THE TREASURY Total | | | | | \$ - \$ | 90,991 |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | | | | |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION DIRECT PROGRAMS | | | | | | |
| JOB DISCRIMINATION SPECIAL PROJECTS GRANT | 30.002 | | | | \$ - \$ | 1,848 |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION DIRECT PROGRAMS Total | | | | | \$ - \$ | 1,848 |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION Total | | | | | \$ - \$ | 1,848 |
| NATIONAL AERONAUTICS & SPACE ADMINISTRATION | | | | | | |
| NATIONAL AERONAUTICS & SPACE ADMINISTRATION DIRECT PROGRAMS | | | | | | |
| SCIENCE | 43.001 | | | | \$ 9,494 \$ | 608,784 |
| AERONAUTICS | 43.002 | | | | \$ 121,595 \$ | 180,637 |
| SPACE TECHNOLOGY | 43.012 | | | | \$ - \$ | 131,162 |
| USING RAPIDSCAT OCEAN VECTOR WINDS TO UNDERSTAND THE ORIGIN OF OCEAN TEMPERATURE EXTREMES OFF U.S. COASTS | 43.U01 | 1544398 | | | \$ - \$ | 43,547 |
| NATIONAL AERONAUTICS & SPACE ADMINISTRATION DIRECT PROGRAMS Total | | | | | \$ 131,089 \$ | 964,130 |
| NATIONAL AERONAUTICS & SPACE ADMINISTRATION PASS THROUGH PROGRAMS | | | | | | |
| SCIENCE | 43.001 | | BAY AREA ENVIRONMENT RESEARCH INSTITUTE AMERICAN MUSEUM OF NATURAL HISTORY BERMUDA BIOLOGICAL STATION FOR RESEARCH CALIFORNIA INSTITUTE OF TECHNOLOGY UNIVERSITY OF HARTFORD | 80NSSC17M0014 A25-2018-3/PO 111694 15444UCONN 1590854 AGR-1-15-08 | \$ - \$ | 189,020 |
| EXPLORATION | 43.003 | | NATIONAL SPACE GRANT FOUNDATION (NSGF) | XHab 2019-05 | \$ - \$ | 6,372 |
| | | | | | \$ - \$ | 10,719 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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|---|---------------------|---------------------------------|---|---|--------------------------------------|----------------------|
| NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES DIRECT PROGRAMS Total | | | | | \$ 643,087 | \$ 3,098,842 |
| NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES PASS THROUGH PROGRAMS | | | | | | |
| PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS | 45.025 | | NEFA-NEW ENGLAND FOUNDATION OF THE ARTS | n/a | \$ - | 3,200 |
| PROMOTION OF THE HUMANITIES_RESEARCH | 45.161 | | DREXEL UNIVERSITY | 800106-a/PO # U0133639 | \$ - | 3,953 |
| NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES PASS THROUGH PROGRAMS Total | | | | | \$ - | 7,153 |
| NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES Total | | | | | \$ 643,087 | \$ 3,105,995 |
| NATIONAL SCIENCE FOUNDATION | | | | | | |
| NATIONAL SCIENCE FOUNDATION DIRECT PROGRAMS | | | | | | |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | | | \$ 112,294 | \$ 4,029,584 |
| GEOSCIENCES | 47.050 | | | | \$ 80,619 | \$ 3,131,675 |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | | | \$ 159,725 | \$ 3,047,407 |
| BIOLOGICAL SCIENCES | 47.074 | | | | \$ 327,113 | \$ 5,035,638 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | | | \$ - | \$ 594,124 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | | | \$ 556,153 | \$ 4,653,563 |
| OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING | 47.079 | | | | \$ - | \$ 158,504 |
| INTEGRATIVE ACTIVITIES | 47.083 | | | | \$ 208,124 | \$ 905,755 |
| NATIONAL SCIENCE FOUNDATION DIRECT PROGRAMS Total | | | | | \$ 1,444,028 | \$ 21,556,250 |
| NATIONAL SCIENCE FOUNDATION PASS THROUGH PROGRAMS | | | | | | |
| ENGINEERING | 47.041 | | HEALTH E-SENSE MGENUTY MOBILE SENSE TECHNOLOGIES THEBEAMER | AG170741 AG160940/1632573 AG171434 AG171056 | | |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | YALE UNIVERSITY | C17D12543 (CON-80000133) | \$ 30,999 | \$ 4,943,369 |
| GEOSCIENCES | 47.050 | | YALE UNIVERSITY | C12D11227(D01804) | | |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | NORTH CAROLINA STATE UNIVERSITY JAMES MADISON UNIVERSITY UNIVERSITY OF ARKANSAS UNIVERSITY OF MICHIGAN | 2018-0220-03 SUB AWARD # S15-235-03 SA1804213 3004146005 | \$ - | \$ 66,814 |
| BIOLOGICAL SCIENCES | 47.074 | | GEORGIA INSTITUTE OF TECH | RD199-G16 | \$ - | \$ 2,412 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | UNIVERSITY OF CONNECTICUT WASHINGTON STATE UNIVERSITY CITY COLLEGE OF NEW YORK UNIVERSITY OF GEORGIA UNIVERSITY OF KANSAS UNIVERSITY OF PUERTO RICO, SAN JUAN UNIVERSITY OF PUERTO RICO, SAN JUAN UNIVERSITY OF VIRGINIA | UCONN STORRS KFS#5631140, PO#93382 Subaward No. 123507_G003406 CM00002246-00 SUB000001802 FY2019-030 2016-006 2019-004 GA11020-142299 | \$ - | \$ 115,434 |
| | | | | | | |
| BIOLOGICAL SCIENCES | 47.074 | | WASHINGTON STATE UNIVERSITY | 123664-G003628 | \$ - | \$ 522,655 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | UNIVERSITY OF CHICAGO | FP050648 | \$ - | \$ (104) |

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|--|---------------------|---------------------------------|---|--|--|----------------------|
| | | | EDADVANCE | 17055, 17056, 17057 | | |
| | | | UNIVERSITY OF CONNECTICUT | KSF 5641360/PO 175480/NSF | | |
| | | | AMERICAN EDUCATIONAL RESEARCH ASSOCIATION | 1735225 | | |
| | | | AMERICAN MUSEUM OF NATURAL HISTORY | AG170097 | | |
| | | | RUTGERS UNIVERSITY | 2-2014 | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 0602/PO912594 | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1263-1010-00-B | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 1776-1011-00-B | | |
| | | | UNIVERSITY OF SOUTH FLORIDA | 2014-1281-00-A | | |
| | | | UNIVERSITY OF VIRGINIA | GA11161 150024 | | |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | WASHINGTON STATE UNIVERSITY | 133380-G003963 | \$ - \$ | 446,355 |
| CHARTER OF R/V CONNECTICUT BY WHOI FOR MOORING | | | | | | |
| RECOVERY DEPLOYMENT | 47.U01 | PO M220083 | WOODS HOLE OCEANOGRAPHIC INSTITUTION | PO M220083 | \$ - \$ | 17,952 |
| NATIONAL SCIENCE FOUNDATION PASS THROUGH PROGRAMS Total | | | | | \$ 30,999 \$ | 6,139,920 |
| NATIONAL SCIENCE FOUNDATION Total | | | | | \$ 1,475,027 \$ | 27,696,170 |
| SMALL BUSINESS ADMINISTRATION | | | | | | |
| SMALL BUSINESS ADMINISTRATION DIRECT PROGRAMS | | | | | | |
| SMALL BUSINESS DEVELOPMENT CENTERS | 59.037 | | | | \$ - \$ | 1,329,967 |
| FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM | 59.058 | | | | \$ - \$ | 74,841 |
| STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM | 59.061 | | | | \$ - \$ | 291,291 |
| SMALL BUSINESS ADMINISTRATION DIRECT PROGRAMS Total | | | | | \$ - \$ | 1,696,099 |
| SMALL BUSINESS ADMINISTRATION Total | | | | | \$ - \$ | 1,696,099 |
| DEPARTMENT OF VETERANS AFFAIRS | | | | | | |
| DEPARTMENT OF VETERANS AFFAIRS DIRECT PROGRAMS | | | | | | |
| GRANTS TO STATES FOR CONSTRUCTION OF STATE HOME | | | | | | |
| FACILITIES | 64.005 | | | | \$ - \$ | 289,159 |
| VETERANS STATE DOMICILIARY CARE | 64.014 | | | | \$ - \$ | 1,836,901 |
| VETERANS STATE HOSPITAL CARE | 64.016 | | | | \$ - \$ | 5,960,573 |
| VA ASSISTANCE TO UNITED STATES PARALYMPIC INTEGRATED | | | | | | |
| ADAPTIVE SPORTS PROGRAM | 64.034 | | | | \$ - \$ | 26,600 |
| BURIAL EXPENSES ALLOWANCE FOR VETERANS | 64.101 | | | | \$ - \$ | 366,649 |
| ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE | 64.124 | | | | \$ - \$ | 213,500 |
| STATE CEMETERY GRANTS | 64.203 | | | | \$ - \$ | 6,083,690 |
| DEPARTMENT OF VETERANS AFFAIRS DIRECT PROGRAMS Total | | | | | \$ - \$ | 14,777,072 |
| DEPARTMENT OF VETERANS AFFAIRS Total | | | | | \$ - \$ | 14,777,072 |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| ENVIRONMENTAL PROTECTION AGENCY DIRECT PROGRAMS | | | | | | |
| STATE INDOOR RADON GRANTS | 66.032 | | | | \$ - \$ | 230,403 |
| SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, | | | | | | |
| DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING | | | | | | |
| TO THE CLEAN AIR ACT | 66.034 | | | | \$ - \$ | 300,062 |
| STATE CLEAN DIESEL GRANT PROGRAM | 66.040 | | | | \$ 45,116 \$ | 108,094 |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | | | \$ - \$ | 7,800 |
| STATE PUBLIC WATER SYSTEM SUPERVISION | 66.432 | | | | \$ - \$ | 1,021,038 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | | | \$ 149,404 \$ | 2,633,441 |
| WATER QUALITY MANAGEMENT PLANNING | 66.454 | | | | \$ - \$ | 93,311 |
| NONPOINT SOURCE IMPLEMENTATION GRANTS | 66.460 | | | | \$ 1,101,454 \$ | 1,245,818 |

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| 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 |
|--|------------------------------------|--|--|---|--|---------------------------------|
| REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS | 66.461 | | | | \$ - \$ | 93,481 |
| BEACH MONITORING AND NOTIFICATION PROGRAM | | | | | | |
| IMPLEMENTATION GRANTS | 66.472 | | | | \$ - \$ | 213,960 |
| SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM | 66.509 | | | | \$ - \$ | 80,082 |
| OFFICE OF RESEARCH AND DEVELOPMENT CONSOLIDATED | | | | | | |
| RESEARCH/TRAINING/FELLOWSHIPS | 66.511 | | | | \$ - \$ | 26,295 |
| SCIENCE TO ACHIEVE RESULTS (STAR) FELLOWSHIP PROGRAM | 66.514 | | | | \$ - \$ | 23,503 |
| PERFORMANCE PARTNERSHIP GRANTS | 66.605 | | | | \$ - \$ | 10,097,248 |
| TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE | | | | | | |
| AGREEMENTS | 66.701 | | | | \$ - \$ | 135,558 |
| TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS | 66.707 | | | | \$ - \$ | 239,955 |
| POLLUTION PREVENTION GRANTS PROGRAM | 66.708 | | | | \$ - \$ | 71,218 |
| SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE | | | | | | |
| SITE-SPECIFIC COOPERATIVE AGREEMENTS | 66.802 | | | | \$ - \$ | 545,948 |
| UNDERGROUND STORAGE TANK (UST) PREVENTION, DETECTION, AND COMPLIANCE PROGRAM | 66.804 | | | | \$ - \$ | 303,296 |
| LEAKING UNDERGROUND STORAGE TANK TRUST FUND | | | | | | |
| CORRECTIVE ACTION PROGRAM | 66.805 | | | | \$ - \$ | 717,859 |
| SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM | | | | | | |
| COOPERATIVE AGREEMENTS | 66.809 | | | | \$ - \$ | 146,649 |
| STATE AND TRIBAL RESPONSE PROGRAM GRANTS | 66.817 | | | | \$ - \$ | 785,682 |
| BROWNFIELDS ASSESSMENT AND CLEANUP COOPERATIVE | | | | | | |
| AGREEMENTS | 66.818 | | | | \$ 123,908 \$ | 123,908 |
| LOW-COST, REAL-TIME, IN SITU CONTINUOUS MEASUREMENT OF NITROGEN SPECIES USING WIRELESS MILLI-ELECTRODE ARRAY (WIMEA) SENSOR PACKAGES | 66.U01 | OWSEPTICSYS | | | \$ - \$ | 7,748 |
| ENVIRONMENTAL PROTECTION AGENCY DIRECT PROGRAMS Total | | | | | \$ 1,419,882 \$ | 19,252,357 |
| ENVIRONMENTAL PROTECTION AGENCY PASS THROUGH PROGRAMS | | | | | | |
| LONG ISLAND SOUND PROGRAM | 66.437 | | NATIONAL FISH AND WILDLIFE FOUNDATION | PRAEWARD | | |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.16.053824 | | |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.17.058154 | | |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | 1401.17.057915 | \$ - \$ | 141,607 |
| | | | NATIONAL FISH AND WILDLIFE FOUNDATION | | | |
| | | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK | 1401.18.061482 | | |
| | | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK | Subaward 66833 | \$ - \$ | 7,623 |
| | | | RESEARCH FOUNDATION FOR THE STATE UNIVERSITY | | | |
| NATIONAL ESTUARY PROGRAM | 66.456 | | OF NEW YORK | 72841-1-1128016 | \$ - \$ | 191,052 |
| GREAT LAKES PROGRAM | 66.469 | | LOYOLA UNIVERSITY CHICAGO | 516995-UConn | \$ - \$ | 10,699 |
| RESEARCH, DEVELOPMENT, MONITORING, PUBLIC EDUCATION, TRAINING, DEMONSTRATIONS, AND STUDIES | 66.716 | | EXTENSION FOUNDATION | SA-2017-43 | | |
| ENVIRONMENTAL PROTECTION AGENCY PASS THROUGH PROGRAMS Total | | | EXTENSION FOUNDATION | SA-2019-50 | \$ - \$ | 23,331 |
| ENVIRONMENTAL PROTECTION AGENCY Total | | | | | \$ - \$ | 374,312 |
| | | | | | \$ 1,419,882 \$ | 19,626,669 |
| DEPARTMENT OF ENERGY | | | | | | |
| DEPARTMENT OF ENERGY DIRECT PROGRAMS | | | | | | |
| STATE ENERGY PROGRAM | 81.041 | | | | \$ 21,454 \$ | 525,110 |
| WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS | 81.042 | | | | \$ 1,116,190 \$ | 1,305,922 |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | | | \$ 77,514 \$ | 2,042,146 |
| UNIVERSITY COAL RESEARCH | 81.057 | | | | \$ - \$ | 92,245 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|--|--|--|----------------------|
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | | | \$ - \$ | 102,612 |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | | | \$ 50,989 \$ | 305,086 |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | | | \$ - \$ | 393,573 |
| STATE ENERGY PROGRAM SPECIAL PROJECTS | 81.119 | | | | \$ - \$ | 290,454 |
| NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION | 81.121 | | | | \$ 79,133 \$ | 131,604 |
| ASSESS THE IMPACT AND EVALUATE THE RESPONSE TO CYBERSECURITY ISSUES (AIERCI) | 81.U01 | 344867 | | | \$ - \$ | 23,648 |
| COHERENCE IN CHARGE PAIRS FOR QIS | 81.U01 | 349774 | | | \$ - \$ | 17,962 |
| DEVELOPMENT OF REDUCED MODELS AND EFFICIENT CHEMISTRY SOLVERS | 81.U01 | PO #1833988 | | | \$ - \$ | 29,158 |
| EIC BACKGROUND STUDIES AND THE IMPACT ON THE IR AND DETECTOR DESIGN | 81.U01 | 341820 | | | \$ - \$ | 46,954 |
| ELECTROPRODUCTION WITH NUCLEON AND NUCLEAR TARGETS | 81.U01 | 6F-30601 | | | \$ - \$ | 49,892 |
| USING CLAS AND CLAS12 | 81.U01 | B630575 | | | \$ - \$ | 54,999 |
| EXPERIMENTAL MEASUREMENT OF FUEL REACTIVITY AND PHI SENSITIVITY | 81.U01 | | | | \$ - \$ | |
| FORMAL ANALYSIS FOR DYNAMIC STABILITY ASSESSMENT OF LARGE INTERCONNECTED GRIDS UNDER UNCERTAINTIES | 81.U01 | 343761 | | | \$ - \$ | 49,077 |
| INTEGRATED MULTISCALE MODELING AND EXPERIMENTAL APPROACH TO UNDERSTAND VISCOELASTICITY OF ELASTOMERS | 81.U01 | B632271 | | | \$ - \$ | 6,350 |
| MAGNETIC TOPOLOGICAL MATTER | 81.U01 | 443647 | Agmnt: 432529 Sub: | | \$ - \$ | 49,821 |
| SEARCH FOR NEW DIRAC MATERIALS | 81.U01 | 385444 | | | \$ - \$ | 24,232 |
| STOCHASTIC SIZING AND OPERATION OF GRID-LEVEL ENERGY STORAGE SYSTEMS | 81.U01 | BNL-0000350226 | | | \$ - \$ | 45,479 |
| SYNTHESIS, CHARACTERIZATION, AND MAKING OF ZNO/BAO BASED NANO-ARRAY MONOLITHS | 81.U01 | 4000166671 | | | \$ - \$ | 14,468 |
| TRIPLET-DRIVEN SOLAR ENERGY CAPTURE | 81.U01 | 357745 | | | \$ - \$ | 31,096 |
| DEPARTMENT OF ENERGY DIRECT PROGRAMS Total | | | | | \$ 1,345,280 \$ | 5,631,888 |
| DEPARTMENT OF ENERGY PASS THROUGH PROGRAMS | | | | | | |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | 3D ARRAY TECHNOLOGY | AG 181007 | | |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | HIFUNDA | AG171003 | | |
| | | | SKYRE | AG160746 | | |
| | | | UES | S-159-000-001 | \$ - \$ | 239,401 |
| | | | SEVENTHWAVE-DOE | 715516-001 | \$ - \$ | 13,380 |
| | | | UNIVERSITY OF NEW HAVEN | PO #0034767 | \$ - \$ | 62,460 |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | AMERICAN INSTITUTE OF CHEMICAL ENGINEERS | PREAWARD | | |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | CASE WESTERN RESERVE UNIVERSITY | RES512578 | | |
| STEWARDSHIP SCIENCE GRANT PROGRAM | 81.112 | | GINER | AG181061 | | |
| | | | LOUISIANA STATE UNIVERSITY | PO-0000027017 | | |
| | | | SKYRE | DE-EE0008423-UConn | | |
| | | | UNITED TECHNOLOGIES-RESEARCH CENTER | PO # 2605553 | | |
| | | | UNIVERSITY OF TENNESSEE | A18-1252-S002 | \$ - \$ | 341,051 |
| | | | CARPENTER TECHNOLOGY | PO# 7570403 | | |
| | | | CUMMINS | IND4097881 | \$ - \$ | 205,378 |
| | | | TEXAS A&M UNIVERSITY | M1803472 | \$ - \$ | 91,118 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|--|---|
| ADVANCED RESEARCH PROJECTS AGENCY - ENERGY GRADUATE RESEARCH SERVICES-ANDREY KIM THE EFFECTS OF WIND ENERGY INSTALLATION ON SCHOOL DISTRICT REVENUES AND EXPENDITURES, RESOURCE ALLOCATIONS, AND STUDENT ACHIEVEMENT | 81.135 81.U01 | 14-P0041 | MARINE BIOLOGICAL LABORATORY UNIVERSITY OF ALASKA, FAIRBANKS WOODS HOLE OCEANOGRAPHIC INSTITUTION JEFFERSON SCIENCE ASSOCIATES | 53721 UAF 19-0067/PO532682 A101412 14-P0041 | \$ - \$ \$ - \$ \$ - \$ | 622,174 32,358 39,677 1,646,996 |
| DEPARTMENT OF ENERGY PASS THROUGH PROGRAMS Total | | | 7434420 UNIVERSITY OF CALIFORNIA, BERKELEY | 7434420 | \$ 1,345,280 | \$ 7,278,884 |
| DEPARTMENT OF ENERGY | | | | | | |
| DEPARTMENT OF EDUCATION DIRECT PROGRAMS | | | | | | |
| ADULT EDUCATION - BASIC GRANTS TO STATES | 84.002 | | | | \$ 4,181,873 | \$ 5,334,660 |
| FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | | | \$ - \$ | 3,472,366 |
| TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES | 84.010 | | | | \$ 131,230,377 | \$ 136,300,903 |
| TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH | 84.013 | | | | \$ - \$ | 778,388 |
| OVERSEAS PROGRAMS - DOCTORAL DISSERTATION RESEARCH ABROAD | 84.022 | | | | \$ - \$ | 4,571 |
| SPECIAL EDUCATION_GRANTS TO STATES | 84.027 | | | | \$ 117,570,057 | \$ 133,567,468 |
| HIGHER EDUCATION_INSTITUTIONAL AID | 84.031 | | | | \$ - \$ | 769,697 |
| FEDERAL WORK-STUDY PROGRAM | 84.033 | | | | \$ - \$ | 3,896,830 |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | | | \$ - \$ | 24,153,281 |
| TRIO_STUDENT SUPPORT SERVICES | 84.042 | | | | \$ - \$ | 883,414 |
| TRIO_TALENT SEARCH | 84.044 | | | | \$ - \$ | 378,528 |
| TRIO_UPWARD BOUND | 84.047 | | | | \$ - \$ | 1,916,786 |
| CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES | 84.048 | | | | \$ 6,379,258 | \$ 9,188,628 |
| FEDERAL PELL GRANT PROGRAM | 84.063 | | | | \$ - \$ | 155,096,524 |
| REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES | 84.126 | | | | \$ - \$ | 22,717,844 |
| REHABILITATION SERVICES_CLIENT ASSISTANCE PROGRAM | 84.161 | | | | \$ - \$ | 6,890 |
| SPECIAL EDUCATION_PRESCHOOL GRANTS | 84.173 | | | | \$ 3,604,551 | \$ 4,946,468 |
| REHABILITATION SERVICES_INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND | 84.177 | | | | \$ - \$ | 391,444 |
| SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES | 84.181 | | | | \$ - \$ | 4,265,418 |
| SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES_NATIONAL PROGRAMS | 84.184 | | | | \$ - \$ | 511,481 |
| SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES | 84.187 | | | | \$ - \$ | 277,193 |
| EDUCATION FOR HOMELESS CHILDREN AND YOUTH | 84.196 | | | | \$ 529,888 | \$ 673,583 |
| GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED | 84.200 | | | | \$ - \$ | 976,531 |
| JAVITS GIFTED AND TALENTED STUDENTS EDUCATION | 84.206 | | | | \$ 48,968 | \$ 1,470,994 |
| TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT | 84.217 | | | | \$ - \$ | 239,473 |
| CENTERS FOR INTERNATIONAL BUSINESS EDUCATION | 84.220 | | | | \$ - \$ | 129,525 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | | | \$ - \$ | 369,926,623 |
| TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS | 84.287 | | | | \$ 9,114,798 | \$ 9,684,943 |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION RESEARCH IN SPECIAL EDUCATION | 84.305 84.324 | | | | \$ 586,498 \$ - \$ | \$ 2,103,361 \$ 407,599 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thru to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|--|--|--------------------------------------|-----------------------|
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | | | \$ 1,200,441 | \$ 3,475,829 |
| GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS | 84.334 | | | | \$ - | \$ 2,064,347 |
| CHILD CARE ACCESS MEANS PARENTS IN SCHOOL | 84.335 | | | | \$ - | \$ 41,890 |
| ENGLISH LANGUAGE ACQUISITION STATE GRANTS | 84.365 | | | | \$ 5,675,261 | \$ 5,929,155 |
| MATHEMATICS AND SCIENCE PARTNERSHIPS | 84.366 | | | | \$ 62,428 | \$ 407,195 |
| IMPROVING TEACHER QUALITY STATE GRANTS | 84.367 | | | | \$ 17,265,049 | \$ 18,760,887 |
| GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES | 84.369 | | | | \$ - | \$ 3,994,997 |
| TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES | 84.377 | | | | \$ 2,916,002 | \$ 2,916,002 |
| TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH GRANTS) | 84.379 | | | | \$ - | \$ 20,595 |
| SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT | 84.388 | ARRA | | | \$ 52,640 | \$ 244,256 |
| PRESCHOOL DEVELOPMENT GRANTS | 84.419 | | | | \$ 11,100,118 | \$ 11,513,767 |
| STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM | 84.424 | | | | \$ 4,649,120 | \$ 4,785,063 |
| DISASTER RECOVERY ASSISTANCE FOR EDUCATION | 84.938 | | | | \$ 10,723,614 | \$ 10,797,614 |
| DEPARTMENT OF EDUCATION DIRECT PROGRAMS Total | | | | | \$ 326,890,941 | \$ 959,423,011 |
| DEPARTMENT OF EDUCATION PASS THROUGH PROGRAMS | | | | | | |
| ADULT EDUCATION - BASIC GRANTS TO STATES | 84.002 | | EDUCATION CONNECTION, FOOTHILL ADULTS & CONTINUING ED. | 49149 | \$ - | \$ 4,512 |
| | | | NEW HAVEN BOARD OF EDUCATION | 95034129 | | |
| | | | MA DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION | CTDOE-196019RFQDSCRS1UCONN | \$ - | \$ 442,448 |
| SPECIAL EDUCATION_GRANTS TO STATES | 84.027 | | FARMINGDALE STATE COLLEGE | P116F150028 | \$ - | \$ 4,182 |
| FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION | 84.116 | | NEW YORK UNIVERSITY | F0523-02 | | |
| | | | TEXAS A&M UNIVERSITY | 02-S140264 | | |
| | | | UNIVERSITY OF COLORADO, BOULDER | 1554829 | | |
| | | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 16662 | | |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | VANDERBILT UNIVERSITY | UNIV60628 | \$ - | \$ 244,736 |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | UNIVERSITY OF MARYLAND, COLLEGE PARK | Z2104001 | | |
| | | | UNIVERSITY OF TENNESSEE | PRAWARD | \$ - | \$ 169,424 |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | UNIVERSITY OF FLORIDA-CEEDAR CENTER | H325A120003 | | |
| | | | VANDERBILT UNIVERSITY | UNIV58451 | \$ - | \$ 210,298 |
| | | | DOE/TPSID/UMASS BOSTON | | | |
| SPECIAL EDUCATION_TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.326 | | UNIVERSITY OF MASSACHUSETTS BOSTON | 96297220 | \$ - | \$ 9,392 |
| | | | AMERICAN INSTITUTES FOR RESEARCH | 0313000102 | | |
| | | | AMERICAN INSTITUTES FOR RESEARCH | 0141010602 | \$ - | \$ 161,261 |
| | | | UNIVERSITY OF OREGON | 224440K | | |
| | | | UNIVERSITY OF OREGON | 282070G | \$ - | \$ 806,676 |
| SPECIAL EDUCATION_EDUCATIONAL TECHNOLOGY MEDIA, AND MATERIALS FOR INDIVIDUALS WITH DISABILITIES | 84.327 | | OHIO STATE UNIVERSITY | 60036894/PO#RF01370554 | \$ - | \$ 13,964 |
| GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS | 84.334 | | NEW HAVEN BOARD OF EDUCATION | PO#96107437 | \$ - | \$ 4,746 |
| MATHEMATICS AND SCIENCE PARTNERSHIPS | 84.366 | | CENTRAL CONNECTICUT STATE UNIVERSITY | GA18-08 | \$ - | \$ 1,787 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|--|---|--|----------------------|
| IMPROVING TEACHER QUALITY STATE GRANTS | 84.367 | | CONNECTICUT SCIENCE CENTER NATIONAL WRITING PROJECT CORPORATION NATIONAL WRITING PROJECT CORPORATION | AG160443 92-CT01-SEED2017-CRWPPD 92-CT01-SEED2017-ILI | \$ - \$ 9,275 | |
| DEPARTMENT OF EDUCATION PASS THROUGH PROGRAMS Total | | | | | \$ - \$ 2,082,702 | |
| DEPARTMENT OF EDUCATION Total | | | | | \$ 326,890,941 | \$ 961,505,713 |
| NATIONAL ARCHIVES & RECORDS ADMINISTRATION | | | | | | |
| NATIONAL ARCHIVES & RECORDS ADMINISTRATION DIRECT PROGRAMS | | | | | | |
| NATIONAL HISTORICAL PUBLICATIONS AND RECORDS GRANTS | 89.003 | | | | \$ 2,250 | \$ 6,700 |
| NATIONAL ARCHIVES & RECORDS ADMINISTRATION DIRECT PROGRAMS Total | | | | | \$ 2,250 | \$ 6,700 |
| NATIONAL ARCHIVES & RECORDS ADMINISTRATION Total | | | | | \$ 2,250 | \$ 6,700 |
| DELTA REGIONAL AUTHORITY | | | | | | |
| DELTA REGIONAL AUTHORITY DIRECT PROGRAMS | | | | | | |
| HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS | 90.401 | | | | \$ - \$ 255,362 | |
| DELTA REGIONAL AUTHORITY DIRECT PROGRAMS Total | | | | | \$ - \$ 255,362 | |
| DELTA REGIONAL AUTHORITY Total | | | | | \$ - \$ 255,362 | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES DIRECT PROGRAMS | | | | | | |
| PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND | 93.003 | | | | \$ - \$ 146,098 | |
| SPECIAL PROGRAMS FOR THE AGING_TITLE VII, CHAPTER 3_PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION | 93.041 | | | | \$ 45,277 | \$ 53,210 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE VII, CHAPTER 2_LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS | 93.042 | | | | \$ - \$ 194,719 | |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART D_DISEASE PREVENTION AND HEALTH PROMOTION SERVICES | 93.043 | | | | \$ 234,217 | \$ 234,217 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | \$ 3,231,461 | \$ 3,706,002 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES | 93.045 | | | | \$ 7,089,194 | \$ 7,089,194 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE IV_AND TITLE II_DISCRETIONARY PROJECTS | 93.048 | | | | \$ 369,097 | \$ 454,930 |
| NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E | 93.052 | | | | \$ 1,709,669 | \$ 1,710,069 |
| NUTRITION SERVICES INCENTIVE PROGRAM (SEE NOTE 4) | 93.053 | | | | \$ 1,085,852 | \$ 1,085,852 |
| TRAINING IN GENERAL, PEDIATRIC, AND PUBLIC HEALTH | | | | | | |
| DENTISTRY | 93.059 | | | | \$ - \$ 339,920 | |
| LABORATORY TRAINING, EVALUATION, AND QUALITY ASSURANCE | | | | | | |
| PROGRAMS | 93.064 | | | | \$ - \$ 122,686 | |
| STATE VITAL STATISTICS IMPROVEMENT PROGRAM | 93.066 | | | | \$ - \$ 4,159 | |
| PUBLIC HEALTH EMERGENCY PREPAREDNESS | 93.069 | | | | \$ 2,007,885 | \$ 6,216,983 |
| ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE | 93.070 | | | | \$ 254,636 | \$ 1,248,862 |
| MEDICARE ENROLLMENT ASSISTANCE PROGRAM | 93.071 | | | | \$ 225,445 | \$ 225,445 |
| BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES - PREVENTION AND SURVEILLANCE | 93.073 | | | | \$ 44,953 | \$ 162,868 |

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|--|---------------------|---------------------------------|--------------------------|--|--|----------------------|
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT | | | | | | |
| REGULATORY RESEARCH | 93.077 | | | | \$ 44,182 | \$ 742,504 |
| COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE | 93.079 | | | | \$ - | \$ 112,435 |
| GUARDIANSHIP ASSISTANCE | 93.090 | | | | \$ - | \$ 3,499,457 |
| AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM | 93.092 | | | | \$ 306,434 | \$ 910,901 |
| WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION | 93.094 | | | | \$ (7,218) | \$ 159,682 |
| FOOD AND DRUG ADMINISTRATION _RESEARCH | 93.103 | | | | \$ - | \$ 3,063,472 |
| COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED) | 93.104 | | | | \$ 93,961 | \$ 472,760 |
| AREA HEALTH EDUCATION CENTERS POINT OF SERVICE MAINTENANCE AND ENHANCEMENT AWARDS | 93.107 | | | | \$ 438,254 | \$ 542,029 |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | | | \$ 47,709 | \$ 640,209 |
| ENVIRONMENTAL HEALTH | 93.113 | | | | \$ 7,038 | \$ 451,640 |
| PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS | 93.116 | | | | \$ (10,460) | \$ 494,190 |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | | | \$ 658,818 | \$ 3,055,178 |
| COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES | 93.130 | | | | \$ - | \$ 88,767 |
| INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS | 93.136 | | | | \$ 1,299,003 | \$ 3,397,805 |
| PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH) | 93.150 | | | | \$ - | \$ 783,613 |
| HUMAN GENOME RESEARCH | 93.172 | | | | \$ 1,612,671 | \$ 2,587,287 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS | 93.173 | | | | \$ 78,076 | \$ 1,640,601 |
| CHILDHOOD LEAD POISONING PREVENTION PROJECTS_STATE AND LOCAL CHILDHOOD LEAD POISONING PREVENTION AND SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN | 93.197 | | | | \$ 123,000 | \$ 283,971 |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH | 93.213 | | | | \$ - | \$ 26,991 |
| NATIONAL CENTER ON SLEEP DISORDERS RESEARCH | 93.233 | | | | \$ 200,172 | \$ 312,973 |
| GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES | 93.236 | | | | \$ 97,350 | \$ 163,801 |
| STATE CAPACITY BUILDING | 93.240 | | | | \$ - | \$ 480,736 |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | | | \$ 814,984 | \$ 6,272,130 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | | | \$ 1,285,544 | \$ 10,313,605 |
| ADVANCED NURSING EDUCATION GRANT PROGRAM | 93.247 | | | | \$ 139,058 | \$ 594,331 |
| EARLY HEARING DETECTION AND INTERVENTION | 93.251 | | | | \$ 65,000 | \$ 278,391 |
| POISON CENTER SUPPORT AND ENHANCEMENT GRANT | 93.253 | | | | \$ - | \$ 159,323 |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | | | \$ 5,784 | \$ 847,301 |
| NURSE FACULTY LOAN PROGRAM (NFLP)(SEE NOTE 5) | 93.264 | | | | \$ - | \$ 3,040,237 |
| IMMUNIZATION COOPERATIVE AGREEMENTS (SEE NOTE 4) | 93.268 | | | | \$ 934,001 | \$ 38,312,632 |

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|--|---------------------|---------------------------------|--------------------------|--|--------------------------------------|----------------------|
| ADULT VIRAL HEPATITIS PREVENTION AND CONTROL | 93.270 | | | | \$ - \$ | 58,667 |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | | | \$ 564,023 \$ | 3,785,271 |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | | | \$ 1,234,126 \$ | 4,273,022 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE | 93.283 | | | | \$ - \$ | 30,144 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE (SEE NOTE 4) | 93.283 | | | | \$ 162,602 \$ | 974,000 |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | | | \$ 621,414 \$ | 1,248,665 |
| STATE PARTNERSHIP GRANT PROGRAM TO IMPROVE MINORITY HEALTH | 93.296 | | | | \$ - \$ | (60) |
| NATIONAL STATE BASED TOBACCO CONTROL PROGRAMS | 93.305 | | | | \$ 7,275 \$ | 772,222 |
| MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH | 93.307 | | | | \$ - \$ | 112,862 |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | | | \$ 51,074 \$ | 267,168 |
| EARLY HEARING DETECTION AND INTERVENTION INFORMATION SYSTEM (EHDI-IS) SURVEILLANCE PROGRAM | 93.314 | | | | \$ - \$ | 24,750 |
| EMERGING INFECTIONS PROGRAMS | 93.317 | | | | \$ 1,887,985 \$ | 2,804,493 |
| EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC) | 93.323 | | | | \$ 227,551 \$ | 3,205,702 |
| STATE HEALTH INSURANCE ASSISTANCE PROGRAM | 93.324 | | | | \$ 393,830 \$ | 527,956 |
| BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM | 93.336 | | | | \$ - \$ | 254,394 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | | | \$ - \$ | 963,785 |
| RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | | | \$ - \$ | 999,637 |
| ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES | 93.354 | | | | \$ 145,045 \$ | 2,000,769 |
| NURSING RESEARCH | 93.361 | | | | \$ 172,372 \$ | 954,270 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | | | \$ - \$ | 19,571 |
| STATE ACTIONS TO IMPROVE ORAL HEALTH OUTCOMES AND PARTNER ACTIONS TO IMPROVE ORAL HEALTH OUTCOMES | 93.366 | | | | \$ 1,084 \$ | 39,853 |
| FLEXIBLE FUNDING MODEL - INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE FOR STATE MANUFACTURED FOOD | | | | | | |
| REGULATORY PROGRAMS | 93.367 | | | | \$ - \$ | 198,279 |
| ACL INDEPENDENT LIVING STATE GRANTS | 93.369 | | | | \$ - \$ | 187,302 |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | | | \$ 281,120 \$ | 1,449,886 |
| CANCER DETECTION AND DIAGNOSIS RESEARCH | 93.394 | | | | \$ - \$ | 62,518 |
| CANCER TREATMENT RESEARCH | 93.395 | | | | \$ 152,919 \$ | 798,626 |
| CANCER BIOLOGY RESEARCH | 93.396 | | | | \$ 110,352 \$ | 728,586 |
| CANCER RESEARCH MANPOWER | 93.398 | | | | \$ - \$ | 140,815 |
| ARRA NURSE FACULTY LOAN PROGRAM (SEE NOTE 5) | 93.408 | ARRA | | | \$ - \$ | 71,940 |
| IMPROVING THE HEALTH OF AMERICANS THROUGH PREVENTION AND MANAGEMENT OF DIABETES AND HEART DISEASE AND STROKE | 93.426 | | | | \$ 131,109 \$ | 567,840 |
| EVERY STUDENT SUCCEEDS ACT/PRESCHOOL DEVELOPMENT GRANTS | 93.434 | | | | \$ - \$ | 180,779 |
| WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION (WISEWOMAN) | 93.436 | | | | \$ 187,382 \$ | 415,110 |

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|--|---------------------------|---------------------------------------|--------------------------------|--|---|-------------------------|
| STATE PHYSICAL ACTIVITY AND NUTRITION (SPAN) | 93.439 | | | | \$ 80,744 | \$ 169,698 |
| FOOD SAFETY AND SECURITY MONITORING PROJECT | 93.448 | | | | \$ - | \$ 358,559 |
| ACL ASSISTIVE TECHNOLOGY | 93.464 | | | | \$ - | \$ 407,718 |
| PREGNANCY ASSISTANCE FUND PROGRAM | 93.500 | | | | \$ (4,058) | \$ 433,540 |
| AFFORDABLE CARE ACT & AGING AND DISABILITY RESOURCE CENTER | 93.517 | | | | \$ 39,762 | \$ 39,762 |
| THE AFFORDABLE CARE ACT: BUILDING EPIDEMIOLOGY, LABORATORY, AND HEALTH INFORMATION SYSTEMS CAPACITY IN THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASE (ELC) AND EMERGING INFECTIONS | | | | | | |
| PROGRAM (EIP) COOPERATIVE AGREEMENTS;PPHF | 93.521 | | | | \$ 875,842 | \$ 2,365,758 |
| PROMOTING SAFE AND STABLE FAMILIES | 93.556 | | | | \$ 1,314,704 | \$ 2,709,713 |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES | 93.558 | | | | \$ 1,205,650 | \$ 239,233,236 |
| CHILD SUPPORT ENFORCEMENT (SEE NOTE 8) | 93.563 | | | | \$ - | \$ 51,981,042 |
| REFUGEE AND ENTRANT ASSISTANCE_STATE ADMINISTERED PROGRAMS | 93.566 | | | | \$ 957,363 | \$ 1,364,526 |
| LOW-INCOME HOME ENERGY ASSISTANCE | 93.568 | | | | \$ 68,491,511 | \$ 87,998,469 |
| COMMUNITY SERVICES BLOCK GRANT | 93.569 | | | | \$ 8,785,108 | \$ 9,176,009 |
| CHILD CARE AND DEVELOPMENT BLOCK GRANT | 93.575 | | | | \$ - | \$ 32,254,497 |
| REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS | 93.576 | | | | \$ 106,000 | \$ 109,565 |
| REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE GRANTS | 93.584 | | | | \$ 34,823 | \$ 34,823 |
| STATE COURT IMPROVEMENT PROGRAM | 93.586 | | | | \$ - | \$ 328,641 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | | | \$ 12,075 | \$ 907,767 |
| CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND | 93.596 | | | | \$ - | \$ 25,281,596 |
| GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS | 93.597 | | | | \$ 60,973 | \$ 103,518 |
| CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV) | 93.599 | | | | \$ - | \$ 303,347 |
| HEAD START | 93.600 | | | | \$ (3,332) | \$ 88,916 |
| ADOPTION INCENTIVE PAYMENTS | 93.603 | | | | \$ 123,936 | \$ 463,153 |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | | | \$ 875,677 | \$ 16,290,548 |
| AFFORDABLE CARE ACT: TESTING EXPERIENCE AND FUNCTIONAL ASSESSMENT TOOLS | 93.627 | | | | \$ - | \$ 1,108,676 |
| DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS | 93.630 | | | | \$ 295,159 | \$ 748,564 |
| UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE | 93.632 | | | | \$ 19,818 | \$ 553,678 |
| CHILDREN'S JUSTICE GRANTS TO STATES | 93.643 | | | | \$ 10,000 | \$ 274,156 |
| STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM | 93.645 | | | | \$ 379,904 | \$ 1,816,613 |
| ADOPTION OPPORTUNITIES | 93.652 | | | | \$ - | \$ 41,254 |
| FOSTER CARE_TITLE IV-E | 93.658 | | | | \$ - | \$ 85,566,600 |
| ADOPTION ASSISTANCE | 93.659 | | | | \$ - | \$ 47,648,981 |
| SOCIAL SERVICES BLOCK GRANT | 93.667 | | | | \$ 13,193,003 | \$ 18,223,847 |
| CHILD ABUSE AND NEGLECT STATE GRANTS | 93.669 | | | | \$ 235,578 | \$ 308,238 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | | | \$ - | \$ 196,681 |

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|---|---------------------|---------------------------------|--------------------------|--|---|----------------------|
| FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES | 93.671 | | | | \$ 1,393,868 | \$ 1,401,953 |
| JOHN H. CHAFEE FOSTER CARE PROGRAM FOR SUCCESSFUL TRANSITION TO ADULTHOOD | 93.674 | | | | \$ 663,912 | \$ 748,851 |
| MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS | 93.732 | | | | \$ - | \$ 568,233 |
| CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY THE PREVENTION AND PUBLIC HEALTH FUND (PPHF) | 93.733 | | | | \$ 2,922 | \$ 153,259 |
| STATE PUBLIC HEALTH APPROACHES FOR ENSURING QUITLINE CAPACITY FINDED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.735 | | | | \$ - | \$ 42,777 |
| PPHF: RACIAL AND ETHNIC APPROACHES TO COMMUNITY HEALTH PROGRAM FINANCED SOLELY BY PUBLIC PREVENTION AND HEALTH FUNDS | 93.738 | | | | \$ 104,510 | \$ 342,919 |
| PPHF: HEALTH CARE SURVEILLANCE/HEALTH STATISTICS SURVEILLANCE PROGRAM ANNOUNCEMENT: BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUND | 93.745 | | | | \$ - | \$ 76,190 |
| CHILD LEAD POISONING PREVENTION SURVEILLANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH (PPHF) PROGRAM | 93.753 | | | | \$ - | \$ 195,228 |
| 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 | | | | \$ 200,416 | \$ 444,588 |
| PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF) | 93.758 | | | | \$ 1,069,688 | \$ 2,105,142 |
| CHILDREN'S HEALTH INSURANCE PROGRAM | 93.767 | | | | \$ - | \$ 40,570,518 |
| STATE MEDICAID FRAUD CONTROL UNIT PROGRAM | 93.775 | | | | \$ - | \$ 1,775,487 |
| STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS AND SUPPLIERS (TITLE XVIII) MEDICARE | 93.777 | | | | \$ - | \$ 6,219,559 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | \$ - | \$ 5,138,997,946 |
| OPIOID STR | 93.788 | | | | \$ 193,332 | \$ 9,757,332 |
| OPIOID STR | 93.788 | | | | \$ - | \$ 4,088 |
| MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION | 93.791 | | | | \$ - | \$ 23,807,124 |
| DOMESTIC EBOLA SUPPLEMENT TO THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC). | 93.815 | | | | \$ 88,872 | \$ 1,173,874 |
| HOSPITAL PREPAREDNESS PROGRAM (HPP) EBOLA PREPAREDNESS AND RESPONSE ACTIVITIES | 93.817 | | | | \$ 145,642 | \$ 173,615 |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | | | \$ 1,207,795 | \$ 3,479,623 |
| LUNG DISEASES RESEARCH | 93.838 | | | | \$ 36,802 | \$ 692,075 |
| BLOOD DISEASES AND RESOURCES RESEARCH | 93.839 | | | | \$ - | \$ 232,962 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | | | \$ 474,885 | \$ 4,302,309 |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | | | \$ 498,878 | \$ 4,156,913 |

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|--|---------------------|---------------------------------|--------------------------|--|--|----------------------|
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | | | \$ 291,520 | \$ 4,704,822 |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | | | \$ 1,106,769 | \$ 7,740,463 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | | | \$ 640,180 | \$ 11,240,029 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH | 93.865 | | | | \$ 286,018 | \$ 3,023,326 |
| AGING RESEARCH | 93.866 | | | | \$ 791,811 | \$ 3,977,501 |
| VISION RESEARCH | 93.867 | | | | \$ - | \$ 1,146,909 |
| MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT | 93.870 | | | | \$ - | \$ 126,492 |
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING GRANT | 93.870 | | | | \$ 6,887,674 | \$ 7,911,748 |
| MEDICAL LIBRARY ASSISTANCE | 93.879 | | | | \$ - | \$ 167,478 |
| NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM | 93.889 | | | | \$ 1,406,366 | \$ 1,881,894 |
| CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS | 93.898 | | | | \$ 899,842 | \$ 1,620,682 |
| HIV CARE FORMULA GRANTS (SEE NOTE 9) | 93.917 | | | | \$ 2,310,854 | \$ 9,245,827 |
| HEALTHY START INITIATIVE | 93.926 | | | | \$ 182,630 | \$ 433,736 |
| HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED RESEARCH, PREVENTION, AND EDUCATION PROGRAMS ON LYME DISEASE IN THE UNITED STATES | 93.940 | | | | \$ 1,077,773 | \$ 3,855,108 |
| 93.942 | | | | | \$ 169,110 | \$ 472,768 |
| EPIDEMIOLOGIC RESEARCH STUDIES OF ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) AND HUMAN IMMUNODEFICIENCY VIRUS (HIV) INFECTION IN SELECTED POPULATION GROUPS | 93.943 | | | | \$ 458,583 | \$ 502,223 |
| ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL | 93.945 | | | | \$ (19,815) | \$ 118,112 |
| COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS | 93.946 | | | | \$ - | \$ 189,531 |
| BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES | 93.958 | | | | \$ 1,272,049 | \$ 6,607,978 |
| BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE | 93.959 | | | | \$ - | \$ 18,728,370 |
| PREVENTIVE HEALTH SERVICES_SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS | 93.977 | | | | \$ 8,963 | \$ 826,744 |
| MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY | 93.982 | | | | \$ 428,428 | \$ 428,428 |
| MENTAL HEALTH | 93.989 | | | | \$ 26,424 | \$ 119,267 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.994 | | | | \$ 1,404,557 | \$ 5,268,294 |
| MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES | 93.994 | | | | \$ - | \$ 279,180 |
| ACUTE PAIN MANAGEMENT BY EMS IN THE PREHOSPITAL SETTING | 93.U01 | 75Q80118F32004 | | | \$ - | \$ 24,054 |
| CONTINUOUS MANUFACTURING OF LIPOSOMES: MATERIALS UNDERSTANDING AND PROCESS CONTROL | 93.U01 | HHSF223201610121C | | | \$ 79,359 | \$ 98,164 |
| IMPACT OF POLYMER SOURCE VARIATIONS ON PARENTERAL MICROSPHERE DRUG PRODUCT PERFORMANCE IN VITRO AND IN VIVO ASSESSMENT OF OPHTHALMIC OINTMENTS FOR GENERIC PRODUCT EQUIVALENCE | 93.U01 | HHSF223201810115C | | | \$ - | \$ 165,719 |
| 93.U01 | HHSF223201810114C | | | | | |

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| IN VITRO IN-VIVO CORRELATION OF THE LONG-ACTING INJECTABLE SUSPENSIONS | 93.U01 | HHSF223201710135C | | | \$ - \$ | 177,154 |
| METHODS AND DISSEMINATION: COLLABORATION TO IMPROVE VALIDITY, CONSISTENCY, AND UTILITY OF SYSTEMATIC REVIEWS | 93.U01 | HHS-A290201500012I/TO 1 | | | \$ - \$ | 623 |
| NATIONAL INSTITUTES OF HEALTH GRANT | 93.U01 | CON | | | \$ - \$ | 11,971 |
| PRODUCE SAFETY MOU WITH THE CT DEPT OF AGRICULTURE | 93.U01 | PO0000008045 | | | \$ - \$ | 91,350 |
| TREATMENT OF DEPRESSION OF OLDER ADULTS | 93.U01 | HHS-A290201500012I | | | \$ 2,667 \$ | 53,004 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES DIRECT PROGRAMS Total | | | | | \$ 153,745,834 \$ | 6,096,396,191 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS THROUGH PROGRAMS | | | | | | |
| PREVENTION OF DISEASE, DISABILITY, AND DEATH BY INFECTIOUS DISEASES | 93.084 | | CORNELL UNIVERSITY ASSOCIATION OF FOOD AND DRUG OFFICIALS (AFDO) NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND EDUCATION | 81477-10821 G-SP1810-06800/G-MP-1810-06829/G-T-1810-06839 NIPTE-U01-UC-2016-001 | \$ - \$ | 1,187,275 |
| FOOD AND DRUG ADMINISTRATION _RESEARCH | 93.103 | | YALE UNIVERSITY ORGANIZATION OF TERATOLOGY INFORMATION SERVICES ORGANIZATION OF TERATOLOGY INFORMATION SERVICES | PREAWARD HRSA 2UG4MC27861-03 HRSA 5UG4MC27861-04 | \$ - \$ | 48,630 |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI((ISMMS)) ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI((ISMMS)) | SUBAWARD#0253-6546-4609 ISMMS-HRSA AWARD #0253-6547-4609 | \$ - \$ | 93,197 |
| ENVIRONMENTAL HEALTH PREVENTIVE MEDICINE RESIDENCY | 93.113 93.117 | | TRUSTEES OF TUFTS COLLEGE UNIVERSITY OF CONNECTICUT JOHNS HOPKINS UNIVERSITY PENNSYLVANIA STATE UNIVERSITY UNIVERSITY OF MINNESOTA GRIFFIN HOSPITAL NEW YORK UNIVERSITY REGENTS OF THE UNIVERSITY OF CALIFORNIA LOS ANGELES THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A CAROLINAS THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A CAROLINAS ORAL FLUID DYNAMICS, LLC | PO#EP0184202/NIH R01 ES026980 UCONN KFS 5630070(PO58543) 2003338059 UCTES021762 P004067101 AG150445 SUBAWARD F7530-01 PO#B00001369 SUBAWARD 1350 G SB824 CHS 2000203699 (14-05051) NIH U01DE022939 (3000301333) ORAL FLUID DYNAMICS/NIH R41DE028217 | \$ - \$ \$ - \$ | 211,776 (5,488) |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | NEW YORK UNIVERSITY YALE UNIVERSITY | F0397-1 PO#B00132940 M17A12655(A09917) | \$ - \$ | 354,247 |
| CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH PROMOTION AND DISEASE PREVENTION | 93.135 | | YALE UNIVERSITY | GR102076(CON-80001145) | \$ - \$ | 16,844 |
| COMMUNITY PROGRAMS TO IMPROVE MINORITY HEALTH | | | YALE UNIVERSITY | GR104624(CON-80001477) | \$ - \$ | |
| GRANT PROGRAM | 93.137 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161220 | \$ - \$ | 29,023 |
| NIEHS SUPERFUND HAZARDOUS SUBSTANCES_BASIC RESEARCH AND EDUCATION | 93.143 | | DARTMOUTH COLLEGE | R154 | \$ - \$ | 93,004 |

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|--|---------------------|---------------------------------|---|--|--|-------------------------|
| AIDS EDUCATION AND TRAINING CENTERS | 93.145 | | UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS | CORE WA00602483/OSP2018007 MAI WA00602483/OSP2018007 PT WA00602483/OSP2018007 HRSA/UMASS PO#WA00715368/OSP2018066 UMASS/HRSAOSP2018007 WA00755344CORE UMASS/HRSAOSP2018007 WA00755344 MAI UMASS/HRSAOSP2018007 WA00755344 PT HRSA/UMASS PO#WA00787245/OSP2018066 | \$ - | \$ 130,874 |
| COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, INFANTS, CHILDREN, AND YOUTH | 93.153 | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC CONNECTICUT CHILDREN'S SPECIALTY GROUP INC | CCSG17-185018-02 HRSA-17-039 CCSG 18-185021-04 HRSA-17-039 | \$ - | \$ 188,113 |
| HUMAN GENOME RESEARCH RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS | 93.172 93.173 | | THE JACKSON LABORATORY THE JACKSON LABORATORY YALE UNIVERSITY NORTHWESTERN UNIVERSITY | PO# 210256-0119/NIH UM1 HG009409 JAX 210256-0120-03 PO#211796 YALE GR100950 NIH SUB#CON- 80000961 NWU SP0044830- PROJ012557/NIH R01DC GSU SP00013079-01/NIH R34AT009538 710-9196 76758017 (PO#S9001412) | \$ - \$ - | \$ 194,211 \$ 11,882 |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH HEALTH CENTER PROGRAM (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE HOMELESS, AND PUBLIC HOUSING PRIMARY CARE) | 93.213 93.224 | | GEORGIA STATE UNIVERSITY MIRIAM HOSPITAL UNIVERSITY OF CALIFORNIA, SAN DIEGO MASSACHUSETTS LEAGUE OF COMMUNITY HEALTH CENTERS, INC. | R34AT009538 710-9196 76758017 (PO#S9001412) CONNECTICUT RIVER VALLEY FARMWORKER | \$ - \$ - | \$ 67,296 \$ 28,172 |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | DUKE UNIVERSITY NORTHWESTERN UNIVERSITY NORTHWESTERN UNIVERSITY THE JOHNS HOPKINS UNIVERSITY THE JOHNS HOPKINS UNIVERSITY HARTFORD HOSPITAL NORTHERN CALIFORNIA INSTITUTE FOR RESEARCH AND EDUCATION INC BRIGHAM AND WOMEN'S HOSPITAL DREXEL UNIVERSITY SAN DIEGO STATE UNIVERSITY | DUKE UNI R01MH98301-03/SUB2031801 NWU 60042322/NIH R01 MH107652 NWU NIMH 5U01MH082830 Sub#60036522 JOHNSHOPKINS 2002554852/R01MH103799 SUB#2002392365 / NIH R24MH106083 SUB#126315-UCHC-51/PO2000418288 BYE2129-01/NIH RF1 MH117604 119452 800106-a/PO # U0133639 SA0000470 | \$ - | \$ 966,854 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|---|--|--|----------------------|
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | STANFORD UNIVERSITY UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO YALE UNIVERSITY YALE UNIVERSITY COMMUNITY RENEWAL TEAM INCORPORATED OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES VILLAGE FOR FAMILIES AND CHILDREN YALE UNIVERSITY YALE UNIVERSITY WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC WHEELER CLINIC CHRYSALIS CENTER | 61138664-121865 9397sc PREAWARD 10530sc GR100779 (CON-80000862) GR105974 (CON-80001738) SAMHSA H79TI081390 PREAWARD 4529056874 4529056969 AG161497 1H79T1026330-01 1H79T1080966-01 LTR-3-14-12 LTR-3-14-12 LTR-3-14-12 LTR-3-14-12 LTR-3-14-12 LTR-3-14-12 LTR-3-14-12 AG171239 NORTHEASTERN UNI AWARD 500326-78051 KFS#5641220/CDC PA#183871 PO300344 STORRS KFS#5647270 PA#329444 /CDC S51130000036984 PO # L000668683 S51130000036984B PO#L000668682 S51130000036984C PO#L000668680 S51130000036984D PO#L000668685 S51130000040057 CORE PO#L000780525 S51130000040057 PR B PO#L000780524 S51130000040057 OUT PO#L000780527 HARVARD SCHOOL OF PUBLIC HEALTH/NIH S51130000040057B S51130000040057C S51130000040057 | \$ - \$ | 123,508 |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | NORTHEASTERN UNIVERSITY UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS PRESIDENTS AND FELLOWS OF HARVARD COLLEGE UNIVERSITY OF MASSACHUSETTS, LOWELL UNIVERSITY OF MASSACHUSETTS, LOWELL UNIVERSITY OF MASSACHUSETTS, LOWELL | | \$ - \$ | 245,723 |
| | | | | | \$ - \$ | 118,411 |
| | | | | | \$ - \$ | 450,782 |
| | | | | | \$ - \$ | 103,838 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|---|---|--|----------------------|
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK YALE UNIVERSITY VIRGINIA COMMONWEALTH UNIVERSITY INDIANA UNIVERSITY PACIFIC INSTITUTE FOR RESEARCH AND EVALUATION (PIRE) WASHINGTON STATE UNIVERSITY | SUNY 1009189-79064/U10AA008401-29 SUNY 1009189-82217/UIOAA008401-30 M16A12437(A10599) YALE/NIH VCU FP00009381_SA001/NIHR01AA02 4466 IN4689849UCONN/PO#1905450 Project Code 0915 130305-G003669 | \$ - | \$ 1,081,382 |
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | THE JACKSON LABORATORY YALE UNIVERSITY YALE UNIVERSITY YALE UNIVERSITY UNIVERSITY OF CALIFORNIA, SAN DIEGO UNIVERSITY OF IOWA YALE UNIVERSITY | NIH U01DA043809/JAX PO210841 YALE M15A11968/A10835 NIH DA009241 YALEG101087(CON80000947)NIH DA009241 YALEGR104007CON80001373/NI HDA009241 110406513/MP Inv #S9002152 1001408117 PREAWARD SUNY#100-1135875-76398/NIH | \$ - | \$ 408,160 |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK UNIVERSITY OF WASHINGTON UNIVERSITY OF WASHINGTON UNIVERSITY OF ARIZONA | R01 NIH P41EB023912/UWSC10558 PO#35498 NIH P41EB023912/UWSC 317682 \$ - CITY OF HARTFORD/DHHS 2018-25 CITY OF HARTFORD/DHHS 2018-26 COH 2016-35-U2-HHS2019-39/DHHS/OAH | \$ - | \$ 390,401 |
| TEENAGE PREGNANCY PREVENTION PROGRAM | 93.297 | | CITY OF HARTFORD CITY OF HARTFORD CITY OF HARTFORD | PO206855 NIH R25 EB022365-01 RL5 GM118969-3 KFS#5640410 PO163822 226141271G YALE NIH R24 OD016474 YALE GR103597 (CON-80001318) | \$ - | \$ 40,421 |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | THE JACKSON LABORATORY UNIVERSITY OF CONNECTICUT UNIVERSITY OF TEXAS, EL PASO | YALE UNIVERSITY YALE UNIVERSITY KLEIN BUENDEL | \$ - | \$ 63,048 |
| RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | | | \$ - | \$ 157,930 |
| 21ST CENTURY CURES ACT - BEAU BIDEN CANCER MOONSHOT | 93.353 | | | 0316-0167-000 | \$ - | \$ 27,397 |

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended 6/30/2019

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|---|---|--|----------------------|
| NURSING RESEARCH | 93.361 | | RESULTS GROUP LLC UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT BRIGHAM AND WOMEN'S HOSPITAL INC UNIVERSITY OF MARYLAND, BALTIMORE UNIVERSITY OF PITTSBURGH UNIVERSITY OF WISCONSIN, MILWAUKEE | 00000889 STORRS KFS#5646180 PO#133722/NIH PO132849 KFS5646190/P20NR016605 UCONN KFS5652400/NIH P20NR016605 BRIGHAM119993/NIH R21NR017256 Sub #F218419-2 SR-5395 0029591 (127125-2) 153405530 JH PO2003735150 HRSA U1EMC27864 | \$ - \$ | 160,393 |
| SICKLE CELL TREATMENT DEMONSTRATION PROGRAM | 93.365 | | THE JOHNS HOPKINS UNIVERSITY THE JOHNS HOPKINS UNIVERSITY KLEIN BUENDEL PHYSICAL SCIENCES RUTGERS UNIVERSITY TEXAS A&M UNIVERSITY | JHOP PO2003735150 HRSA U1EMC27864 PREAWARD SC68508-1890 PREAWARD 02-M1703318 UMD 1903275 PO#SR00005694/NIH Subaward 0268/PO 697678 | \$ - \$ | 22,791 |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | UNIVERSITY OF MARYLAND AT BALTIMORE RUTGERS UNIVERSITY UNIVERSITY OF PENNSYLVANIA | 574776/PO-4295791 NYU 13A10000008101/PO#M1500008 69 NYU 13A10000008101/PO#M1901906 06 NEW YORK UNIVERSITY NEW YORK UNIVERSITY NRG ONCOLOGY FOUNDATION, INC. UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | \$ - \$ | 290,269 |
| CANCER DETECTION AND DIAGNOSIS RESEARCH | 93.394 | | | 8762sc 5101332 GR104156 (CON-80001699) FCCC 12305-54/NIH 3P30CA006927-52S1 9374sc LiveWell Alliance, Inc./ACL | \$ - \$ | 196,640 |
| CANCER TREATMENT RESEARCH | 93.395 | | | | | 251,485 |
| CANCER BIOLOGY RESEARCH | 93.396 | | | | | 449 |
| CANCER CENTERS SUPPORT GRANTS | 93.397 | | | | | 20,530 |
| ALZHEIMER'S DISEASE PROGRAM INITIATIVE (ADPI) | 93.470 | | | | | 16,944 |
| 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 UNIVERSITIES CENTER ON DISABILITY (AUCD) | ASTHO WA00618467/OSP2016104/UMA SS/DHHS | \$ - \$ | 16,386 |
| ACA-TRANSFORMING CLINICAL PRACTICE INITIATIVE: PRACTICE TRANSFORMATION NETWORKS (PTNS) | 93.638 | | UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS RESEARCH FOUNDATION FOR THE STATE UNIVERSITY | WA00794163/OSP2016104/UMA SS/DHHS | \$ - \$ | 1,766,113 |
| CHILD WELFARE RESEARCH TRAINING OR DEMONSTRATION | 93.648 | | OF NEW YORK | 18-8-79280 | \$ - \$ | 144,937 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | CONNECTION | AG130109 | \$ - \$ | 77,497 |
| OPIOID STR | 93.788 | | WHEELER CLINIC | H79TI080253 | \$ - \$ | 19,699 |
| | | | WHEELER CLINIC | 18MHA1020-01 | \$ - \$ | |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|--|--|--|----------------------|
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | THE JOHNS HOPKINS UNIVERSITY THE PENNSYLVANIA STATE UNIVERSITY BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY BOSTON UNIVERSITY BROWN UNIVERSITY MOBILE SENSE TECHNOLOGIES TEXAS TECH UNIVERSITY UNIVERSITY OF GEORGIA | SUB 2002870152/NIH R01HL130649 SUB AWD# 5275 UCHC DHHS 2311 STNFRD62054803- 136064NIHR01HL146111 Rutgers0905 P01101901/R01HL147350 4500002297 PREAWARD AG170827 21F128-01 RR376-352/4945956 | | |
| LUNG DISEASES RESEARCH | 93.838 | | UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL | PO# WA00691205 0006829-110718 | \$ | - \$ 765,065 |
| BLOOD DISEASES AND RESOURCES RESEARCH | 93.839 | | UNIVERSITY OF RHODE ISLAND YALE UNIVERSITY | GR103536(CON-80001210) PO2934567G WU18-414/NIHR01 HL130876 PO2934871G WU19-311/NIHR01 HL130876 | \$ | - \$ 107,656 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | THE WASHINGTON UNIVERSITY UNIVERSITY OF IOWA THETIS PHARMACEUTICALS LLC | W000970556/PO#1001838532 THETIS/NIH R44 DK116463 | \$ | - \$ 4,736 |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | REGENTS OF THE UNIVERSITY OF COLORADO EMORY UNIVERSITY | UNIV CO FY19.957.002#2-5- A7507 /NIH PO A071106 / NIH R21AR071536 | \$ | - \$ 42,410 |
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | CELL AND MOLECULAR TISSUE ENGINEERING, LLC THETIS PHARMACEUTICALS LLC PRESIDENTS AND FELLOWS OF HARVARD COLLEGE WAYNE STATE UNIVERSITY CONNECTICUT CHILDREN'S MEDICAL CENTER PENNSYLVANIA STATE UNIVERSITY PENNSYLVANIA STATE UNIVERSITY STATE UNIVERSITY OF NEW YORK, UPSTATE MEDICAL UNIVERSITY UNIVERSITY OF PENNSYLVANIA VANDERBILT UNIVERSITY VIRGINIA COMMONWEALTH UNIVERSITY YALE UNIVERSITY | CELL&MOLECULAR/NIH R43 DK120011 THETIS/DEVELOPMENT OF TP-317 Harvard SUB: 158279.5103805.0003 WSU18058 INDEX4-10969 - 2P30DK020572 19-179499-01 UCONN DK099364 UCONNDK0088244 1138946-77867 572700 VUMC69341 PD303771-SC106551 GR102645 (CON-80001230) IMPERIAL COL/U01NS099573- PO3668156 | \$ | - \$ 75,288 |
| | | | IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE YALE UNIVERSITY SYRACUSE UNIVERSITY JACKSON LABORATORY NORTHWESTERN UNIVERSITY | IMPERIAL COL/U01NS099573 PO 3668156 R01NS076558/GR104722(CON8001494) SU 29844-04948-S01/NIH 1R01NS10576 PO 210865 Sub210277-0819-05 60051731 UCONN | \$ | - \$ 347,444 |
| | | | | | | 79,728 |
| | | | | | | 507,823 |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thorough to Sub-Recipients | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|--|----------------------|
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | THE JACKSON LABORATORY THE JACKSON LABORATORY THE JACKSON LABORATORY TRUSTEES OF DARTMOUTH COLLEGE TRUSTEES OF TUFTS COLLEGE YALE UNIVERSITY QUERCUS MOLECULAR DESIGN, LLC DUKE UNIVERSITY DUKE UNIVERSITY JACKSON LABORATORY | JAX NIH U01 AI124297 PO#208546 JAX NIH U01 AI124297 PO#210099 JAX NIH U01 AI124297 PO#211849 R63 TUFTS SUB#101217-00001 YALE GK000139 (CON-80000451) SUB:QUERCUS/Prime:NIH R41 AI134509 14-NIH-1110 A03-0765 PO #209868-0 | \$ - \$ | 160,247 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | 5104923 | \$ - \$ | 140,184 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH | 93.865 | | NORHEASTERN UNIV 500568-78050/NIH JAX LABS/NIH R35 GM124922 PO#209163 NIH R35 GM124922/JAX LABS PO210593 JAX 211853-0120-02/NIH R01 GM127531 SUBAWARD: 431964-19801 SUB# 15-210780-00/SR01GM1059464-02 SUB# 16-210890-00/R01GM114949 YALE C17A12640(CON80000126)/NIH U VA GB10638.160152/NIH R01GM080219 UNIV OF WISCONSIN/NIH 889K453 232645 R2076 AG170579 A-222-02 A214-538.30 10269sc 10326sc SUBK00008368 | \$ - \$ | 550,894 | |

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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Thorough to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|---|---|--|-------------------------|
| AGING RESEARCH | 93.866 | | DUKE UNIVERSITY DUKE UNIVERSITY THE JACKSON LABORATORY THE WASHINGTON UNIVERSITY THE WASHINGTON UNIVERSITY COLUMBIA UNIVERSITY HUTCHINSON (FRED) CANCER RESEARCH CENTER | DUKE 2036681/NIH 1UH 2AG056925 DUKE 2037251 NIH UH 2AG056925 JAX LABS/NIH R01AG052608 PO#210250 WU/NIH R01 AG051647 PO#2935511E WU/NIH R01 AG051647 PO#2933904G WU/NIH R01 AG051647 PREAWARD 0000981458 | \$ - \$ | 961,778 |
| HIV EMERGENCY RELIEF PROJECT GRANTS | 93.914 | | CITY OF HARTFORD CITY OF HARTFORD | CITY OF HARTFORD/HRSA/OUTP AMB CARE CITY OF HARTFORD/HRSA/MED CASE COH HHS2018- 16/HRSAU90HA30516-02-00 | \$ - \$ | 213,665 |
| SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE | 93.928 | | CITY OF HARTFORD CITY OF HARTFORD YALE YALE | COH HHS2019- 20/HRSAU90HA30516 GR104873 (CON-80001525) GR104873 (CON-80001525) | \$ - \$ 280,340 | 77,499 492,416 |
| COMPUTATIONAL DRUG DELIVERY: LEVERAGING PREDICTIVE MODELS TO DEVELOP BIOEQUIVALENT GENERIC LONG-ACTING INJECTIONS | 93.U01 | AG181316 | QRONO | AG181316 | \$ - \$ | 82,491 |
| RANDOMIZED CONTROLLED TRIALS OF LIFESTYLE WEIGHT LOSS INTERVENTIONS FOR GENOME-WIDE ASSOCIATION STUDIES | 93.U01 | 6632.01-S06 | WESTAT | 6632.01-S06 | \$ - \$ 280,340 | 10,813 14,842,355 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS THROUGH PROGRAMS Total | | | | | \$ 154,026,174 | \$ 6,111,238,546 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES Total | | | | | | |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | | | |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE DIRECT PROGRAMS | | | | | | |
| STATE COMMISSIONS | 94.003 | | | | \$ - \$ | 421,299 |
| AMERICORPS | 94.006 | | | | \$ 1,736,720 | \$ 1,834,906 |
| TRAINING AND TECHNICAL ASSISTANCE | 94.009 | | | | \$ - \$ | 210,688 |
| VOLUNTEERS IN SERVICE TO AMERICA | 94.013 | | | | \$ - \$ | 38,017 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE DIRECT PROGRAMS Total | | | | | \$ 1,736,720 | \$ 2,504,910 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PASS THROUGH PROGRAMS | | | | | | |
| AMERICORPS | 94.006 | | JUMPSTART | 830200 | \$ - \$ | 141,518 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PASS THROUGH PROGRAMS Total | | | | | \$ 1,736,720 | \$ 141,518 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE Total | | | | | \$ 1,736,720 | \$ 2,646,428 |
| SOCIAL SECURITY ADMINISTRATION | | | | | | |
| SOCIAL SECURITY ADMINISTRATION DIRECT PROGRAMS | | | | | | |
| SOCIAL SECURITY_DISABILITY INSURANCE | 96.001 | | | | \$ - \$ | 25,859,643 |
| SOCIAL SECURITY - WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM | 96.008 | | | | \$ - \$ | 162,132 |
| SOCIAL SECURITY ADMINISTRATION DIRECT PROGRAMS Total | | | | | \$ - \$ | 26,021,775 |
| SOCIAL SECURITY ADMINISTRATION PASS THROUGH PROGRAMS | | | | | | |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Amount Passed Throgh to Sub-Recipients | Federal Expenditures |
|---|---------------------|---------------------------------|--------------------------|--|--|-------------------------|
| SOCIAL SECURITY_DISABILITY INSURANCE | 96.001 | | ABT ASSOCIATES | Subcontract # 48507 | \$ - \$ | 314,630 |
| SOCIAL SECURITY ADMINISTRATION PASS THROUGH PROGRAMS Total | | | | | \$ - \$ | 314,630 |
| SOCIAL SECURITY ADMINISTRATION Total | | | | | \$ - \$ | 26,336,405 |
| DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| DEPARTMENT OF HOMELAND SECURITY DIRECT PROGRAMS | | | | | | |
| NON-PROFIT SECURITY PROGRAM | 97.008 | | | | \$ 8,600 | \$ 8,600 |
| BOATING SAFETY FINANCIAL ASSISTANCE | 97.012 | | | | \$ - \$ | 1,239,092 |
| COMMUNITY ASSISTANCE PROGRAM STATE SUPPORT SERVICES | | | | | | |
| ELEMENT (CAP-SSSE) | 97.023 | | | | \$ - \$ | 184,092 |
| FLOOD MITIGATION ASSISTANCE | 97.029 | | | | \$ 416,549 | \$ 416,549 |
| DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) | 97.036 | | | | \$ 1,003,067 | \$ 3,009,073 |
| HAZARD MITIGATION GRANT | 97.039 | | | | \$ 4,685,299 | \$ 4,865,527 |
| NATIONAL DAM SAFETY PROGRAM | 97.041 | | | | \$ - \$ | 74,654 |
| EMERGENCY MANAGEMENT PERFORMANCE GRANTS | 97.042 | | | | \$ 1,671,436 | \$ 5,381,147 |
| STATE FIRE TRAINING SYSTEMS GRANTS | 97.043 | | | | \$ - \$ | 32,218 |
| ASSISTANCE TO FIREFIGHTERS GRANT | 97.044 | | | | \$ - \$ | 243,831 |
| PRE-DISASTER MITIGATION | 97.047 | | | | \$ 755,390 | \$ 862,106 |
| PORT SECURITY GRANT PROGRAM | 97.056 | | | | \$ - \$ | 75,593 |
| HOMELAND SECURITY GRANT PROGRAM | 97.067 | | | | \$ 1,927,197 | \$ 3,243,222 |
| NATIONAL EXPLOSIVES DETECTION CANINE TEAM PROGRAM | 97.072 | | | | \$ - \$ | 189,215 |
| RAIL AND TRANSIT SECURITY GRANT PROGRAM | 97.075 | | | | \$ - \$ | 1,704,851 |
| DEPARTMENT OF HOMELAND SECURITY DIRECT PROGRAMS Total | | | | | \$ 10,467,538 | \$ 21,529,770 |
| DEPARTMENT OF HOMELAND SECURITY PASS THROUGH PROGRAMS | | | | | | |
| SECURING THE CITIES PROGRAM | 97.106 | | NYPD | UNKNOWN | \$ - \$ | 229,065 |
| DEPARTMENT OF HOMELAND SECURITY PASS THROUGH PROGRAMS Total | | | | | \$ - \$ | 229,065 |
| DEPARTMENT OF HOMELAND SECURITY Total | | | | | \$ 10,467,538 | \$ 21,758,835 |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | | | |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT DIRECT PROGRAMS | | | | | | |
| USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS | 98.001 | | | | \$ - \$ | 129,457 |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT DIRECT PROGRAMS Total | | | | | \$ - \$ | 129,457 |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT PASS THROUGH PROGRAMS | | | | | | |
| 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 | \$ - \$ | 5 |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT PASS THROUGH PROGRAMS Total | | | | | \$ - \$ | 5 |
| U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT Total | | | | | \$ - \$ | 129,462 |
| Total Federal Expenditures | | | | | | |
| | | | | | \$ 830,111,536 | \$ 9,765,575,514 |

STATE OF CONNECTICUT
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SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|--------------------------------|--|-------------------------|
| 477 CLUSTER Program | | | | | |
| COMMUNITY SERVICES BLOCK GRANT | 93.569 | | | | 9,176,009 |
| 477 CLUSTER Program Total | | | | | 9,176,009 |
| AGING CLUSTER Program | | | | | |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | 3,654,482 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES | 93.045 | | | | 7,089,194 |
| NUTRITION SERVICES INCENTIVE PROGRAM (SEE NOTE 4) | 93.053 | | | | 1,085,852 |
| AGING CLUSTER Program Total | | | | | 11,829,528 |
| CCDF CLUSTER Program | | | | | |
| CHILD CARE AND DEVELOPMENT BLOCK GRANT | 93.575 | | | | 32,254,497 |
| CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND | 93.596 | | | | 25,281,596 |
| CCDF CLUSTER Program Total | | | | | 57,536,093 |
| CDBG - DISASTER RECOVERY GRANTS - PUB. L. NO. 113-2 CLUSTER Program | | | | | |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER | | | | | |
| RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | 8,331,073 |
| NATIONAL DISASTER RESILIENCE COMPETITION | 14.272 | | | | 3,731,495 |
| CDBG - DISASTER RECOVERY GRANTS - PUB. L. NO. 113-2 CLUSTER Program Total | | | | | 12,062,568 |
| CDBG - ENTITLEMENT GRANTS CLUSTER Program | | | | | |
| COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS | 14.218 | | CITY OF MIDDLETOWN | 18-0008 | 762 |
| CDBG - ENTITLEMENT GRANTS CLUSTER Program Total | | | | | 342 |
| 1,104 | | | | | |
| CHILD NUTRITION CLUSTER Program | | | | | |
| SCHOOL BREAKFAST PROGRAM | 10.553 | | | | 36,318,067 |
| NATIONAL SCHOOL LUNCH PROGRAM (SEE NOTE 4) | 10.555 | | | | 132,511,418 |
| SPECIAL MILK PROGRAM FOR CHILDREN | 10.556 | | | | 99,949 |
| SUMMER FOOD SERVICE PROGRAM FOR CHILDREN (SEE NOTE 4) | 10.559 | | | | 5,055,531 |
| CHILD NUTRITION CLUSTER Program Total | | | | | 173,984,965 |
| DISABILITY INSURANCE/SSI CLUSTER Program | | | | | |
| SOCIAL SECURITY_DISABILITY INSURANCE | 96.001 | | ABT ASSOCIATES | Subcontract # 48507 | 25,859,643 |
| DISABILITY INSURANCE/SSI CLUSTER Program Total | | | | | 314,630 |
| 26,174,273 | | | | | |
| EMPLOYMENT SERVICE CLUSTER Program | | | | | |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES (SEE NOTE 1) | 17.207 | | | | 7,100,274 |
| JOBS FOR VETERANS STATE GRANTS (SEE NOTE 1) | 17.801 | | | | 256,086 |
| LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM | 17.804 | | | | 650,641 |
| EMPLOYMENT SERVICE CLUSTER Program Total | | | | | 8,007,001 |
| FEDERAL TRANSIT CLUSTER Program | | | | | |
| FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS | 20.500 | | | | 40,412,400 |
| FEDERAL TRANSIT_FORMULA GRANTS | 20.507 | | | | 62,993,540 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------|---------------------------------|--|--|----------------------|
| FEDERAL TRANSIT CLUSTER Program Total | | | | | 103,405,940 |
| FISH AND WILDLIFE CLUSTER Program | | | | | |
| SPORT FISH RESTORATION PROGRAM | 15.605 | | | | 2,953,948 |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | 6,081,988 |
| FISH AND WILDLIFE CLUSTER Program Total | | | | | 9,035,936 |
| FOOD DISTRIBUTION CLUSTER Program | | | | | |
| COMMODITY SUPPLEMENTAL FOOD PROGRAM | 10.565 | | | | 141,676 |
| EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS) | 10.568 | | | | 631,596 |
| FOOD DISTRIBUTION CLUSTER Program Total | | | | | 773,272 |
| HIGHWAY PLANNING AND CONSTRUCTION CLUSTER Program | | | | | |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | | 528,853,032 |
| RECREATIONAL TRAILS PROGRAM | 20.219 | | | | 596,080 |
| HIGHWAY PLANNING AND CONSTRUCTION CLUSTER Program Total | | | | | 529,449,112 |
| HIGHWAY SAFETY CLUSTER Program | | | | | |
| STATE AND COMMUNITY HIGHWAY SAFETY | 20.600 | | | | 3,011,519 |
| INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING | 20.611 | | | | 382,407 |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | STATE OF RHODE ISLAND DEPARTMENT OF TRANSPORTATION | 3541623 | 149,067 |
| HIGHWAY SAFETY CLUSTER Program Total | | | | | 5,677,875 |
| HOUSING VOUCHER CLUSTER Program | | | | | |
| SECTION 8 HOUSING CHOICE VOUCHERS (SEE NOTE 1) | 14.871 | | | | 89,944,276 |
| MAINSTREAM VOUCHERS | 14.879 | | | | 2,179,191 |
| HOUSING VOUCHER CLUSTER Program Total | | | | | 92,123,467 |
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER Program | | | | | |
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING GRANT | 93.870 | | | | 7,911,748 |
| MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER Program Total | | | | | 7,911,748 |
| MEDICAID CLUSTER Program | | | | | |
| STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS AND SUPPLIERS (TITLE XVIII) MEDICARE | 93.777 | | | | 6,219,559 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | 5,138,660,235 |
| STATE MEDICAID FRAUD CONTROL UNIT PROGRAM | 93.775 | | | | 1,775,487 |
| MEDICAID CLUSTER Program Total | | | | | 5,146,655,281 |
| RESEARCH AND DEVELOPMENT Program | | | | | |
| AGRICULTURAL RESEARCH_BASIC AND APPLIED RESEARCH | 10.001 | | VERMONT LAW SCHOOL | AG170185 | 1,115,373 |
| PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE | 10.025 | | | | 51,687 |
| SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL | 10.170 | | UNIVERSITY OF NEBRASKA | 26-6231-0340-003 | 185,237 |
| | | | | | 220,248 |
| | | | | | 23,414 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|----------------------|
| GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS | 10.200 | | RUTGERS UNIVERSITY | 5890-NER15OHP-Aulakh | |
| COOPERATIVE FORESTRY RESEARCH | 10.202 | | RUTGERS UNIVERSITY | 5966-NER16OHP-LaMondia | |
| PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE Hatch ACT | 10.203 | | UNIVERSITY OF MARYLAND, COLLEGE PARK | 28838-Z5659003 | 14,432 |
| ANIMAL HEALTH AND DISEASE RESEARCH | 10.207 | | | | 472,087 |
| HIGHER EDUCATION & GRADUATE FELLOWSHIPS GRANT PROGRAM | 10.210 | | | | 2,134,633 |
| | | | UNIVERSITY OF MASSACHUSETTS, AMHERST | Subaward 18 010456 B 00 | |
| | | | UNIVERSITY OF VERMONT | Coordinator16-31064 | |
| | | | UNIVERSITY OF VERMONT | GNE16-128-29994 | |
| | | | UNIVERSITY OF VERMONT | GNE17-146-31064 | |
| | | | UNIVERSITY OF VERMONT | PDP18-33243 | |
| | | | UNIVERSITY OF VERMONT | LNE18-363-32231 | |
| SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION | 10.215 | | UNIVERSITY OF VERMONT | CoordinatorPDP17-32231 | 284,733 |
| BIOTECHNOLOGY RISK ASSESSMENT RESEARCH | 10.219 | | | | 75,087 |
| HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS | 10.223 | | UNIVERSITY OF TEXAS, RIO GRANDE VALLEY | 2015-38422-24059(6) | 3,258 |
| AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS | 10.250 | | | | 5,225 |
| RESEARCH INNOVATION AND DEVELOPMENT GRANTS IN ECONOMIC (RIDGE) | 10.255 | | TUFTS UNIVERSITY | 101383-00001/PO #EP01520199 | 22,446 |
| INTEGRATED PROGRAMS | 10.303 | | | | 348,711 |
| | | | UNIVERSITY OF IDAHO | 2013-51102-21015 | |
| | | | UNIVERSITY OF IDAHO | BJKR15-SB-001 | 13,883 |
| HOMELAND SECURITY_AGRICULTURAL | 10.304 | | CORNELL UNIVERSITY | 80289-10764 | 20,733 |
| | | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | 422179-19756 | |
| | | | CORNELL UNIVERSITY | 64094-9752 | |
| | | | RUTGERS UNIVERSITY | 6063-PP2016-Stoner | |
| | | | UNIVERSITY OF FLORIDA | Subaward No. UFDSP00010709 | |
| SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | | | | 281,592 |
| AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) | 10.310 | | | | 2,282,640 |
| | | | UNIVERSITY OF CALIFORNIA, DAVIS | 201700151-01 | |
| | | | UNIVERSITY OF NEVADA LAS VEGAS (UNLV) | UNLV GR08663/USDA 2017-67022-26608 | 147,047 |
| CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM | 10.329 | | | | 135 |
| | | | CORNELL UNIVERSITY | 73984-10396 | |
| | | | CORNELL UNIVERSITY | 73984-10396 | |
| | | | CORNELL UNIVERSITY | 73984-10396 | |
| | | | CORNELL UNIVERSITY | 73984-11013 | |
| | | | CORNELL UNIVERSITY | 86935-11195 | |
| FOOD INSECURITY NUTRITION INCENTIVE GRANTS PROGRAM | 10.331 | | FARM FRESH RHODE ISLAND | PREAWARD | 55,253 |
| STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION | 10.560 | | | | 39,821 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | 29,053 |
| SCHOOL WELLNESS POLICY COOPERATIVE AGREEMENT | 10.597 | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | PREAWARD | 1,004,640 |
| URBAN AND COMMUNITY FORESTRY PROGRAM | 10.675 | | MORTON ARBORETUM | 15-DG-11132544-035 | 760 |
| FOREST HEALTH PROTECTION | 10.680 | | | | 4,644 |
| PARTNERSHIP AGREEMENTS | 10.699 | | | | 34,196 |
| ENVIRONMENTAL QUALITY INCENTIVES PROGRAM | 10.912 | | | | 4,487 |
| REGIONAL CONSERVATION PARTNERSHIP PROGRAM | 10.932 | | | | 54,923 |
| | | | | | 33,247 |

STATE OF CONNECTICUT
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SUMMARY OF PROGRAM CLUSTERS
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| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|--|--|-------------------------|
| | | | CONNECTICUT ASSOCIATION OF CONSERVATION DISTRICTS | Agreemwnt #11-UCONN-SH | |
| LISTERIA MONOCYTOGENES GROWTH & SURVIVAL | 10.U01 | 2017CPS02 | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS RUTGERS UNIVERSITY | A005-01 PREWARD PREWARD UWSC100786 | 112,147 1,330 |
| INTEGRATED OCEAN OBSERVING SYSTEM (IOOS) | 11.012 | | UNIVERSITY OF WASHINGTON | | 424,154 |
| CLUSTER GRANTS | 11.020 | | | | 218,421 |
| ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE | 11.303 | | | | 123,190 |
| SEA GRANT SUPPORT | 11.417 | | | | 867,686 |
| COASTAL ZONE MANAGEMENT ESTUARINE RESEARCH RESERVES | 11.420 | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | A101322 | 11,529 128 |
| FISHERIES DEVELOPMENT AND UTILIZATION RESEARCH AND DEVELOPMENT | | | | | |
| GRANTS AND COOPERATIVE AGREEMENTS PROGRAM | 11.427 | | | | 15,769 |
| CLIMATE AND ATMOSPHERIC RESEARCH | 11.431 | | UNIVERSITY OF WASHINGTON UNIVERSITY OF WASHINGTON | UWSC10546/BPO35729 UWSC10461 | 86,243 93,065 |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) | | | | | |
| COOPERATIVE INSTITUTES | 11.432 | | AK DEPARTMENT OF FISH AND GAME | 160002056 | 17,093 |
| MARINE MAMMAL DATA PROGRAM | 11.439 | | UNIVERSITY OF ALASKA, FAIRBANKS NATURE CONSERVANCY | UAF 17-0033 MA1112017CT | 41,582 |
| OFFICE FOR COASTAL MANAGEMENT | 11.473 | | NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING SYSTEMS | A0007-001 | 34,189 |
| CENTER FOR SPONSORED COASTAL OCEAN RESEARCH_COASTAL OCEAN PROGRAM | 11.478 | | | | 106,593 |
| MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS | 11.609 | | | | 111,114 |
| NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY CONSTRUCTION GRANT PROGRAM | 11.618 | | UNIVERSITY OF MICHIGAN ENFIELD FIRE DEPARTMENT, CT | 3004566003 AG181217 | 3,328 58,771 |
| ARRANGEMENTS FOR INTERDISCIPLINARY RESEARCH INFRASTRUCTURE | 11.619 | | NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY | AG180853 | 90 |
| MARINE DEBRIS PROGRAM | 11.999 | | AND EDUCATION | | 71,053 |
| TEXT & DATA ANALYTICS FOR CENSUS OPERATIONS | 11.U01 | S/C-001 UCUE2018-USCB | NEWLIGHT TECHNOLOGIES LEIDOS | S/C-001 UCUE2018-USCB PO10215908 | 58,529 |
| VALIDATION OF AN EXHALED NITRIC OXIDE (NO) BASED MODEL OF HYPERBARIC OXIDATIVE STRESS AND PULMONARY OXYGEN TOXICITY | | | | | |
| SUSCEPTIBILITY PRE- AND POST-DIV | 11.U01 | PO10215908 | | | 97,509 |
| BASIC AND APPLIED SCIENTIFIC RESEARCH | 12.300 | | | | 4,218,361 |
| BASIC SCIENTIFIC RESEARCH - COMBATING WEAPONS OF MASS DESTRUCTION | 12.351 | | LABORATORY OF THE MINISTRY OF AGRICULTURE OF GEORGIA | HDTM1-18-1-0053/P00001 | 312,816 |
| MILITARY MEDICAL RESEARCH AND DEVELOPMENT | 12.420 | | | | 4,806 699,761 |

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
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| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------|---------------------------------|--|---|----------------------|
| | | | UNIVERSITY OF CONNECTICUT UNIVERSITY OF PITTSBURGH CREARE JACKSON (HENRY M.) FOUNDATION UNIVERSITY OF SOUTHERN CALIFORNIA WAKE FOREST UNIVERSITY | WAKE FOREST KFS 5619350 PO#54081 0056666(413614-15)/DODW81XWH1720073 Subcontract No. 75609 Subaward# 3885/PO# 915062 94598298 WFUHS 441059 ER-09 | |
| BASIC SCIENTIFIC RESEARCH | 12.431 | | | | 390,268 345,521 |
| | | | NORTH CAROLINA STATE UNIVERSITY NORTHEASTERN UNIVERSITY UNIVERSITY OF CALIFORNIA, LOS ANGELES ACADEMY OF APPLIED SCIENCE NATIONAL SCIENCE TEACHERS ASSOCIATION NATIONAL SCIENCE TEACHERS ASSOCIATION UNITED TECHNOLOGIES-RESEARCH CENTER | 2015-0978-02 504108-78050 1000 G SA915 US ARMY/AAS NSTA/US ARMY 19-871-007 NSTA/US ARMY 19-871-106 PO #2605995 | 338,797 |
| BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING | 12.630 | | | | 134,184 |
| AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | | | 2,088,703 |
| MATHEMATICAL SCIENCES GRANTS PROGRAM | 12.901 | | | | 73,512 |
| AF 182-100 SBIR-PHASE I: COUPLED INFUSION-CURE MODELING | | | | | |
| SIMULATION FOR LOW-COST COMPOSITE PARTS FOR PROCESS DEFECTS | | | GLOBAL ENGINEERING AND MATERIALS | AG 190439 | |
| AND GEOMETRIC CONFORMITY | 12.U01 | AG 190439 | | | 17,537 |
| BRAIN FUNCTION ASSESSMENT | 12.U01 | AG170769 | BRAINSCOPE COMPANY SYSTEMS ENGINEERING ASSOCIATES CORPORATION (SEA | AG170769 PO# 183190 | 4,476 |
| DESIGN AND PROCESSING OF LOW PHASE NOISE LASER AND GAIN CHIP | 12.U01 | PO# 183190 | CORP) | | 15,661 |
| EFFECT OF WAKEFULNESS ON AUDITORY CUED VISUAL SEARCH | 12.U01 | PO10209796 | LEIDOS | PO10209796 | 30,765 |
| | | PO10215920 | LEIDOS | PO10215920 | 892 |
| EFFICIENT COMBUSTION CHEMISTRY MODEL DEVELOPMENT WITH | | | | | |
| UNCERTAINTY QUANTIFICATION | 12.U01 | | 20180012 | | 41,409 |
| HIGHLY-MANEUVERING OBSCURED TARGET EXTRACTION WITH OTHR | 12.U01 | CRFR-054 | MATRIX RESEARCH | CRFR-054 | 191,445 |
| INTEGRATED BIAS ESTIMATION AND TRACKING FOR EO/IR FUSED SYSTEMS | 12.U01 | SC17-C046-1 | | | 103,454 |
| PASSIVE THREE-DIMENSIONAL IMAGING IN LOW LIGHT LEVELS WITH | | | MTEQ | | |
| MOBILE DEVICES | 12.U01 | PO#27664 | | PO#27664 | 74,005 |
| RADAR AND EO SYSTEMS TRACK DETECTION ALGORITHMS FOR BMD | 12.U01 | HQ0147-15-C-6004 | | | (91,765) |
| SECURE EFFICIENT CROSS-DOMAIN PROTOCOLS-PHASE II | 12.U01 | 201500410-S | SONALYSTS | 201500410-S | 82,313 |
| SIMULATION-BASED UNCERTAINTY QUANTIFICATION OF MANUFACTURING | | | | | |
| TECHNOLOGIES | 12.U01 | FA8650-18-C-5700 | | | 733,594 |
| STABLE-ISOTOPE LABELED TRACERS, AN INNOVATION WAY TO VALIDATE | | | | | |
| NATURAL ATTENUATION OF RDX IN GROUNDWATER | 12.U01 | N39430-17-C-1931 | | | 141,130 |
| | | PO 4440278825 | MINISTRY OF DEFENSE (ISRAEL) | PO 4440278825 | 41,904 |
| SYSTEM IDENTIFICATION AND TESTING OF A MAGNETORHEOLOGICAL (MR) | | | ELECTRIC BOAT CORPORATION | PO SNE099-004 | |
| FLUID DAMPER | 12.U01 | PO SNE099-004 | | | 49,950 |
| TECHNICAL DIRECTIVE TD-01-007: TURKEY MOFAL EPIDEMIOLOGY AND | | | | | |
| LABORATORY DIAGNOSTIC TESTING | 12.U01 | PO10204923 | LEIDOS | PO10204923 | 156,142 |
| TRACKING THE HEALTH OF SOLDIERS WITH ADVANCED IMPLANTABLE NANO- | | | | | |
| SENSORS | 12.U01 | W81XWH-15-C-0069 | | | 344,313 |
| TRACKING THE UPTAKE, TRANSLOCATION, CYCLING AND METABOLISM OF | | | | | |
| MUNITIONS COMPOUNDS IN COASTAL MARINE ECOSYSTEMS USING STABLE | | | | | |
| ISOTOPIC TRACER | 12.U01 | W912HQ18P0002 | | | 28,364 |
| HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER | | | | | |
| RECOVERY GRANTS (CDBG-DR) | 14.269 | | | | 738,765 |

STATE OF CONNECTICUT
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| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|----------------------|
| NATIONAL RESILIENT DISASTER RECOVERY COMPETITION | 14.272 | | THE UNIVERSITY OF RHODE ISLAND | 44017/031715/0004251 | 134,376 |
| HURRICANE SANDY DISASTER RELIEF & COASTAL RESILIENCY GRANTS. | 15.153 | | UNIVERSITY OF RHODE ISLAND | 0007060/071918 | 633 |
| BUREAU OF OCEAN ENERGY MANAGEMENT (BOEM) ENVIRONMENTAL STUDIES PROGRAM (ESP) | 15.423 | | THE UNIVERSITY OF RHODE ISLAND | M14AC00011/0004249/08012018 | 8,594 |
| MARINE MINERALS ACTIVITIES - HURRICANE SANDY | 15.424 | | THE UNIVERSITY OF RHODE ISLAND | | 10,217 |
| WATER DESALINATION RESEARCH AND DEVELOPMENT PROGRAM | 15.506 | | | | 53,846 |
| WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | | | | 255,317 |
| STATE WILDLIFE GRANTS | 15.634 | | | | 14,867 |
| RESEARCH GRANTS (GENERIC) | 15.650 | | | | 59 |
| HURRICANE SANDY DISASTER RELIEF ACTIVITIES-FWS | 15.677 | | UNIVERSITY OF DELAWARE | DEP43000 | 7,752 |
| ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES | 15.805 | | | | 76,277 |
| U.S. GEOLOGICAL SURVEY_ RESEARCH AND DATA COLLECTION | 15.808 | | | | 158,012 |
| NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM | 15.810 | | | | 29,742 |
| AMERICAN BATTLEFIELD PROTECTION | 15.926 | | TOWN OF MONTAGUE, MA | AG190779 | 3,414 |
| ASSESSING PROCESSES THAT DRIVE FISHERIES PRODUCTIVITY ON NEW ENGLAND SAND SHOALS | 15.U01 | MOA-2018-036/11582 | | | 7,701 |
| TOWARD NEAR REAL-TIME MONITORING AND CHARACTERIZATION OF LAND SURFACE CHANGE FOR THE CONTERMINOUS US | 15.U01 | 140G119C0008 | | | 4,249 |
| NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS | 16.560 | | | | 70,996 |
| VIOLENCE AGAINST WOMEN FORMULA GRANTS | 16.588 | | | | 22,500 |
| SECOND CHANCE ACT REENTRY INITIATIVE | 16.812 | | | | 68,301 |
| GIRLS IN THE JUVENILE JUSTICE SYSTEM | 16.830 | | POLICY RESEARCH ASSOCIATES, INC. | USDOJJ 2016-CV-BX-0002/SUB1106-0002 | 25,885 |
| NATIONAL SEXUAL ASSAULT KIT INITIATIVE | 16.833 | | POLICY RESEARCH ASSOCIATES, INC. | PRA 1106-0003-001-001 / USDOJ | 27,141 |
| EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES | 17.207 | | MATHEMATICA POLICY RESEARCH INC | MATHEMATICA 50723S05952/US DOL | 27,577 |
| DISABILITY EMPLOYMENT POLICY DEVELOPMENT | 17.720 | | | | 256,771 |
| AVIATION RESEARCH GRANTS | 20.108 | | NATIONAL ACADEMIES | | 77,411 |
| HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM | 20.200 | | NATIONAL ACADEMIES | HR 12-111 PO# SUB0000987 | 77,087 |
| HIGHWAY PLANNING AND CONSTRUCTION | 20.205 | | | HR 17-85 PO SUB0001265 | 5,388,733 |
| HIGHWAY TRAINING AND EDUCATION | 20.215 | | | | 4,086 |
| SAFETY DATA IMPROVEMENT PROGRAM | 20.234 | | | | (52) |
| COMMERCIAL VEHICLE INFORMATION SYSTEMS AND NETWORKS | 20.237 | | | | 32,615 |
| RAILROAD RESEARCH AND DEVELOPMENT | 20.313 | | | | 43,124 |
| NATIONAL PRIORITY SAFETY PROGRAMS | 20.616 | | | | 25,627 |
| UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 5710003808 | |
| IMPROVED PREDICTION MODELS FOR CRASH TYPES AND CRASH SEVERITIES | 20.U01 | HR 17-62 | UNIVERSITY OF MAINE | UMS-1184 | |
| ROAD FLOODING IN COASTAL CONNECTICUT SCIENCE | 20.U01 | AG170204 | UNIVERSITY OF NORTH CAROLINA, CHARLOTTE | 20160688-03-UOC | 370,196 |
| | 43.001 | | NAS/TRANSPORTATION RESEARCH BOARD | HR 17-62 | |
| AERONAUTICS EXPLORATION | 43.002 | | SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS | AG170204 | 27,069 |
| | 43.003 | | | | 50,393 |
| | | | BAY AREA ENVIRONMENT RESEARCH INSTITUTE | 80NSSC17M0014 | 608,784 |
| | | | AMERICAN MUSEUM OF NATURAL HISTORY | A25-2018-3/PO 111694 | |
| | | | BERMUDA BIOLOGICAL STATION FOR RESEARCH | 154444UCONN | |
| | | | CALIFORNIA INSTITUTE OF TECHNOLOGY | 1590854 | |
| | | | NATIONAL SPACE GRANT FOUNDATION (NSGF) | Xhab 2019-05 | 189,020 |
| | | | | | 180,637 |
| | | | | | 10,719 |

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| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|--|--|-----------------------------|
| EDUCATION | 43.008 | | TRINITY COLLEGE | NNX15AI12H | |
| SPACE TECHNOLOGY | 43.012 | | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT CONSORTIUM | NNX12AG64H - various NNX12AG64H - various | 35,055 131,162 |
| 25X SPACE FRESNEL LENS CONCENTRATOR USING 4(+) JUNCTION IMM SOLAR CELLS AND NYCTINAST | 43.U01 | AG170872 | UNIVERSITY OF HARTFORD, CONNECTICUT SPACE GRANT CONSORTIUM | P-1177 P-1170 | (1,465) |
| A CHANCE ALIGNMENT: RESOLVING A MASSIVE COMPACT GALAXY ACTIVELY QUENCHING AT Z=1.8 | 43.U01 | HST-GO-14622.008-A | UNIVERSITY OF HARTFORD UNIVERSITY OF HARTFORD | P-1174 P-1255 | 45,595 |
| 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 | UNIVERSITY OF HARTFORD UNIVERSITY OF HARTFORD | P-1324 P-1254 | 36,419 |
| PARTIAL DISCHARGE INVESTIGATION FOR HIGH VOLTAGE DC (HVDC) AEROSPACE ELECTRICAL SYSTEMS | 43.U01 | PO# 2605741 | PARTIAL DISCHARGE INVESTIGATION FOR HIGH VOLTAGE DC (HVDC) AEROSPACE ELECTRICAL SYSTEMS | | 100,000 |
| THE COSMIC EVOLUTION EARLY RELEASE SCIENCE SURVEY | 43.U01 | JWST-ERS-01345.016-A | SPACE TELESCOPE SCIENCE INSTITUTE | JWST-ERS-01345.016-A | 2,643 |
| ULTRAVIOLET ECHOES OF QUASAR ACCRETION DISKS | 43.U01 | HST-GO-15260.001-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-15260.001-A | 99,320 |
| ULTRAVIOLET ECHOES OF QUASAR ACCRETION DISKS FY19 | 43.U01 | HST-GO-15650.002-A | SPACE TELESCOPE SCIENCE INSTITUTE | HST-GO-15650.002-A | 5,296 |
| USING RAPIDCAT OCEAN VECTOR WINDS TO UNDERSTAND THE ORIGIN OF OCEAN TEMPERATURE EXTREMES OFF U.S. COASTS | 43.U01 | 1544398 | HEALTH E-SENSE MGENUITY MOBILE SENSE TECHNOLOGIES THEBEAMER | AG170741 AG160940/1632573 AG171434 AG171056 | 43,547 |
| ENGINEERING | 47.041 | | YALE UNIVERSITY | C17D12543 (CON-80000133) | 4,943,369 |
| MATHEMATICAL AND PHYSICAL SCIENCES | 47.049 | | YALE UNIVERSITY NORTH CAROLINA STATE UNIVERSITY | C12D11227(D01804) 2018-0220-03 | 4,029,584 66,814 |
| GEOSCIENCES | 47.050 | | UNIVERSITY OF ARKANSAS UNIVERSITY OF MICHIGAN | SA1804213 3004146005 | 3,131,675 115,434 |
| COMPUTER AND INFORMATION SCIENCE AND ENGINEERING | 47.070 | | UNIVERSITY OF CONNECTICUT WASHINGTON STATE UNIVERSITY | UCONN STORRS KFS#5631140, PO#93382 Subaward No. 123507_G003406 | 3,047,407 4,072 |
| BIOLOGICAL SCIENCES | 47.074 | | CITY COLLEGE OF NEW YORK UNIVERSITY OF GEORGIA UNIVERSITY OF KANSAS UNIVERSITY OF PUERTO RICO, SAN JUAN UNIVERSITY OF PUERTO RICO, SAN JUAN UNIVERSITY OF VIRGINIA WASHINGTON STATE UNIVERSITY | CM00002246-00 SUB00001802 FY2019-030 2016-006 2019-004 GA11020-142299 123664-G003628 | 5,035,638 |
| SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES | 47.075 | | UNIVERSITY OF CHICAGO | FP050648 | 522,655 594,124 (104) |

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|---|---------------------|---------------------------------|---|---|----------------------|
| EDUCATION AND HUMAN RESOURCES | 47.076 | | EDADVANCE UNIVERSITY OF CONNECTICUT AMERICAN EDUCATIONAL RESEARCH ASSOCIATION AMERICAN MUSEUM OF NATURAL HISTORY RUTGERS UNIVERSITY UNIVERSITY OF SOUTH FLORIDA UNIVERSITY OF SOUTH FLORIDA UNIVERSITY OF SOUTH FLORIDA UNIVERSITY OF VIRGINIA WASHINGTON STATE UNIVERSITY | 17055, 17056, 17057 KSF 5641360/PO 175480/NSF 1735225 AG170097 2-2014 0602/PO912594 1263-1010-00-B 1776-1011-00-B 2014-1281-00-A GA11161 150024 133380-G003963 | 4,253,860 |
| OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING | 47.079 | | | | 446,355 |
| INTEGRATIVE ACTIVITIES | 47.083 | | | | 158,504 |
| CHARTER OF R/V CONNECTICUT BY WHOI FOR MOORING RECOVERY | | | WOODS HOLE OCEANOGRAPHIC INSTITUTION | PO M220083 | 905,755 |
| DEPLOYMENT | 47.U01 | PO M220083 | | | 17,952 |
| HEALTHY COMMUNITIES GRANT PROGRAM | 66.110 | | | | 7,800 |
| LONG ISLAND SOUND PROGRAM | 66.437 | | NATIONAL FISH AND WILDLIFE FOUNDATION RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK | 1401.18.061482 Subaward 66833 72841-1-1128016 | 1,048,040 |
| NATIONAL ESTUARY PROGRAM | 66.456 | | | | 7,623 |
| NONPOINT SOURCE IMPLEMENTATION GRANTS | 66.460 | | | | 191,052 |
| GREAT LAKES PROGRAM | 66.469 | | LOYOLA UNIVERSITY CHICAGO | 516995-UConn | 28,483 |
| SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM | 66.509 | | | | 10,699 |
| SCIENCE TO ACHIEVE RESULTS (STAR) FELLOWSHIP PROGRAM | 66.514 | | | | 80,082 |
| PERFORMANCE PARTNERSHIP GRANTS | 66.605 | | | | 23,503 |
| OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | 3D ARRAY TECHNOLOGY HIFUNDA SKYRE UES | AG 181007 AG171003 AG160746 S-159-000-001 | 10,980 |
| UNIVERSITY COAL RESEARCH | 81.057 | | | | 2,042,146 |
| CONSERVATION RESEARCH AND DEVELOPMENT | 81.086 | | UNIVERSITY OF NEW HAVEN | PO #0034767 | 92,245 |
| RENEWABLE ENERGY RESEARCH AND DEVELOPMENT | 81.087 | | AMERICAN INSTITUTE OF CHEMICAL ENGINEERS CASE WESTERN RESERVE UNIVERSITY GINER LOUISIANA STATE UNIVERSITY SKYRE UNITED TECHNOLOGIES-RESEARCH CENTER UNIVERSITY OF TENNESSEE | PREAWARD RES512578 AG181061 PO-0000027017 DE-EE0008423-UConn PO # 2605553 A18-1252-S002 | 102,612 |
| FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | CARPENTER TECHNOLOGY CUMMINS | PO# 7570403 IND4097881 | 62,460 |
| STEWARDSHIP SCIENCE GRANT PROGRAM | 81.112 | | TEXAS A&M UNIVERSITY | M1803472 | 305,086 |
| NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION | 81.121 | | | | 341,051 |
| | | | | | 393,573 |
| | | | | | 205,378 |
| | | | | | 91,118 |
| | | | | | 131,604 |

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|--|---------------------|---------------------------------|---|--|----------------------|
| ADVANCED RESEARCH PROJECTS AGENCY - ENERGY ASSESS THE IMPACT AND EVALUATE THE RESPONSE TO CYBERSECURITY ISSUES (AIERC) | 81.135 | | MARINE BIOLOGICAL LABORATORY UNIVERSITY OF ALASKA, FAIRBANKS WOODS HOLE OCEANOGRAPHIC INSTITUTION | 53721 UAF 19-0067/PO532682 A101412 | 622,174 |
| COHERENCE IN CHARGE PAIRS FOR QIS | 81.U01 | 344867 | | | 23,648 |
| | 81.U01 | 349774 | | | 17,962 |
| DEVELOPMENT OF REDUCED MODELS AND EFFICIENT CHEMISTRY SOLVERS EIC BACKGROUND STUDIES AND THE IMPACT ON THE IR AND DETECTOR DESIGN | 81.U01 | PO #1833988 | | | 29,158 |
| ELECTROPRODUCTION WITH NUCLEON AND NUCLEAR TARGETS USING CLAS AND CLAS12 | 81.U01 | 341820 | | | 46,954 |
| | 81.U01 | 6F-30601 | | | 49,892 |
| EXPERIMENTAL MEASUREMENT OF FUEL REACTIVITY AND PHI SENSITIVITY FORMAL ANALYSIS FOR DYNAMIC STABILITY ASSESSMENT OF LARGE INTERCONNECTED GRIDS UNDER UNCERTAINTIES | 81.U01 | B630575 | | | 54,999 |
| GRADUATE RESEARCH SERVICES-ANDREY KIM | 81.U01 | 343761 | | | 49,077 |
| INTEGRATED MULTISCALE MODELING AND EXPERIMENTAL APPROACH TO UNDERSTAND VISCOELASTICITY OF ELASTOMERS | 81.U01 | 14-P0041 | JEFFERSON SCIENCE ASSOCIATES | 14-P0041 | 32,358 |
| MAGNETIC TOPOLOGICAL MATTER | 81.U01 | B632271 | | | 6,350 |
| SEARCH FOR NEW DIRAC MATERIALS | 81.U01 | 443647 | | | 49,821 |
| STOCHASTIC SIZING AND OPERATION OF GRID-LEVEL ENERGY STORAGE SYSTEMS | 81.U01 | Agrmt: 432529 Sub: 385444 | | | 24,232 |
| SYNTHESIS, CHARACTERIZATION, AND MAKING OF ZNO/BAO BASED NANO-ARRAY MONOLITHS | 81.U01 | BNL-0000350226 | | | 45,479 |
| THE EFFECTS OF WIND ENERGY INSTALLATION ON SCHOOL DISTRICT REVENUES AND EXPENDITURES, RESOURCE ALLOCATIONS, AND STUDENT ACHIEVEMENT | 81.U01 | 4000166671 | UNIVERSITY OF CALIFORNIA, BERKELEY | 7434420 | 14,468 |
| TRIPLET-DRIVEN SOLAR ENERGY CAPTURE | 81.U01 | 7434420 | | | 39,677 |
| | 81.U01 | 357745 | | | 31,096 |
| OVERSEAS PROGRAMS - DOCTORAL DISSERTATION RESEARCH ABROAD | 84.022 | | | | 4,571 |
| TRIO_TALENT SEARCH | 84.044 | | | | 189,264 |
| FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION | 84.116 | | FARMINGDALE STATE COLLEGE | P116F150028 | 4,182 |
| REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES | 84.126 | | | | 18,457 |
| SPECIAL EDUCATION_PRESCHOOL GRANTS | 84.173 | | | | 83,191 |
| SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES_NATIONAL PROGRAMS | 84.184 | | | | 84,044 |
| GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED | 84.200 | | | | 976,531 |
| JAVITS GIFTED AND TALENTED STUDENTS EDUCATION | 84.206 | | | | 1,470,994 |
| EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION | 84.305 | | | | 2,103,361 |
| | | | NEW YORK UNIVERSITY | F0523-02 | |
| | | | TEXAS A&M UNIVERSITY | 02-S140264 | |
| | | | UNIVERSITY OF COLORADO, BOULDER | 1554829 | |
| | | | UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN | 16662 | |
| | | | VANDERBILT UNIVERSITY | UNIV60628 | |
| RESEARCH IN SPECIAL EDUCATION | 84.324 | | UNIVERSITY OF MARYLAND, COLLEGE PARK | Z2104001 | 244,736 |
| | | | UNIVERSITY OF TENNESSEE | PREAWARD | 407,599 |
| SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.325 | | | | 169,424 |
| | | | | | 3,164,612 |

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|---|---------------------|---------------------------------|--|---|----------------------|
| SPECIAL EDUCATION_TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES | 84.326 | | UNIVERSITY OF MASSACHUSETTS BOSTON AMERICAN INSTITUTES FOR RESEARCH AMERICAN INSTITUTES FOR RESEARCH | DOE/TPSID/UMASS BOSTON 96297220 0313000102 0141010602 | 9,392 |
| SPECIAL EDUCATION_EDUCATIONAL TECHNOLOGY MEDIA, AND MATERIALS FOR INDIVIDUALS WITH DISABILITIES | 84.327 | | OHIO STATE UNIVERSITY | 60036894/PO#RF01370554 | 161,261 |
| | | | CONNECTICUT SCIENCE CENTER NATIONAL WRITING PROJECT CORPORATION | AG160443 92-CT01-SEED2017-CRWPPD 92-CT01-SEED2017-ILI | 13,964 |
| IMPROVING TEACHER QUALITY STATE GRANTS | 84.367 | | NATIONAL WRITING PROJECT CORPORATION | | 9,275 |
| SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT | 84.388 | ARRA | | | 244,256 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS | 93.044 | | | | 51,520 |
| SPECIAL PROGRAMS FOR THE AGING_TITLE IV_AND TITLE II_DISCRETIONARY PROJECTS | 93.048 | | | | 16,176 |
| TRAINING IN GENERAL, PEDIATRIC, AND PUBLIC HEALTH DENTISTRY | 93.059 | | | | 339,920 |
| BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES - PREVENTION AND SURVEILLANCE | 93.073 | | | | 162,868 |
| FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT REGULATORY RESEARCH | 93.077 | | CORNELL UNIVERSITY | 81477-10821 | 742,504 |
| PREVENTION OF DISEASE, DISABILITY, AND DEATH BY INFECTIOUS DISEASES | 93.084 | | | | 1,187,275 |
| WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION | 93.094 | | ASSOCIATION OF FOOD AND DRUG OFFICIALS (AFDO) NATIONAL INSTITUTE OF PHARMACEUTICAL TECHNOLOGY AND EDUCATION | G-SP1810-06800/G-MP-1810-06829/G-T-1810-06839 NIPTE-U01-UC-2016-001 | 59,165 |
| FOOD AND DRUG ADMINISTRATION_RESEARCH | 93.103 | | YALE UNIVERSITY | PREAWARD | 1,322,401 |
| AREA HEALTH EDUCATION CENTERS POINT OF SERVICE MAINTENANCE AND ENHANCEMENT AWARDS | 93.107 | | | | 48,630 |
| MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS | 93.110 | | ORGANIZATION OF TERATOLOGY INFORMATION SERVICES ORGANIZATION OF TERATOLOGY INFORMATION SERVICES ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI(ISMMS) ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI(ISMMS) | HRSA 2UG4MC27861-03 HRSA 5UG4MC27861-04 SUBAWARD#0253-6546-4609 ISMMS-HRSA AWARD #0253-6547-4609 | 542,029 |
| ENVIRONMENTAL HEALTH | 93.113 | | TRUSTEES OF TUFTS COLLEGE UNIVERSITY OF CONNECTICUT JOHNS HOPKINS UNIVERSITY PENNSYLVANIA STATE UNIVERSITY UNIVERSITY OF MINNESOTA | PO#EP0184202/NIH R01 ES026980 UCONN KFS 5630070(PO58543) 2003338059 UCTES021762 P004067101 | 451,640 |
| ORAL DISEASES AND DISORDERS RESEARCH | 93.121 | | | | 93,197 |
| | | | | | 211,776 |
| | | | | | 3,055,178 |

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|---|---------------------|---------------------------------|--|---|--------------------------------|
| CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH PROMOTION AND DISEASE PREVENTION | 93.135 | | NEW YORK UNIVERSITY REGENTS OF THE UNIVERSITY OF CALIFORNIA LOS ANGELES THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A CAROLINAS THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY D/B/A CAROLINAS ORAL FLUID DYNAMICS, LLC NEW YORK UNIVERSITY YALE UNIVERSITY | SUBAWARD F7530-01 PO#IB00001369 SUBAWARD 1350 G SB824 CHS 2000203699 (14-05051) NIH U01DE022939 (3000301333) ORAL FLUID DYNAMICS/NIH R41DE028217 FO397-1 PO#IB00132940 M17A12655(A09917) | 354,247 |
| INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS | 93.136 | | YALE UNIVERSITY | GR102076(CON-80001145) GR104624(CON-80001477) | 16,844 |
| COMMUNITY PROGRAMS TO IMPROVE MINORITY HEALTH GRANT PROGRAM | 93.137 | | VILLAGE FOR FAMILIES AND CHILDREN | AG161220 | 17,831 |
| NIEHS SUPERFUND HAZARDOUS SUBSTANCES_BASIC RESEARCH AND EDUCATION | 93.143 | | DARTMOUTH COLLEGE UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS | R154 CORE WA00602483/OSP2018007 MAI WA00602483/OSP2018007 PT WA00602483/OSP2018007 HRSA/UMASS PO#WA00715368/OSP2018066 UMASS/HRSAOSP2018007 WA00755344CORE UMASS/HRSAOSP2018007 WA00755344 MAI UMASS/HRSAOSP2018007 WA00755344 PT HRSA/UMASS PO#WA00787245/OSP2018066 | 29,023 93,004 |
| AIDS EDUCATION AND TRAINING CENTERS | 93.145 | | | | 130,874 |
| 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 | 188,113 |
| HUMAN GENOME RESEARCH | 93.172 | | CONNECTICUT CHILDREN'S SPECIALTY GROUP INC | CCSG 18-185021-04 HRSA-17-039 | 2,587,287 |
| RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS | 93.173 | | THE JACKSON LABORATORY THE JACKSON LABORATORY YALE UNIVERSITY | PO# 210256-0119/NIH UMI HG009409 JAX 210256-0120-03 PO#211796 YALE GR100950 NIH SUB#CON-80000961 | 194,211 1,640,601 11,882 |
| RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH | 93.213 | | NORTHWESTERN UNIVERSITY | NWU SP0044830-PROJ0012557/NIHR01DC | 26,991 |
| HEALTH CENTER PROGRAM (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE HOMELESS, AND PUBLIC HOUSING PRIMARY CARE) | 93.224 | | GEORGIA STATE UNIVERSITY MIRIAM HOSPITAL UNIVERSITY OF CALIFORNIA, SAN DIEGO MASSACHUSETTS LEAGUE OF COMMUNITY HEALTH CENTERS, INC. | GSU SP00013079-01/NIH R34AT009538 710-9196 76758017 (PO#S9001412) CONNECTICUT RIVER VALLEY FARMWORKER | 67,296 28,172 |
| NATIONAL CENTER ON SLEEP DISORDERS RESEARCH | 93.233 | | | | 312,973 |
| MENTAL HEALTH RESEARCH GRANTS | 93.242 | | | | 6,272,130 |

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| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|--|--|-------------------------|
| | | | DUKE UNIVERSITY NORTHWESTERN UNIVERSITY NORTHWESTERN UNIVERSITY THE JOHNS HOPKINS UNIVERSITY THE JOHNS HOPKINS UNIVERSITY HARTFORD HOSPITAL NORTHERN CALIFORNIA INSTITUTE FOR RESEARCH AND EDUCATION INC BRIGHAM AND WOMEN'S HOSPITAL DREXEL UNIVERSITY SAN DIEGO STATE UNIVERSITY | DUKE UNI R01MH98301-03/SUB2031801 NWU 60042322/NIH R01 MH107652 NWU NIMH 5U01MH082830 Sub#60036522 JOHNSHOPKINS 2002554852/R01MH103799 SUB#2002392365 / NIH R24MH106083 SUB#126315-UCHC-51/PO2000418288 BYE2129-01/NIH RF1 MH117604 119452 800106-a/PO # U0133639 SA0000470 | 966,854 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE | 93.243 | | STANFORD UNIVERSITY UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO YALE UNIVERSITY YALE UNIVERSITY | 61138664-121865 9397sc PREAWARD 10530sc GR100779 (CON-80000862) GR105974 (CON-80001738) | 123,508 |
| | | | COMMUNITY RENEWAL TEAM INCORPORATED OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES VILLAGE FOR FAMILIES AND CHILDREN | SAMHSA H79TI081390 PREAWARD 4529056874 4529056969 AG161497 | 1,966,832 |
| EARLY HEARING DETECTION AND INTERVENTION | 93.251 | | | | 245,723 |
| POISON CENTER SUPPORT AND ENHANCEMENT GRANT | 93.253 | | | | 61,760 |
| OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | | | | 159,323 |
| | | | NORTHEASTERN UNIVERSITY UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS | NORTHEASTERN UNI AWARD 500326-78051 KFS#5641220/CDC PA#183871 PO300344 STORRS KFS#5647270 PA#329444 /CDC S51130000036984 PO # L000668683 S51130000036984B PO#L000668682 S51130000036984C PO#L000668680 S51130000036984D PO#L000668685 S51130000040057 CORE PO#L000780525 S51130000040057 PR B PO#L000780524 S51130000040057 OUT PO#L000780527 | 598,701 |
| | | | | | 450,782 |
| | | | PRESIDENTS AND FELLOWS OF HARVARD COLLEGE UNIVERSITY OF MASSACHUSETTS, LOWELL UNIVERSITY OF MASSACHUSETTS, LOWELL UNIVERSITY OF MASSACHUSETTS, LOWELL | HARVARD SCHOOL OF PUBLIC HEALTH/NIH S51130000040057B S51130000040057C S51130000040057 | 103,838 |
| ALCOHOL RESEARCH PROGRAMS | 93.273 | | | | 3,785,271 |

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|--|---------------------------|---------------------------------------|--|---|-------------------------|
| DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS | 93.279 | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK YALE UNIVERSITY VIRGINIA COMMONWEALTH UNIVERSITY INDIANA UNIVERSITY PACIFIC INSTITUTE FOR RESEARCH AND EVALUATION (PIRE) WASHINGTON STATE UNIVERSITY | SUNY 1009189-79064/U10AA008401-29 SUNY 1009189-82217/UI0AA008401-30 M16A12437(A10599) YALE/NIH VCU FP00009381_SA001/NIHR01AA024466 IN4689849UCONN/PO#1905450 Project Code 0915 130305-G003669 | 1,081,382 4,273,022 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE | 93.283 | | THE JACKSON LABORATORY YALE UNIVERSITY YALE UNIVERSITY YALE UNIVERSITY UNIVERSITY OF CALIFORNIA, SAN DIEGO UNIVERSITY OF IOWA YALE UNIVERSITY | NIH U01DA043809/JAX PO210841 YALE M15A11968/A10835 NIH DA009241 YALEG101087(CON80000947)NIHDA009241 YALEGR104007CON80001373/NIHDA009241 110406513/MP Inv #S9002152 1001408117 PREAWARD | 408,160 30,144 |
| DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH | 93.286 | | THE RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK UNIVERSITY OF WASHINGTON UNIVERSITY OF WASHINGTON UNIVERSITY OF ARIZONA CITY OF HARTFORD CITY OF HARTFORD | SUNY#100-1135875-76398/NIH R01 NIH P41EB023912/UWSC10558 PO#35498 NIH P41EB023912/UWSC 317682 | 1,248,665 |
| TEENAGE PREGNANCY PREVENTION PROGRAM | 93.297 | | CITY OF HARTFORD | CITY OF HARTFORD/DHHS 2018-25 CITY OF HARTFORD/DHHS 2018-26 | 390,401 |
| MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH | 93.307 | | CITY OF HARTFORD | COH 2016-35-U2-HHS2019-39/DHHS/OAH | 40,421 |
| TRANS-NIH RESEARCH SUPPORT | 93.310 | | THE JACKSON LABORATORY UNIVERSITY OF CONNECTICUT UNIVERSITY OF TEXAS, EL PASO | PO206855 NIH R25 EB022365-01 RL5 GM118969-3 KFS#5640410 PO163822 226141271G | 112,862 267,168 |
| EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC) | 93.323 | | YALE UNIVERSITY | YALE NIH R24 OD016474 | 181,504 |
| RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | YALE UNIVERSITY KLEIN BUENDEL | YALE GR103597 (CON-80001318) / NIH 0316-0167-000 | 999,637 |
| 21ST CENTURY CURES ACT - BEAU BIDEN CANCER MOONSHOT | 93.353 | | | | 157,930 |
| NURSING RESEARCH | 93.361 | | | | 27,397 |
| | | | | | 954,270 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|--|---|-------------------------|
| SICKLE CELL TREATMENT DEMONSTRATION PROGRAM | 93.365 | | RESULTS GROUP LLC | 00000889 | |
| CANCER CAUSE AND PREVENTION RESEARCH | 93.393 | | UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT UNIVERSITY OF CONNECTICUT BRIGHAM AND WOMEN'S HOSPITAL INC UNIVERSITY OF MARYLAND, BALTIMORE UNIVERSITY OF PITTSBURGH UNIVERSITY OF WISCONSIN, MILWAUKEE THE JOHNS HOPKINS UNIVERSITY | STORRS KFS#5646180 PO#133722/NIH PO132849 KFS5646190/P20NR016605 UCONN KFS5652400/NIH P20NR016605 BRIGHAM119993/NIH R21NR017256 Sub #F218419-2 SR-5395 0029591 (127125-2) 153405530 | 160,393 |
| CANCER DETECTION AND DIAGNOSIS RESEARCH | 93.394 | | KLEIN BUENDEL PHYSICAL SCIENCES RUTGERS UNIVERSITY TEXAS A&M UNIVERSITY | JHOP P02003735150 HRSA U1EMC27864 PREAWARD SC68508-1890 PREAWARD 02-M1703318 | 22,791 1,449,886 |
| CANCER TREATMENT RESEARCH | 93.395 | | UNIVERSITY OF MARYLAND AT BALTIMORE RUTGERS UNIVERSITY UNIVERSITY OF PENNSYLVANIA | UMD 1903275 PO#SR00005694/NIH Subaward 0268/PO 697678 574776/PO-4295791 | 290,269 62,518 |
| CANCER BIOLOGY RESEARCH | 93.396 | | NEW YORK UNIVERSITY NEW YORK UNIVERSITY NRG ONCOLOGY FOUNDATION, INC. UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL | NYU 13A10000008101/PO#M150000869 NYU 13A10000008101/PO#M190190606 GYNECOLOGIC ONCOLOGY GROUP 8762sc 5101332 | 196,640 798,626 |
| CANCER CENTERS SUPPORT GRANTS | 93.397 | | YALE UNIVERSITY INSTITUTE FOR CANCER RESEARCH D/B/A FOX CHASE CANCER CENTER | GR104156 (CON-80001699) FCCC 12305-54/NIH 3P30CA006927-52S1 9374sc | 251,485 728,586 |
| CANCER RESEARCH MANPOWER | 93.398 | | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | | 449 |
| IMPROVING THE HEALTH OF AMERICANS THROUGH PREVENTION AND MANAGEMENT OF DIABETES AND HEART DISEASE AND STROKE | 93.426 | | | | 128,839 |
| STATE PHYSICAL ACTIVITY AND NUTRITION (SPAN) | 93.439 | | | | 670 |
| FOOD SAFETY AND SECURITY MONITORING PROJECT | 93.448 | | | | 358,559 |
| ALZHEIMER'S DISEASE PROGRAM INITIATIVE (ADPI) | 93.470 | | LIVEWELL ALLIANCE, INC | LiveWell Alliance, Inc./ACL | 16,944 |
| PREGNANCY ASSISTANCE FUND PROGRAM | 93.500 | | | | 3,154 |
| PROMOTING SAFE AND STABLE FAMILIES | 93.556 | | | | 296,951 |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES | 93.558 | | | | 4,342 |
| STATE COURT IMPROVEMENT PROGRAM | 93.586 | | | | 6,842 |
| COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS | 93.590 | | | | 243,380 |
| ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE | 93.624 | | | | 1,806,382 |
| DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS | 93.630 | | | | 44,731 |
| UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE | 93.632 | | | | 553,865 |
| ACA-TRANSFORMING CLINICAL PRACTICE INITIATIVE: PRACTICE TRANSFORMATION NETWORKS (PTNS) | 93.638 | | UNIVERSITY OF MASSACHUSETTS UNIVERSITY OF MASSACHUSETTS CONNECTION | WA00618467/OSP2016104/UMASS/DHHS WA00794163/OSP2016104/UMASS/DHHS AG130109 | 1,766,113 77,497 |
| CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES | 93.670 | | | | |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------|---------------------------------|--|--|--------------------------------|
| MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS | 93.732 | | | | 270,692 |
| PPHF: RACIAL AND ETHNIC APPROACHES TO COMMUNITY HEALTH PROGRAM FINANCED SOLELY BY PUBLIC PREVENTION AND HEALTH FUNDS | 93.738 | | | | 342,919 |
| 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 | | | | 20,000 |
| MEDICAL ASSISTANCE PROGRAM | 93.778 | | | | 337,711 |
| OPIOID STR | 93.788 | | | | 4,088 |
| DOMESTIC EBOLA SUPPLEMENT TO THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC). | 93.815 | | | | (824) |
| CARDIOVASCULAR DISEASES RESEARCH | 93.837 | | THE JOHNS HOPKINS UNIVERSITY THE PENNSYLVANIA STATE UNIVERSITY BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY BOSTON UNIVERSITY BROWN UNIVERSITY MOBILE SENSE TECHNOLOGIES TEXAS TECH UNIVERSITY UNIVERSITY OF GEORGIA UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL UNIVERSITY OF RHODE ISLAND YALE UNIVERSITY | SUB 2002870152/NIH R01HL130649 SUB AWD# 5275 UCHC DHHS 2311 STNFRD62054803-136064NIHR01HL146111 Rutgers0905 P01101901/R01HL147350 4500002297 PREAWARD AG170827 21F128-01 RR376-352/4945956 PO# WA00691205 | 3,479,623 |
| LUNG DISEASES RESEARCH | 93.838 | | THE WASHINGTON UNIVERSITY THE WASHINGTON UNIVERSITY UNIVERSITY OF IOWA | 0006829-110718 GR103536(CON-80001210) | 765,065 107,656 647,098 |
| BLOOD DISEASES AND RESOURCES RESEARCH | 93.839 | | THETIS PHARMACEUTICALS LLC | PO2934567G WU18-414/NIHR01 HL130876 PO2934871G WU19-311/NIHR01 HL130876 W000970556/PO#1001838532 | 4,736 232,962 42,410 |
| ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH | 93.846 | | REGENTS OF THE UNIVERSITY OF COLORADO EMORY UNIVERSITY | UNIV CO FY19.957.002#2-5-A7507 /NIH PO A071106 / NIH R21AR071536 | 4,302,309 75,288 |
| DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH | 93.847 | | CELL AND MOLECULAR TISSUE ENGINEERING, LLC THETIS PHARMACEUTICALS LLC PRESIDENTS AND FELLOWS OF HARVARD COLLEGE WAYNE STATE UNIVERSITY CONNECTICUT CHILDREN'S MEDICAL CENTER PENNSYLVANIA STATE UNIVERSITY PENNSYLVANIA STATE UNIVERSITY STATE UNIVERSITY OF NEW YORK, UPSTATE MEDICAL UNIVERSITY UNIVERSITY OF PENNSYLVANIA VANDERBILT UNIVERSITY VIRGINIA COMMONWEALTH UNIVERSITY YALE UNIVERSITY | CELL&MOLECULAR/NIH R43 DK120011 THETIS/DEVELOPMENT OF TP-317 Harvard SUB: 158279.5103805.0003 WSU18058 INDEX4-10969 -2P30DK020572 19-179499-01 UCONN DK099364 UCONNDK0088244 1138946-77867 572700 VUMC69341 | 4,027,862 347,444 79,728 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------|---------------------------------|---|--|----------------------------------|
| EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS | 93.853 | | IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE IMPERIAL COLLEGE OF SCIENCE TECHNOLOGY AND MEDICINE YALE UNIVERSITY SYRACUSE UNIVERSITY JACKSON LABORATORY NORTHWESTERN UNIVERSITY | IMPERIAL COL/U01NS099573-PO3668156 IMPERIAL COL/U01NS099573 PO 3668156 R01NS076558/GR104722(CON80001494) SU 29844-04948-S01/NIH 1R01NS10576 PO 210865 Sub210277-0819-05 60051731 UCONN | 4,704,822 |
| ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH | 93.855 | | THE JACKSON LABORATORY THE JACKSON LABORATORY THE JACKSON LABORATORY TRUSTEES OF DARTMOUTH COLLEGE TRUSTEES OF TUFTS COLLEGE YALE UNIVERSITY QUERCUS MOLECULAR DESIGN, LLC | JAX NIH U01 AI124297 P0#208546 JAX NIH U01 AI124297 PO#210099 JAX NIH U01 AI124297 PO#211849 R01AI114059-01A1 SUBAWARD# R63 TUFTS SUB#101217-00001 YALE GK000139 (CON-80000451) SUB:QUERCUS/Prime:NIH R41 AI134509 | 507,823 7,740,463 |
| BIOMEDICAL RESEARCH AND RESEARCH TRAINING | 93.859 | | DUKE UNIVERSITY DUKE UNIVERSITY JACKSON LABORATORY UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL NORTHEASTERN UNIVERSITY THE JACKSON LABORATORY THE JACKSON LABORATORY THE JACKSON LABORATORY VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY WORCESTER POLYTECHNIC INSTITUTE WORCESTER POLYTECHNIC INSTITUTE YALE UNIVERSITY UNIVERSITY OF VIRGINIA UNIVERSITY OF WISCONSIN | 14-NIH-1110 A03-0765 PO #209868-0 5104923 NORHTEASTERN UNIV 500568-78050/NIH JAX LABS/NIH R35 GM124922 PO#209163 NIH R35 GM124922/JAX LABS PO#210593 JAX 211853-0120-02/NIH R01 GM127531 SUBAWARD: 431964-19801 SUB# 15-210780-00/5R01GM105946-02 SUB# 16-210890-00/R01GM114949 YALE C17A12640(CON80000126)/NIH U VA GB10638.160152/NIH R01GM080219 UNIV OF WISCONSIN/NIH 889K453 | 160,247 11,240,029 140,184 |
| CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH | 93.865 | | DREXEL UNIVERSITY FLORIDA STATE UNIVERSITY HASKINS LABORATORIES HASKINS LABORATORIES HASKINS LABORATORIES UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO UNIVERSITY OF MICHIGAN | 232645 R2076 AG170579 A-222-02 A214-538.30 10269sc 10326sc SUBK00008368 | 550,894 3,023,326 |
| AGING RESEARCH | 93.866 | | | | 411,174 3,977,501 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------|---------------------------------|---|---|----------------------|
| VISION RESEARCH | 93.867 | | DUKE UNIVERSITY DUKE UNIVERSITY THE JACKSON LABORATORY THE WASHINGTON UNIVERSITY THE WASHINGTON UNIVERSITY COLUMBIA UNIVERSITY HUTCHINSON (FRED) CANCER RESEARCH CENTER | DUKE 2036681/NIH 1UH 2AG056925 DUKE 2037251 NIH UH 2AG056925 JAX LABS/NIH R01AG052608 PO#210250 WU/NIH R01 AG051647 PO#2935511E WU/NIH R01 AG051647 PO#2933904G WU/NIH R01 AG051647 PREAWARD 0000981458 | 961,778 |
| MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT | 93.870 | | | | 1,146,909 |
| MEDICAL LIBRARY ASSISTANCE | 93.879 | | | | 126,492 |
| NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM | 93.889 | | | | 167,478 |
| | | | CITY OF HARTFORD CITY OF HARTFORD | CITY OF HARTFORD/HRSA/OUTP AMB CARE CITY OF HARTFORD/HRSA/MED CASE | 91,959 |
| HIV EMERGENCY RELIEF PROJECT GRANTS | 93.914 | | CITY OF HARTFORD CITY OF HARTFORD | COH HHS2018-16/HRSAU90HA30516-02-00 COH HHS2019-20/HRSAU90HA30516 | 213,665 |
| SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE | 93.928 | | | | 77,499 |
| HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED | 93.940 | | | | (7,395) |
| RESEARCH, PREVENTION, AND EDUCATION PROGRAMS ON LYME DISEASE | | | | | |
| IN THE UNITED STATES | 93.942 | | | | 472,768 |
| ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND | | | | | |
| CONTROL | 93.945 | | | | 26,490 |
| BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE | 93.959 | | | | 384,106 |
| INTERNATIONAL RESEARCH AND RESEARCH TRAINING | 93.989 | | | | 119,267 |
| MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES | 93.994 | | | | 3,737 |
| ACUTE PAIN MANAGEMENT BY EMS IN THE PREHOSPITAL SETTING | 93.U01 | 75Q80118F32004 | QRONO | AG181316 | 279,180 |
| COMPUTATIONAL DRUG DELIVERY: LEVERAGING PREDICTIVE MODELS TO | | | | | |
| DEVELOP BIOEQUIVALENT GENERIC LONG-ACTING INJECTIONS | 93.U01 | AG181316 | | | 82,491 |
| CONTINUOUS MANUFACTURING OF LIPOSOMES: MATERIALS | | | | | |
| UNDERSTANDING AND PROCESS CONTROL | 93.U01 | HHSF223201610121C | | | 24,054 |
| IMPACT OF POLYMER SOURCE VARIATIONS ON PARENTERAL MICROSPHERE | | | | | |
| DRUG PRODUCT PERFORMANCE | 93.U01 | HHSF223201810115C | | | 98,164 |
| IN VITRO AND IN VIVO ASSESSMENT OF OPHTHALMIC OINTMENTS FOR | | | | | |
| GENERIC PRODUCT EQUIVALENCE | 93.U01 | HHSF223201810114C | | | 165,719 |
| IN VITRO IN-VIVO CORRELATION OF THE LONG-ACTING INJECTABLE | | | | | |
| SUSPENSIONS | 93.U01 | HHSF223201710135C | | | 177,154 |
| METHODS AND DISSEMINATION: COLLABORATION TO IMPROVE VALIDITY, | | | | | |
| CONSISTENCY, AND UTILITY OF SYSTEMATIC REVIEWS | 93.U01 | HHSA290201500012/TO 1 | | | 623 |
| NATIONAL INSTITUTES OF HEALTH GRANT | 93.U01 | CON | | | 11,971 |
| RANDOMIZED CONTROLLED TRIALS OF LIFESTYLE WEIGHT LOSS | | | WESTAT | | |
| INTERVENTIONS FOR GENOME-WIDE ASSOCIATION STUDIES | 93.U01 | 6632.01-S06 | | 6632.01-S06 | 10,813 |
| TREATMENT OF DEPRESSION OF OLDER ADULTS | 93.U01 | HHSA290201500012I | | | 53,004 |
| AMERICORPS | 94.006 | | | | 21,943 |
| USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS | 98.001 | | PALLADIUM GROUP HOLDINGS | PO# 217707-UCONN-01 | 129,457 |
| COST-BENEFIT ANALYSIS OF DRIP IRRIGATION AND ALTERNATIVE | | | | | |
| MANAGEMENT PRACTICES FOR GROUNDNUT PRODUCTION IN MALAWI: | | | | | |
| PHASE I | 98.U01 | PO# 217707-UCONN-01 | | | 5 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|---------------------------------------|--|--|-------------------------|
| RESEARCH AND DEVELOPMENT Program Total | | | | | 176,118,294 |
| SECTION 8 PROJECT-BASED CLUSTER Program | | | | | |
| SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM (SEE NOTE 1) | 14.195 | | | | 5,714,589 |
| SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY (SEE NOTE 1) | 14.249 | | | | 62,469 |
| LOWER INCOME HOUSING ASSISTANCE PROGRAM_SECTION 8 MODERATE REHABILITATION (SEE NOTE 1) | 14.856 | | | | 89,037 |
| SECTION 8 PROJECT-BASED CLUSTER Program Total | | | | | 5,866,095 |
| SNAP CLUSTER Program | | | | | |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SEE NOTE 4) | 10.551 | | | | 590,913,863 |
| STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | | | | 58,208,504 |
| SNAP CLUSTER Program Total | | | | | 649,122,367 |
| SPECIAL EDUCATION CLUSTER (IDEA) Program | | | | | |
| SPECIAL EDUCATION_GRANTS TO STATES | 84.027 | | NEW HAVEN BOARD OF EDUCATION MA DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION | 95034129 CTDOE-196019RFQDSCRS1UCCONN | 133,567,468 |
| SPECIAL EDUCATION_PRESCHOOL GRANTS | 84.173 | | | | 442,448 |
| SPECIAL EDUCATION CLUSTER (IDEA) Program Total | | | | | 4,863,277 |
| 138,873,193 | | | | | |
| STUDENT FINANCIAL ASSISTANCE PROGRAMS Program | | | | | |
| FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | | | 3,472,366 |
| FEDERAL WORK-STUDY PROGRAM | 84.033 | | | | 3,896,830 |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | | | 24,153,281 |
| FEDERAL PELL GRANT PROGRAM | 84.063 | | | | 155,096,524 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | | | 369,926,623 |
| TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH GRANTS) | 84.379 | | | | 20,595 |
| NURSE FACULTY LOAN PROGRAM (NFLP)(SEE NOTE 5) | 93.264 | | | | 3,040,237 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE | | | | | |
| LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | | | 963,785 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | | | 19,571 |
| STUDENT FINANCIAL ASSISTANCE PROGRAMS Program Total | | | | | 560,589,812 |
| TANF CLUSTER Program | | | | | |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES | 93.558 | | | | 239,228,894 |
| TANF CLUSTER Program Total | | | | | 239,228,894 |
| TRANSIT SERVICES PROGRAMS CLUSTER Program | | | | | |
| ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES | 20.513 | | | | 2,876,983 |
| NEW FREEDOM PROGRAM | 20.521 | | | | 461,775 |
| TRANSIT SERVICES PROGRAMS CLUSTER Program Total | | | | | 3,338,758 |
| TRIO CLUSTER Program | | | | | |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARY OF PROGRAM CLUSTERS
Year Ended 6/30/2019

| Cluster Name/Program Title | Federal CFDA Number | Additional Award Identification | Pass-Through Entity Name | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|---------------------------------------|--|-------------------------|
| TRIO_STUDENT SUPPORT SERVICES | 84.042 | | | | 883,414 |
| TRIO_TALENT SEARCH | 84.044 | | | | 189,264 |
| TRIO_UPWARD BOUND | 84.047 | | | | 1,916,786 |
| TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT | 84.217 | | | | 239,473 |
| TRIO CLUSTER Program Total | | | | | 3,228,937 |
| WIOA CLUSTER Program | | | | | |
| WIOA ADULT PROGRAM | 17.258 | | | | 10,411,354 |
| WIOA YOUTH ACTIVITIES | 17.259 | | | | 10,216,153 |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-12-002 | |
| | | | SOUTHEASTERN REGIONAL ACCTION COUNCIL | 1H79TI080253-01 | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | |
| | | | SOUTHEASTERN REGIONAL ACCTION COUNCIL | 1H79TI080253-01 | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | OSY-16-001 | |
| | | | SOUTHEASTERN REGIONAL ACCTION COUNCIL | 1H79TI080253-01 | |
| | | | NORTHWEST REGIONAL INVESTMENT BOARD | 46355-N | |
| WIOA DISLOCATED WORKER FORMULA GRANTS | 17.278 | | | | 467,843 |
| WIOA CLUSTER Program Total | | | | | 14,957,858 |
| | | | | | 36,053,208 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL LOAN PROGRAMS
Year Ended 6/30/2019

| Federal Grantor/Program Title | Federal CFDA Number | Additional Award Identification | Outstanding Balance as of 6/30/2019 |
|---|---------------------------|---------------------------------------|---|
| DEPARTMENT OF EDUCATION LOAN PROGRAMS | | | |
| FEDERAL PERKINS LOAN PROGRAM_FEDERAL CAPITAL CONTRIBUTIONS (SEE NOTE 5) | 84.038 | | 20,356,064 |
| FEDERAL DIRECT STUDENT LOANS (SEE NOTE 5) | 84.268 | | N/A |
| DEPARTMENT OF EDUCATION LOAN PROGRAMS Total | | | <u>20,356,064</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES LOAN PROGRAMS | | | |
| NURSE FACULTY LOAN PROGRAM (NFLP)(SEE NOTE 5) | 93.264 | | 2,869,786 |
| HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS (SEE NOTE 5) | 93.342 | | 859,032 |
| NURSING STUDENT LOANS (SEE NOTE 5) | 93.364 | | 19,571 |
| ARRA NURSE FACULTY LOAN PROGRAM (SEE NOTE 5) | 93.408 | ARRA | 45,437 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES LOAN PROGRAMS Total | | | <u>3,793,826</u> |
| Total Outstanding Loan Balance as of 6/30/2019 | | | <u>24,149,890</u> |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019

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 | \$590,913,863 |
| 10.555 | National School Lunch Program | \$15,407,712 |
| 10.559 | Summer Food Service Program for Children | \$20,655 |
| 39.003 | Donation of Federal Surplus Personal Property* | \$0 |
| 93.053 | Nutrition Services Incentive Program* | \$0 |
| 93.268 | Immunization Grants | \$32,589,065 |
| | Centers for Disease Control & Prevention Investigations & Technical Assistance* | |
| 93.283 | | \$0 |

* 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, 2019 | New Loans Processed |
|-------------|----------------------------------|---------------------------------------|------------------------|
| 84.038 | Federal Perkins Loan Program | \$20,356,064 | \$0 |
| 93.264 | Nurse Faculty Loan Program | \$2,869,786 | \$625,257 |
| 93.342 | Health Professions Student Loans | \$859,032 | \$22,107 |
| 93.364 | Nursing Student Loans | \$19,571 | \$0 |
| 93.408 | ARRA-Nurse Faculty Loan Program | \$45,437 | \$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 | \$369,926,623 |

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 \$13,471,126 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 \$21,732 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 2019 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, 2019, the state funds expended from the Federal Unemployment Trust Fund amounted to \$601,965,589. The total expenditures from the federal portion equaled \$10,840,323. The \$51,914,857 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, 2019 the Department of Social Services expended a total of \$51,977,008 (federal share) to accomplish the goals of the *Child Support Enforcement Program* (CFDA #93.563). The state received \$13,220,134 of the total expenditures by withholding a portion of various collections received through the process of implementing the *Child Support Enforcement Program*. The other \$38,756,874 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 \$5,975,584 for the *HIV Care Formula Grants* (CFDA #93.917). The state also expended \$26,533,443 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, 2019 a grand total of \$316,196 was expended. The total amount includes \$71,940 in ARRA non-research expenditures as well as \$244,256 in ARRA research expenditures.

STATE OF CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019
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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, 2019
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 | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | Yes |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|--|---|
| 10.551 and 10.561 | Supplemental Nutrition Assistance Program (SNAP) Cluster |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) |
| 14.267 | Continuum of Care |
| 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 and 20.219 | 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 |
| 84.938 | Hurricane Education Recovery |
| 93.268 | Immunization Cooperative Agreements |
| 93.558 | Temporary Assistance for Needy Families |
| 93.575 and 93.596 | Child Care and Development Fund Cluster |
| 93.767 | Children's Health Insurance Program (CHIP) |
| 93.775, 93.777 and 93.778 | Medicaid Cluster |
| 93.791 | Money Follows Person |
| N/A | Research and Development Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: \$29,686,152

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

2019-001 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 42 United States Code Section 1396b (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.

Title 2 *Code of Federal Regulations* (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 managed the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The CFR requires the non-federal entity to take prompt action when it identifies instances of noncompliance, including noncompliance identified in audit findings.

Condition:

1. The Department of Social Services (DSS) issued \$851,356 in payments for non-emergency medical services provided to 13 non-qualified aliens ineligible to receive services.
2. DSS did not resolve medical coding issues, identified in a prior audit finding, for 5 non-qualified aliens. The medical coding charged expenditures to Medicaid instead of state medical assistance programs, including State Medical Assistance for Non-Citizens (SMANC) or State Medical Assistance for Illegal Immigrants (SMAII).
3. DSS executive management directed an eligibility worker to waive Medicaid eligibility requirements and grant Medicaid benefits to a non-qualified alien. Subsequently, the eligibility worker inserted erroneous information about the non-qualified alien into the eligibility management



system to force the system to pay Medicaid long-term care benefits. Case notes indicated that the eligibility worker's supervisor approved the worker's actions.

Context: A review of fee-for-service benefit payments disclosed that DSS did not list Social Security numbers (SSN) for 8,711 clients who were over 3 years old. DSS made payments on behalf of these 8,711 clients, totaling \$43,540,297, and received \$22,185,124 in federal reimbursement. Of the 8,711 clients, we could not determine the total number of non-qualified aliens. We reviewed services provided to 38 non-qualified aliens to determine whether the payments were only for emergency medical services as defined by federal statutes. The 38 non-qualified aliens received \$1,822,496 in benefits, and DSS received \$911,602 in federal reimbursement.

We conducted a review of prior audit finding 2018-002 to determine whether DSS resolved medical coding issues for 8 non-qualified aliens in the SMANC and SMAII programs. Five of the 8 cases were still unresolved, and 3 of the cases were no longer expected to be resolved, because the patients are deceased.

We conducted a review of prior audit finding 2018-001 to determine whether DSS resolved Social Security number conditions for 25 clients. During this review, we noticed discrepant information in one client's case file. Upon further review, the case file showed that the client was an undocumented non-citizen who had been receiving long-term care benefits under Medicaid since June 2015.

The sample was not statistically valid.

Questioned Cost: We computed total questioned costs of \$425,678 by applying the applicable federal financial participation rate to the unallowed expenditures. Questioned costs were \$263,511 for the fiscal year ended June 30, 2019, and \$162,167 for prior fiscal years.

Effect: DSS received federal reimbursement for unallowed expenditures.

Cause: DSS eligibility workers did not consistently enter the specific dates approved for emergency medical services into the Integrated Management of Public Assistance for Connecticut (ImpaCT) system. Workers entered the month(s) in which the non-qualified alien received the emergency services. This method of data entry allowed the non-qualified alien to be eligible for any Medicaid services, including non-emergency services, during the same period. In 2 instances, DSS eligibility workers entered a benefit plan end-date of December 31, 2299.

Access Health Connecticut (AHCT) grants applicants Medicaid benefits for



90 days until they can prove their immigration status. One applicant did not provide the necessary documentation. AHCT deemed the applicant ineligible after 90 days. However, that ineligibility status did not transfer to ImpaCT.

DSS contracts with a vendor to process telephone applications. The vendor documented an applicant as a United States citizen on their AHCT application. However, the applicant was part of Deferred Action for Childhood Arrivals (DACA), and therefore a non-qualified alien for Medicaid purposes.

DSS Information Technology staff implemented medical coding changes to its eligibility management system to identify SMANC and SMAII clients as state-funded. However, the medical coding reverted to federally funded codes under Medicaid during the audit period.

DSS management disregarded federal regulations and the terms and conditions of the Medicaid federal award. DSS staff circumvented internal controls that the department designed to comply with Medicaid eligibility requirements.

Prior Audit Finding: We previously reported this as finding 2018-002 and in 9 prior audits.

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 only eligible clients receive Medicaid services according to federal laws and regulations.

The Department of Social Services should return federal reimbursements for unallowed expenditures that it claimed under Medicaid.

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. Corrective action is on-going.”

Auditors’ Concluding Comments:

The department’s response does not specifically address the third condition, even though we issued multiple inquiries to DSS executive management to



obtain more information about the case. DSS executive management did not provide us any responses to those inquiries.

2019-002 Activities Allowed or Unallowed – Medicaid Waiver Claims

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 2007-2018

Federal Award Numbers: Various

Background: The Department of Social Services (DSS) is the designated single state agency to administer the Medicaid program in accordance with Title 42 U.S. *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 Developmental Services (DDS). DSS and DDS have executed a memorandum of understanding. DSS claims DDS expenditures for federal reimbursement.

Criteria: Title 2 CFR 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. 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.

The Centers for Medicare and Medicaid Services (CMS) approved several state Medicaid waiver applications. Each Medicaid waiver application describes the internal control of an Individual Plan (IP), which is developed and approved prior to a client's enrollment into the Medicaid waiver program and receipt of services. The IP is a comprehensive document to guide all supports and services provided to the individual. It includes a signature page that documents level of need (LON) information and several assurances (e.g. annual notifications; Health Insurance Protection and Accountability Act notification; and legal liability notification). The signature page also contains the notification that the individual or any team member should contact the case manager within 2 weeks of receipt of the plan if they do not agree with any part of it as written. Individuals have the right to request a Programmatic Administrative Review (PAR) if they disagree with the plan. Case managers must retain the original signature page in each person's case file.

Title 42 CFR 441.302(c) requires the state to provide assurances, through an initial evaluation and annual reevaluations, of each individual receiving home or community-based services to determine if the individual needs or



continues to need the level of care provided to avoid being institutionalized.

Condition: DDS reviewed 96 case management files and determined that 2 case managers did not properly maintain 67 files from February 2007 through September 2018.

- Case managers did not promptly enroll waiver eligible individuals or failed to enroll them at all.
- Case management files had missing or incomplete individual plans, level of need assessments, and annual redeterminations and did not meet waiver-billing criteria.
- Clients received self-directed services with no self-directed documents on file.

DDS determined that 31,238 billings for Medicaid waiver claims were unsupported, totaling \$2,566,417. DDS also identified approximately \$2,054,647 in expenditures that DSS lost the opportunity to claim for federal Medicaid reimbursement.

In addition, during this Statewide Single Audit, we reviewed 40 case files and discovered that one individual plan did not contain signatures from anyone who attended the meeting.

Context: During the fiscal year ended June 30, 2019, DSS claimed federal reimbursement for DDS expenditures totaling \$1,036,162,318. The sample was not statistically valid.

Questioned Cost: We computed questioned costs of \$1,283,209 by applying the applicable federal financial participation rate to the unallowed expenditures.

Effect: DSS received federal reimbursement for unallowed DDS expenditures and did not receive federal reimbursement for expenditures that it could have claimed.

Incomplete individual plans increase the risk of allegations that a care plan is insufficient.

Cause: DDS case managers did not complete the necessary documentation or process eligibility enrollment to support the amounts claimed.

Prior Audit Finding: We have not previously reported this finding.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that it meets documentation requirements to support Medicaid waiver expenditures claimed for federal reimbursement. DDS should enroll eligible individuals into Medicaid waivers according to federal



statutes.

The Department of Social Services should return federal reimbursements for unallowed expenditures that it claimed under Medicaid.

Views of Responsible Officials:

Response provided by the Department of Developmental Services:

“We agree with this finding. DDS has worked to strengthen internal controls to ensure case managers complete the necessary documentation to support Medicaid billing. The implementation of newly strengthened internal controls led to the identification of these file deficiencies by the department. These controls include a new tool for case manager supervisors, which provides them with easily accessible data on case management work product. DDS will continue to implement strengthened internal controls and will conduct a follow-up review for supervisors of the tools available to monitor case manager record-keeping compliance.

In this case, the Case Manager appropriately used the Individual Plan Short form (IPS). The “A Guide to Individual Planning” manual does not expressly indicate that the signature sheet is required for the IPS, as well as the standard Individual Plan (IP). The department will take corrective action to ensure that all training and reference documents clearly outline signature procedures for the IP and IPS.”

Response provided by the Department of Social Services:

“The Department disagrees with the questioned costs as further research is required. The Department is committed to resolving this issue and confirmed questioned costs will be refunded.”

2019-003 Eligibility – Override of 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 2016-2019

Federal Award Numbers: 1605CT5MAP, 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 2 U.S. *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. Fraudulent expenditures are not eligible for federal reimbursement.

Title 42 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.

Condition: Department of Social Services (DSS) employees twice overrode denied Medicaid applications for an applicant without documenting an override reason code or including case notes to justify the overrides. Subsequently, DSS determined that the applicant committed fraud by using a deceased person's identity. DSS did not return federal reimbursements for these fraudulent expenditures. The applicant received Medicaid benefits during the fiscal years ended June 30, 2019, 2018, 2017, and 2016, totaling \$20,607.

Context: An individual applied for Medicaid benefits through Access Health Connecticut (AHCT). The applicant fraudulently used a deceased person's name, date of birth, and Social Security number. AHCT internal controls identified the misinformation and denied the applicant in June 2016. In July 2016, a DSS employee overrode the eligibility determination to grant the applicant Medicaid benefits. The applicant received \$17,570 in benefits from June 2016 through August 2017.

The same individual applied for Medicaid benefits in August 2018. Similarly, AHCT denied the applicant and a DSS employee overrode the denial without documenting a reason. The applicant received \$3,037 in benefits for August and September 2018.

AHCT referred a fraud tip to DSS in August 2018 regarding this applicant. DSS promptly investigated the matter and determined that the applicant applied for Medicaid with a fraudulent identity. DSS ended the applicant's Medicaid eligibility in September 2018.

Questioned Cost: We computed questioned costs of \$10,303 for the fiscal years ended June 30, 2019, 2018, 2017, and 2016 by applying the applicable federal financial participation rate to the expenditures that were not eligible for federal reimbursement.

Effect: DSS received federal reimbursement for fraudulent expenditures.

Cause: DSS eligibility workers can override denied applications without proper documentation to support the eligibility decision.

Prior Audit Finding: We have not previously reported this finding.

Recommendation: The Department of Social Services should establish and implement procedures to ensure that employees document the justification for overriding an eligibility determination.

The Department of Social Services should return federal reimbursements for



the fraudulent expenditures to the Department of Health and Human Services' Centers for Medicare and Medicaid Services.

Views of Responsible Officials:

“We agree with this finding. The Department will take this opportunity to review, update and reissue reminders and/or training curriculum, as necessary, in order to ensure staffs understand the proper procedures to confirm applicants’ identities as well as perform and document system overrides of eligibility decisions. Override capabilities are limited to designated staff with a specific user role.”

2019-004 Eligibility – Modified Adjusted Gross Income 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria:

Title 42 U.S. *Code of Federal Regulations* (CFR) Part 435.916 requires the state to 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 recipient eligibility in accordance with requirements defined in the approved state plan. Attachment 2.6-A of the Medicaid State Plan requires each individual to be financially eligible (e.g., income limits) and meet applicable non-financial eligibility conditions (e.g., enrollment in an employer-based cost-effective group health plan, if such plan is available to the individual).

Condition:

Department of Social Services (DSS) procedures were insufficient to prompt one recipient to report a change in circumstance that affected their Medicaid modified adjusted gross income (MAGI) eligibility. When the recipient applied on July 17, 2018, the Access Health Connecticut (AHCT) system properly approved the application. Subsequently, the recipient’s spouse obtained employment that significantly changed the household’s annualized income from approximately \$24,000 to \$92,500, which would have excluded the recipient from Medicaid eligibility. At least one of the adults in this two-income household could enroll in an employer-sponsored group health plan.

For the same recipient, a DSS contractor processed a Medicaid telephone application on April 4, 2019. The contractor incorrectly filled out the household income on the application by only populating the recipient’s income in the field that determines financial eligibility. The contractor identified the spouse’s income elsewhere on the application. Therefore, the



AHCT system granted eligibility based only on the recipient's income. The total household income exceeded the income limits, which make the recipient ineligible for Medicaid.

Context: DSS issued benefit payments on behalf of 767,722 Medicaid modified adjusted gross income recipients during the fiscal year. We reviewed 32 MAGI applications to determine whether recipients met eligibility requirements. We noted exceptions for one MAGI household with two married adults who filed joint income tax returns, and lived in the same household with their 2 children.

Questioned Cost: \$0

Effect: DSS may be providing Medicaid benefits to ineligible individuals. DSS may be claiming federal reimbursement for unallowed expenditures.

Cause: Recipients may not understand their responsibility to report changes in circumstance that may affect eligibility.

DSS contractor staff may need additional training on the proper way to fill out income on Medicaid applications and the effect of household income on eligibility determinations.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Social Services and its contractors should properly process Medicaid applications to ensure the eligibility of each recipient. The department should conduct a detailed review of the MAGI recipient case and return federal reimbursements for unallowed expenditures that the department claimed under Medicaid.

Views of Responsible Officials:
"We agree with this finding in part. The reported change in income was not updated properly in the application. However, increased earnings do not immediately cause ineligibility for Medicaid. Individuals enrolled in the Medicaid for children or parents/caretaker relatives programs, who experience an increase in earnings, receive up to 12 mos of transitional medical assistance. The continued enrollment did not result in inappropriate federal Medicaid claiming. However, a revised, comprehensive training curriculum was delivered to call center trainers and staffs in August 2019, which included but was not limited to, system navigation, income collection and case documentation processes. In addition, Call Center staffs undergo weekly quality assurance reviews to monitor compliance with telephone application protocols. The Department will continue to review, update and reissue training curriculum, as necessary, in order to ensure staff understand



and adhere to processing procedures.”

2019-005 Eligibility – Redeterminations

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 42 U.S. *Code of Federal Regulations* (CFR) Part 435.912 requires the state to establish a timeliness standard in its Medicaid State Plan for eligibility determinations. The Department of Social Services (DSS) Uniform Policy Manual 1505.35 provides a standard of promptness for processing Medicaid applications within 45 calendar days.

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.

Condition: DSS did not begin processing three Medicaid long-term care (LTC) redeterminations until 5 to 7 months after receiving them. The department processed two of the redeterminations and subsequently closed the cases after being notified of the death of two of the recipients.

Context: DSS issued benefit payments on behalf of 19,532 LTC recipients during the fiscal year. We reviewed 25 LTC redeterminations for timeliness of processing.

Questioned Cost: \$0

Effect: Recipients, family members, and long-term care facilities did not receive timely assurance that DSS would pay for LTC medical coverage after recipients applied for redetermination.

Cause: In October 2016, DSS began phasing in its new Integrated Management of Public Assistance for Connecticut (ImpaCT) system. ImpaCT replaced the 30-year-old legacy Eligibility Management System (EMS). The department implemented the new system over the course of a year. This transition caused the department to fall behind in processing some Medicaid redeterminations. In December 2018, DSS requested that the Centers for Medicare and Medicaid Services approve a Medicaid renewal-processing proposal to address a backlog of 20,757 Medicaid redeterminations (4,927 of which were LTC redeterminations). The 3 redeterminations we identified as exceptions were not part of the Medicaid renewal-processing proposal.



Prior Audit Finding:

We previously reported this as finding 2018-003 and in 8 prior audits.

Recommendation: The Department of Social Services should promptly perform annual Medicaid redeterminations according to federal requirements.

Views of Responsible Officials:

“We do not agree with this finding. Due to the implementation of the Department’s new ImpaCT system beginning in late 2016, some renewal processing was delayed. In collaboration with CMS, the Department developed a plan to address overdue renewals. All overdue renewals associated with the CMS approved plan were completed by August 2019. The three redeterminations identified were appropriately not part of the overdue renewal project as they did not require renewal as a primary action. They were identified as cases needing review for other reasons. Those reviews were since completed and cases dispositioned. Renewal processing is current. The Department monitors operational productivity on a daily, weekly and monthly basis.”

Auditors’ Concluding Comments:

The department should have processed client redeterminations as a primary action. The department did not comply with Title 42 CFR 435.916.

2019-006 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

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, 2019. 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 3 years-old from our review to account for any delay in obtaining a SSN for a newborn. We stratified the data into two eligibility determination groups based on Modified Adjusted Gross Income (MAGI-based determination) and non-MAGI determinations (e.g. Aged, Blind and Disabled).

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.

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

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 the Integrated Management of Public Assistance for Connecticut (ImpaCT) system in 3 of the 25 non-MAGI cases tested.

- Two clients provided a SSN at the time of application, but DSS did not verify the SSN or enter it into ImpaCT.
- DSS verified one client's SSN via the SSA BENDEX system, but the department did not enter the SSN into ImpaCT.

Context: DSS issued \$4,707,110 in payments on behalf of 340 non-MAGI clients without Social Security numbers. We reviewed 25 non-MAGI client cases with payments totaling \$778,735. We identified 3 exceptions with non-MAGI client cases.

DSS issued \$38,833,187 in payments on behalf of 8,371 MAGI clients without SSN. We reviewed 35 MAGI client cases with payments totaling \$3,449,939. We did not identify any exceptions with MAGI client cases.

Questioned Cost: \$0

Effect: Without entering Social Security numbers into ImpaCT, DSS did not have wage information in the IEVS to verify Medical Assistance Program eligibility, as required by federal regulations.

Cause: The errors appeared to be oversights by DSS eligibility workers.

Prior Audit Finding:

We previously reported this finding as finding 2018-001 and in 12 prior audits.

Recommendation: The Department of Social Services should verify the Social Security numbers of all applicable Medicaid clients and enter them 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 (“SSN”) of all applicable Medicaid clients in accordance with federal regulations. The SSN 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.”

2019-007 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551)

Federal Award Agency: United States Department of Agriculture

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 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 SNAP, TANF and Medicaid 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 SNAP, TANF, and Medicaid programs.

- DSS did not record the dates of death or close cases of deceased clients and continued to issue SNAP, TANF, and Medicaid benefits.
- DSS did not properly address client wage differences between the Integrated Management of Public Assistance for Connecticut (ImpaCT) and the DOL systems.

Context: During the fiscal year ended June 30, 2019, DSS received 255,417 IEVS alerts related to client wages, employer, unemployment benefits, and date of death matches for SNAP, TANF, and Medicaid. As of October 4, 2019, eligibility workers dispositioned 137,265 alerts and the ImpaCT system dispositioned 118,152 alerts. DSS assigned each alert a specific due date generated by the ImpaCT system that ranged from July 12, 2018 to August 12, 2019.

Our review of 15 alerts generated from a State Data Exchange report of a client death date disclosed 11 exceptions. DSS did not record the date of death or close 5 client cases and did not recoup \$6,321 in overpayments for 11 client cases. This included \$4,188 in SNAP, \$1,713 in TANF, and \$420 in Medicaid benefits. For one SNAP client who was a single-member household, we noted that unauthorized persons used \$1,026 in the deceased client's SNAP benefits long after the client's date of death.

Our review of 15 alerts disclosed four exceptions that the ImpaCT system had marked as resolved. DSS did not properly address client wage differences between ImpaCT and the DOL system.

- For one alert, the client's income exceeded the SNAP income limit. DSS issued \$195 in SNAP payments during the period when the client was ineligible.
- For 3 alerts, the clients' income would have reduced SNAP benefits. DSS issued \$553 in excess SNAP benefits during the period when the client was eligible for reduced SNAP benefits.

The sample was not statistically valid.

Questioned Cost: We computed \$6,859 in questioned costs by applying the applicable federal financial participation rate to benefit payments associated with ineligible clients. These questioned costs included \$4,936 in SNAP, \$1,713 in TANF,



and \$210 in Medicaid funds.

Effect: Clients received benefits that they were not eligible to receive. Deceased client cases remained open, which creates opportunities for medical providers and other unauthorized individuals to misuse their SNAP, TANF, and Medicaid benefits.

Cause: DSS informed us that the ImpaCT system contained a design flaw that prevented it from displaying dates of death. The department addressed the design flaw in March 2019. In addition, we noted that DSS designed the ImpaCT system to mark IEVS alerts as complete when the department does not address them within a predetermined number of days. Due to the volume of alerts, DSS is not promptly completing the proper reviews and dispositions.

Prior Audit Finding:
We previously reported this as finding 2018-013 and in 22 prior audits.

Recommendation: The Department of Social Services should provide the necessary resources and institute procedures to ensure that it uses all information from eligibility and income matches to ensure that it correctly issues benefits to, or on behalf of, eligible clients. DSS should return federal reimbursements for unallowable expenditures claimed under SNAP, TANF, and Medicaid.

Views of Responsible Officials:
“The Department agrees with this finding and continues to refine its new eligibility system, ImpaCT, to achieve optimal system performance in order 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. Special reports were created to facilitate and monitor case activity on a routine basis. The Department continues to educate staff regarding the timely processing of date of death and IEVS income alerts as applicable, recognizing the limitations of the use of that data which is often outdated by the time IEVS alerts are generated or not permitted to be used based on specific program rules. As applicable, DSS processes, recoups overpayments, and returns federal reimbursements for unallowable expenditures claimed under Medicaid, SNAP, and TANF. A dedicated claims unit was implemented in January 2019 to ensure unallowable expenditures are processed expeditiously by the Department.”

2019-008 Activities Allowed or Unallowed – School Based Child Health Claims

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E, provides that costs should be adequately documented to be allowable under federal awards.

Title 20 United States Code Chapter 33, Individuals with Disabilities Education Act (IDEA), authorizes federal funding to states for programs that affect Medicaid payment for services provided in schools. Under Part B of IDEA, school districts must prepare an individualized education plan (IEP) for each child, which specifies all of the child's special education and related service needs. The Medicaid program will pay for some of the IEP's health related services if they are specified in Medicaid law and included in the state's Medicaid Plan.

Title 34 CFR 300.154 requires that school districts obtain written parental consent before accessing a child or parent's Medicaid benefits for the first time. The consent form must include disclosable personally identifiable information, the purpose of the disclosure, the agency to which the disclosure will be made, and specify that the parent understands and agrees that the school district may access the child's or parent's Medicaid benefits to pay for the child's School Based Child Health (SBCH) services.

The Medicaid State Plan allows for the reimbursement of SBCH services provided by or through a local education agency (LEA) to students with special needs pursuant to the IEP. Furthermore, the state plan provides that each eligible student's permanent service record include documentation for all invoices submitted to the Department of Social Services (DSS) for payment.

Condition: Our review of 40 SBCH expenditures revealed that DSS claimed SBCH expenditures for federal reimbursement for 3 client cases that did not have a parental consent form on file. In addition, these 3 cases did not have sufficient service delivery records to support the billed services.

Context: During the fiscal year ended June 30, 2019, DSS claimed SBCH expenditures totaling \$45,700,514 and received \$25,514,927 in federal reimbursement. We reviewed 40 SBCH expenditures, totaling \$5,269, of which \$2,945 was federally reimbursed. The 3 SBCH exceptions totaled \$138, of which \$69 was federally reimbursed. Because DSS did not have a parental consent form on file, it could not claim the three clients SBCH services to the Medicaid program for the fiscal year ended June 30, 2019. These additional exceptions totaled \$2,184, of which \$1,092 was federally reimbursed. The sample was not statistically valid.



Questioned Cost: We computed questioned costs of \$1,161 by applying the applicable federal financial participation rate to the unallowed expenditures.

Effect: DSS received federal reimbursement for unallowed SBCH expenditures.

Cause: DSS did not monitor SBCH claims to ensure the collection of written parental consent forms and the maintenance of sufficient service delivery records.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Social Services should recoup any improper payments made to School Based Child Health service providers, and refund any corresponding federal reimbursements to the Department of Health and Human Services' Centers for Medicare and Medicaid Services. In addition, the Department of Social Services should establish and implement controls to ensure that it adequately supports School Based Child Health costs claimed for federal reimbursement under the Medicaid program.

Views of Responsible Officials:

“The Department agrees with the recommendation to recoup for improper payments made to the SBCH enrolled districts. The Department shall remind each enrolled district as to the program details including the necessity of obtaining parental consent and documenting each service delivery. The Department will evaluate the implementation of additional controls with consideration of the resources available to adequately monitor additional controls. The Department issued a Bulletin to all SBCH enrolled districts reminding them of the requirements for obtaining parental consent and documentation standards for all services rendered. This Bulletin was issued on January 21, 2020.”

2019-009 Allowable Costs/Cost Principles – Fee for Service Payments

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Background: The Department of Social Services (DSS) contracts with a healthcare technology organization to assist with the identification of third parties liable for medical expenditures and the corresponding collections.

Criteria: Title 42 U.S. *Code of Federal Regulations* (CFR) Part 433 requires the Medicaid state agency to determine the legal liability of third parties to pay



for services provided under the Medicaid State plan. The agency should exhaust third-party resources prior to paying claims with program funds. When the agency establishes third-party liability after payment, the agency should seek reimbursement from the third party.

Title 42 CFR 200, Subpart E, provides that costs should be adequately documented to be allowable under federal awards.

Condition: We reviewed 60 fee-for-service payments, totaling \$99,256. Ten of these payments were for behavioral health clinician services totaling \$3,456. We noted 2 exceptions from the behavioral health clinician stratum.

1. DSS did not seek reimbursement of \$189 from a third party for one client. We found that DSS paid \$3,854 in additional claims without seeking reimbursement from the client's third party.
2. DSS claimed a \$103 fee-for-service payment for federal reimbursement for services that the provider did not perform.

Context: During the fiscal year ended June 30, 2019, DSS claimed fee-for-service payments totaling \$6,945,971,509, and received \$3,551,170,770 in federal reimbursement. We stratified the universe into 8 strata. The Behavioral Health Clinician stratum totaled \$45,358,354, of which \$23,470,187 was federally reimbursed. The sample was not statistically valid.

Questioned Cost: We computed questioned costs of \$2,073 by applying the applicable federal financial participation rate to the unallowed expenditures.

Effect: Medicaid was not the payer of last resort. DSS received federal reimbursement for unallowed expenditures.

Cause: The DSS contractor verified that the client had third-party liability and updated the client's eligibility record after DSS paid the claim. However, the contractor did not request reimbursement from the third-party insurance carrier.

The medical provider informed us that it made a data entry error when submitting the claim for payment. The medical provider subsequently reprocessed the claim to correct the error.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Social Services should exhaust third-party liabilities to ensure that Medicaid is the payer of last resort.

The Department of Social Services should ensure that it could support fee-



for-service payments claimed for federal reimbursement under the Medicaid program.

Views of Responsible Officials:

“The Department does not agree that Medicaid was not the payer of last resort, and that DSS received federal reimbursement for expenditures that were not allowable. Under Connecticut General Statute 17b-265 (c), the Department may recover Medicaid reimbursement for services up to three (3) years old. Therefore, as part of the corrective action explained above, the Department (HMS) will use client eligibility-health insurance information to bill applicable Medicaid claims to health insurance for services up to three (3) years old. This action will ensure Medicaid is payer of last resort by exhausting third party liability.

The Department agrees with the finding that one (1) claim representing a Medicaid payment of \$189 has not been billed to the client’s Blue Cross Blue Shield of Connecticut (BCBS CT) health insurance. The Department has determined the reason the claim was not billed to BCBS CT. The Department’s TPL contractor Health Management Systems (HMS) uses two (2) sources of health insurance information to bill Medicaid claims to insurance companies. The first and primary source of information comes directly from its data matching with health insurance companies. The second source of information comes from the health insurance data found on the client’s eligibility record. This second source of information represents less than one percent (1%) of all Medicaid claims billed to health insurance. A majority of the time, health insurance information HMS identifies through data matching, may also be found on the client’s eligibility record. However, HMS did not receive this client’s information through a BCBS CT data match. It was found only on the client’s eligibility record. Further, in June 2018, HMS migrated its claims billing process to a different billing platform. This new process inadvertently excluded using health insurance information found on a client’s eligibility record to bill Medicaid claims to insurance companies. This is the reason the claim was not billed to BCBS of CT.

Multiple steps have been taken to correct and mitigate this issue. Beginning in March 2020, HMS will resume using health insurance information found on a client’s eligibility record to bill Medicaid claims to health insurance companies. Also, HMS will use client eligibility-health insurance information to select and bill Medicaid claims, which may have been missed, for services up to three (3) years old. In addition, HMS performed a gap analysis by reviewing its current and past billing processes, and determined there all previous billing processes have been brought over to the new billing platform. Lastly, HMS is reaching out to BCBS CT to determine why this client’s health insurance information was not provided to them through its regular data matching.”



Auditors' Concluding Comments:

Since the department paid the claim and received federal reimbursement, Medicaid was not the payer of last resort. If we did not inform DSS of this condition, the department and its contractor probably would not have identified the third party that was ultimately liable for this claim.

2019-010 Allowable Costs/Cost Principles – Third Party Liability

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Background:

The Department of Social Services (DSS) contracts with a healthcare technology organization to assist with the identification of third parties liable for medical expenditures and the corresponding collections. The contract includes a payment schedule outlining the contractor's fees (e.g. a contingency fee or a straight percentage of collections) depending on the type of third-party liability (TPL) service provided. The contractor recovers TPL funds, subtracts its fees, and deposits the remaining funds into a lockbox account. The contractor sends a monthly invoice to DSS outlining the TPL receipts and related fees. DSS draws the remaining funds from the lockbox.

Criteria:

Title U.S. *Code of Federal Regulations* (CFR) 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 third-party liability recovered funds. In addition, the department did not verify that the corresponding contractor fees correlated to TPL claim data for services rendered.

Context:

DSS receives a monthly invoice from the contractor. The April 2019 invoice consisted of \$1,351,701 in TPL recoveries and \$634,964 in corresponding contractor fees.

Questioned Cost: \$0

Effect:

DSS may have unknowingly allowed the contractor to retain more service fees than it was due. DSS may have claimed federal reimbursement for the corresponding unallowed expenditures.



Cause: DSS informed us that although it reviews the invoice summary for mathematical accuracy, the department has no control in place to reconcile the contractor invoices to the corresponding TPL claim data and related fees.

Prior Audit Finding:
We previously reported this as finding 2018-005.

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 agrees with this recommendation and is in the process of evaluating the current reconciliation process and will develop an enhanced reconciliation process of invoices from our third-party liability contractor. This process will be accomplished by the end of the current state fiscal year.”

2019-011 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 42 U.S. *Code of Federal Regulations* (CFR) Part 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 variances in that estimate 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 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 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:

1. The Department of Social Services (DSS) reported one \$25,686 issuance twice on Line 6 of the CMS 64 Financial Report for the quarter ended June 30, 2019.
2. DSS reported \$100,000 in Disproportionate Share Hospital (DSH) payments twice on Line 6 of the CMS 64 Financial Report for the quarter ended June 30, 2019.
3. DSS understated Indian Health Services (IHS) by \$455 on Line 6 of the CMS 64 Financial Report for the quarter ended March 31, 2019.
4. DSS understated Medicare Part-B insurance premium payments by \$91,335 on Line 6 of the CMS 64 Financial Report for the quarters ended September 30, 2018, December 31, 2018, and March 31, 2019.
5. DSS miscoded 8 Quality Assurance (QA) audit recoupments as provider refunds and incorrectly reported \$8,856,214 as Collections on Line 9D of the CMS 64 Financial Report. The department should have reported the QA audit recoupments as Recoveries on Line 9C1.
6. DSS reported partially unsupported total overpayment adjustment amounts on Line 10C of the CMS 64 Financial Report. The department has not addressed this condition from prior audit findings.

Context:

The Expenditures on Line 6 of the CMS 64 Financial Report is the summary of Medicaid expenditures for the quarter. DSS reported \$8.6 billion on Line 6 for the fiscal year ended June 30, 2019. These reported amounts included \$742,099,659 in DSH payments, \$34,391 in IHS payments, and \$269,453,886 in Medicare Part-B insurance premium payments.



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. DSS reported recoupments of \$27,512,802 during the fiscal year ended June 30, 2019. We reviewed 9 recoupments, totaling \$8,860,829.

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 for 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 the other. DSS duplicated write-offs, reported write-offs in different quarters, and showed write-offs in one quarter but not the others.

Questioned Cost: We computed questioned costs of \$62,843 by applying the applicable FFP to duplicate Medicaid expenditures.

Effect: DSS prepared inaccurate federal financial reports for the Medicaid program. 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 could be using incomplete data for analysis of reported recoveries of fraud, waste, and abuse amounts.

Cause: Clerical errors went unnoticed during the supervisory review process. DSS claimed a suspended provider payment on the CMS 64 when it processed the claim, and claimed it a second time upon distribution of the payment.

DSS informed us that there was a reporting system error within the Medicaid Management Information System (MMIS) from November 2017 through January 2019. The error affected summary reports of Medicare Part-B insurance premiums for over 100 clients. The department reported the error to its MMIS vendor in February 2018. The department and its vendor determined the cause of the errors in January 2019 and resolved the MMIS reporting system error. When DSS submitted the CMS 64 Financial Reports for the quarters ended March 31, 2019 and June 30, 2019, the department did not report the corresponding adjustments for the Medicare Part-B insurance premiums.

DSS informed us that it was coding all payments received by check or electronically from medical providers as provider refunds. The department was not determining whether the provider payment was for a receivable related to a QA audit. 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. The department is researching the issues to develop a solution.

Prior Audit Finding:

We previously reported this as finding 2018-004 and in one prior audit.

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 affecting 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.

1. This item was not a duplicate issuance. However, the single item in question was not properly recorded on the CMS 64 for the quarter ended June 30, 2019. The item was corrected on the CMS 64 for the quarter ended December 31, 2019. The Department considers this item closed.
2. This error is being corrected in the QE 12-31-19 CMS-64 claim via a Line 10B adjustment to Federal COS Line 1A Inpatient Hospital Services.
3. The March 2019 quarter error is being corrected in the QE 12-31-19 CMS-64 claim via a Line 7 adjustment to Federal COS Line 17D Coinsurance And Deductibles.
4. This error is being corrected in the QE 12-31-19 CMS-64 claim via Line 10B adjustments to Federal COS Line 17C1 (120% - 134% Of Poverty), and Line 8 adjustments to Federal COS Line 17B (Medicare Health Insurance Payments - Part B Premiums).
5. This error is being corrected in the QE 12-31-19 CMS-64 claim via



positive adjustment to Line 9D totaling \$8,856,214 and a corresponding negative adjustment to Line 9C1. This change will have no impact on the amount of FFP received by the Department, as it is purely a shift from one collections line to the other.

6. The Department agrees with this finding as there were errors made on the Department's previous attempts to re-claim Federal Financial Participation funds in accordance with Federal regulations on Accounts Receivable items that were written off as uncollectible. The previously reported items will be researched and the amounts reported as eligible to be reclaimed will be corrected in the CMS 64 report for the quarter ending March 31, 2020.”

2019-012 Special Tests and 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria:

Title 42 U.S. *Code of Federal Regulations* (CFR) Part 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 Part 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. After the exit conference, DSS produces a final written audit report and gives it to the medical provider. Any medical provider aggrieved by a decision contained in a final written audit report may request, in writing, a contested case hearing.



Title 42 CFR 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 \$810,381 in reductions in Medicaid overpayments for 3 medical providers.

Context: In our review of 15 medical provider audits, the Office of Quality Assurance (OQA) issued final audit reports with overpayments totaling \$4,877,542. OQA later issued memoranda with reductions in Medicaid overpayments to 4 of these medical providers. Three reductions were unsupported.

The sample was not statistically valid.

Questioned Cost: We computed questioned costs of \$405,190 by applying the applicable federal financial participation rate to the amount of unsupported reductions.

Effect: We were unable to ascertain whether the DSS reductions in Medicaid overpayments were 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 2018-011 and in 1 prior audit.

Recommendation: The Department of Social Services should maintain documentation to support reductions in Medicaid overpayments.

Views of Responsible Officials:
“The Department does not agree that questioned costs are attributable to this finding. The Department has taken corrective action to improve documentation standards.”

Auditors’ Concluding Comments:
Title 2 CFR 200.84 defines a questioned cost as a (possible) violation of a statute or regulation, a cost not supported by adequate documentation, or a cost that appears unreasonable. Since the department calculates and supports its determination of overpayments, it should maintain similar supporting documentation when it reduces provider overpayments.



2019-013 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 2017-2018 and 2018-2019

Federal Award Numbers: 1801CT5050 and 1901CT5050

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Criteria: Title 42 U.S. *Code of Federal Regulations* (CFR) Part 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 a pending an investigation of credible allegation of fraud against the medical provider.

Condition: The Medicaid Fraud Control Unit notified DSS and the Attorney General of its determination (acceptance or declination) of 2 Medicaid fraud referrals approximately 12 to 36 days after the 45-day requirement.

DSS issued \$210,653 in payments to 5 providers who should have been suspended during pending investigations. DSS did not document a good cause exception to prevent their suspension.



- DSS did not suspend one provider in a timely manner. DSS issued \$46,434 in payments during the 108-day suspension delay.
- DSS did not suspend 4 providers and issued them \$164,219 in payments.

Context: For the fiscal year ended June 30, 2019, DSS submitted 21 fraud referrals to MFCU. We reviewed the timeliness of MFCU responses to DSS. MFCU accepted 19 of these referrals and subsequently opened investigations. We reviewed whether DSS promptly suspended payments for these 19 referrals.

Questioned Cost: We computed questioned costs of \$107,190 by applying the applicable FFP rate to Medicaid payments issued to the medical providers that DSS should have suspended pending an investigation or credible allegation of fraud.

Effect: Medical providers accused of committing Medicaid fraud, received payments during pending investigations. DSS received federal reimbursement for unallowed expenditures.

Cause: MFCU experienced staff vacancies until May 2019, although it received federal funding for additional (13) employees.

DSS made fraud referrals to MFCU, AG, and OIG and informed them of its intent to suspend medical provider payments by a specified date unless any of those agencies provided good cause for DSS not to suspend those payments. Although these agencies did not present a good cause exception, DSS did not suspend payments on the specified date.

Prior Audit Finding:
We previously reported this as finding 2018-008.

Recommendation: The Division of Criminal Justice – Office of Chief State’s Attorney should adequately staff the Medicaid Fraud Control Unit to efficiently and effectively implement the requirements of Title 42 U.S. *Code of Federal Regulations* (CFR) Part 1007.

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 CFR 455 and 1007, and the memorandum of understanding.

The Department of Social Services should implement procedures to ensure that it does not claim unallowable costs for federal reimbursement according to Section 1903(i)(2) of the Social Security Act.



The Department of Social Services should return federal reimbursements for unallowed expenditures it claimed under Medicaid.

Views of Responsible Officials:

Response provided by the Office of Chief State's Attorney:

“The department agrees with this finding. The department has implemented procedures to ensure referrals are processed in a timely manner.”

Response provided by the Department of Social Services:

“The Department believes that adequate procedures are now in place to ensure that unallowable costs are not claimed for federal reimbursement.”

2019-014 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

Money Follows the Person Rebalancing Demonstration (MFP) (CFDA 93.791)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Child Support Enforcement (CFDA 93.563)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1804CTCEST, 1804CTCSES, 1904CTCEST, and 1904CTCSES

Children's Health Insurance Program (CHIP) (CFDA 93.767)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1805CT5021 and 1905CT5021

Background:

There are four 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 Medicaid, MFP,



CHIP, and TANF; issue benefit and service payments to clients and providers; and provide 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) to maintain child support orders, establish billings, and record collections in the child support enforcement process.

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 MMIS support and operations.

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; (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 U.S. *Code of Federal Regulations* (CFR) Part 95.621 requires state agencies to biennially review 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 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 perform a biennial security review of the ImpaCT system.
2. DSS lacked tested policies and processes for responding to incidents and



security breaches.

3. DSS did not address security weaknesses in the file share security model for 4 eligibility management system Access databases.
4. DSS did not ensure that its contractor obtained a SOC 1 type 2 report on the MMIS.

Context:

1. ADP system security reviews determine the adequacy of ADP methods and practices and assure that ADP equipment and services are utilized for the purposes consistent with proper and efficient administration of HHS programs. DSS implemented the ImpaCT system on October 11, 2016.
2. 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.
3. Preventing direct access to the Access databases is necessary to protect the integrity of data. Although DSS expired EMS on September 19, 2019, EMS remains functional for historical data.
4. A SOC 1 type 2 report is necessary to provide assurance that MMIS controls allowed for the proper payment of \$8.5 billion of Medicaid benefits during the fiscal year ended June 30, 2019.

Questioned Cost: \$0

Effect: DSS has reduced assurance that its ADP installations are secure. Electronic protected health 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 it's (and the contractor's) information technology general and complementary user control considerations in place.

Cause: DSS focused on other information security project priorities. Low staffing levels and budgetary constraints hindered the department.

The contract did not require the contractor to provide DSS an ADP system security review report or a 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 2018-009 and in 2 prior audits.

Recommendation: The Department of Social Services should implement procedures to perform biennial automated data processing system security reviews as required by federal regulations. 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 assess whether complementary user control considerations are in place and operating effectively.

Views of Responsible Officials:

“The Department disagrees with the portion of the recommendation that a SOC 1 report is required to be obtained to meet the requirements of Title 45 CFR Part 95.621. A SOC 1 audit is not required and is not necessary for states to comply with the provisions of Title 45 CFR Part 95.621. The Auditors of Public Accounts recommendation to specifically require a SOC 1 audit exceeds the scope of Title 2 CFR 200.514(d). This paragraph provides that the auditor shall determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs. The principal compliance requirements applicable to most Federal programs and the compliance requirements of the largest Federal programs are included in the compliance supplement. As reported in the criteria section of this finding, there is no provision in 45 CFR 95.621 that requires states to obtain a SOC 1 audit. In fact the OMB compliance supplement provides that “as part of complying with the [ADP Risk Analyses and System Security Reviews], a state may obtain a Statement on Standards for Attestation Engagements (AT) Section 801, Reporting on Controls at a Service Organization SOC 1 type 2 report from its service organization (if the State has a service organization).”

Auditors’ Concluding Comments:

The department should obtain assurance that internal controls over outsourced financial applications and processes are functioning in an appropriate manner. Obtaining and reviewing a SOC 1 report is an effective way for the department to manage the risk of utilizing service organizations.

2019-015 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP



Money Follows the Person Rebalancing Demonstration (MFP) (CFDA 93.791)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1LICMS300142

Children's Health Insurance Program (CHIP) (CFDA 93.767)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1805CT5021 and 1905CT5021

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) and Children's Health Insurance (CHIP) programs the same way it oversees Medicaid provider eligibility requirements, as well as contractor suspension and debarment restrictions.

The Secretary of the State (SOTS) website provides links to the CONCORD system, a database that provides information related to registered businesses. The SOTS Commercial Recording Division files and maintains legally required business formation records and any fundamental business changes. The division disseminates that information to the public on CONCORD. The CONCORD business inquiry feature provides the names of business principals, including their title as board members, partners, and managing administrators.

Criteria:

Title 42 U.S. *Code of Federal Regulations* (CFR) Part 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 has developed a Provider Enrollment/Re-enrollment Criteria Matrix that outlines the information each provider is required to submit 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 and/or substantial changes in information contained on the application form. The enrollment agreement also requires the medical provider to furnish material or substantial changes, 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 controlling 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:

1. DSS did not have a procedure in place to verify that ambulance providers renewed and maintained vehicle registrations during the full 60-month enrollment period.
2. DSS approved four providers' reenrollment applications without requiring them to identify all board members, partners, and managing administrators.
3. DSS did not check the exclusion status of providers and other applicable persons against SAM.

Context:

During the fiscal year ended June 30, 2019, DSS made payments to 12,763 Medicaid providers, 299 MFP providers, and 4,768 CHIP providers. We selected 25 providers to determine whether the department obtained the required information to document eligibility for services under Medicaid, MFP, and CHIP. The samples were not statistically valid.

Of the 25 providers selected for review, one was an ambulance provider previously approved for reenrollment in March 2017. Ambulance vehicle registrations are only valid for 24 months. DSS did not have updated vehicle registrations on file for the ambulance provider after they expired.

The Provider Enrollment/Re-enrollment Application Form for 4 providers did not identify 2 to 16 board members, partners, and managing administrators.

Questioned Cost:

\$0



Effect: DSS may be claiming payments for federal reimbursement made to suspended or debarred providers, or those not properly enrolled, certified or otherwise eligible to participate in the Medicaid, MFP or CHIP programs.

Cause:

1. DSS only requires ambulance providers to supply Connecticut vehicle registration certificates when they enroll or reenroll. Since the vehicle registration certificate is valid for 24 months and the provider enrollment is 60 months, the certificate lapses before the providers reenroll.
2. DSS did not consult the CONCORD system or the provider's website to reasonably determine who the provider should have identified as its board members, partners, and managing administrators on the Provider Enrollment/Re-enrollment Application Form.
3. 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, MED only contains the List of Excluded Individuals/Entities actions taken by the Office of the Inspector General. The SAM contains exclusion actions taken by various federal agencies.

Prior Audit Finding:

We previously reported this as finding 2018-010 and in 4 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, Money Follows the Person and Children's Health Insurance Program providers. The Department of Social Services should strengthen controls to ensure that provider enrollment complies with Title 42 U.S. *Code of Federal Regulations* (CFR) Part 455 and the department's Provider Enrollment/Re-enrollment Criteria Matrix, application form and provider agreement.

Views of Responsible Officials:

“The Department continues to work with CMS to obtain access the SAM file and integrate the file check into the provider enrollment process. Currently, there are no states that have the ability to integrate the SAM file. The Department has entered into conversations with two third-party vendors for possible solutions.”

2019-016 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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

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 U.S. *Code of Federal Regulations* (CFR) Part 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 9 long-term care facilities' field audits on a biennial basis or at least every 4 years.

Context:

During the fiscal year ended June 30, 2019, the state had 247 LTCF that provided services to Medicaid clients. A public accounting firm performed 61 field LTCF audits for DSS. We reviewed 15 LTCF field audits and noted that 9 facilities had not been audited in 6 to 13 years. The sample was not statistically valid.

Questioned Cost:

\$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. The department continued to work with the public accounting firm to develop strategies to ensure that the firms promptly audit LTCF. DSS expressed that it operates on limited resources.



Prior Audit Finding:

We previously reported this as finding 2018-012 and in 10 prior audits.

Recommendation: The Department of Social Services should comply with the long-term care facility auditing procedures in the State Medicaid Plan.

Views of Responsible Officials:

“The Department agrees with this finding. 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 these facilities were indeed very low audit risk providers.

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 these sampled audits being completed after the preferred four-year period.

It is the Department’s opinion that this was the result of a condition out of the ordinary. The Department does not anticipate the high volume of change of ownerships that occurred in this audit period continuing into future periods. In addition, the audit of these facilities in question did not result in any overpayment of rates.”

2019-017 Special Tests and Provisions – Provider Health and Safety Standards

Medical Assistance Program (Medicaid, Title XIX) (CFDA 93.778)

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 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP, and 1905CT5MAP

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 Public Health (DPH) as the state survey agency.

Criteria:

Title U.S. *Code of Federal Regulations* (CFR) Part 488 requires a survey process of skilled nursing and intermediate care facilities to assess whether they provide adequate quality of care to clients as intended by law and regulations. Facilities must meet certain federal requirements to participate in Medicare and Medicaid programs.



Section 7300 of the Centers for Medicare and Medicaid Services (CMS) State Operation Manual provides that the state survey agency communicate deficiencies to the facility on Form CMS-2567. The facility must respond with an acceptable plan of correction within 10 calendar days.

Condition: DPH incorrectly requested that facilities respond to Form CMS-2567 with a plan of correction within 10 business days.

Context: The audit universe consisted of 318 facilities that received \$1,406,223,760 in payments. We reviewed the survey documentation for 25 facilities that received \$120,508,382 in payments. The sample was not statistically valid.

Questioned Cost: \$0

Effect: Some facilities did not promptly submit plans of correction. The health and safety of nursing home residents may be at risk.

Cause: DPH did not follow the CMS State Operation Manual.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Public Health should strengthen internal controls to ensure that its employees understand and implement federal Medicare and Medicaid survey requirements.

Views of Responsible Officials:

Response provided by the Department of Public Health:

“The department agrees with this finding. The department conducted an in-service training to all Facility Licensing and Investigation Section (FLIS) on November 7, 2019 to re-educate staff on this CMS requirement regarding plans of correction within 10 calendar days. Furthermore, the department recognizes that the referenced letter of safety code survey result was inadvertently reflected as 10 business days instead of 10 calendar days as required by CMS. This has since been corrected on November 20th, 2019 in ASPEN and staff have been re-educated to ensure compliance with stated requirement.”

2019-018 Eligibility - Determinations

Children’s Health Insurance Program (CHIP) (CFDA # 93.767)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1805CT5021 and 1905CT5021



Background:

The Department of Social Services (DSS) is the designated single state agency to administer medical assistance programs and the Children's Health Insurance Program (CHIP). CHIP provides health insurance to children not otherwise covered. DSS administers CHIP with the assistance of other state agencies including the Department of Children and Families (DCF) and the Department of Mental Health and Addiction Services (DMHAS).

DSS uses several systems to administer CHIP. The Access Health Connecticut (AHCT) web portal is the primary system that maintains applications and determines eligibility for CHIP enrollees. The Integrated Management of Public Assistance for Connecticut (ImpaCT) system maintains client data and eligibility status for state and federal programs administered by DSS. The Medicaid Management Information System (MMIS) processes payments for medical services and provides financial reports used for federal reimbursement claims. AHCT interfaces with ImpaCT and ImpaCT interfaces with MMIS.

Criteria:

Title 42 U.S. *Code of Federal Regulations* (CFR) Part 457.310 (b)(2)(ii) states that, to be eligible for CHIP, a targeted low-income child must not be covered under a group health plan or health insurance. The CHIP State Plan also provides that if a child has other insurance coverage, they are not eligible for CHIP.

Title 2 CFR 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.

Condition:

The Access Health Connecticut web portal improperly included 10 clients as eligible for CHIP. These clients had third-party insurance coverage at the time of enrollment. For an additional 8 clients that subsequently obtained insurance coverage during the eligibility period, the AHCT web portal did not include the change and their CHIP eligibility continued. DSS paid \$44,603 for these 18 CHIP clients. In addition, DSS paid \$264,743 for one DCF client and \$20,000 for 3 DSS clients who were not eligible for CHIP on the dates of service.

Context:

During the fiscal year ended June 30, 2019, DSS claimed \$43,403,429 in CHIP expenditures for DSS clients, \$1,849,084 for DCF clients, and \$33,695 for DMHAS clients. We reviewed 40 DSS client eligibility determinations with \$6,160 in payments. When we discovered an exception, we reviewed for other unallowable claims for the entire fiscal year. We also reviewed 25 DCF benefit payments totaling \$1,281,904. The samples were not statistically valid.

Questioned Cost:

We computed questioned costs of \$289,824 by applying the CHIP enhanced



federal financial participation rate of 88% to the unallowed expenditures.

Effect: DSS received federal reimbursement for unallowed expenditures.

Cause: DSS lacks controls to verify third-party insurance of CHIP enrollees. Although DSS contracts with a healthcare technology organization to help identify third-party liability for medical expenditures and the corresponding collections, the contract's scope of work does not include CHIP.

DSS does not have procedures in place to adjust its CHIP federal reimbursement claims when it discovers a retroactive change in a client's CHIP eligibility. DSS processes eligibility changes prospectively, even if it determines that the client was not eligible for CHIP for the prior months or years.

MMIS, AHCT, and ImpaCT maintained inconsistent time of service eligibility information for CHIP enrollees.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Social Services should strengthen internal controls to ensure that each CHIP recipient is eligible for the program according to the state plan and federal regulations. The department should establish procedures to ensure that its healthcare technology contractor helps identify third-party insurance coverage for CHIP clients. The department should return unallowed federal reimbursements.

Views of Responsible Officials:
“We agree with this finding in part. Prior to the enactment of the Bipartisan Budget Act of 2018, the application process for CHIP allowed states the option of obtaining other insurance information related to third parties. However, all CT Medicaid and CHIP applications require other insurance information to be disclosed by the applicant. Not all types of other insurance preclude eligibility in CHIP. The department was permitted to accept self-attestation of other insurance at application according to its verification plan with CMS. Since enactment of the Act, the department has since amended its contract with its Medicaid TPL vendor to include information for CHIP members. Automating the transfer of TPL data responses between the ImpaCT system and the shared Access Health CT system and effectuating enrollment changes based on that data require significant technological changes that take time to implement. Therefore, we developed a manual process to review the small number of families identified by the TPL vendor to have gained other, potentially disqualifying, insurance. The impact of not having this functionality automated immediately is not significant.”



2019-019 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 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 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 medical services payments and provides financial reports 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 200, Subpart E, provides that costs should conform to any limitations or exclusions set forth in the federal award to be allowable. 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 \$12,053 in benefit payments under the MFP grant award for service periods when clients were no longer eligible under the MFP program.



- DSS processed \$10,818 for two DSS and one DDS clients after they left the program.
- DSS processed \$1,235 for five DSS and two DDS clients after they returned to a facility.

Context: During the fiscal year ended June 30, 2019, MFP benefit payments totaled \$21,835,381. We divided the universe of benefit payments into 3 strata by state agency. The DSS stratum of benefit payments totaled \$18,386,162. The DDS stratum totaled \$2,393,425. The DMHAS stratum was immaterial to the program. We reviewed 40 DSS client benefit payments totaling \$1,428,271 and 40 DDS client benefit payments totaling \$1,637,780. The unallowable benefit payments totaled \$8,653 for DSS clients and \$3,400 for DDS clients.

The sample was not statistically valid.

Questioned Cost: We computed questioned costs of \$9,040 by applying the MFP enhanced federal financial participation rate of 75% to the unallowable expenditures.

Effect: DSS received federal reimbursement for unallowable benefits claimed under the MFP program.

Cause: DSS implemented a reconciliation process to correct known deficiencies through mass adjustments, but this process did not catch all errors. Providers improperly billed MFP for services when clients were in a facility.

Prior Audit Finding:
We previously reported this as finding 2018-015 and in 2 prior audits.

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 Centers for Medicare and Medicaid Services.

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.

The corrective action for this finding will be an on-going effort. The Department plans to work with DXC to develop a process to ensure proper connections between the file and claims identifier within MMIS.

The Department will review the questioned costs and if it is determined that adjustments need to be made, they will be processed by the 9/30/19 reporting.”

2019-020 Activities Allowed or Unallowed – Claim Documentation

Money Follows the Person Rebalancing Demonstration (MFP) (CFDA 93.791)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 431. DSS contracted with a fiscal intermediary to serve as a third-party administrator on behalf of DSS. The fiscal intermediary is responsible for medical provider credentialing, claims processing, and quality assurance activities.

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E, provides that costs should be adequately documented to be allowable under federal awards.

The DSS Provider Enrollment Agreement requires the medical provider to only submit claims for goods and services covered by the Connecticut Medical Assistance Program that are documented by the provider as being for medical assistance goods and services actually provided to the person in whose name the claim is being made.

Condition: A fiscal intermediary posted \$871 in benefit payments to an incorrect client. Although the fiscal intermediary corrected its internal records upon discovery, it failed to notify DSS of the error.

Context: During the fiscal year ended June 30, 2019, DSS made payments to 299 Money Follows the Person (MFP) providers. DSS processed \$18,386,162 in MFP benefit payments and received \$13,789,621 in federal reimbursement.



We selected 40 benefit payments, totaling \$39,677, to determine whether DSS obtained the required information to document allowable MFP services.

The sample was not statistically valid.

Questioned Cost: We computed questioned costs of \$653 by applying the MFP enhanced federal financial participation rate of 75% to the improperly recorded expenditures.

Effect: The Medicaid Management Information System (MMIS) has inaccurate data. DSS relies upon the system for financial reporting and federal reimbursement purposes.

Cause: The fiscal intermediary may not understand the importance of communicating known errors to DSS.

Prior Audit Finding:
We have not previously reported this finding.

Recommendation: The Department of Social Services should strengthen internal controls over claims processed by the fiscal intermediary to ensure that they process claims accurately and promptly notify the department when they discover errors. The department should correct the medical claim errors within MMIS and refund improper reimbursements to the Centers for Medicare and Medicaid Services.

Views of Responsible Officials:

“The Department agrees that the fiscal intermediary posted benefit payments of \$871 to an incorrect client. While the fiscal intermediary discovered the error through subsequent internal audits, they failed to properly adjust the claim through the MMIS. The process for internal review and proper claiming for the fiscal intermediary is currently under review. Protocols will be required to properly account for and adjust improper claiming by June 30, 2020.”

2019-021 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 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Requirements set forth under Title 7 U.S. *Code of Federal Regulations* (CFR) Part 273 specify that no further monies or other benefits may be paid under SNAP unless the quarterly Status of Claims Against Households



Report (FNS-209) has been properly completed and filed.

Condition: According to a United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) Management Evaluation Report for the quarter ended December 31, 2018, the Department of Social Services (DSS) reported inaccurate data in its FNS-209.

- Line 3B – Balance Adjustments
- Line 4 – Newly Established Claims
- Line 9 – Terminated Claims
- Line 16 – Recoupment

Context: Beginning in October 2016, DSS gradually began to phase in the Integrated Management of Public Assistance for Connecticut (ImpaCT) system to replace its approximately 30-year old legacy eligibility management system. The department relies on ImpaCT to extract data necessary to complete the FNS-209. The department has submitted FNS-209 reports based on ImpaCT data with USDA FNS' understanding that there are pending issues with ImpaCT.

Questioned Cost: \$0

Effect: DSS did not comply with the FNS-209 reporting requirements. FNS cannot rely upon the data in the department's FNS-209 for analysis or decision-making.

Cause: ImpaCT reports were unable to extract accurate data to complete FNS-209. For example, ImpaCT incorrectly allows for the creation of duplicate overpayments on Line 4. DSS is working with the ImpaCT system contractor to fix the inaccuracies.

DSS staff incorrectly reported invalid claims on Line 9 instead of Line 3B. In addition, the department reported that the recoupment amount on Line 16 was inaccurate.

Prior Audit Finding:
We previously reported this as finding 2018-017 and in 1 prior audit.

Recommendation: The Department of Social Services should strengthen the design of ImpaCT to ensure that it allows the department to comply with the Supplemental Nutrition Assistance Program FNS-209 reporting requirements established by the United States Department of Agriculture. The Department of Social Services should retrain its employees on how to report invalid claims.

Views of Responsible Officials:
“The corrective action for this finding is an on-going effort. The FNS 209



report has been loaded into the Federal 209 reporting system through the quarter ending December 31, 2019 and as such, the Department is current. The Department is engaged in design sessions to improve automated aggregation of this data through an updated system report. In addition, the Department established a dedicated claims unit in January 2019 to ensure that claims entered into the ImpaCT eligibility system are accurate and appropriate.”

2019-022 Special Tests and Provisions – EBT Reconciliation

Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551)

Federal Award Agency: United States Department of Agriculture

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.303 requires state agencies to establish and maintain effective internal controls over federal awards to provide reasonable assurance they are managing federal awards in compliance with federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Title 7 CFR 274.4(a) requires state agencies to account for all issuances through a reconciliation process.

Condition: The Department of Social Services (DSS) did not adequately complete electronic bank transfer (EBT) reconciliations for May and June 2019. DSS did not reconcile 8 daily balances and did not account for two days of SNAP issuances. The department resolved the discrepancies after we asked about them. We noted that the department did not have a management review process to ensure that its monthly EBT reconciliations were complete and accurate.

Context: DSS uses electronic bank transfer reports for issuances recorded in the Schedule of Expenditures of Federal Awards. SNAP issuances totaled \$47,981,032 in May 2019 and \$47,921,516 in June 2019.

Questioned Cost: \$0

Effect: Inadequate EBT reconciliations increase the likelihood that errors and misstatements go undetected.

Cause: DSS informed us that its EBT contractor relocated its data center to a different state, which created timing problems with posting data to the U.S. Department of the Treasury Automated Standard Application for Payments



(ASAP) system. Clerical errors went unnoticed.

Prior Audit Finding:

We have not previously reported this finding.

Recommendation: The Department of Social Services should strengthen its internal controls and implement a formal management review as part of the monthly EBT reconciliation process to ensure that it properly accounts for SNAP issuances as federally required.

Views of Responsible Officials:

“The Department agrees with this finding. However, we would like to note that the SNAP EBT reconciliation is completed on a monthly basis and sent to FNS annually per their request. The Department has been completing this since the inception of EBT program with no recommendations or questions regarding the reconciliation process. Moving forward the Department will be incorporating an additional management of the review of the monthly reconciliation and will continue to review the process in an effort to enhance the accuracy and to develop efficiencies.”

2019-023 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 2017-2018 and 2018-2019

Federal Award Numbers: 1801CTLIE4, 1801CTLIEA, and 1901CTLIEA

Criteria:

The Administration for Children and Families (ACF) current general terms and conditions for mandatory grant programs, which includes the Office of Community Services Low Income Home Energy Assistance Program (LIHEAP), requires electronic submission of SF-425 financial reports through two online reporting systems. The On-Line Data Collection (OLDC) system is the reporting mechanism and the Health and Human Services Payment Management System is the payment management mechanism.

Condition:

The Department of Social Services (DSS) was unable to include \$10,966 in reallocation funding and expenditures on their fiscal year (FY) 2018 SF-425 it submitted to the Administration of Children and Families through the On-Line Data Collection system.

Context:

DSS received an \$80,738,355 cumulative grant award for LIHEAP for FY 2018. The state also received a \$10,966 redistribution of FY 2017 LIHEAP funds for FY 2018. Authorized federal funds totaled \$80,749,321.



Questioned Cost: \$0

Effect: The ACF Office of Community Services may not be able to monitor the LIHEAP program adequately, since the reallocation funds are not included in the online system.

Cause: The OLDC system prepopulated the authorized federal funds and prevented DSS from including reallocation funds.

Prior Audit Finding:

We previously reported this as finding 2018-018.

Recommendation: The Department of Social Services should seek guidance from the Administration for Children and Families on the reporting of reallocation funds through the online system for its annual SF-425 federal financial report.

Views of Responsible Officials:

“The Department agrees with this finding. The Department has taken the necessary steps to seek guidance from the Administration for Children and Families on the reporting of reallocation funds. The Department is awaiting a response from our contacts at the Administration for Children and Families (ACF) at the Department of Health and Human Services (HHS).”

2019-024 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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Criteria: Title 45 U.S. *Code of Federal Regulations* (CFR) Part 264.30 provides that if the state agency administering TANF 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 it meets certain exceptions to timely notice requirements, as outlined in the policy manual.

Section 8540.65 of the DSS Uniform Policy Manual specifies that individuals



who request assistance must 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 one sanction notice for 2 months for one assistance unit. DSS did not deny \$6,375 in TANF benefits to five assistance units who did not comply with program requirements.

Context: For the fiscal year ended June 30, 2019, there were 141 alerts in the Integrated Management of Public Assistance for Connecticut (ImpaCT) system identifying a sanction notice for non-cooperation with child support requirements. We reviewed 25 sanction notices.

The sample was not statistically valid.

Questioned Cost: \$6,375

Effect: Clients received TANF benefits without complying with program requirements.

Cause: There were delays because the issuance of sanction notices and the denial of benefits is a multi-step process that requires different DSS units to administer each procedure.

Prior Audit Finding:

We previously reported this as finding 2018-021 and in 4 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. To that end, the Department reviewed its internal processes, released an interim business process to address the issue, and developed an ad-hoc report to track child support referrals. The interim business process and new ad-hoc report were released in April 2019. The report is automatically issued to field office staff where it is reviewed and worked daily. The Department anticipates that this new process and report will resolve the issue.”



2019-025 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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Criteria: Title 45 U.S. *Code of Federal Regulations* (CFR) Part 92.36 provides that when procuring property and services under a federal grant, states will follow the same policies and procedures it used 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 one 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 (OPM) 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: The Department of Social Services (DSS) did not go through a competitive procurement process and did not request waivers from competitive solicitation for the Teen Pregnancy Prevention Program (TPP) POS contracts.

Context: During the fiscal year ended June 30, 2019, DSS paid \$1,292,435 for 9 POS contracts. The department has not issued a request for proposal for Teen Pregnancy Prevention since the second quarter of state fiscal year 2009.

Questioned Cost: \$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, the contracts expired on June 30, 2019 and DSS extended them for one year. During that period, DSS would assess the need to conduct a competitive procurement.



Prior Audit Finding:

We previously reported this as finding 2018-022 and in 4 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. 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 (OPM). DSS will be competitively procuring for the Teen Pregnancy Prevention Program (TPP) during SFY 2021.”

2019-026 Performance Reporting – ACF 199, TANF Data Report

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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Criteria: States must complete an ACF-199, TANF Data Report and submit it quarterly to the Department of Health and Human Services (DHHS). The report's data includes disaggregated case record information on the families receiving assistance, no longer receiving assistance, and applying for assistance from TANF-funded programs. DHHS Administration for Children and Families (ACF) uses work participation data to determine whether states have met work participation rates.

Condition: The total number of families that the Department of Social Services (DSS) reported on the ACF-199 did not match the supporting documentation.

Quarter Ended September 30, 2018

The DSS Temporary Family Assistance (TFA) benefit payment files showed that 27,806 families received basic assistance, but DSS listed 26,893 in the TANF performance report. This resulted in DSS underreporting 913 families on the TANF performance report.

Quarter Ended March 31, 2019

TFA benefit payment files showed that 25,803 families received basic assistance, but DSS listed 24,946 in the TANF performance report. This



resulted in DSS underreporting 857 families on the TANF performance report.

DSS incorrectly coded 3 cases on Key Line Item #49 Work Participation Status.

Context: We selected the quarters ended September 30, 2018 and March 31, 2019 for review of TFA benefit payment files and TANF Data Reports.

Questioned Cost: \$0

Effect: DHHS may be using inaccurate data for analysis and program decisions.

Cause: DSS informed us that the Integrated Management of Public Assistance for Connecticut (ImpaCT) system data does not appear to be reliable. The logic used to count assistance units is not the same in the Temporary Family Assistance data files as in the TANF performance reports and, therefore, results in different amounts.

Employee turnover attributed to the use of the incorrect code for work participation status. It appears that there was a lack of administrative oversight.

Prior Audit Finding:

We previously reported this as finding 2018-024.

Recommendation: The Department of Social Services should ensure that the total number of families on its TANF Data Report (ACF-199) is accurate and supported.

Views of Responsible Officials:

“The Department agrees with the stated recommendation, however the Department believes that the data reported in the TANF Data Report is accurate and supported. There are various reasons related to the extraction of data from different computer system that could cause counts in the TANF Data Report to vary slightly from the TFA benefit payment files.”

2019-027 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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF



Criteria: States must complete an Annual Report on State Maintenance-of-Effort Programs (ACF-204) for each program the state has claimed basic maintenance of effort (MOE) expenditures for the fiscal year.

Condition: The Department of Social Services (DSS) reported inaccurate and unsupported information on its ACF-204. The department understated the Job Funnel by 69 families and overstated the Connecticut Workforce Grants for Education and Women in Transition by 4 families.

Context: DSS reported \$231,684,710 for its TANF maintenance of effort. The department 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 Cost: \$0

Effect: Misinformation may prevent the Department of Health and Human Services Administration for Children and Families from accurately determining whether the state met its maintenance of effort requirements.

Cause: DSS relied upon summary information from other state agencies.

Prior Audit Finding:
We previously reported this as finding 2018-023 and in one prior audit.

Recommendation: The Department of Social Services should strengthen its internal controls to ensure that it accurately completes its Annual Report on State Maintenance-of-Effort Programs (ACF-204) and maintains all supporting documentation.

Views of Responsible Officials:

“The Department agrees with this finding in part. We disagree that this finding should be joined to last year’s finding. Last year’s finding was a simple clerical transcription error, our federal partners were immediately notified, and there was no material effect on MOE requirements. It was and remains fully resolved with no further action required.

The Department agrees that it should ensure that the ACF-204 is accurately completed and that documentation is maintained. The Department believes that the ACF-204 is completed as accurately as possible and that all supporting documentation is retained and readily available. The Department goes directly to the program administrators at the administering agencies for data on the programs that the administrators directly operate. The Department incorporates this firsthand data into the ACF-204 report.



The Department further notes that this finding is for minute variations in the counts of families served in two programs that combined accounted for less than 0.07% of state MOE expenditures, and that the 73 families that were identified as “overstated” or “understated” make up less than 0.06% of the families served by the programs tracked in the ACF-204. While the Department and its partner agencies continue to strive for perfect accuracy in all that we do, the Department does not agree that these small variations in the counts of families served materially affect the overall accuracy of our TANF MOE reporting.

The Department is already over 99.9% accurate in the data it reports on the ACF-204. The Department maintains all documentation from partner agencies to support the information entered into the ACF-204. The Department will continue to strive for 100% perfection ongoing.”

Auditors' Concluding Comments:

We noted in audit finding 2018-023 that the department lacked supporting documentation for the number of families it reported on the ACF-204. We found a similar condition in the current audit. When we asked for detailed supporting documentation, one state agency realized that the summary information it provided to the department was inaccurate. The department should request detailed documentation to support summary information from other state agencies prior to submission of its ACF-204.

2019-028 Allowable Costs/Cost Principles – Duplicate Payments

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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Criteria:

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 Subpart E provides that to be allowable under federal awards, costs must be necessary, reasonable, and adequately documented.

Title 45 CFR 233.20(a)(13)(i)(E) requires prompt recovery of an overpayment. A state must take one of the following three actions by the end of the quarter following the quarter in which it first identified the overpayment: (1) recover the overpayment, (2) initiate action to locate and/or recover the overpayment from a former recipient, or (3) execute a monthly recovery agreement from a current recipient's grant or income/resources.

Per the Department of Social Services (DSS) Uniform Policy Manual 8580.10 (I), the department attempts to recoup all overpayments, regardless



of when the overpayment occurred or whether the assistance unit is still intact or receiving Temporary Family Assistance.

Condition: DSS issued duplicate payments to TANF recipients and did not establish 7 overpayments in the Integrated Management of Public Assistance for Connecticut (ImpaCT) system for the 10 duplicate payments that we reviewed.

Additionally, DSS did not document authorization for one payment to a hotel for 72 days (\$45 per day) of a client's emergency housing.

Context: DSS issued 138,399 TANF benefit payments, totaling \$63,656,331, during the fiscal year. We filtered the payment data to identify multiple payments issued to the same assistance unit for the same benefit period. We identified 22 assistance units who received duplicate payments.

Questioned Cost: \$0

Effect: DSS is unable to recoup duplicate payments until it establishes an overpayment in the ImpaCT system.

Cause: Eligibility workers created the errors by generating manual issuances and not preventing ImpaCT automated issuances for the same benefit period.

Prior Audit Finding:

We have not previously reported this finding.

Recommendation: The Department of Social Services should implement internal control procedures to identify and review duplicate payments to TANF recipients and to establish overpayments in the ImpaCT system for these claims.

Views of Responsible Officials:

“The Department agrees that duplicate payments should be recouped. Overpayments have been established for the identified cases. The Department is examining the root cause for these issues to try to prevent them from occurring and will work to establish a routine process for identifying and recouping duplicate payments.”

2019-029 Allowable Costs/Cost Principles – Eligibility Rates and Expenditures Claimed

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 2017-2018 and 2018-2019



Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Background: The Department of Social Services (DSS) is the designated single state agency to administer Temporary Assistance for Needy Families (TANF) in accordance with Title 45 U.S. *Code of Federal Regulations* (CFR) Part 205.100. Connecticut administers certain aspects of TANF through a number of state agencies including the Department of Children and Families (DCF).

A DSS and DCF memorandum of understanding (MOU) for the period October 1, 2014 through September 30, 2017, specified the agencies' responsibilities for administering programs in the TANF State Plan. DCF reports its TANF expenditures to DSS, which claims the expenditures for federal reimbursement. The agencies drafted an MOU for October 1, 2017 through September 30, 2020, but had not executed it as of January 23, 2020.

DSS claims federal TANF reimbursement for in-home and community-based services that DCF subrecipients provide to DCF clients. DCF enters into agreements with these subrecipients and pays them quarterly advances from state appropriations.

The subrecipients determine TANF eligibility for each client 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 TANF reimbursement.

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: DCF has not implemented procedures to ensure that subrecipients use the PIE system. DCF may have included clients who did not receive services in the quarterly rates it provided to DSS for federal claiming purposes.

DCF informed us during prior audits that episode start and end dates did not



represent the actual client service dates. In most cases, these dates represented the client's intake and discharge dates from the service/program, and not when the client actually received services.

Context: DSS claimed \$32,329,740 for services provided by DCF subrecipients during the fiscal year.

Questioned Cost: We cannot determine questioned costs. Eligibility rates that reflect the services provided to TANF eligible clients by DCF subrecipients were not available.

Effect: DCF expenditures claimed by DSS under TANF may be overstated based on inaccurate TANF eligibility rates.

Cause: Subrecipients do not use the PIE system consistently and accurately. DCF informed us that the PIE system is unable to provide a report that identifies which providers use it.

Prior Audit Finding:
We previously reported this as finding 2018-025 and in 6 prior audits.

Recommendation: The Department of Children and Families should enforce subrecipient compliance with implemented procedures to ensure that they use complete and accurate data in the claiming process.

The Department of Social Services should submit prior quarter adjustments for overstated amounts.

Views of Responsible Officials:

Response provided by the Department of Children and Families:

"The Department agrees with this finding. DCF has been in contact with both the DCF Program Leads, responsible for program compliance, and the providers of the TANF eligible services to express the importance and the need to populate the necessary fields in the PIE system. DCF is validating the provider records to ensure that the data is being collected properly and has given deadlines for the submission of the required data into PIE.

DCF Fiscal will request evidence of timely compliance in PIE from the Program Leads for future quarters. Program Leads will generate a sample to test from the inputted information from the previous quarter against the family's case file to verify the face-to-face contact dates reported in PIE are documented in the file. This will become part of the Program Lead's quarterly on- site program reviews."

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, DSS is ultimately accountable for the proper use of the federal TANF funds.

2019-030 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 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF, and 1901CTTANF

Social Services Block Grant (SSBG) (CFDA 93.667)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

Federal Award Numbers: 1801CTSOSR and 1901CTSOSR

Background:

Title U.S. *Code of Federal Regulations* (CFR) Part 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) and the State Department of Education (SDE).

DSS is the designated single state agency in Connecticut for the allocation and administration of the Social Services Block Grant (SSBG) program. SSBG funds support the programs of several state agencies including the Department of Mental Health and Addiction Services (DMHAS) and the Department of Housing (DOH).



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 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 200.303 requires the non-federal entity to take prompt action when it identifies instances of noncompliance, including noncompliance identified in audit findings.

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: A review of subrecipient monitoring procedures disclosed the following:

Department of Social Services:

1. DSS did not adequately track the receipt of SSBG recipients' financial and performance reports. DSS could not provide documentation to illustrate when 5 subrecipients submitted their reports.
2. DSS did not have 2 SSBG subrecipients' required financial reports on hand.
3. DSS signatures and dates were missing in Financial Status Reports used to authorize program expenditure payments to SSBG subrecipients.
4. DSS did not perform on-site visits for 2 SSBG subrecipients.

Department of Mental Health and Addiction Services:



1. DMHAS did not follow-up with 8 SSBG subrecipients who did not submit required annual financial reports.
2. DMHAS did not complete reviews of 4 SSBG subrecipient audit reports and reviewed one SSBG subrecipient's audit report 118 days late.

Department of Housing:

1. DOH did not properly identify the amount of the subaward for 5 SSBG subrecipients. The amount of the subaward listed in the DOH subrecipient contracts did not agree with amounts actually provided during the fiscal year ended June 30, 2019.
2. Documentation was not on hand to indicate that DOH conducted annual on-site monitoring for one SSBG subrecipient. In addition, on-site monitoring documentation was incomplete for one SSBG subrecipient.
3. DOH did not promptly review one SSBG subrecipient's annual financial report.
4. DOH did not follow-up with 3 SSBG subrecipients that did not meet performance measures in their contracts.

Department of Correction:

DOC did not clearly identify the TANF federal award or program requirements to subrecipients, and did not monitor their activities for compliance with TANF program or federal audit requirements.

State Department of Education:

1. SDE did not properly identify TANF subawards to the subrecipients. The language SDE used for federal award identification to subrecipients did not clearly identify federal program requirements or specify that the state may claim funds for federal reimbursement under the TANF program. In addition, SDE provided year-end instructions to subrecipients advising them of federal and state auditing requirements, which identified these funds as state awards.
2. SDE did not monitor subrecipients for compliance with TANF laws and regulations.

Context:

Department of Social Services:

During the fiscal year ended June 30, 2019, DSS entered into contracts to provide \$5,318,195 in SSBG funding to 24 subrecipients. We reviewed 5 SSBG program subrecipients.

Department of Mental Health and Addiction Services:



1. During the fiscal year ended June 30, 2019, DMHAS entered into contracts to provide \$2,063,455 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 \$1,614,733 in SSBG funding to 18 subrecipients during the fiscal year ended June 30, 2018. Seven of the 18 SSBG subrecipients were required to file audit reports during the fiscal year ended June 30, 2019. We selected all 7 for review.

Department of Housing:

During the fiscal year ended June 30, 2019, DOH provided 34 subrecipients with \$7,594,632 of SSBG funds to administer various programs for homeless individuals. We reviewed 9 of these subrecipients that received \$2,026,504.

Department of Correction:

During the fiscal year ended June 30, 2019, DSS claimed \$14,768,307 in DOC expenditures for education and addiction services. DOC entered into 17 contracts with subrecipients, for which it claimed \$10,004,949 for TANF federal reimbursement.

State Department of Education:

During the fiscal year ended June 30, 2019, DSS claimed \$23,048,975 in SDE expenditures for various pregnancy prevention programs. We selected 15 subrecipients for review to determine whether they properly reported TANF expenditures on their Schedule of Expenditures of Federal Awards (SEFA).

The samples were not statistically valid.

Questioned Cost: \$0

Effect:

DSS has limited assurance that the use of federal funds is for allowable activities. Subrecipients did not report TANF expenditures on their Schedule of Expenditures of Federal Awards (SEFA), which is a key factor in determining major program audit 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:

Department of Social Services:

DSS did not have adequate procedures in place to document monitoring activities of SSBG subrecipients.



Memoranda of understanding (MOU) with other agencies regarding TANF standard terms and conditions, scope of work, payment provisions, and administered programs expired September 30, 2017. As of June 30, 2019 audited period, DSS had not executed a draft MOU with the other agencies.

Department of Mental Health and Addiction Services:

DMHAS experienced changes in reporting systems and limited staffing and resources.

Department of Housing:

DOH did not have adequate procedures in place to monitor subrecipient activities. In addition, uncertainty about the level of SSBG funding during the fiscal year resulted in DOH changing the amount of subawards provided to subrecipients.

Department of Correction:

The inadequate identification of federal awards to subrecipients was an oversight by management. The lack of procedures for monitoring subrecipients was due to limited staffing and resources.

State Department of Education:

SDE continues to treat TANF claimable programs by DSS as state programs.

Prior Audit Finding:

We previously reported the DOC and SDE portions of this finding as 2018-026 and in 1 and 3 prior audits, respectively.

We previously reported the DSS portion of this finding as 2018-027 and in 14 prior audits.

We previously reported the DMHAS and DOH portions of this finding as 2018-028 and in 2 and 4 prior audits, respectively.

Recommendation: The Department of Social Services, Department of Mental Health and Addiction Services, Department of Housing, Department of Correction, and State Department of Education should strengthen procedures to ensure compliance with federal regulations as pass-through entities in the TANF and SSBG programs.

As the lead agency for TANF and SSBG, the Department of Social Services should have a standard process in place to monitor how other agencies are addressing known deficiencies identified in Statewide Single Audit reports.



Views of Responsible Officials:

Response provided by the Department of Social Services:

“The Department agrees in part with regard to the findings related to TANF administration. The Department has recently finalized an MOU with DOC that addresses the need to inform subrecipients of the federal character of TANF funds, as well as the subrecipient requirements associated with the receipt of TANF funds.

The Department continues to work with SDE to ensure that the programs administered by SDE with TANF funds are identified as such. DSS has provided SDE with a draft MOU that clearly identifies the need for SDE to inform subrecipients of the federal character of TANF funds, as well as the subrecipient requirements associated with the receipt of TANF funds. This MOU has not yet been finalized.

TANF MOUs are a work in progress. The Department requires the cooperation and agreement of partner agencies in order to finalize MOUs.”

Response provided by the Department of Mental Health and Addiction Services:

“The Department agrees with the findings:

1. The Department sends reminders to its private non-profit providers informing them of due dates for all reports. In addition, the Department is undergoing technical issues with Core-CT in regards to submission of reports through Core-CT. The Department is working with the Office of the State Comptroller to resolve these issues.
2. The Department continues to review the prior years’ audit reports from FY 2015 to FY 2018. The Department estimates substantial completion of the prior years’ reports by the end of SFY 2020.”

Response provided by the Department of Housing:

“We agree with this finding. The Department is prepared to work with DSS to establish and implement procedures to comply with Title 2 CFR Part 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 Department continues to make improvements to its monitoring procedures in order to ensure timely monitoring and follow-up is completed.”

Response provided by the Department of Correction:

“The agency agrees with this finding in part. Currently, DOC’s contracts with its providers contains 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 all applicable State and federal TANF requirements, including the need for an audit. Regardless,



DOC is in the process of finalizing the TANF memorandum of understanding (MOU) with DSS. It has been signed by DOC and is pending DSS's signature. Once the MOU is fully executed, DOC anticipates that it will implement DSS's TANF Eligibility Form with its providers as a way of tracking TANF eligible clients at program intake. In addition, DOC will update its contract terms and conditions to reflect the CFR number provided by DSS and further advise its providers of their federal award obligations. The DOC will work with the APA to understand what a provider's obligation will be as it relates to the State Single Audit so that the agency can accurately communicate with its providers regarding their new audit requirements, such as they may be."

Response provided by the State Department of Education:

"We disagree in part with this finding. 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 general 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 of 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 in an MOU regarding this matter, SDE and DSS are working cooperatively to determine an appropriate process to 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 will work together to determine what programs should be included as TANF programs, and reflect them as such according to the agreed upon methodology.”



DEPARTMENT OF TRANSPORTATION

2019-100 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 U.S. *Code of Federal Regulations* (CFR) Part 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: Under the DOT policy of requesting funds in arrears, federal accounts should have credit cash balances. During our prior review, we noted that the Core-CT (the state's accounting system) cash account maintained for the Highway Planning and Construction Program had a net aggregate debit balance of \$15,146,068 as of June 30, 2018. There was no significant change during our current review, as we determined the program had a balance of \$15,739,420 as of June 30, 2019.

Our review indicated that the debit cash balance in the program's accounts reflects accumulated posting errors that mostly occurred during the fiscal year ended June 30, 2007. DOT largely agreed that it was primarily due to accounting entries made by the Office of the State Comptroller 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. These accumulated uncorrected posting errors are a complicating factor that has hampered DOT's ability to monitor cash accounts maintained for federal programs by periodically comparing the balances to unreimbursed expenditures and other outstanding items.

Context: 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 activity during previous audits.

Questioned Costs: \$0

Effect: This increases the risk that federal funds will be drawn earlier than permitted by the state's CMIA agreement.

Cause: A debit cash balance in the program's accounts appears to reflect accumulated posting errors. The errors were not detected and corrected in previous periods, because DOT does not monitor federal program cash balances.

Prior Audit Finding: We previously reported this as finding 2018-101.

Recommendation: The Department of Transportation should monitor cash accounts maintained for federal programs in the state's accounting system. Cash balances not attributable to outstanding items should be transferred to a holding account until their source can be determined.

Views of Responsible Officials:

"We agree with this finding. We agree that DOT should monitor cash accounts maintained for federal programs in the state's accounting system. Additionally, the Department does understand that having incorrect cash balances reduces the ability to monitor, and thereby prevent, the drawdown of federal funds earlier than permitted by the state's CMIA agreement, though no instance of drawdown timing infractions were identified within the audit period.

As stated in our response to prior audit finding 2018-101, the Department believes that the net aggregate debit cash balance for Highway and Construction funds as of June 30, 2019 exists primarily due to accounting entries made by the Office of the State Comptroller (OSC) to establish Cash balances - for federal and state bond accounts that were previously commingled - when Core-CT was implemented in 2003; and subsequently, when federal SIDs were consolidated in the fiscal year ended June 30, 2007. Full resolution to this outstanding issue will require significant further analysis and continued coordination with OSC.

With relation to the potential drawdown of funds earlier than permitted by the state's CMIA agreement, the Department has the following controls 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 Core-CT 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);
- The Department performs a weekly review of federal billed vs. federal receipt transactions, and follows up on discrepancies;
- At the close of each federal fiscal year, the Department reviews and reports on outstanding federal bills;
- Each state fiscal year, the Department reviews and certifies to OSC that CMIA funding technique requirements have been met.

The Department will continue to research cash balances and make any necessary adjustments to correct the balances. Based on most recent analysis and ongoing work to resolve this issue, this is likely to result in expenditure or revenue journal corrections with offsetting entries to Bond fund SIDs or other Federal SIDs within fund 12062. Most notably, in January 2020 our research led to the correction of pre-Core-CT expenditures that should have been recorded in historic balances under SID 22108, but were misclassified under a different federal SID. While both SIDs fall under CFDA 20.205, the resulting \$6.67 million journal correction resolved a negative cash balance in SID 21118, and partially resolved the cumulative debit balance in SID 22108.

As detailed in the Department's CAFR management representation letter, 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.

The Department assembled a team that is reviewing Federal and other SIDs with negative cumulative cash balances. While this often occurs due to the timing of expenditures and subsequent federal reimbursement, some balances appear to be related to the initial and/or adjusting accounting entries made by OSC during Core-CT implementation. It is anticipated that research may



result in entries that will offset the debit cash balance for Highway and Construction funds, thus contributing to its resolution. We will continue our review and process adjusting entries, as they are determined.

Moving forward, the Department will:

- continue to conduct regular review and follow up on expenditure transactions coded to federal SIDs that were not billed (OLT and Unbilled);
- continue to review negative cash balances in federal SID's and prepare appropriate corrections;
- continue collaboration with OSC management regarding Core-CT reports that may aid in monitoring cash balances, to ensure that transactions during each fiscal year are appropriately recorded;
- continue to perform research involving pre-Core-CT projects as part of the close-out process;
- continue to perform annual review of Department transactions to ensure CMIA funding technique requirements have been met;
- continue to analyze account balances and work with the Office of Policy and Management (OPM) and OSC to determine if allotment redistributions, which may affect cash balances, should be done to adjust balances initially recorded for the split of Federal and State funds;
- consult with OSC to determine the feasibility of identifying and transferring cash balances not attributable to current year transactions to a separate account until such time as their source can be determined.”

2019-101 Subrecipient Monitoring – Review of Subrecipient Audit Reports

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 U.S. *Code of Federal Regulations* (CFR) Part200.331 requires pass-through entities to:

- 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 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 centrally identify all federal subawards, it is difficult to ensure that subrecipient monitoring requirements are met for all subawards.

Condition: The Department of Transportation (DOT) did not verify that municipalities met the audit requirements of 2 CFR Part 200, Subpart F, or review applicable audit reports.

Context: During the fiscal year ended June 30, 2019, DOT payments to subrecipients under the Highway Planning and Construction program included \$47,627,046 to 83 municipalities and \$7,837,715 to 9 Councils of Government (COGs). We reviewed DOT's monitoring of 25 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 previously reported this as finding 2018-102.

Recommendation: The Department of Transportation should develop a process to centrally identify all federal subawards and verify that all federal monitoring requirements are met.

Views of Responsible Officials:

“We agree with this finding. As it relates to Title 2 CFR Part 200, Subpart F, the Office of Finance and the Office of External audit have adopted a process to correct this issue. The following corrective action has been implemented so that a review of the Fiscal Year 2019 single audits can be reviewed. DOT will update its policies and procedures to ensure compliance with 2 CFR part 200 F as the cognizant agency for the grants it administers.

The following procedure has been adopted by the Office of Finance and the Office of External Audit, and will be used to do a review of the 2019 Federal Single Audits for all DOT subgrantees, beginning in February 2020.



1. DOT Office of Finance will be responsible to identify all municipal Federal Grant sub-recipients funded.
 - a. Create a listing of Municipal CORE-CT vendor ID's
 - b. Annually review the list for additions or deletions
 - c. Compile the list and related federal payments to subrecipients for the specific time frame
 - d. Supply the listing to the DOT External Audit (EA) unit for follow up on the State Single Audit Monitoring.
2. DOT EA will begin the process of examining the Municipalities' annual State Single Audits (SSA) submission posted on the CT OPM EARS system based on the listing of active Federal Grant sub-recipients from the report provided by the Office of Finance. The examination will consist of the following actions:
 - a. Review of the State DOT programs listed on the SSA to obtain the following assurances.
 - i. All programs funded via a CT DOT Federal award are listed and subjected to the SSA Compliance supplement guidelines
 - ii. Examine the report to ensure there are not material or significant deficiencies in the internal controls or accounting procedures and practices.
 - iii. Reviews the SSA to see if corrective actions have been taken to address past audit finding and that they have been implemented as written.
3. DOT EA will continue to apply all pertinent Federal and State regulations and rules in the course of its project closeout audit work.
 - a. The EA will inform the Finance and Administration Bureau Chief or his/her designee of any significant findings discovered.
 - i. SSA Findings reported
 - ii. Submitted Corrective Action Plans
 - iii. Material or significant deficiencies discovered during the project close out process."



DEPARTMENT OF LABOR

2019-150 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: We determined that the ETA 227 reporting deficiencies that we noted in prior audits will continue to occur until the department replaces the system it currently uses 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 11 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.

Prior Audit Finding: This was previously reported as finding 2018-150, as well as in 11 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. There are known issues with a very small percentage of claim activity. This is due to both decades old data and to online functions that can cause minor exceptions, each of which was developed long before current ETA227 requirements. Most of the deficiencies and errors on this report were corrected with the improved automation that resulted from UIPL 02-12 requirements. However, there remain some minor issues that could not be corrected because of the complexity behind a very old system and decades old data. The agency’s modernized UI system, ReEmployCT, will be implemented in May 2021. In discussions with the vendor, there are no reported balancing errors or deficiencies with the system, which is currently in production in two other states. The vendor and CTDOL remain confident that implementation of the new UI system will yield the same positive outcome in Connecticut.”

2019-151 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 2 instances in which the state Department of Labor did not investigate potential overpayments, because employers did not return the Certificate of Earnings (UC-1124) letters.

Context: The department did not investigate 2 possible overpayments because the employers did not return UC-1124 requests. The department did not document its follow-up with employers concerning any unreturned UC-1124 letters in its mainframe system.

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: This was previously reported as finding 2018-151, as well as in 4 prior audits.



Recommendation: The Department of Labor should strengthen internal controls to ensure that it investigates all potential overpayments.

Views of Responsible Officials:

“We agree with this finding and it remains unresolved. Employer wage cross-match programs generate a certificate of earnings report (UC1124) to the selected employer. The last two quarterly cross-matches generated over fifteen thousand cross-match hits (possible fraud scenarios). A majority of employers respond to the request, which requires staff investigation, per USDOL and state requirements. An investigation leading to a fraud determination requires a predetermination letter to the claimant that explains the possible fraud, how to respond to the notice, including requesting a hearing and what actions may be taken by the agency to recover the overpaid benefits. Upon closure of the predetermination process, a fraud decision notice is generated to the claimant, affording appeal rights and satisfying due process.

CTDOL has experienced significant staff reductions due to budgetary issues. With minimal staff, it would not be beneficial to redirect staff from investigating probable fraud leads to addressing an employer’s lack of response to a cross-match request (UC1124). It is not uncommon for potential “hits” from new hire crossmatches to result in a finding of no overpayment as the new hire dates reported by employers can be inaccurate. These crossmatch hits are only potential fraud leads; they are not certain. If CTDOL allocated staff to this finding, it would stop processing fraudulent overpayment decisions, fail all integrity measurements, and fail the CT employers by not acting upon such illegal activity and reimbursing the UI trust fund. Additionally, CTDOL cannot entertain automation to support corrective action based on the merits of such state audit finding. CTDOL has allocated all UI knowledgeable IT resources to ReEmployCT – the most important IT initiative in four decades.

ReEmployCT will address the state auditors finding by generating a second notice to an employer that failed to reply to the first cross-match notice. The automation will generate this second notice thirty days after the first notice, when the employer fails to respond to a cross-match notice.”

2019-152 Lack of Governance and Authorization of Fund Distribution

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, 2018-2019

**Federal Award Numbers: AA-28307-16-55-A-9; AA-30739-17-55-A-9; AA-32054-18
55-A-9**

Background: Public Law 113-128, the Workforce Investment and Opportunity Act (WIOA), requires states to designate a state workforce development board (WDB) to oversee the planning, distribution, and monitoring of funds to regions within the state to accomplish the various purposes of the act. The Connecticut Employment and Training Commission (CETC) is designated as Connecticut's statewide WDB, and is the principal advisor to the Governor on matters of program structure and fund allocation within the state. The CETC is comprised of various stakeholders in the workforce community. The U.S. Department of Labor authorized \$34,170,187 in WIOA program funding to the state for the fiscal year ended June 30, 2019.

The Department of Labor (DOL) administers the WIOA program subject to CETC's planning and monitoring oversight. DOL also supports the CETC's internal administrative requirements through the Office of Workforce Competitiveness (OWC).

Prior Audit Finding 2018-152, Lack of Budget Management and Approval for WIOA Allocation, indicated that the CETC was not involved in the development of the WIOA federal award allocation formulas for distribution to the regional WDBs, nor was there documented communication between the CETC and the Office of the Governor regarding the lack of oversight. Our follow-up of this finding also identified other conditions impacting governance and accountability of other relevant federal regulations.

Criteria: Title 20 U.S. *Code of Federal Regulations* (CFR) Part 679.130 indicates 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).

As advisor to the Governor on program and budgetary matters, CETC should retain documentation of key communications of recommendations, and evidence of the Governor's approval or direction regarding funding modifications. The Notice of Fund Availability, prepared by the DOL WIOA Administration Unit, serves as a budgetary authorization for the distribution of funds to the regional WDBs within the state. As such, CETC should document its formal review and approval in its planning and monitoring roles, and as advisor to the Governor.



CETC Bylaw Article IV, Section 1 requires the CETC to conduct at least one meeting per calendar quarter, as required by Section 31-3i(c) of the Connecticut General Statutes.

Title 20 CFR 679.110(d)(2) requires the Governor to establish bylaws that address the term limitations for state WDB members and how the term appointments will be staggered to ensure only a portion of membership expire in a given year.

Title 20 CFR 679.110(b)(1) specifies that state WDB membership must include the Governor.

Condition: The CETC did not meet certain specific regulatory requirements and documentation activities that establish compliance with responsibilities and accountability under the WIOA.

The CETC did not have records to indicate it had reviewed and approved the WIOA Administration Unit's Notice of Fund Availability as an authorized budget for the 5 regional WDBs. It also did not have documentation memorializing its communication of funding recommendations to the Governor, including specifically the Notice of Fund Availability, nor the Governor's approval.

The CETC did not conduct required quarterly meetings for 3 quarters in calendar year 2019.

Article II, Section 3 of CETC bylaws specifies that commission membership terms must be coterminous with that of the appointing Governor. This conflicts with 20 CFR 679.110(d)(2) which requires that terms of the state WDB members be staggered.

The Governor is not listed as a member of the CETC.

Context: The sample was not statistically valid.

Questioned Costs: \$0

Effect: The absence of documentation of critical decisions and communications within CETC, and with the Governor, impairs accountability and the capacity to demonstrate the fulfillment of key responsibilities under WIOA.

Noncompliance with 20 CFR 679.110(d)(2) resulted in the CETC essentially suspending operations for 10 months. It was unable to advise the incoming Governor on budgetary and programmatic policies, and recommendations for fund authorization.



Although the CETC's temporary suspension of operations required DOL to operate in its place in advising the Governor, this arrangement is not considered an acceptable substitute for CETC's mandated role.

The absence of the Governor (or a designee) as a member of the commission makes it more necessary for CETC to communicate with the Office of the Governor. This would not be as necessary if the Governor was present as a member of the CETC and a party to its deliberations and decisions.

Cause: The division of responsibility between the CETC and DOL is unclear, due in part to ambiguities in various state statutes. For example, Section 31-3h of the Connecticut General Statutes designates CETC with responsibility for implementing WIOA, while Section 31-3n designates DOL with similar responsibility 'in consultation with the Commission' (CETC). The ultimate authority over such activities is unclear.

Similarly, Section 4-124w of the Connecticut General Statutes establishes the OWC within DOL and designates the commissioner of DOL as the Governor's principal workforce development policy advisor. The role of the OWC is to be the administrative support to the CETC as a commission independent of the DOL.

The organizational relationship of the OWC within DOL has evolved into informal working relationships that blur the distinction between OWC's primary role as administrative support to the CETC, and the WIOA Administration Unit's role in administering the program. While it is important that they work collaboratively, it is equally important that the monitoring role and authority of the CETC be understood as separate from the operational administrative function of the WIOA Administrative Unit.

The rationale for the absence of the Governor's membership on the CETC has not been determined.

Prior Audit Finding: This was previously reported as finding 2018-152, and is expanded to address other relevant factors and new conditions.

Recommendation: The Department of Labor, as the recipient of federal Workforce Investment Opportunity Act (WIOA) funds and as the lead administrative entity for WIOA implementation, should work with the Connecticut Education and Training Commission, the Office of Workforce Competitiveness, and the Office of the Governor to address issues of noncompliance and inconsistencies among governing regulatory components.



Views of Responsible Officials:

“We agree with this finding. On October 29, 2019, Governor Lamont signed Executive Order No. 4 which directs the creation of the Governor’s Workforce Council (GWC), also/formerly known as the CETC. The GWC has since held two meetings of the whole; the first on November 21, 2019 and a second on January 30, 2020. Although DOL has supported the CETC’s internal administrative requirements through the OWC in the past, it is the plan of the governor and the chairman of GWC that the OWC will relocate from DOL to the Office of Policy and Management beginning July 1, 2020. This transfer is pending Legislative approval and signature of the governor. The DOL Administration has, and will continue to, advise OWC and GWC as to the issues of non-compliance and inconsistencies among governing regulatory components noted within this audit finding.”

2019-153 Lack of Effective Internal Controls over Reporting

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, 2018-2019

Federal Award Numbers: AA-28307-16-55-A-9; AA-30739-17-55-A-9; AA-32054-18 55-A-9

Background: The Department of Labor (DOL) is required to submit approximately 30 federal financial reports on a quarterly basis for the WIOA grant program. These reports are distinguished by a combination of factors. Programs may carry over funds and aggregate reporting over 2 years for local program funds and 3 years for state level program funds.

DOL implemented a conversion from the Federal Accounting & Reporting System (FARS) to Core-CT, the state accounting system, effective July 1, 2018.

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.303 requires that a nonfederal 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.

Condition: DOL does not have an analytics process to reconcile all quarterly reports to Core-CT state accounting system data to ensure that all applicable expenditures have been included in reports, and to detect any duplication in



allocations among reports. Instead, DOL compiles data supporting federal financial reports individually, but does not subject it to an aggregate reconciliation to Core-CT totals prior to adjustment for accruals.

Management was not able to provide an aggregate total of grant funds available for carry-forward as of June 30, 2018. DOL did not completely reconcile FARS balances until November 2019.

In the early part of state fiscal year 2019, DOL posted some expenditures in aggregate, or arbitrarily allocated them in equal portions among the 3 program areas, in order to establish the amounts in Core-CT. The expenditures were subsequently allocated to programs later in the year. As of December 2019, we identified approximately \$5,729,000 for further reclassification among programs for proper allocation.

Context: This finding identifies systemic issues requiring concerted attention by management to stabilize staffing resources and accelerate the implementation of comprehensive accounting processes that will result in enhanced quality and reliability of information.

Questioned Costs: We have not identified specific questioned costs at this time due to a deficient base of accounting on which to make such an assessment.

Effect: The absence of a reconciliation process between federal financial reports and Core-CT data results in an inability to demonstrate the integrity of the reported financial values and impairs the detection of duplication or gaps in reporting of financial data.

The misallocation of transactions between programs and periods resulted in erroneous reporting and the need for reclassifications, much of which has not yet been recorded for the period subject to audit, pending further analysis. This impairs period of performance assessments.

The conditions, taken as a whole, have potential effects in other compliance areas including allowable activities and costs, earmarking, and period of performance.

Cause: Although management has taken steps to address the prior audit findings, time constraints and conditions beyond their control have inhibited efforts to resolve the conditions. The loss of experienced staff, combined with the accelerated transition in accounting systems without adequate training, resulted in a discontinuity of accounting processes, controls and a knowledge base to assure consistent and accurate reporting.



The Core-CT grants module lacked certain functionality that existed in FARS for recognizing revenue, allocating expenditures, or migrating prior information from FARS into Core-CT for continuity of reporting.

Prior Audit Finding: This finding was previously reported as, and is a modification of, finding 2018-155.

Recommendation: The Department of Labor should provide adequate staffing in the Business Management Unit and accelerate the systemization of accounting processes supporting WIOA.

Views of Responsible Officials:

“We agree with this finding. The Department continues to evaluate the staffing and training within Business Management in order to maintain adequate separation of duties, backup capacity, timely federal reporting, reconciliations and to enhance financial monitoring. The Department has made significant progress in the distribution of duties and unit structure in order to stabilize staffing and assign specific groupings of 9130s to several staff. Business management has developed general procedures for completing the 9130s and has standardized the supporting financial analyses. With the recent restructuring/reorganizing of the WIOA monitoring unit, the Department has begun assembling a multidisciplinary team of monitoring and fiscal analysts who will work together to expand the 9130 documentation to create specific detailed procedures on the preparation, monitoring and reconciliation of each 9130. Additionally, the Department is in the process of evaluating the need for additional staff and potential funding sources. With the addition of new staff, internal promotions, and the establishment of this multidiscipline monitoring team, CT DOL is working to improve our processes. With the transition from the legacy accounting system nearly complete, Business Management will continue the development and implementation of upgraded internal controls and reconciliation processes. Specifically, the Department will be able to develop processes to reconcile federal financial reports with Core-CT financial data.”



DEPARTMENT OF PUBLIC HEALTH

2019-200 Special Tests and Provision – Control, Accountability, and Safeguarding of Vaccine

Immunization Cooperative Agreements (CFDA#93.268)

Federal Award Agency: United States Department of Health and Human Services

Award Year: April 1, 2017 to June 30, 2019

Federal Award Number: 6 NH23IP000720-05-02

Background: The Immunization Program is federally funded and administered by the Centers for Disease Control and Prevention (CDC). The goal of the program is to reduce and ultimately eliminate vaccine preventable diseases by increasing and maintaining high immunization coverage. Emphasis is placed on populations at highest risk for under-immunization and disease, including children eligible under the Vaccines for Children (VFC) Program. CDC provides a VFC Operations Guide to provide guidance to its awardees that administer the program. The Connecticut Department of Public Health (DPH) administers Connecticut's VFC program.

Criteria: The VFC Operations Guide requires that:

- Awardees perform VFC provider compliance site visits every 24 months. In addition, they must conduct storage and handling and site visits for at least 5% of VFC providers.
- Awardees use the CDC Provider Education, Assessment, and Reporting (PEAR) online system to record provider site visits and follow-up. Site visit data must be entered into PEAR and submitted within 10 business days.

Condition: Our review of 15 out of 349 VFC provider visits during 24 months disclosed that DPH did not issue follow-up plans for 7 providers after compliance site visits, and did not issue follow-up plans for 2 providers within 10 business days. DPH issued them between 45 and 90 days after the on-site visits.

DPH did not perform the CDC-required minimum of 5% unannounced storage and handling site visits of VFC provider for the budget period July 1, 2018 to June 30, 2019.

Context: DPH conducted compliance site visits for 349 providers, which comprised approximately 50% of the total providers, during the fiscal year ended June 30, 2019.

Questioned Costs: \$0



Effect: Without proper vaccine management oversight, vaccines may not provide children with the maximum protection against preventable diseases, and could place children at risk of contracting serious diseases.

Cause: The lack of vaccine management oversight was due to a staff shortage.

Prior Audit Finding: We have not previously reported this finding.

Recommendation: The Department of Public Health should strengthen its internal controls to provide effective vaccine management oversight to Vaccines for Children providers to meet Centers for Disease Control requirements.

Views of Responsible Officials:

“The department agrees with this finding. DPH will hire additional staffing position as well as implement additional contracts with local health departments to enable it to perform all unannounced storage and handling visits as required by CDC. Furthermore, staff have been provided with tablets to conduct site visits so that follow up letters/plans can be easily entered PEAR (CDC Software Application) within the required 10-day timeframe. A DPH staff epidemiologist will monitor PEAR (CDC Software Application) to ensure that site visits are entered within the required 10-day timeframe.”



DEPARTMENT OF CHILDREN AND FAMILIES

2019-250 Activities Allowed/Unallowed and Allowable Costs/Cost Principles – Cost Allocation Plan- Unallowable Costs

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

Adoption Assistance Program – Title IV-E (CFDA #93.659)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Years 2016-2017, 2017-2018 and 2018-2019

Federal Award Numbers: 1702CTADPT, 1802CTADPT and 1902CTADPT

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, 2017-2018 and 2018-2019

Federal Award Numbers: 1705CT5MAP, 1805CT5MAP and 1905CT5MAP

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, 2017-2018 and 2018-2019

Federal Award Numbers: 1701CTTANF, 1801CTTANF and 1901CTTANF

Background: The Department of Children and Families (DCF) is the designated state agency to administer the Title IV-E Foster Care and Adoption Assistance programs. The Department of Social Services (DSS) is the designated state agency to administer the Medicaid and Temporary Assistance for Needy Families (TANF) programs. Connecticut administered certain aspects of the Medicaid and TANF programs through a number of state agencies including the Department of Children and Families.

Department of Children and Families' administrative costs are allocable to federal awards as specified in DCF's federally approved Cost Allocation Plan (CAP). Each expenditure transaction is assigned an expenditure code. The state's accounting system aggregates the transactions by their recorded expenditure codes and generates reports that DCF uses to record them in various cost pools. The costs accumulated in these cost pools are allocated to the Title IV-E, Medicaid, TANF and state programs as specified in the approved Cost Allocation Plan.

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR), Subpart E, section 200.431(a) provides that fringe benefits include, but are not limited to, the



costs of leave, employee insurance, pensions, and unemployment benefit plans. Fringe benefit costs are allowable provided the benefits are reasonable and are required by law, non-federal entity-employment agreement, or the non-federal entity's established policy.

Title 2 CFR, Subpart E, provides that, to be allowable under federal awards, 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.

Condition: Our review of expenditure allocations to various cost pools identified two fringe benefit expenditure account codes (50423 and 50476) that are not claimable under federal programs. We further reviewed these costs since their inception in 2018, and identified \$15,814,991 in unallowable costs.

Context: We reviewed expenditures, for the quarter ended June 30, 2019, that were allocated to various federal programs according to DCF's approved Cost Allocation Plan. We identified two unallowable fringe benefit account codes. We expanded our review to include fiscal years 2018 and 2019 to determine if the unallowable account codes were included in prior years' cost pools and allocated to multiple federal programs.

In fiscal year 2018, Connecticut's Office of the State Comptroller (OSC) created two fringe benefit account codes to record the state's share of certain pension costs negotiated under state-employee union contracts. OSC advised all state agencies that they should exclude these two account codes from any federal reimbursement claims, because those pension costs were already built into a statewide fringe benefit rate billed to federal programs. For fiscal years 2018 and 2019, we identified \$15,814,991 in unallowable fringe costs in various cost pools billed to federal programs.

Questioned Costs: We were unable to identify questioned costs for all federal programs because some of the costs may have been included in other agencies' cost pools. The Department of Children and Families is analyzing all previous claims and informed us that it will submit adjustments for the Title IV-E Programs in the quarter ending March 31, 2020 Title IV-E Expenditure Claim. The Department of Children and Families will notify the Department of Social Services about the changes in the Medicaid and TANF cost pool amounts and inform those agencies to review their federal claims and adjust them if necessary.

Effect: DCF received federal reimbursement for expenditures that were not allowable. In addition, DCF reported unallowable expenditures to the Department of Social Services for Medicaid and TANF reimbursement.



Cause: DCF was not aware that it should have excluded certain fringe benefit account codes from federal claiming.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should establish and strengthen internal controls to ensure that it reviews and appropriately claims all account codes for federal reimbursement in accordance with federal requirements.

The Department of Children and Families should return federal reimbursement for unallowable expenditures that it claimed under Title IV-E Programs for fiscal years ended June 30, 2018 and 2019. The Department of Children and Families should also notify the Department of Social Services so that it may adjust its federal claims and return federal reimbursement for unallowable Medicaid and TANF expenditures.

Views of Responsible Officials:

“The Agency agrees with the finding. The Department of Children and families will immediately analyze its process to determine the best method of strengthening its internal controls to ensure that all account codes are reviewed and appropriately claimed for federal reimbursement. The Department will return that portion of federal reimbursement where the expenditures claimed under title IV-E for fiscal years ended on June 30, 2018, and 2019 are unallowable. In turn, the Department will notify the Department of Social Services that its federal claims may also need to be adjusted to return any unallowable federal reimbursement under the Medicaid and TANF Programs”



DEPARTMENT OF EDUCATION

2019-300 Subrecipient Monitoring

Title I, Part A (CFDA 84.010)

Federal Award Agency: United States Department of Education

Award Years: Federal Fiscal Years 2017 and 2018

Federal Award Number: S010A170007 and S010A180007

Background: The State Department of Education (SDE) serves as the pass-through entity for Title I, Part A funds and is required to monitor program subrecipients. SDE initially reviews each local educational agency's (LEA) application for compliance with Title I, Part A requirements.

Criteria: Section 1120A(c)(3) of the Elementary and Secondary Education Act (ESEA) provides that an LEA may receive Title I, Part A funds only if it uses state and local funds to provide services in Title I schools that, taken as a whole, are at least comparable to the services in schools that are not receiving Title I funds.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 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.

Condition: SDE has developed forms and procedures to evaluate the risk of subrecipient noncompliance and reasonably ensure that subrecipients used program funds in accordance with the approved application. However, SDE did not implement those procedures during the 2018–2019 school year.

SDE did not review LEA records supporting compliance with comparability requirements.

Context: SDE is responsible for ensuring that LEAs remain in compliance with the comparability requirement. U.S. Department of Education guidance provides that SDE 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.

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 did not implement developed procedures during the audited period.

Prior Audit Finding: We previously reported this in modified form as finding 2018-300.

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 program requirements.

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 that the SDE did not implement developed procedures.

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 will be the case in FY2019-2020, 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 met with the agency officials to inquire about the status of monitoring and the use of the Title I monitoring tools developed prior and during fiscal year 2019. Those monitoring tools are:

- Part A Monitoring Template,
- Part A Self-Assessment Form and
- Part A Comparability Form.

SDE did not provide our office with the documentation that it implemented the monitoring tools during the fiscal year ended June 30, 2019. Specifically, SDE did not evaluate the risk of subrecipient noncompliance, request annual Title I self-assessments from all school districts, and perform any desk audits or LEA site visits to ensure that federal funds were used in accordance with the program regulations for the state fiscal year ended June 30, 2019. We acknowledge that SDE is planning to implement all or some of those monitoring tools in fiscal year 2020.

2019-301 Activities Allowed/Allowable Costs

Title I, Part A (CFDA 84.010)

Federal Award Agency: United States Department of Education

Award Years: Federal Fiscal Year 2018

Federal Award Number: S010A180007

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 U.S. Census Bureau LEA list which is generally based on 2-year-old Census maps. 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.

The ED LEA list does not match the current universe of LEAs for many states. SEAs must adjust ED's Title I, Part A allocations to account for LEA boundary



changes and 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 and may, but is not required to, reserve funds for state administration and direct student services.

Criteria: Title 34 U.S. *Code of Federal Regulations* (CFR) Part 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. The SEA must then redetermine 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: There are no questioned costs. This condition only impacts the allocation of funds among LEAs.

Effect: LEAs no longer eligible for Title I, Part A may be receiving funding, while some eligible LEAs may be 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 2018-301.

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 (LEAs) when adjustments to ED’s initial Title I, Part A allocation is necessary. The SDE data tracks the formula students from the LEAs to the special LEAs as a part of the allocation process, which requires SDE to redetermine eligibility.

2019-302 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 2017 and 2018

Federal Award Number: S010A170007 and S010A180007

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 (LEAs) 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. During the audited period CTECS Title I, Part A expenditures totaled \$3,925,186.

Criteria:

Title 34 U.S. *Code of Federal Regulations* (CFR) Part 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 its approved application for the 2017 and 2018 federal fiscal years. Specifically, more funds were spent than was allotted at 3 schools for the 2017 federal fiscal year and at one school for the 2018 federal fiscal year.

CTECS did not expend Title I, Part A funds according to budget line items approved in its application.

Context: We reviewed Title I, Part A expenditures at CTECS by school and expenditure type for the 2017 and 2018 federal fiscal years. Title I, Part A allotments to CTECS totaled \$2,939,677 and \$2,928,075, respectively. Our review disclosed the following:

- CTECS allotted 2017 and 2018 Title I, Part A funds to eligible schools in rank order on their application according to program requirements. A review of expenditures by school of the 2017 grant award disclosed 3 schools spent a combined \$94,955 over the amount allotted in the application. A review of expenditures by school of the 2018 grant award disclosed one school expended \$117,129 over the amount allotted in the application.
- A review of expenditures by type of the 2017 grant award disclosed that CTECS expended \$166,936 over the budgeted amount approved in the application for salaries; \$206,559 over the budgeted amount for benefits; \$140,620 over the budgeted amount for Other Purchased Services; and \$283,980 over the budgeted amount for Property-Equipment.

| <i>Questioned Costs:</i> | Federal Award # | Questioned Costs |
|--------------------------|------------------------|-------------------------|
| | S010A160007 | \$ 893,050 |
| | S010A170007 | 117,179 |
| | Total | \$1,010.179 |

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 2018-302.

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. The Department’s Title I staff will review the areas of non-compliance regarding Title I school expenditures and approved Title I budget line item expenditures with Title I and fiscal staff at the CTECS. The CTECS will be required to develop and implement a corrective action plan to ensure compliance with the Title I requirements. Further, the Department’s fiscal, Internal Audit and Title I staff will meet with the CTECS fiscal and Title I staff three times a year to monitor implementation of the CTECS corrective action plan.”



DEPARTMENT OF ADMINISTRATIVE SERVICES

2019-450 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 2017-2018 and 2018-2019

Federal Award Numbers: 1801CTTANF and 1901CTTANF

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 2017-2018 and 2018-2019

Federal Award Numbers: 1802CTFOST and 1901CTFOST

Background:

The General Services Revolving Fund (GSRF) is an internal service fund used primarily to account for the revenue 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 of state vehicles to prepare and maintain the vehicles for 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, 2019.

Criteria:

DAS accounts for billed central services through a variety of funds and operations. Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 Appendix V (B)(3) defines billed central services as “central services 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:

During our review of the GSRF, we noted that the monthly vehicle lease fees charged to state agencies included administrative costs that DAS did not reduce 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, 2019.

Context:

Statewide Fleet revenue totaled \$21,341,297, of which \$3,004,575 was billed to a single state agency and subsequently allocated to various federal programs based



on its approved cost calculation. Therefore, \$475,993 appears to have been directly billed to federal programs at various other state agencies.

Questioned Costs: Known questioned costs to federal programs totaled \$99,353. These questioned costs include \$58,983 claimed under TANF (CFDA #93.558) and \$33,938 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 previously 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 the state fiscal years ended June 30, 2018 and 2019. DAS informed us that in response to the prior audit finding, OPM approved the rate changes for the state fiscal years ended June 30, 2020 and 2021.

Prior Audit Finding: This finding has been reported in one previous audit for the fiscal year ended June 30, 2018.

Recommendation: The Department of Administrative Services should annually calculate rate adjustments that support the costs for billed central services and diligently pursue timely approval of such adjustments from the Office of Policy and Management to ensure that only allowed costs are charged to federal programs.

Views of Responsible Officials:

“We agree with this finding. As reported, DAS did submit rates and approval was granted for the fiscal years ending 2020 and 2021. On an annual basis, DAS will calculate, submit and seek approval of rates for billed central services commencing in the summer of 2020, with a target effective date of 7/1/2021.”



SOUTHERN CONNECTICUT STATE UNIVERSITY

2019-600 Subrecipient Monitoring — Risk Assessment of Subrecipients

Research Related to Deafness and Communication Disorders (CFDA 93.173)

Federal Award Agency: National Institutes of Health

Award Year: State Fiscal Year Ended June 30, 2019

Federal Award Number: R15DC013864

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 requires “Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.”

Condition: We identified \$30,761 in payroll charges during the audited period for which the university did not complete time and effort reports, timesheets, or provide after-the-fact equivalent documentation certifying that employees worked on the National Institutes of Health Deafness and Communication Disorders Program (CFDA 93.173). The university informed us that these payroll costs consisted of charges for graduate assistants’ stipends and granting an existing faculty member course release status to work on the program. The university did not maintain sufficient documentation to support the graduate assistants’ work or the faculty member’s effort allocation.

Context: The \$30,761 costs represent 56.5% of the \$54,399 in labor costs charged to the Deafness and Communication Disorders Program (CFDA 93.173) during the audited period. According to university accounting records, employee payroll expenditures charged to federal research and development program grants totaled \$377,505 across 11 CFDA programs during the fiscal year ended June 30, 2019. Our testing of the Deafness and Communications Disorders Program payroll costs amounted to \$54,399 or 14.4 % of the university’s total research and development payroll costs.

Our sample was not statistically valid.

Questioned Costs: \$30,761.

Effect: Without an adequate time and effort reporting or equivalent system, the university lacks supporting documentation to confirm that it appropriately charged salaries and wages to federal programs. In turn, the university and federal grantors lack assurance that such charges are accurate and allowable.

Cause: The university informed us that although some employees working on federal grant programs submitted time and effort reports, it did not have an official



system or procedure in place requiring it. The university's Director of Sponsored Programs and Research informed us that she recognized this issue and is working on a resolution.

Prior Audit Finding: We have not previously reported this finding.

Recommendation: Southern Connecticut State University should ensure that it properly executes a time and effort or equivalent reporting system to support payroll costs charged to federal programs.

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, 2019:

| <u>Institution</u> | <u>OPE ID</u> |
|---|---------------|
| 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 |



2019-650 Special Tests- Return of Title IV Funds

Federal Pell Grant Program (CFDA # 84.063)

Federal Direct Student Loans (CFDA # 84.268)

Federal Award Agency: United States Department of Education

Award Year: 2018-2019

Criteria: Title 34 U.S. *Code of Federal Regulations* (CFR) Part 668.22 provides guidance regarding the treatment of Title IV funds when a student withdraws from an institution.

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: Manchester CC: Our testing of return of Title IV funds disclosed that the college used incorrect enrollment periods when calculating returns for the fall 2018 and spring 2019 semesters. The college used 106 and 108 days for the fall 2018 and spring 2019 semesters, respectively. Based on the college's academic calendar, it should have used 107 days for fall 2018 and 106 days for spring 2019.

Eastern ECSU: In 4 of the 10 students tested, the university incorrectly calculated the return amount of Title IV funds after the students withdrew.

We also noted one instance in which the university failed to return \$506 in federal funds in a timely manner. In this instance, the university returned the funds 3 days late.

Tunxis CC: In one of the 10 students tested, the college failed to return \$326 in federal funds in a timely manner. In this instance, the college returned the funds 26 days late.

Context: Manchester CC: The college performed 83 return calculations during the 2018 fall semester and 97 return calculations during the 2019 spring semester, returning \$14,509 and \$18,497 in federal aid, respectively.

Eastern ECSU: The university performed 34 return calculations during the audited period. This condition only effected the return calculation when institutional charges were less than the aid received.

Tunxis CC: The college performed 43 return calculations during the audited period.



Questioned Costs: Manchester CC: The known questioned costs for the students tested amounted to \$16 in Federal Pell Grant Program funding.

Eastern ECSU: The questioned costs identified for the students tested amounted to \$1,361 in Federal Direct Student Loans funding.

Tunxis CC: There were no questioned costs identified in relation to this finding.

Effect: Manchester CC: The college incorrectly calculated the amount of Title IV funds to be returned, which resulted in over and under refunding. From the sample tested, we identified \$16 in Federal Pell Grant Program funds that were not returned by the college. We also noted that the college over returned \$8 to the Federal Pell Grant Program.

Eastern ECSU: The university failed to return \$1,361 in federal Direct Student Loans funding. In addition, it over returned \$355 to the Federal Pell Grant Program.

In addition, the university did not return \$506 to the Federal Pell Grant Program within the timeframe allowed by Title 34 CFR Section 668.22(j).

Tunxis CC: The college failed to return \$326 to the Federal Pell Grant Program within the timeframe allowed by Title 34 CFR Section 668.22(j).

Cause: Manchester CC: The college entered the incorrect semester end date in its information system.

Eastern ECSU: The university included adjustments to institutional charges made after the determined withdrawal date in its return calculation of Title IV funds.

The untimely return of Title IV funds was due to human error. Upon identifying the error, the university took immediate action to correct it and returned the funds.

Tunxis CC: The college informed us that the delay in the return of Title IV funds was caused by human error. Upon identifying the error, the college took immediate action to correct it and returned the funds.

Prior Audit Finding: We previously reported this finding as 2018-653. However, with respect to Eastern ECSU, the previous finding related to a different calculation in the Banner information system, which has been resolved.



Recommendation: Tunxis and Manchester Community colleges and Eastern Connecticut State University should review their procedures to ensure compliance with the federal regulations contained in Title 34 CFR 668.22.

Views of Responsible Officials:

Manchester CC: "Manchester Community College agrees with the finding."

Eastern ECSU: "Eastern Connecticut State University agrees with the finding."

Tunxis CC: "Tunxis Community College agrees with the finding."

2019-651 Special Tests- Disbursement to or on Behalf of Students

Federal Pell Grant Program (CFDA # 84.063)

Federal Direct Student Loans (CFDA # 84.268)

Federal Award Agency: Department of Education

Award Year: 2018-2019

Criteria: Title 34 U.S. *Code of Federal Regulations* (CFR) Part 668.164(h)(2) requires that a credit balance in a student's account must be paid to the student within 14 days after the balance occurred.

Condition: Naugatuck Valley CC: Our audit of 10 disbursements of Title IV funds disclosed 2 instances in which credit balances in student accounts were not disbursed to students in a timely manner. In the instances noted, \$212 and \$1,519 were disbursed one and 2 days late, respectively.

Manchester CC: Our audit of 10 disbursements of Title IV funds disclosed 4 instances in which credit balances in student accounts were not disbursed to students in a timely manner. In 2 of the instances noted, \$40 and \$109 were returned 6 days late. In the other 2 instances, \$357 and \$2,523 were returned 7 days late.

Context: Naugatuck Valley CC: The college made over 3,000 disbursements totaling \$11,056,513 in federal Student Financial Assistance during the award year.

Manchester CC: The college made over 4,000 disbursements totaling \$9,311,505 in federal Student Financial Assistance during the award year.

Questioned Costs: Naugatuck Valley CC: There were no questioned costs identified in relation to this finding.

Manchester CC: There were no questioned costs identified in relation to this



finding.

Effect: Naugatuck Valley and Manchester CC: The colleges did not pay credit balances to students in a timely manner.

Cause: Naugatuck Valley CC: The delay in credit balance payments was due to timing issues and inadequate staffing during this period.

Manchester CC: A change in staffing resulted in the late payment of credit balances.

Prior Audit Finding: We previously reported this finding for Manchester CC as 2018-652. We have not previously reported this finding for Naugatuck Valley CC.

Recommendation: Naugatuck Valley Community and Manchester Community colleges should pay credit balances resulting from Title IV program receipts directly to students within the required timeframe.

Views of Responsible Officials:

Naugatuck Valley CC: "Naugatuck Valley Community College agrees with the finding."

Manchester CC: "Manchester Community College agrees with the finding."

2019-652 Special Tests – Enrollment Reporting

Federal Pell Grant Program (CFDA #84.063)

Federal Direct Student Loans (CFDA #84.268)

Federal Award Agency: United States Department of Education

Award Year: 2018-2019

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. Among other things, NSLDS monitors the programs of attendance and the enrollment status of Title IV aid recipients.

Criteria: Title 34 U.S. *Code of Federal Regulations* (CFR) Part 685.309(b)(2), requires changes in enrollment status 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: Our audit of 10 students who separated from Eastern ECSU during the audited period disclosed 2 instances in which the university incorrectly reported the students’ enrollment information to NSLDS. In one instance, the university did not update the student’s enrollment status to reflect that the student graduated. In the other instance, the university did not update the student’s enrollment status to reflect that the student had withdrawn.

Context: During the audited period, the university disbursed \$36,032,122 in federal Student Financial Assistance funding to 4,188 students subject to this reporting requirement.

Questioned Costs: There were no questioned costs identified in relation to this finding.

Effect: Enrollment information was not provided to the NSLDS for these students in an accurate manner. Failure to report student enrollment status changes to the NSLDS could impact student Pell eligibility.

Cause: In one instance, the university relied on the National Student Clearinghouse (NSC), a third-party service provider, to ensure accurate and timely reporting of enrollment status changes. The university did not monitor the information reported to NSLDS to ensure it agreed with university records. In the other instance, the university informed us that the student was a retroactive withdrawal, which occurs infrequently and was not reported to the registrar.

Prior Audit Finding: We have not previously reported this finding for the university.

Recommendation: Eastern 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:

“Eastern Connecticut State University agrees with the finding.”



DEPARTMENT OF HOUSING

2019-725 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

Federal Award Number: ACC CT 901 DVO

Background: The United States 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 locally administer the programs make housing assistance payments (HAP) on behalf of eligible families directly to landlords 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 2 U.S. *Code of Federal Regulations* (CFR) Part 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 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 5.233 provides that all PHAs are required to use the Enterprise Income Verification (EIV) system in its entirety to verify tenant employment and income information and reduce administrative and subsidy payment errors. HUD Notice PIH 2018-18 provides that for each new admission, the PHA is required to review the EIV Income Report to confirm family-reported income within 120 days and resolve any income discrepancy within 60 days.



Title 24 CFR 982 Subpart K describes program requirements concerning the HAP and rent to owner under the HUD Section 8 HCV and MS5 programs. Section 982.158 provides that the PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit.

- 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 to 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.

HUD Notice PIH 2012-28 provides that PHAs adopt procedures at admission and at annual recertification / reexamination to prevent lifetime registered sex offenders from receiving federal housing assistance. If the tenant or a member of the tenant's household engages in criminal activity (including sex offenses) while living in HUD-assisted housing, the PHA should pursue eviction or termination.



To ensure compliance with HUD requirements, DOH performs a supervisory quality control review on a sample of tenant files.

Condition: Our review of 60 HAP transactions and utility reimbursements, totaling \$62,395, noted the following. Some transactions had multiple errors.

- In 2 cases, HAP contracts were not on file.
- In 11 cases, the tenant's total annual income was incorrectly calculated or unsupported.
- In 8 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 one case, the allowance for dependents was incorrect.
- In one case, the PHA did not review the EIV Income Report to confirm a new admission's employment and income within 120 days and resolve any income discrepancy within 60 days.
- The PHA does not verify that household members are not lifetime registered sex offenders during annual reexaminations.
- There were 2 cases in which we noted errors, DOH previously reviewed the cases during its supervisory quality control review and did not note any errors.

These errors resulted in \$963 in HAP and utility reimbursement overpayments and \$306 in HAP and utility reimbursement underpayments for the tested benefit months. In 5 cases, there was no financial impact from the errors and in 3 cases, we could not determine the financial impact from the errors. Further review noted an additional \$2,586 in HAP and utility reimbursement overpayments, and \$1,039 in HAP underpayments during the audited period.

Our review of 15 HAP transactions for new tenants, totaling \$10,991, disclosed one case in which the amount in the contract did not match the HAP paid by the department.

Context: The audit universe consisted of HAP transactions and utility reimbursements totaling \$85,489,896.

Our sample was not statistically valid.

Questioned Costs: Errors resulted in questioned costs, totaling \$1,261, for the tested benefit months. Further review noted additional questioned costs, totaling \$2,478, during the audited period.



Effect: There is reduced assurance that DOH and its vendor are correctly calculating HAP and utility reimbursements and that DOH is adequately monitoring the program. In addition, there is an increased risk that DOH provides financial assistance to registered sex offenders.

Cause: These 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 schedule lines when calculating the HAP and utility reimbursements. In addition, DOH has not adopted procedures at annual reexaminations to verify that household members are not lifetime registered sex offenders.

Prior Audit Finding: This was previously reported as finding 2018-725 and in 4 prior audits.

Recommendation: The Department of Housing and its contracted vendor should ensure that they confirm employment and income information. In addition, they should ensure that they properly calculate housing assistance payments and utility reimbursement payments and should ensure that payments are supported by current payment standards and utility allowance schedules. Furthermore, the department should adopt procedures at annual reexaminations to verify that household members are not lifetime registered sex offenders.

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 6% of the \$62,395 in transactions tested, which demonstrates 94% accuracy. Nonetheless, the Department and its contracted vendor continue to implement a detailed quality control process designed to identify and quickly correct clerical errors, and will continue to look for ways to improve this procedure. Procedures to verify that household members are not lifetime registered sex offenders will be incorporated into the annual reexamination. 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 16 of the 60 transactions (27%) 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.



2019-726 Procurement

Section 8 Housing Choice Vouchers (CFDA 14.871)

Federal Award Agency: United States Department of Housing and Urban Development

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 a designated PHA and administers the programs statewide with a contracted vendor.

Criteria:

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.317 provides that when procuring property and services under a federal grant, a state 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 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 purchase of service agreement that is more than \$50,000 or a term of more than one 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 (OPM) for a waiver from such requirement.

The OPM Procurement Standards for Personal Services Agreements and Purchase of Service Contracts provides that when an agency conducts a request for proposal (RFP) process and receives fewer than 3 acceptable proposals, the agency must submit a request to OPM for approval before selecting the future contractor. The receipt of 3 acceptable proposals is considered the minimum threshold for a competitive procurement.



Condition: Beginning July 1, 2018, DOH awarded a 3-year contract to a sole bidder to administer its housing subsidy programs without obtaining prior approval from OPM.

Context: The contract included \$5.2 million for administrative expenses related to the Section 8 and Mainstream 5-Year Vouchers Programs for the fiscal year ended June 30, 2019.

Questioned Costs: \$0

Effect: DOH did not comply with OPM procurement standards. In addition, since the contract was not the result of a competitive process, there is reduced assurance the department received the most cost-effective proposal.

Cause: DOH did not consider the need to obtain approval from OPM when it received only one proposal for its RFP.

Prior Audit Finding: We have not previously reported this finding.

Recommendation: The Department of Housing should ensure that it obtains approval from the Office of Policy and Management before awarding a non-competitive contract. In addition, the department should consider further efforts to attract additional proposals.

Views of Responsible Officials:

“We agree with this finding in part. We agree that the Department should have obtained a second written approval from OPM prior to contract execution, however, the Department did comply with the current OPM procurement standards for selection of the current vendor by obtaining approval from OPM prior to issuance of the RFP. Verbal approval from OPM to enter into this contract was obtained, which has been confirmed by staff at DOH, Central Contracting and OPM after only one qualified proposal was received, but we acknowledge that it should have been followed up with a formal written request for approval. To be clear, the contractor was selected as a result of a valid competitive process. The reality is that there are very few entities at the national level, let alone the state level, capable of providing this service at both the cost effectiveness and high quality level that are provided by the current vendor. DOH will continue to follow the OPM procedures to allow for competitive bidding process to achieve and select the best comprehensive and cost-effective option.”



Section 8 Housing Choice Vouchers (CFDA 14.871)

Federal Award Agency: United States Department of Housing and Urban Development

Award Years: Federal Fiscal Years 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 a designated PHA and administers the programs statewide with a contracted vendor.

Criteria: Title 24 U.S. *Code of Federal Regulations* (CFR) Part 5.801 requires PHAs to submit financial information as required by HUD. This information must be submitted 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. The 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 as \$336,353 in August 2018 and \$2,431,262 in May 2019. The correct UNP amounts approximated \$4,000,000 during the same periods.

Context: DOH prepared 12 monthly HUD-52681-B reports during the fiscal year ended June 30, 2019. We selected 2 reports to review.

The sample was not statistically valid.



Questioned Costs: \$0

Effect: The DOH 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 HUD funding.

Prior Audit Finding: This was previously reported as finding 2018-726.

Recommendation: The Department of Housing and its contracted vendor should ensure that they provide accurate information provided on HUD-52681-B reports. In addition, DOH should use current-year administrative funding prior to using the administrative fee reserve.

Views of Responsible Officials:

“We disagree with this finding. DOH has confirmed with HUD that it is allowable to use administrative funds from a previous year. DOH has previously provided a copy of the email confirmation from HUD with the prior response and will include a copy with this response as well. This should not be a finding.”

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 HUD permits DOH to use administrative funds from a previous year, those funds should only be used after current-year funds are depleted.

2019-728 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019



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 on behalf of eligible families directly to landlords 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 U.S. *Code of Federal Regulations* (CFR) Part 5.801 requires PHAs to submit financial information (prepared in accordance with Generally Accepted Accounting Principles) annually. Unaudited financial statements are required 60 days after the PHA's fiscal year end, and audited financial statements are then required no later than 9 months after the PHA's fiscal year end. 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, 2018, and 2019.

Context: Until HUD approves a prior year's submission, the department is unable to submit subsequent reports. DOH has not submitted audited financial information for the fiscal year ended June 30, 2016 or unaudited financial information for the fiscal years ended June 30, 2017, 2018, and 2019.

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 programs.

Cause: The department has not devoted the resources necessary to complete the federal financial reports after HUD approved the 2015 submission. HUD approved the 2015 submission in May 2018, but DOH did not submit the unaudited financial information for the fiscal year ended June 30, 2016 until May 2019.

Prior Audit Finding: We previously reported this as finding 2018-727 and in 2 prior audits.



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, 2018 and 2019. As soon as HUD resolves its system issues, and allows us to submit this information, DOH will do so within 30 days for the 2017 information. Similarly, upon approval of that 2017 submission by HUD, the 2018 will be submitted. Finally, once this has occurred, the 2019 information 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 proceed with the submission of the required financial information.”

Auditors’ Concluding Comments:

HUD approved the 2015 submission in May 2018, but DOH did not submit the unaudited financial information for the fiscal year ended June 30, 2016 until May 2019, a year later.

2019-729 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 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: We reviewed 25 HUD-50058 forms. Our review disclosed 4 HUD-50058 forms that contained an incorrect date of birth, spelled name, or FSS balance.

Context: The maximum number of units permitted per DOH's Annual Contributions Contract with HUD ranged from 8,149 to 8,271 units a month during the fiscal year ended June 30, 2019. The PHA would need to submit 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.

Our sample was not statistically valid.

Questioned Costs: \$0

Effect: HUD uses data PHAs submit through Form HUD-50058 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 2018-728 and in one prior audit.



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. DOH is currently reviewing a detailed list of the files reviewed, so that DOH can ensure that these errors occurred, and make any necessary corrections.”

2019-730 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 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.

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 redetermine the reasonable rent before any increase in the rent or if there is a 5% decrease in the published fair market rent in effect 60 days before the anniversary date. The PHA may elect to redetermine rent reasonableness at any other time. At all times during the assisted tenancy, the rent may not exceed the reasonable rent as most recently determined or redetermined by the PHA.

Condition: Our review of reasonable rent determinations for 15 newly leased units and 15 existing units disclosed the following:

- In 7 cases, the property type used to determine if rent was reasonable did not match supporting documentation. In 3 of these cases, the difference resulted in the contracted rent amount exceeding the fair market rent.
- In one case, the PHA did not complete a reasonable rent determination until 8 months after the rent increased.

Context: The maximum number of units permitted per DOH's Annual Contributions Contract with HUD ranged from 8,149 to 8,271 units a month during the fiscal year ended June 30, 2019. 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 5% decrease in the published fair market rent in effect 60 days before the anniversary date.

The sample was not statistically valid.

Questioned Costs: Errors resulted in \$351 in questioned costs for the tested benefit months. Further review noted an additional \$3,357 in questioned costs during the audited period.

Effect: There is reduced assurance that rental rates are reasonable.



Cause: The errors were due to clerical mistakes. In addition, the department has not developed adequate definitions of the property types used in the reasonable rent determinations.

Prior Audit Finding: We previously reported this as finding 2018-729.

Recommendation: The Department of Housing and its contracted vendor should ensure that they properly and timely complete reasonable rent determinations. In addition, the department should develop detailed definitions of the property types used in these determinations.

Views of Responsible Officials:

“We agree with this finding. The Department is currently working with its contracted vendor to identify these specific issues, and determine how to prevent their recurrence. 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. If additional corrective actions are necessary, they will be immediately implemented. DOH and its contracted vendor do not believe that this is a systematic weakness or indication of insufficient control or oversight.”

2019-731 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 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 that the PHA did not complete 10 annual inspections in accordance with the DOH administrative plan. The contracted vendor completed these inspections between 3 and 314 days late.

Context: During the fiscal year ended June 30, 2019, the PHA contracted vendor performed 12,715 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 that 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 previously reported this as finding 2018-730.

Recommendation: The Department of Housing and its contracted vendor should ensure that the vendor performs housing quality standards inspections in accordance with the DOH administrative plan, or DOH should amend its administrative plan to reflect its current practices.

Views of Responsible Officials:

“The Department does not agree with this finding. Our Administrative Plan is a guideline for how the program shall be managed and conducted. It



outlined the expected procedures relative to timeliness of HQS inspections; however, events beyond anyone's control can occur, affecting this timeliness. DOH had intended in previous years to modify our administrative plan to make this clear, but those revisions did not occur. We are in the process of amending our administrative plan, effective July 1, 2020, to reflect current practice relative to timing of inspections.”

Auditors' Concluding Comments:

No documentation was available to support the reason for the inspection delays. Title 24 CFR 982.54 provides that the PHA must adopt a written administrative plan and must administer the program in accordance with that plan. By not adhering to its administrative plan, DOH did not comply with federal regulations.

2019-732 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 U.S. *Code of Federal Regulations* (CFR) Part 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 reinspect the unit within 10 business days after owner notification. If other non-emergency repairs were required, the PHA reinspect 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 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).

We reviewed reinspections of 20 rental properties that failed the initial HQS inspection to determine if the PHA verified the correction of deficiencies. Our review disclosed 6 cases in which the PHA did not timely reinspect a unit to verify that the owner completed needed repairs. In 4 of these cases, DOH did not properly suspend the housing assistance payments.

Context:

During the fiscal year ended June 30, 2019, the PHA contracted vendor performed 12,715 HQS inspections on dwelling units, 3,547 of which failed the initial inspection.

The sample was not statistically valid.

Questioned Costs: Our review identified questioned costs totaling \$3,559.



Effect: The errors resulted in overpayments to property owners for dwelling units that failed to meet the housing quality standards. Furthermore, by not conducting timely reinspections, the PHA cannot ensure that the dwelling units are decent, safe, and sanitary.

Cause: DOH contracts with a vendor that is responsible for ensuring compliance with housing quality standards and the suspension of housing assistance payments. For 2 of the 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 2018-731 and in 2 prior audits.

Recommendation: The Department of Housing and its contracted vendor should ensure that they complete housing quality standards reinspections on time and 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 in part. The Department identified this as an issue prior to review, and has continued to work 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. We continue to seek systems to improve this inspection process, and intend to implement any opportunities for improvement, which are identified.

The Department’s administrative plan is in full compliance with the provisions of Title 24 CFR 982.404(a), relative to verification that emergency repairs have been completed in a timely fashion. This verification does not require an inspection; it can be and is accomplished with a review of invoices for services and materials. When all necessary repairs are completed, a resinspection is then performed. Revisions to the administrative plan to make this procedure clear will be made.

Auditors’ Concluding Comments:

DOH lacked documentation, such as invoices for services and materials, to support the conclusion that property owners made required repairs in a timely manner.



2019-733 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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

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 2017-2018 and 2018-2019

Federal Award Number: ACC CT 901 VO

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 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 relative benefits received.

Context: During the fiscal year ended June 30, 2019, DOH charged \$1,677,829 to the CDBG-DR program, \$251,018 to the CDBG-NDR program, and \$315,384 to the Section 8 HCV program for payroll and fringe benefit expenditures. Our review disclosed that DOH allocated \$603,342 of CDBG-DR expenditures, \$79,807 of CDBG-NDR expenditures, and \$315,384 of 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: This was previously reported as finding 2018-732 and in 2 prior audits.

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 the audit, and has been working to develop an allocation methodology to ensure that payroll and fringe benefit expenditures accurately reflect the work performed. A temporary quarterly work distribution verification has been obtained from all supervisors and provided to OFA so that proper charges can be made to the respective accounts for the prior quarter. A more consistent methodology allowing the entry of administrative coding in CORE-CT is underway. Staff working on the CDBG-DR and NDR grants have implemented the use of this coding. Additional coding is underway in CORE-CT to fully implement this methodology across all programs. After the completion of this coding, all staff will be trained and the methodology fully implemented.”

2019-734 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 2017-2018 and 2018-2019

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 improve the resiliency of infrastructure and public facilities and provide mitigation measures.

Criteria:

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 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 Owner Occupied Rehabilitation and Rebuilding Program Policies and Procedures Guide Revision # 2 issued September 30, 2015 provides a \$150,000 cap for rehabilitation, reconstruction and/or mitigation. The DOH commissioner may waive the maximum grant award for low or moderate-income homeowners when there is a financial shortfall, and all other forms of assistance have been exhausted. Homeowners with properties substantially damaged located within the 100-year floodplain are eligible for a \$100,000 increase in the cap amount to facilitate the additional cost to elevate the home above the base flood elevation. The homeowner is responsible for any repair or reconstruction costs in excess of the maximum grant award if they are not deemed to be of low or moderate-income.

Condition:

We reviewed payments associated with 6 projects for owner-occupied homes and scattered-site properties totaling \$199,647.



- For 2 projects, the contracts provided that DOH would award the maximum assistance allowed under the cap with any additional costs to be paid by the homeowners. The homeowners were not eligible for waivers, because they did not qualify as low or moderate-income households. However, DOH approved change orders, which allowed the payment of \$40,311 in CDBG-DR funds for costs in excess of the cap.
- For one project, the duplication of benefits analysis excluded an eligible expense resulting in an underpayment of \$500.

Context: During the fiscal year ended June 30, 2019, DOH funded 27 projects, totaling \$2,674,189, for owner-occupied homes and scattered-site properties.

Our samples were not statistically valid.

Questioned Costs: Our review identified questioned costs totaling \$40,311.

Effect: There is reduced assurance that DOH has correctly calculated and paid Hurricane Sandy CDBG-DR financial assistance, and that payments that exceed the grant cap only went to low or moderate-income homeowners.

Cause: DOH did not consider the cap on assistance established in its Owner Occupied Rehabilitation and Rebuilding Program Policies and Procedures Guide when it approved change orders for homeowners that were not low or moderate-income. The other error was due to a staff oversight that went unnoticed during the supervisory review process.

Prior Audit Finding: We previously reported this as finding 2018-733 and in 2 prior audits.

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 correctly calculated and do not exceed the maximum assistance allowed under the cap.

Views of Responsible Officials:

“We disagree with this finding. The Department believes that internal controls have been strengthened to ensure that Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program expenditures are correctly calculated and do not exceed the maximum assistance allowed under the cap. According to our program regulations, the Maximum Grant award apply to any additional costs prior to contract execution.

Any repair or reconstruction costs in excess of the maximum grant award for applicants who are not deemed low or moderate income (LMI) will be the responsibility of the Homeowner prior to contract execution. Any unforeseen



construction cost after contract signing will be approved via a change order that must be signed by the Commissioner or her designee.”

Auditors' Concluding Comments:

The program regulations DOH cited went into effect October 30, 2019, subsequent to our inquiry. The program regulations in effect at the time of payment established a maximum cap of \$150,000. The homeowner is responsible for any repair or reconstruction costs in excess of the maximum grant award if they are not deemed to be of low or moderate-income.

2019-735 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 2017-2018 and 2018-2019
Federal Award Number: B-13-DS-09-0001

Background: The Hurricane Sandy Community Development Block Grant Disaster Recovery Grants Program (CDBG-DR) 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.

Criteria: Title 2 U.S. *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 one planning and 3 infrastructure projects funded by CDBG-DR. None of the contractors we examined were excluded.

Context:

During the fiscal year ended June 30, 2019, DOH funded 11 planning and 14 infrastructure projects under CDBG-DR. We reviewed 3 planning and 4 infrastructure projects 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 did not always check the SAM Exclusions prior to entering into covered transactions. In addition, in 2 cases, DOH included a suspension and debarment clause in its assistance agreements that referenced a repealed CFR.

Prior Audit Finding: This was previously reported as finding 2018-734 and in 2 prior audits.

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; nevertheless, we acknowledge that staff checked the SAM database prior to making payments without documenting to the file.



However, in response to this audit finding, staff have completed a 100% file review to verify this and have placed the documentation of for each SAM Exclusion and corrected CFR clauses have been referenced in the contract documents. 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.”

Auditors' Concluding Comments:

DOH must document whether contractors are excluded from participating in federal programs prior to making a payment.



OFFICE OF EARLY CHILDHOOD –

2019-775 Eligibility- Verification Process – Care 4 Kids Program

Child Care and Development Block Grant (CFDA#93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) (CFDA #93.596)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Year: 2018-2019

Federal Award Number: G1901CTCCDF

Criteria: The Office of Early Childhood (OEC) administers the Care 4 Kids Child Care Assistance Program (CCAP) in accordance with Title 45 Code of Federal Regulations (CFR) 98. This program provides financial assistance to low-income families to access child care. OEC contracted with a third party for eligibility processing. CCAP is governed by Sections 17b-749a through 17b-749l of the Connecticut General Statutes and corresponding Regulations of Connecticut State Agencies (RCSA).

RCSA 17b-749-05 (d) requires gross income calculations to be based on the best estimate of the income the family is expected to receive. Income is annualized based on the amount received in the four-week period immediately prior to the date of the income calculation. If income is received regularly according to a schedule, the income is annualized based on such schedule. OEC has a policy, which requires eligibility caseworkers to verify pay stubs for the most recent month.

RCSA 17b-749-09 (a) (1) states that the parent must apply for assistance by submitting an application using a form prescribed by the department. At a minimum, the application form filed shall include the full name and address of the parent, the date and the parent's signature. Eligibility shall be determined when sufficient information exists to determine if the family is eligible or ineligible. If eligibility has not been established, the application shall be denied and the parent notified.

RCSA 17b-749-19 (b) states, “eligibility for the program shall end if the family no longer meets the CCAP eligibility requirements, if eligibility cannot be established because the parent did not provide requested information, or if the parent did not comply with the eligibility or quality control processes.”

RCSA 17b-749-06 (f) states, “parents shall be required to submit written documentation as the primary method or source of verification, except where



self-declarations are requested on the application or other program forms.”

RCSA 17b-749-06 (c) requires CCAP administrators to verify information when required by federal or state law when necessary to confirm any circumstances pertaining to eligibility for the family, a child care provider or the amount of benefits.

RCSA 17b-749-12 (g) (1) (a) requires the submission of a “completed child care agreement using a form prescribed by the department that provides details of the child care arrangements.” Certain details include the provider’s licensing and accreditation status, the relationship of the provider to the child, the location where care is given, the days and hours of care and the actual charges for the care provided.

RCSA 17b-749-13(c) (4) classifies children in the following age groups: (1) infants/toddlers under the age of three; (2) preschool children ages three through five; and (3) school age children six and older.

RCSA 17b-749-13(c) (6) establishes separate pay rates for the following types of child care providers: licensed child day care centers; licensed group day care homes; licensed family day care homes; and relatives, in-home care providers and other types of unlicensed providers.

RCSA 17b-749-13(c) (2) establishes payment rates for all providers based on four levels of care: (1) extended full-time care, 51 to 65 hours per week; (2) full-time care, 35 to 50 per week; (3) half-time care, 16 to 34 hours per week; and (4) quarter-time care, 1 hour to 15 hours per week.

RCSA 17b-749-13(b) states, “....1) the number of hours of care authorized shall be based on all of the following factors: hours of the work or employment services activity; the availability of a parent who is living with the child to provide care; the hours the child is in school; travel time to and from the approved activity; and the hours of care specified on the child care agreement form.... 2) Care shall not be authorized during the hours the child is in school, an academic or home schooling program, when a parent living in the home is available and capable of providing care or outside the activity schedule, including travel and lunch time....3) Travel time shall be limited to a maximum of one hour per day, unless the parent verifies that additional time is needed....6) Care shall not be authorized between the hours of eleven p.m. and seven a.m. if the child care provider is a person who resides in the same home as the child, unless the child is less than three years of age or has special needs....10) The number of hours authorized shall not exceed the number of hours specified on the child care agreement form....11) The number of hours of care authorized shall be used as the basis for determining the level of care needed and the applicable payment rate.”



RCSA 17b-749-12(b) (5) (d) requires unlicensed relative child care providers to provide information on the total number of children in care prior to authorizing a child care certificate.

Section 4.1.5 of the Child Care and Development Fund (CCDF) State Plan restricts the care provided by relatives to a total of three children, with no more than two children under the age of 2.

RCSA 17b-749-12 (d) (8) states that child care providers shall not be approved for care if the child care location does not comply with various health and safety requirements.

Improper Payments Review:

The Office of Management and Budget (OMB) identified the Child Care and Development Fund (CCDF) as a program susceptible to significant erroneous payments, thereby requiring CCDF lead agencies to report on improper payments under the Improper Payments Information Act of 2002 (IPIA) (31 U.S.C. 3321 note).

The act defines an improper payment as, “any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative or other legally applicable requirement.” An improper payment “includes any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, payments for services not received and payments that do not account for credit for applicable discounts.” Incorrect amounts are overpayments and underpayments, including inappropriate denials of payment or service.

Title 34 U.S. *Code of Federal Regulations* (CFR) Part 98.100 (c) defines an error as, “any violation or misapplication of statutory, contractual, administrative, or other legally applicable requirements governing the administration of CCDF grant funds, regardless of whether such violations result in an improper payment.”

Title 45 CFR 98 sets forth the regulations for the reporting of error rates in the expenditure of CCDF grant funds. States are required to employ a case review process in calculating error rates in accordance with the CCDF error rate methodology and associated instructions established by the Secretary of Health and Human Services. The CCDF error rate methodology determines whether eligibility for a child care subsidy was properly determined, and whether any improper payments were made. Administrative errors related to client eligibility and improper authorizations for payment in CCDF programs are measured on a three-year rotational cycle and is submitted to the



Department of Health and Human Services (HHS).

The CCDF error rate methodology requires a random sample of cases and the completion of the Record Review Worksheet that details each element of eligibility, the benefit calculation, the subsidy authorized, and any resulting errors. The report also requires a calculation of errors that identifies the percentage of case errors, improper payment authorization for average amount of improper authorization for payment, and the estimated annual amount of improper authorizations for payment.

States are required to prepare and submit the State Improper Payments Report that contains the error and improper payment findings and analysis from the case record reviews by June 30 of the reporting year.

Condition: We reviewed 60 cases with expenditures of \$27,502 and identified numerous errors summarized below:

Eight of 60 cases identified errors in the income and employment verification process:

- In 3 cases, the caseworkers did not adequately verify gross income with additional pay stubs or an equivalent.
- In 2 cases, the caseworkers used copies of pay stubs to calculate gross income.
- In one case, the caseworker did not obtain supporting documents to verify the parent's income from a second job.
- In 2 cases, the caseworkers did not obtain supporting documents to verify the spouse's work schedule and income.

Two cases revealed that an unlicensed relative child care provider violated approved care hours.

In two cases, there were discrepancies between the parent's work schedule and the child's care schedule reported on the child care Parent Provider Agreement (PPA).

In two cases, unlicensed relative child care providers did not properly disclose their child care capacity on the PPA, because they indicated zero children in their care.

One case identified an approved child care provider with an existing health and safety violation. The provider disclosed the violation on the PPA.

Improper Payments Review:



OEC submitted its State Improper Payments Report to HHS for fiscal year 2019. Of the 276 cases sampled:

- 163 cases identified errors (59.06% error rate)
- 87 cases identified improper payments (31.52% improper payment rate)
- 35 cases resulted in improper payment errors caused by missing or insufficient documentation
- 61 cases identified potential improper payments due to missing or insufficient documentation errors
- The sample selection's improper payments review consisted of \$132,952 in total payments. This consisted of \$22,912 (17.23%) in improper payments (\$19,972 in overpayments and \$2,940 in underpayments).

Context: The total annual CCDF subsidy payments were \$89,293,716. Our sample was not statistically valid. We did not assess the statistical validity of the sample performed by OEC.

Questioned Costs: Questioned costs from our review were \$22,912. OEC estimated \$15,385,307 in improper payments based on its review.

Effect: We do not have assurance that caseworkers properly obtained and verified applications, parent provider agreements, and supporting documentation when determining client eligibility.

Cause: OEC management did not adequately ensure that caseworkers followed proper eligibility determination procedures.

OEC does not have a system in place to maintain child care capacity records for unlicensed relative child care providers.

Prior Audit Finding:
This finding has not been previously reported

Recommendation: The Office of Early Childhood should monitor its program eligibility verification process to ensure compliance with federal and state regulations.

The Office of Early Childhood should train its caseworkers to comply with all facets of program eligibility policies and procedures.

View of Responsible Officials and Planned Corrective Action:

“The Office of Early Childhood agrees with this finding. Child Care and Development Fund (CCDF) Federal regulation requires that every three years, states must conduct an improper payment review study to assess the error rate. United Way of Connecticut (UWC) is the contractor responsible for operating Connecticut’s Care 4 Kids program. For many years, UWC,



under the management of OEC, has helped Connecticut to maintain one of the lowest error rates in the country. However, UWC business processes were amended during the given timeframe to accommodate new CCDF laws. This modification created a cumbersome eligibility verification process, which contributed greatly to the increased error rate.

To improve our error rate, the Office of Early Childhood has been working closely with the Department of Health and Human Services (HHS), which is our cognizant agency and also governs the CCDF program. The National Center on Subsidy Innovation and Accountability (NCSIA) facilitated a site visit to Connecticut with the Office of Child Care (OCC). The purpose of the site visit was to get a better understanding of and provide technical assistance and support around Connecticut's error rate review process, subsidy policies, UWC business processes, and overall operation of the Care 4 Kids Subsidy Program. Due to Connecticut's error rate of 17.23% in the last reporting cycle, the State is under a Corrective Action Plan (CAP) and required to submit regular updates to OCC on the progress of implementing the action steps documented in the CAP.

During the site visit, substantial time was spent discussing the national Child Care and Development Fund (CCDF) error rate, Connecticut's error-prone areas, subsidy business processes within United Way, eligibility policies, and strategies to reduce errors in eligibility determinations. OCC explained that after 12 months, OEC will submit an annual update. This will be in writing rather than through the typical check-ins that occur during the year with the Regional Office staff. If during the year error reductions have been found but the error rate is not yet under 10%, another CAP will be completed for the next 12 months. OEC's goal is to reduce our error rate and be under 10% by the end of the fiscal year. The second year requires quarterly written updates on CAP action steps. Updates in the third year are communicated through a monthly call with OCC.

Most recently, OEC and UWC have completed additional training and have conducted a LEAN process related to eligibility determinations. We have developed an implementation plan which will begin in April. The Office of Early Childhood will conduct desk reviews, which have also been revamped, to monitor effectiveness of the planned changes that will be implemented in May through September. Our management of UWC and the CCDF program will continue to evolve as our systems and processes become more advanced."

2019-776 Reporting – ACF-696 Matching, Level of Effort, Earmarking– Maintenance of Effort



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 Years: Federal Fiscal Year: 2018-2019

Federal Award Number: G1901CTCCDF

Criteria: Each state is required to file a quarterly ACF-696, Child Care and Development Fund Financial Report in accordance with 2 U.S. *Code of Federal Regulations* (CFR) Part 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. The same expenditure may not be counted as both state match and state maintenance of effort."

The current maintenance of effort (MOE) level is \$18,738,358 according to the U.S Department of Health and Human Services, Office of the Administration for Children and Families fiscal year 2019 CCDF allocations.

Condition: The Office of Early Childhood (OEC) did not perform a supervisory review of its quarterly ACF-696 reports prior to submission.

OEC reported \$10,111,641 for maintenance of effort on one ACF-696 report, which is \$8,626,717 less than the required level.

Context: We reviewed one ACF-696 report for the quarter ended September 30, 2019 from a non-statistically valid sample.

Questioned Costs: \$0

Effect: The lack of a proper supervisory review increases the risk that OEC may not identify quarterly reporting errors.

OEC did not meet the maintenance of effort requirement as reported on the ACF-696.

Cause: OEC did not perform its supervisory review due to managerial oversight and may have failed to allocate resources to meet the maintenance of effort requirement.



Prior Audit Finding:

We previously reported this finding as 2018-776.

Recommendation: The Office of Early Childhood should implement procedures to ensure that its supervisors review each quarterly Child Care and Development Fund Financial Report (ACF-696) prior to submission. The Office of Early Childhood should ensure it meets the maintenance of effort requirement.

View of Responsible Officials and Planned Corrective Action:

The Office of Early Childhood does not agree with this finding. Prior to SFY 2020, the CCDF federal award was gross appropriated in OEC's budget. In short, that means that OEC received one line of state appropriated funding that included all of the federal award, all of the funding required to be matched by the State (including MOE), and any amount over and above the federal award and the required state funding that the Appropriations Committee decided to include for the CCDF program, while the State received the funds as revenue. This made tracking and reporting very complicated and impossible to actually distinguish which funding source was utilized for each specific activity. Therefore, though our reporting did undergo supervisory review, our initial ACF-696 reports for FFY 2019 were not accurate. However, we filed amended ACF-696 reports upon discovering the reports contained misstatements. Further, OEC worked very hard to convince the SFY 2020 appropriations committee and legislature to change from gross appropriating the CCDF federal award, to net appropriating it. In short, this means we separated the federal and state funds into newly created, specific SIDs for each line of funding. This will simplify reporting and make a more straightforward, accurate, and transparent reporting system. The Office of Early Childhood will continue to streamline our reporting and, as always, will ensure a supervisory review continues to take place.

Auditors' Concluding Comments:

The support provided for the November 7, 2019 quarterly report submission lacked evidence of a supervisory review. The January 28, 2020 amended report documented supervisory review.

2019-777 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 (CCDF) (CFDA #93.596)**



Federal Award Agency: United States Department of Health and Human Services
Award Years: Federal Fiscal Year: 2018-2019
Federal Award Number: G1901CTCCDF

Criteria: Title 45 U.S. *Code of Federal Regulations* (CFR) Part 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 child care providers (unless they meet an exception e.g., family members who are caregivers or individuals who object to immunization on certain grounds) 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 records 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: The Office of Early Childhood is working to develop a comprehensive listing of all employees who require a background check. OEC informed us that a new background check system will be implemented by the end of calendar year 2019. OEC informed us that its comprehensive listing will include licensed providers and licensed exempt providers.

Context: The absence of a comprehensive list does not allow us to identify the extent of this condition.

Questioned Costs: There were no questioned costs.



Effect: There is reduced assurance that OEC promptly detected providers with criminal backgrounds that would make them ineligible to provide services under the Child Care Assistance Program.

The lack of timely processing of employee background checks could result in individuals with disqualifying criminal histories working in child care settings for a significant period before being completely vetted.

Cause: Full implementation of the new background check system did not occur during the audit period.

Prior Audit Finding: This was previously reported as finding 2018-778 and in 2 previous audits.

Recommendation: The Office of Early Childhood should fully implement its background check system and expedite the process for monitoring and enforcing federal and state child care background check guidelines.

View of Responsible Officials and Planned Corrective Action:

The Office of Early Childhood agrees with this finding. The average amount of time the fingerprint and background check process took was startling, which is why improving that process has been one of OEC's priorities. With a high degree of effort, and yet with only two-thirds of the background check digital finger print scanners operational, OEC has decreased the processing time of an application from over four months to just a few weeks. The average number of applications processed in calendar year 2018 was 116 per week. Over the first six months of 2019, we improved that average to 205 applications per week. On November 13, 2019, we set a new single day record of 193 applications processed in one day. The progress we've made has been a collaborative effort from staff at Office of Early Childhood, Department of Emergency Services and Public Protection, and the United Way of Connecticut. With the third digital fingerprinting machine now also being utilized, the processing time of background checks will only continue to improve.

2019-778 Special Tests and Provisions- Health and Safety Requirements-Corrective Action Plans

Child Care and Development Block Grant (CFDA#93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) (CFDA #93.596)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Year: 2018-2019

**Federal Award Number: G1901CTCCDF**

Criteria: Title 45 U.S. *Code of Federal Regulations* (CFR) Part 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 child care providers (unless they meet an exception) 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.

The Office of Early Childhood (OEC)'s Licensing Division is responsible for the administration of the child care licensing program and must comply with the Child Care Licensing Policy and Procedures manual. The manual provides general expectations of conduct during inspections and sets forth policies and procedures for conducting routine licensing inspections, including monitoring compliance. All violations or noncompliance identified during the inspection will be documented in the licensing report and the person in charge of the child care program will be required to complete a licensing corrective action plan (CAP). Upon receipt of the plan, OEC staff must determine that the program addressed the violations and met compliance.

OEC policy requires that all (full or complaint) inspections resulting in certain violations are to be monitored for compliance with an additional partial or full follow-up inspection, depending on the nature of the violation(s) and compliance history.

Condition: Our review of 10 inspection child care provider files identified two instances of incomplete documentation. In one instance, OEC informed us that the corrective action plan was not on file. In the second instance, the provider's file did not contain a follow-up inspection report as required by OEC policy.

Context: In one instance, the family child care home provider failed to complete and return their corrective action plan by the deadline. OEC followed up with a CAP request letter and granted the provider a time extension to return the completed plan. OEC could not locate the completed plan and we could not determine whether the provider properly addressed the violations for compliance.

In the second instance, the provider violated safe sleep requirements (separate bed/location/appropriate sleepwear) and OEC failed to provide a follow-up inspection report to monitor the provider's compliance with those requirements.



Questioned Costs: There were no questioned costs.

Effect: There is reduced assurance that providers completed corrective actions as a result of child care inspections. Without a follow-up inspection report on file, we are unable to verify if OEC properly conducted a follow-up inspection to ensure compliance with health and safety standards.

Failure to verify corrective action may reduce the safety environment in child care facilities and pose a health and safety risk for children receiving care.

Cause: OEC did not adequately ensure that providers addressed all violations and complied with health and safety standards for licensed child care providers during the audited period.

Prior Audit Finding:
This finding was not previously reported.

Recommendation: The Office of Early Childhood should ensure that it receives all child care provider corrective action plans resulting from inspections. OEC should implement a process to track all outstanding corrective action plan requests.

View of Responsible Officials and Planned Corrective Action:

“The Office of Early Childhood agrees with this finding. Because the health and safety of the children in Connecticut is paramount to our agency and the mission we are trusted and mandated to fulfill, the Division of Licensing conducts routine licensing inspections at more frequent intervals than the minimum required by law. That being said, we have reviewed the information provided by the Auditors of Public Accounts regarding these specific instances of missing documentation and will address these accordingly. Further, more attention will be given toward properly filing and organizing documentation related to our inspections and follow-up inspections to ensure that children receiving care are not in unsafe environments.”

2019-779 Special Tests and Provisions – Fraud Detection and Repayment

Child Care and Development Block Grant (CFDA#93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) (CFDA #93.596)

Federal Award Agency: United States Department of Health and Human Services

Award Years: Federal Fiscal Year: 2018-2019

Federal Award Number: G1901CTCCDF



Criteria: Title 45 U.S. *Code of Regulations* (CFR) Part 98.60 (i) states, “lead agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.”

The Office of Early Childhood (OEC) prepares a monthly report of client and provider overpayments. It also prepares a summary report outlining the number of overpayment cases submitted to the Department of Administrative Services (DAS) for collections. Overpayments may be the result of client or provider fraud, eligibility, or other reasons.

Condition: We were unable to obtain either of these reports.

Context: We cannot verify the number of overpayments OEC identified.

Questioned Costs: \$0.

Effect: There is a lack of assurance that OEC notified all applicable clients and providers concerning overpayments they received. The failure to pursue collection of overpayments may not deter continued improper behavior.

Cause: This condition appears to be the result of management oversight.

Prior Audit Finding:
This finding was not previously reported.

Recommendation: The Office of Early Childhood should ensure that it actively pursues all overpayments due to fraud or other reasons. OEC should maintain a tracking mechanism to ensure that it forwards collection cases to the Department of Administrative Services.

View of Responsible Officials and Planned Corrective Action:

“The Office of Early Childhood agrees with this finding in part. The child care eligibility management system that had been utilized for many years for the Care 4 Kids program was antiquated and was in need of replacing. In 2017, we began working with the Department of Social Services to include a module within the ImpaCT system that would drastically improve and revamp management and operation of the Care 4 Kids program. As we focused on developing the module, certain processes were prioritized while others were noted to address at a later time. Now that the child care eligibility management component within ImpaCT is operational, the contractor responsible for managing the Care 4 Kids program was asked to revisit some of the processes that were of lower priority. Therefore, the reports that had not initially been forwarded to DAS for collection are being reanalyzed and appropriate action will ensue.”



DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

2019-800 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 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Sound business practices dictate that contracts be properly completed, fully executed, and 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: During the fiscal year ended June 30, 2019, there were 103 payments for HAP administrative fees totaling \$330,875. We judgmentally selected 25 payments for HAP administrative fees totaling \$118,186.

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 finding as 2018-801 and in one prior audit.

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 has reviewed the contracting process with its private non-profit sub recipients to identify steps to ensure standard contract language and accurate funding levels are met. New contract language has been developed by the Housing and Homeless Services staff and reviewed by the DMHAS Contract Unit. The Contract Unit will work with the Office of the Attorney General (OAG) to obtain approval of this new language that will be utilized in the human service contracts. Once the language has been approved by the OAG, the Housing



and Homeless Services staff will work with the Contracts Unit on implementing standard contract language as contracts are renewed. Quarterly provider meetings are conducted by the Housing and Homeless Services staff where this information will be shared.”

2019-801 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 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Title 24 U.S *Code of Federal Regulations* (CFR) Part 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. DMHAS was confident it met the match in the aggregate, but was unable to clearly illustrate how that was achieved.

Context: During the fiscal year ended June 30, 2019, DMHAS expended \$23,362,767 from 103 grant awards totaling \$57,352,630. The department informed us that it did not maintain documentation or otherwise track the state match for the 103 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 2018-802 and in one prior audit.

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 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.”

2019-802 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 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Title 24 U.S. *Code of Federal Regulations* (CFR) Part 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 CFR 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:

- For one client, homelessness and disability verification forms were missing.
- For one client, the disability verification form was dated 50 days after the client entered the program and the homelessness verification form was not dated.
- For one client, the homelessness verification form was not signed.
- For 2 clients, the rental assistance payment calculation worksheets could not be located.



- For 3 clients, the income amounts used on the rental assistance payment calculation worksheets were unsupported. For 2 of these 3 clients, there was no income verification on file. For the other client, we were unable to reconcile the reported income to the client's paycheck records resulting in a \$4 underpayment in the subsidy.
- For one rental assistance payment calculation worksheet reviewed, the \$400 allowance for the elderly or disabled was not deducted.

Context:

During the fiscal year ended June 30, 2019, DMHAS processed 20,253 rental assistance payments totaling \$18,481,063. Of these payments, \$1,467,860 were made on behalf of 198 clients that enrolled in the program during the fiscal year ended June 30, 2019. We reviewed 60 rental assistance payments, totaling \$58,213, for clients that enrolled during the audit period.

The conditions noted above indicate a systemic problem.

The sample is not statistically valid.

Questioned Costs: \$5,065

Effect:

DMHAS may be providing housing assistance to ineligible individuals. Program participants may not be making the correct required contributions to their payments rental payments.

Cause:

During the audited period, DMHAS did not have established controls in place to administer the Continuum of Care Program or to ensure that eligibility determinations made by contracted vendors or DMHAS mental health authorities are supported.

Prior Audit Finding: We previously reported this as finding 2018-803 and in one prior audit.

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. The department developed an Excel based income eligibility calculator, which was disseminated to the department's providers, and an overview of instructions was conducted by DMHAS staff during its March 2019 Housing Coordinator meeting.

A draft of the DMHAS Operations Guide was completed at June 30, 2019. The Guide was finalized and sent to the department's providers on November 5, 2019. In addition, a webinar has also been scheduled for February 7, 2020 with the providers.



The webinar scheduled for February 7, 2020 will include a review of all HUD guidelines related to administration of the Rental Assistance program, including Rent Reasonableness, Income Calculation and Documentation, and Homelessness and Disabling Condition Documentation.”

2019-803 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 2017-2018 and 2018-2019

Federal Award Numbers: Various

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.309 states that a non-federal entity may only charge to the federal award allowable costs incurred during the period of performance (except as described in § 200.461 publication and printing costs).

Title 2 CFR 200.77 defines period of performance as 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 CFR 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) grant drawdowns during the fiscal year ended June 30, 2019 disclosed the following exceptions:

- For one grant drawdown, we noted that 8 payments were for obligations that occurred prior to the start of a grant period.
- For 2 grants, the period of 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), the HUD primary grant distribution system.

Context: During the fiscal year ended June 30, 2019, the department processed 519 drawdowns totaling \$24,570,324. We selected 15 grant drawdowns, totaling \$824,843, for review.

The start and end dates in the eLOCCS are intended to inform the non-federal entity when they are allowed to incur obligations and expend grant funds. We



reviewed 15 grant awards, totaling \$5,242,440.

Our sample was not statically valid.

Questioned Costs: \$8,664

Effect: Noncompliance with the 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 continually request 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 previously reported this as finding 2018-804 and in one prior audit.

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. A new procedure has been implemented wherein the Fiscal Office notifies the Housing Unit when there is a discrepancy with the operating dates. The Housing Unit will consult and coordinate with the HUD to determine the correct dates. 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.”

2019-804 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 2017-2018 and 2017-2019

Federal Award Numbers: Various

Criteria: Title 24 U.S. *Code of Federal Regulations* (CFR) Part 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.

DMHAS Continuum of Care Permanent Supportive Housing Rental Assistance Administrative Plan states that rent reasonableness assessments must be based on a minimum of three comparable unassisted units.

Condition: Our review of reasonable rent certifications for 15 rental assistance payments disclosed the following deficiencies:

- Two rent reasonableness certifications, with rental payments totaling \$1,583, did not have approval signatures.
- Two rent reasonableness certifications, with rental payments totaling \$1,421, used only one comparable unit rather than the required 3 comparable units.
- For one rent reasonableness certification, 2 of the comparable units had lower rental rates than the assisted unit's rental payment of \$850.

Context: During the fiscal year ended June 30, 2019, DMHAS processed 20,253 rental assistance payments totaling \$18,481,063. Of these payments, \$1,467,860 were made on behalf of 198 clients that enrolled into the program during fiscal year ended June 30, 2019. We reviewed 15 rental assistance payments, totaling \$16,122, for clients that enrolled during the audit period.

Questioned Costs: \$1,528.

Effect: Improperly completed and unapproved rent reasonableness certification forms may lead to excessive rental subsidy payments.

Cause: DMHAS did not have proper internal controls in place to ensure that rent reasonableness certifications were properly completed and approved.

Prior Audit Finding: We previously reported this as finding 2018-805.

Recommendation: The Department of Mental Health and Addition Services should strengthen internal controls to ensure that rent reasonableness certification forms are properly completed and approved.

Views of Responsible Officials:

“The department agrees with this finding. A draft of DMHAS Operations Guide was completed by June 30, 2019. The document was finalized and



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sent to providers on November 5, 2019. A webinar has been scheduled for February 7, 2020 with the providers.

The webinar scheduled for February 7, 2020 will include a review of all HUD guidelines related to administration of the Rental Assistance program, including Rent Reasonableness, Income Calculation and Documentation, and Homelessness and Disabling Condition Documentation.”