



INVESTOR PRESENTATION

\$850,000,000*

STATE OF CONNECTICUT

SPECIAL TAX OBLIGATION BONDS

TRANSPORTATION INFRASTRUCTURE PURPOSES

2018 SERIES B & C

**Preliminary, subject to change.*



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TRANSACTION SUMMARY

	\$750,000,000* Special Tax Obligation Bonds Transportation Infrastructure Purposes, 2018 Series B	\$100,000,000* Special Tax Obligation Refunding Bonds Transportation Infrastructure Purposes, 2018 Series C
Structure*:	Serial Bonds maturing October 1, 2019 through October 1, 2038	Serial Bonds maturing October 1, 2020 through October 1, 2026
Interest Payments:	April 1 st and October 1 st , commencing April 1 st , 2019	
Purpose:	<ul style="list-style-type: none"> To fund a portion of the costs of various purposes of the Infrastructure Program To fund additional required deposit to the Debt Service Reserve Account 	<ul style="list-style-type: none"> To refund certain maturities of the 2008 Series A Bonds
Security:	Special obligations of the State payable solely from the Pledged Revenues and other receipts, funds or moneys pledged therefor pursuant to the Act and the Indentures	
Debt Service Reserve Account:	The 2018 Series B & C Bonds are secured by a Debt Service Reserve Account – funded at maximum annual debt service (MADS) of the combined Senior and Second Lien Bonds	
Tax Status of Interest**:	<ul style="list-style-type: none"> Exempt from Federal income tax Exempt from Connecticut income taxes Not an item of tax preference for purposes of the federal alternative minimum tax 	
Optional Redemption*:	The 2018 Series B Bonds will be subject to optional redemption prior to maturity	The 2018 Series C Bonds will not be subject to optional redemption prior to maturity
Ratings:	<ul style="list-style-type: none"> S&P: AA (Stable) / Kroll: AA+ (Stable) / Fitch: A+ (Stable) 	
Expected Pricing*:	<ul style="list-style-type: none"> Retail Only Order Period: Monday, October 15, 2018 Institutional Pricing: Tuesday, October 16, 2018 	
Expected Closing*:	Thursday, October 25, 2018	

*Preliminary, subject to change.

**Prospective purchasers of the 2018 Series B & C Bonds should consult their tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the 2018 Series B & C Bonds



SUMMARY OF THE STO'S CREDIT STRENGTHS

Transportation is Demonstrably a State Priority

- Long-term commitment to invest in the transportation infrastructure needs of the State
- Continued path towards solidifying a dedicated and secure transportation funding source
- STF financial performance in FY2018 (\$148 million surplus) and forecast for FY19 – FY22 evidences this commitment

Strong Statutory Framework & Legal Provisions

- First priority lien for Senior Bonds
- 2x Pledged Revenue rate covenant
- Constitutionally required balanced budget
- Cash funded DSRF at MADS
- Perpetual Fund - STF resources to be used solely for transportation purposes

Diverse & Stable Revenue Source

- Broad base of taxes and fees collected statewide
- No revenue source greater than 31% of Pledged Revenues
- Sales tax on dealer car sales to STF accelerated to 2019
- Monthly collection process for most Pledged Revenues
- Pledged Revenues provide coverage significantly higher than minimum debt service coverage requirements

Strong Management Team

- Comprehensive and conservative management of STO bond program
- Multi-agency collaboration and consensus (Office of the State Treasurer, Department of Transportation, Office of Policy and Management and the Office of the State Comptroller)
- Monthly revenue and expense updates by OPM and OSC
- Long track record of success at managing the program



RECENT LEGISLATIVE CHANGES TO STRENGTHEN THE STF / STO BONDS

Statutory/Constitutional “Lockbox”

- 2015 – Approved statutory language making the STF a “perpetual Fund”
- 2017 – Constitutional Amendment proposed solidifying the “lockbox” – passed 2x by majority vote through the General Assembly
- 2018 – **Constitutional Amendment (Resolution Act 17-1)** will go to voter referendum on November 6, 2018 for final approval (majority vote)

STF Uncoupled from General Fund

- 2015 – Modified flow of funds to require Oil Companies Tax revenues, previously transferred from the General Fund, to be deposited directly to the STF
- All General Fund Transfers were eliminated

New Revenues

- 2016 - A portion of the State general retail sales and use tax (0.5%) has been dedicated to and is directly deposited into the STF; constitutes a “new” Pledged Revenue
- 2017 - The sales tax on new and pre-owned automobiles from dealer sales is dedicated to the STF – five year phase-in begins in 2021
- 2018 – Start date for the sales tax on new and pre-owned automobiles from dealer sales is accelerated to now begin in 2019 (five year phase-in)

Enhancements to the Revenue Stream

- 2017 – Revenue Covenant – beginning July 1, 2019 – adopted budget appropriations prohibited from exceeding specified percentage of revenues (100% in 2019; 99.5% in 2020, declining by 0.25% per year down to 98.0% in 2026)

Commitment To Capital Funding

- Ongoing Program STO Bond Authorizations: FY18 - \$820.3mm; FY19 - \$824.6mm
- Let’s GO CT! STO Bond Authorizations: FY18 - \$551.7mm; FY19 - \$749.8mm
- 2018 – new GO bond funding for transportation projects - \$250mm each of CY18 & CY19



THE SERIES 2018 BONDS WILL CONTINUE TO FUND INVESTMENTS IN THE STATE'S TRANSPORTATION INITIATIVE

Capital Funding for New and Ongoing Projects

Project Category	Bond Authorizations FY 2019 (\$ in millions)
Highway/Bridges	\$206.6
Public Transportation	\$246.0
Fix-It-First Bridge and Roadway Program	\$154.8
Local Transportation Capital Improvement Programs	\$118.0
Let's GO CT!	\$749.8
Other	\$99.2

Source: P.A. 17-2 STO Bond Authorizations of \$824.6 million in FY2019; PA 15-1 for Let's Go CT! bond authorizations



I-95 Gold Star Memorial Bridge

This multi-phase project will accomplish structural steel repairs and replacement of deteriorated items on both the northbound and southbound bridges carrying I-95 over the Thames River in New London and Groton.



**New Haven Line Fleet
Additional 60 M8 Rail Cars**

An additional 60 M8 Rail Cars are on order to support New Haven Line ridership demands. Ridership on the New Haven Line has expanded significantly more than expected over the last few years, especially during peak commutation times.



I-84 Waterbury Improvement Program

This 5-year project will improve safety, operations and capacity of the expressway. A third lane will be added while bridges, ramps and culverts are reconstructed.



I-91/CT 15 Interchange 29 Improvements

This complex, multi-year project will reconstruct the intersection of I-91NB and CT 15, including the interchange 29 off ramp to the Charter Oak Bridge in East Hartford.



Walk Bridge Program

DOT will replace the existing 120-year old swing bridge over the Norwalk River in Norwalk, CT with a redundant structure with two independent movable spans, designed and constructed to be resilient to extreme weather events.



New Haven Rail Yard Master Complex

DOT is revitalizing and expanding the existing New Haven Rail Yard into a state-of-the-art, coordinated facility that provides efficient and effective storage, dispatching, inspection, maintenance, and cleaning of rail cars.



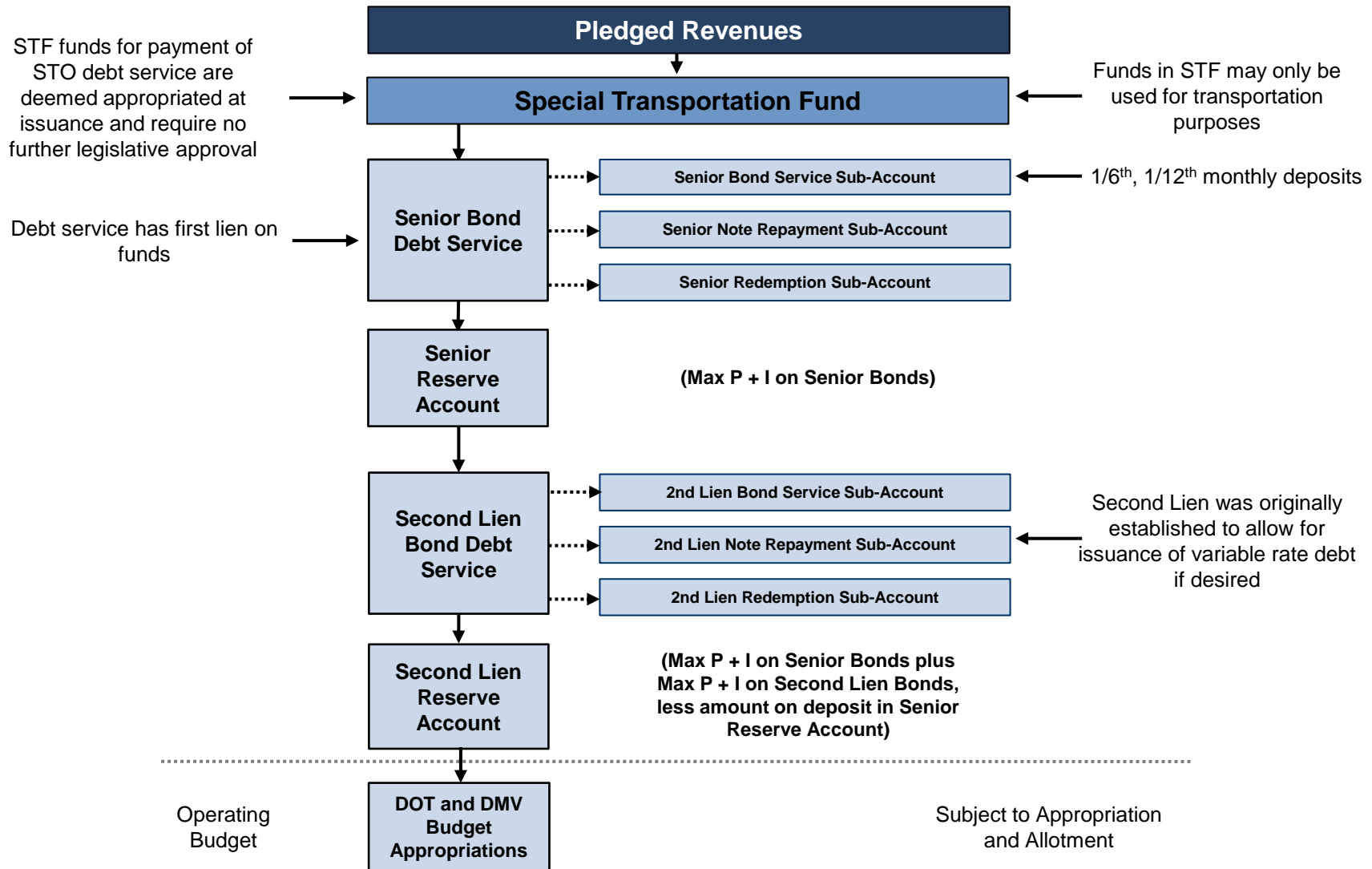
KEY CREDIT PROVISIONS OF THE STO BOND PROGRAM

- Pledged Revenues include: motor fuels taxes; oil companies tax payments; a portion of the general sales and use tax; sales tax on automobile sales – Dealer and casual sales; motor vehicle licenses, permits, and fees; motor vehicle fines, penalties, and other charges; Federal BAB subsidy payments; and investment earnings
- Debt Service Priority Covenant – The Act and the Indenture provide that the State shall at all times assure that Pledged Revenues be applied first to Debt Service on the STO Bonds
- Pledged Revenue Coverage Requirement (aka, Rate Covenant) – State covenants to provide Pledged Revenues annually of at least 2.0x aggregate Senior and Second Lien Debt Service
- Balanced Budget Requirement – State Constitution requires a balanced budget (i.e., general budget expenditures authorized for any fiscal year cannot exceed the estimated amount of revenue for such year). The Act and the Indenture require that revenues in the STF meet or exceed expenses including debt service and the Pledged Revenue Coverage Requirement.
- Additional Bonds Test – Requires both 2.0x Senior debt service coverage and 2.0x aggregate Senior Lien and Second Lien debt service (from Pledged Revenues including current and all succeeding years on outstanding and additional bonds)
- Reserve Account Requirement – Maximum Annual Debt Service for combined Senior and Second Lien bonds. The Reserve Account is cash-funded, held with the trustee, and conservatively invested
- Perpetual Fund - 2015 statute establishes the STF as a perpetual fund, the resources of which shall be expended solely for transportation purposes (including debt service on Special Tax Obligation Bonds)



CLOSED FLOW OF FUNDS AND STRONG LEGAL PROVISIONS ENHANCE CREDIT PROFILE

Flow of Funds- Closed System^(a)

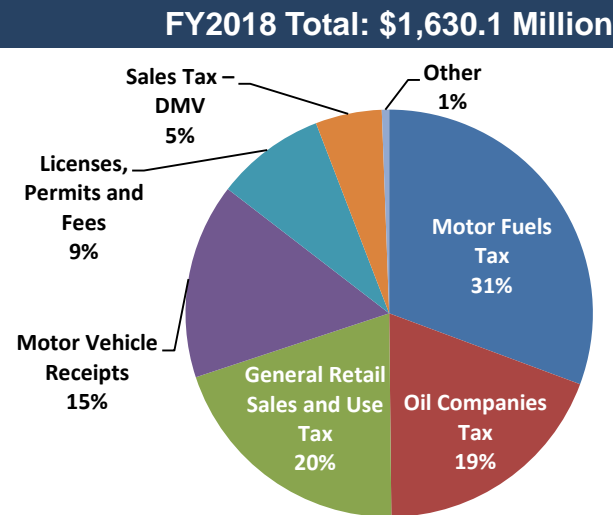


(a) See Article V of the Indenture of Trust for the Senior Lien and Second Lien Bonds for further detail.



THE STO CREDIT HAS A STRONG AND DIVERSE REVENUE PLEDGE

■ Diversification of revenues with no revenue source greater than 31% of Pledged Revenues

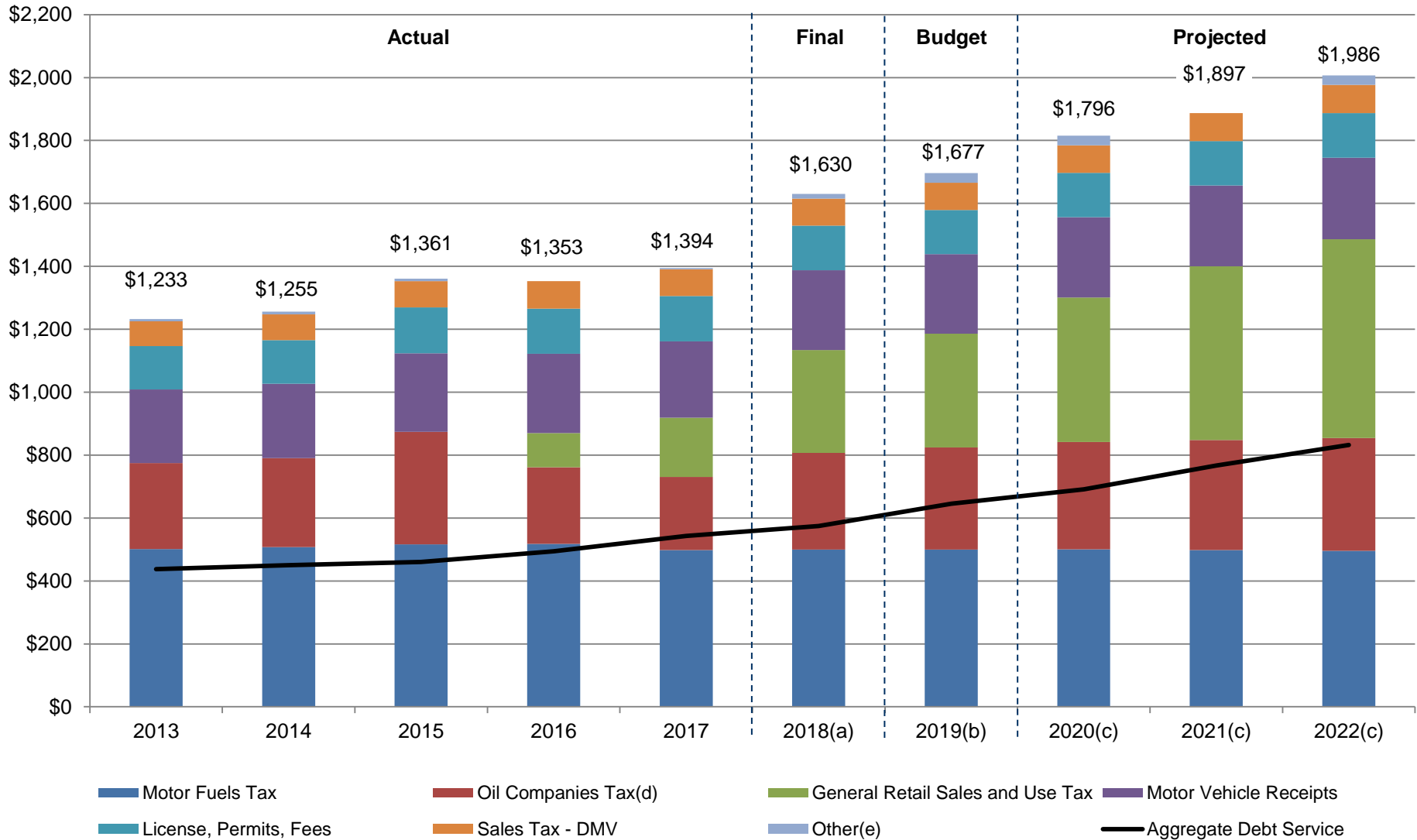


Revenue Source	Revenue Description	FY2018 (\$ in mils)
Motor Fuels Tax	<ul style="list-style-type: none"> Gasoline Tax, Special Fuels Tax and Motor Carrier Road Tax Distributors required to pay on the 25th calendar day of each month based on gallons of fuel used or sold during the preceding month 	\$ 499.8
Oil Companies Tax	<ul style="list-style-type: none"> 8.1% of the gross earnings from petroleum sales 	312.5
General Retail Sales and Use Tax	<ul style="list-style-type: none"> Sales and Use Tax imposed under Sections 12-408(1)(A) and 12-411(1)(A) of the Connecticut General Statutes 	327.5
Motor Vehicle Receipts	<ul style="list-style-type: none"> Fees collected for licenses and services provided by the DMV 	253.1
Licenses, Permits and Fees	<ul style="list-style-type: none"> Fees levied for certain permits issued and services provided by the State for transportation purposes Certain traffic fines 	141.9
Sales Tax - DMV	<ul style="list-style-type: none"> The tax imposed on casual sales of motor vehicles, vessels, snowmobiles and aircraft 	85.9
Other	<ul style="list-style-type: none"> Interest income and Federal Build America Bond Subsidy receipts Transfers to and from other Funds and Refunds 	29.9 (20.4)
TOTAL PLEDGED REVENUES		\$ 1,630.1



TOTAL PLEDGED REVENUES HAVE BEEN STABLE AND ARE PROJECTED TO GROW

Pledged Revenues (\$ millions)



(a) Per the Comptroller Report of September 28, 2018 for the period ending June 30, 2018, unaudited.

(b) Pursuant to Public Act 18-81 as revised by the Office of Policy and Management.

(c) Forecasts (FY2020 – FY2022) are based upon the April 30, 2018 consensus revenue estimates revised to include legislative changes and the Office of Policy and Management estimates.

(d) For graphical purposes, oil companies taxes have been netted with transfers to/from other funds

(e) Other revenues are comprised of Federal Build America Bond subsidy receipts, interest income, and refunds of taxes.



ACTUAL AND PROJECTED STF REVENUES, DEBT SERVICE AND EXPENDITURES

(\$ in Millions)	Fiscal Year Ending June 30									
	2013 ^(a)	2014 ^(a)	2015 ^(a)	2016 ^(a)	2017 ^(a)	2018 ^(b)	2019 ^(c)	2020 ^(c)	2021 ^(c)	2022 ^(c)
Actual & Projected Revenues	Actual						Projected			
Motor Fuels Tax ^(d)	501.3	508.0	516.6	518.2	498.5	499.8	499.9	500.4	497.9	495.5
Oil Companies Tax ^(d)	199.4	380.7	337.9	250.0	238.4	312.5	330.0	346.5	355.2	364.0
Sales and Use Tax ^(d)	--	--	--	109.0	188.4	327.5	361.4	459.7	552.5	632.2
Motor Vehicle Receipts ^(d)	234.5	236.1	249.5	251.5	242.9	253.1	253.2	255.2	257.1	259.2
LPF Revenue ^(d)	137.3	138.4	145.4	143.9	144.0	141.9	140.0	140.6	141.1	141.7
Sales Tax - DMV ^(d)	79.0	82.2	83.9	87.2	85.0	85.9	86.8	87.6	88.5	89.4
Federal Payments ^(d)	12.4	12.1	12.1	12.2	12.2	12.2	12.1	12.1	11.8	11.0
Interest Income ^(d)	4.1	6.8	6.9	8.2	9.0	17.7	18.1	18.4	18.8	19.2
Transfers from/(to) Other Funds ^(e)	88.7	(83.0)	34.7	(6.5)	(6.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
Transfers to Transportation Strategy Board ^(f)	(15.0)	(15.0)	(15.0)	-	-	-	-	-	-	-
Total Revenues	1,241.7	1,266.3	1,372.0	1,373.6	1,411.7	1,645.0	1,696.0	1,815.0	1,917.4	2,006.7
Refunds	(9.2)	(10.6)	(11.1)	(20.8)	(17.3)	(14.9)	(18.7)	(19.5)	(20.3)	(20.7)
Total Net Revenues	1,232.5	1,255.7	1,360.9	1,352.8	1,394.4	1,630.1	1,677.3	1,795.5	1,897.1	1,986.0
Actual & Projected Debt Service and Expenditures										
Debt Service on the Bonds ^(g)	431.7	449.6	459.9	493.3	542.6	575.0	645.7	691.3	766.6	832.4
Debt Service on Transportation related General Obligation Bonds ^(h)	6.2	0.3	0.1	0.6	0.6	-	-	-	-	-
DOT Budgeted Expenses ⁽ⁱ⁾	545.7	555.7	593.5	603.5	592.8	639.9	683.5	714.2	754.5	796.4
DMV Budgeted Expenses	53.2	57.1	64.0	65.4	62.6	59.7	65.4	68.3	71.4	74.5
Other Budget Expenses ^(j)	169.9	183.2	212.7	213.0	227.4	195.8	215.6	224.6	242.7	259.2
Program Costs Paid from Current Operations	7.0	5.4	19.7	14.1	13.6	11.5	13.6	14.2	14.9	15.6
Estimated Unallocated Lapses ^(k)	-	-	-	-	-	-	(6.5)	(12.0)	(12.0)	(12.0)
Total Expenditures	1,213.7	1,251.3	1,349.9	1,390.0	1,439.6	1,482.0	1,617.3	1,700.6	1,838.1	1,966.1
Excess (Deficiency)	18.8	4.4	11.0	(37.2)	(45.2)	148.1	60.0	94.9	59.0	19.9
Revised Cumulative Excess (Deficiency)	164.6	169.0	180.0	142.8	97.6	245.7	305.7	400.6	459.6	479.6

Footnotes related to this table can be found in Appendix A to this Presentation.

Alternatively, Table 8 – “Actual and Projected Revenues, Debt Service and Expenditures of the Special Transportation Fund” with footnotes can be viewed on Page 21 of the Preliminary Official Statement.

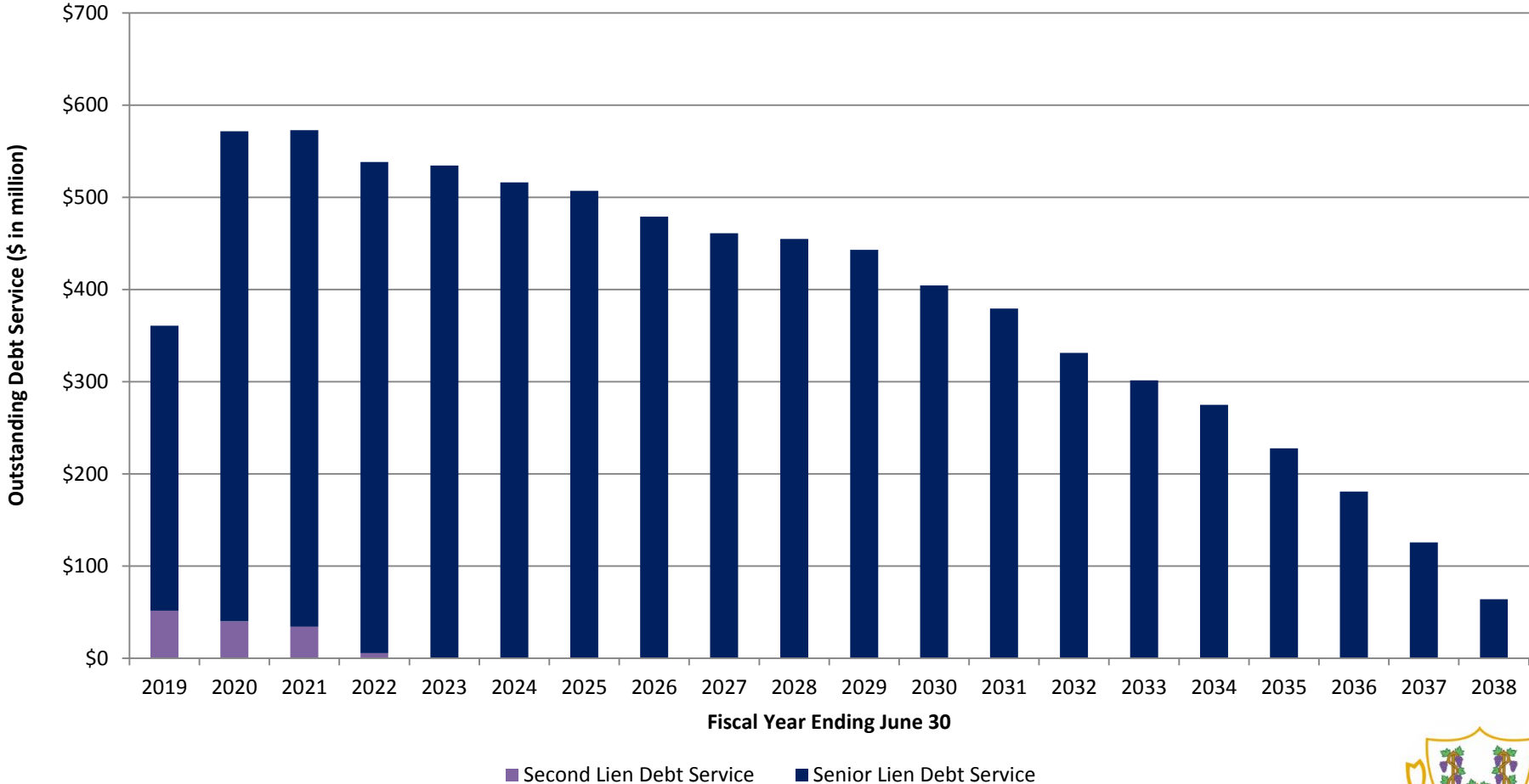
* Figures may not add due to rounding.



CONSERVATIVE AND MANAGEABLE OUTSTANDING DEBT STRUCTURE

- As of October 1, 2018 there are \$5.41 billion of Special Tax Obligation Bonds outstanding
 - \$5.29 billion Senior Lien (98%); \$0.12 billion Second Lien (2%)
- 100% of STO debt is fixed rate with no derivative exposure
- 58% of outstanding STO principal^(a) will be retired within the next 10 years, providing significant capacity to support additional capital spending

Outstanding Debt Service by Lien

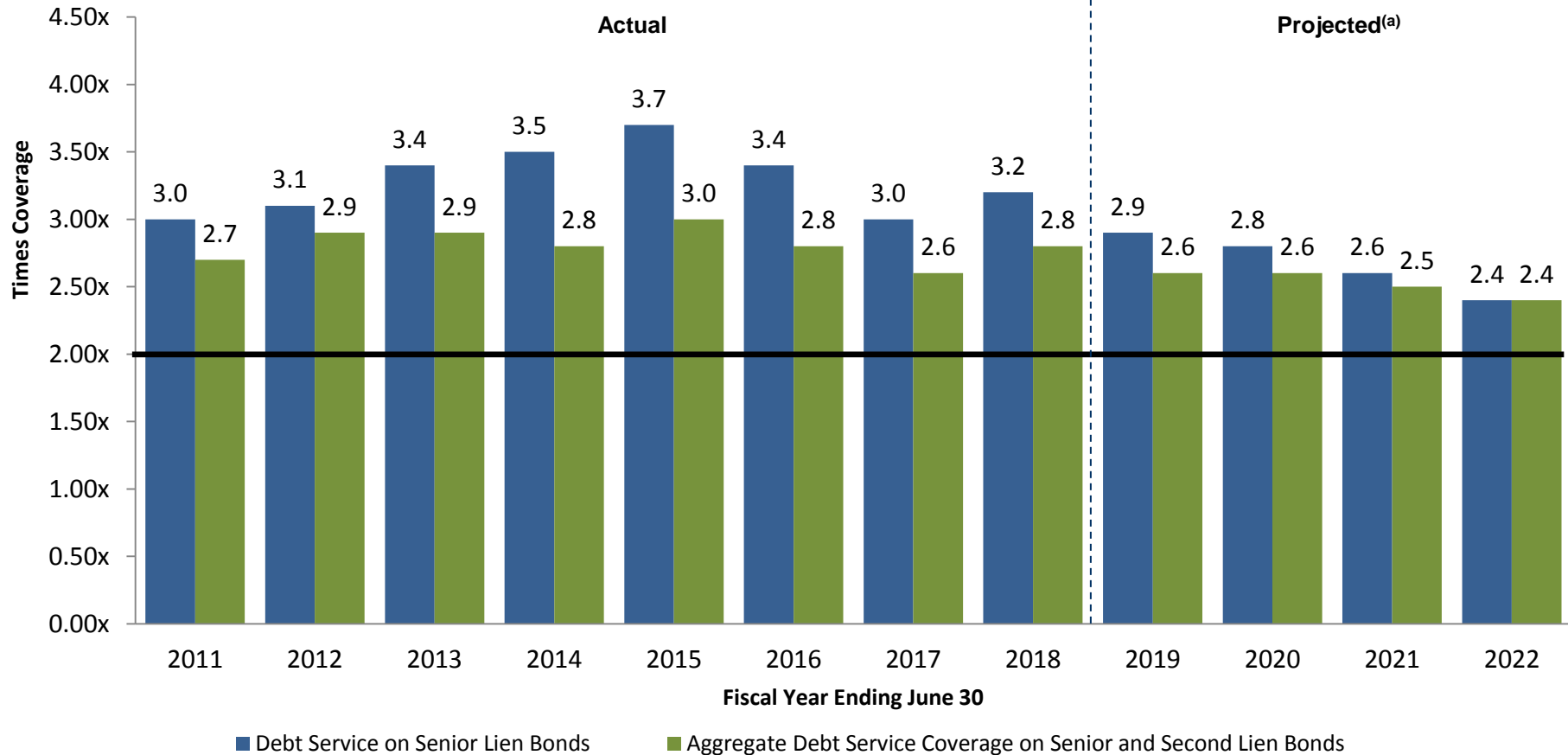


(a) Exclusive of proposed 2018 Series B&C issuance.



STRONG PROFORMA DEBT SERVICE COVERAGE, INCLUDING PROJECTED ISSUANCES THROUGH 2022

Debt Service Coverage



Anticipated New Money Issuances

FY	Par Amount	Estimated Interest Rate
2019	\$750,000,000	5.00%
2020	\$750,000,000	5.25%
2021	\$1,000,000,000	5.50%
2022	\$1,200,000,000	5.75%

(a) Including forecasted new money issuances.



REVIEW OF STO CREDIT STRENGTHS

Transportation is a State Priority

- Long-term commitment to invest in the transportation needs of the State and continued progress to ensuring a dedicated and secure transportation funding source

Strong Statutory Framework & Legal Provisions

- Strong framework evidenced by statutory “lockbox” implementation, first priority lien for Senior Bonds, Balanced Budget requirement and 2x Pledged Revenue rate covenant, and cash funded DSRF at MADS
- Constitutional Amendment on ballot in November 2018 for final approval

Diverse & Stable Revenue Source

- Broad base of taxes and fees collected statewide provides coverage significantly higher than minimum debt service coverage requirements

Strong Management Team

- Comprehensive and conservative management of STO program including multi-agency collaboration and consensus and monthly revenue forecast updates

**The State of Connecticut’s Special Tax Obligation Bonds:
A Highly Successful Program that Leverages the Funds
in the Special Transportation Fund**



ANTICIPATED TIMING AND CONTACT INFORMATION

September 2018							October 2018						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													

= Holiday
 = Key Financing Date

Structure*

\$750 million New Money

20-year, level debt service

Serial bonds maturing 2019-2038

DSRF funded at aggregate MADS

Use of proceeds:
 Deposit to the Infrastructure Improvement Fund,
 deposit to Debt Service Reserve Fund,
 and costs of issuance

\$100 million Refunding

Serial bonds maturing 2020-2026

DSRF funded at aggregate MADS

Use of proceeds:
 Refund 2008 Series A Bonds
 Level DS Savings

Timing*

Tuesday, October 2nd
POS Posted

Wednesday, October 3rd –
Monday, October 15th One-on-One
Investor Calls, as requested

Monday, October 15th
Retail Pricing

Tuesday, October 16th
Institutional Pricing

Thursday, October 25th
Closing

Key Contacts

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*Preliminary, subject to change.



APPENDIX A – FOOTNOTES TO TABLE ON PAGE 11 – “ACTUAL AND PROJECTED REVENUES, DEBT SERVICE AND EXPENDITURES OF THE SPECIAL TRANSPORTATION FUND”

- a) Actual per Comptroller’s Annual Reports, presented to conform to budgetary categories. Certain fiscal year 2015 expenditures were adjusted to reflect the conversion to GAAP budgeting in fiscal year 2014. See footnotes (i), (j) and (k) below.
- b) Per the Comptroller Report of September 28, 2018 for the period ending June 30, 2018, unaudited.
- c) Pursuant to Public Act 18-81 for FY2019 as revised by OPM. Revenue projections for fiscal years 2020-2022 are based upon the April 30, 2018 consensus revenue estimate revised to include legislative changes detailed in Table 2 and the Office of Policy and Management’s estimated projections.
- d) See “Discussion of Projected Pledged Revenues,” footnotes to Table 3, and “Description of Revenue Sources of the Special Transportation Fund” herein.
- e) Pursuant to C.G.S. Section 14-164m, \$6.5 million will be transferred annually from the Special Transportation Fund to the Emission Enterprise Fund. Section 671 of Public Act 17-2 of the June Special Session reduces the Emission Enterprise Fund transfer to \$5.5 million beginning October 1, 2017. Pursuant to C.G.S. 13b-61c, \$107.6 million shall be transferred from the General Fund to the Special Transportation Fund in fiscal year 2011, \$81.6 million in fiscal year 2012, and \$95.3 million in fiscal year 2013. Sections 89 and 102 of Public Act 13-184 require that \$76.5 million be transferred from the resources of the Special Transportation Fund to the General Fund in fiscal year 2014. In fiscal year 2015, pursuant to C.G.S. Section 13b-61a(c), a transfer of \$41.2 million was required from the General Fund to fully fund the statutorily required transfer amount for the Oil Companies Tax. No further transfers from the General Fund are provided for statutorily.
- f) Public Act 05-4 instituted a transfer from the resources of the Special Transportation Fund to the State Transportation Strategy Board projects account of the Special Transportation Fund (the “TSB Projects Account”) in the amount of \$15.3 million in each of fiscal years 2009-2015 and \$0.3 million thereafter. Public Act 11-6 reduced the transfer to the TSB Projects Account by \$0.3 million annually, thereby reducing the transfer to \$15.0 million in fiscal years 2012-2015 and eliminating it thereafter.
- g) These figures represent Principal and Interest Requirements on special tax obligation bonds, and include the Bonds listed in the table under “Debt Service On Outstanding Bonds” excluding Principal and Interest Requirements on refunded Bonds. The figures also reflect the issuance of additional bonds with level debt service and a twenty year final maturity in the principal amount and at the average interest costs for each of the following fiscal years: \$750 million at 5.00% for fiscal year 2019; \$750 million at 5.25% for fiscal year 2020; \$1 billion at 5.50% for fiscal year 2021; and \$1.2 billion at 5.75% for fiscal year 2022. Such amounts for additional bonds, and the projected Debt Service on the Bonds, reflect adjustments made in projected expenditures funded by the Special Transportation Fund. See “The Department of Transportation – Implementation of and Funding for the Infrastructure Program” herein. Includes budgeted amounts for actual and estimated rebate liability on the Bonds under the Code, as well as ancillary banking and auditing fees. Assumes no issuance of Notes.
- h) Represents payment of that portion of debt service on outstanding general obligation bonds which bear the same ratio to all such debt services as the sum of the amount of bond authorization allocated to the Department by the State Bond Commission in each year that such bonds were issued bears to the total amount of general obligation bonds authorized by the State Bond Commission during all such years.
- i) The major components of the Department’s annual budgeted and projected expenses are payments for (i) the rail and bus subsidy; (ii) State highway maintenance costs; (iii) aid to towns for local highway and repair maintenance; and (iv) salaries, data processing and other general administrative costs. In fiscal year 2015, DOT expenses were adjusted by \$11.8 million to reflect the conversion to GAAP budgeting in fiscal year 2014. Certain contingent liabilities arising from defective highway lawsuits are not included in the projected amounts of annual budgeted expenses. See “Litigation.” The adopted fiscal year 2016 and fiscal year 2017 budgets include \$3.3 million and \$2.3 million, respectively, related to the Connecticut Airport Authority. See “Organization and Responsibilities-Former Bureau of Aviation/Connecticut Airport Authority” herein.
- j) In fiscal year 2015, DMV expenses were adjusted by \$1.8 million to reflect the conversion to GAAP budgeting in fiscal year 2014.
- k) Represents the cost of fringe benefits, pension costs and salary adjustments for the Department, the DMV and the Department of Energy and Environmental Protection. In fiscal year 2015, Other Budget Expenses were adjusted by \$6.6 million to reflect the conversion to GAAP budgeting in fiscal year 2014.
- l) The Special Transportation Fund budget includes amounts for unallocated lapses to recognize that not all budget expenditures will be fully expended and will lapse for budget purposes. The unallocated lapse is reduced by a corresponding amount as agency lapses are identified within specific accounts.

