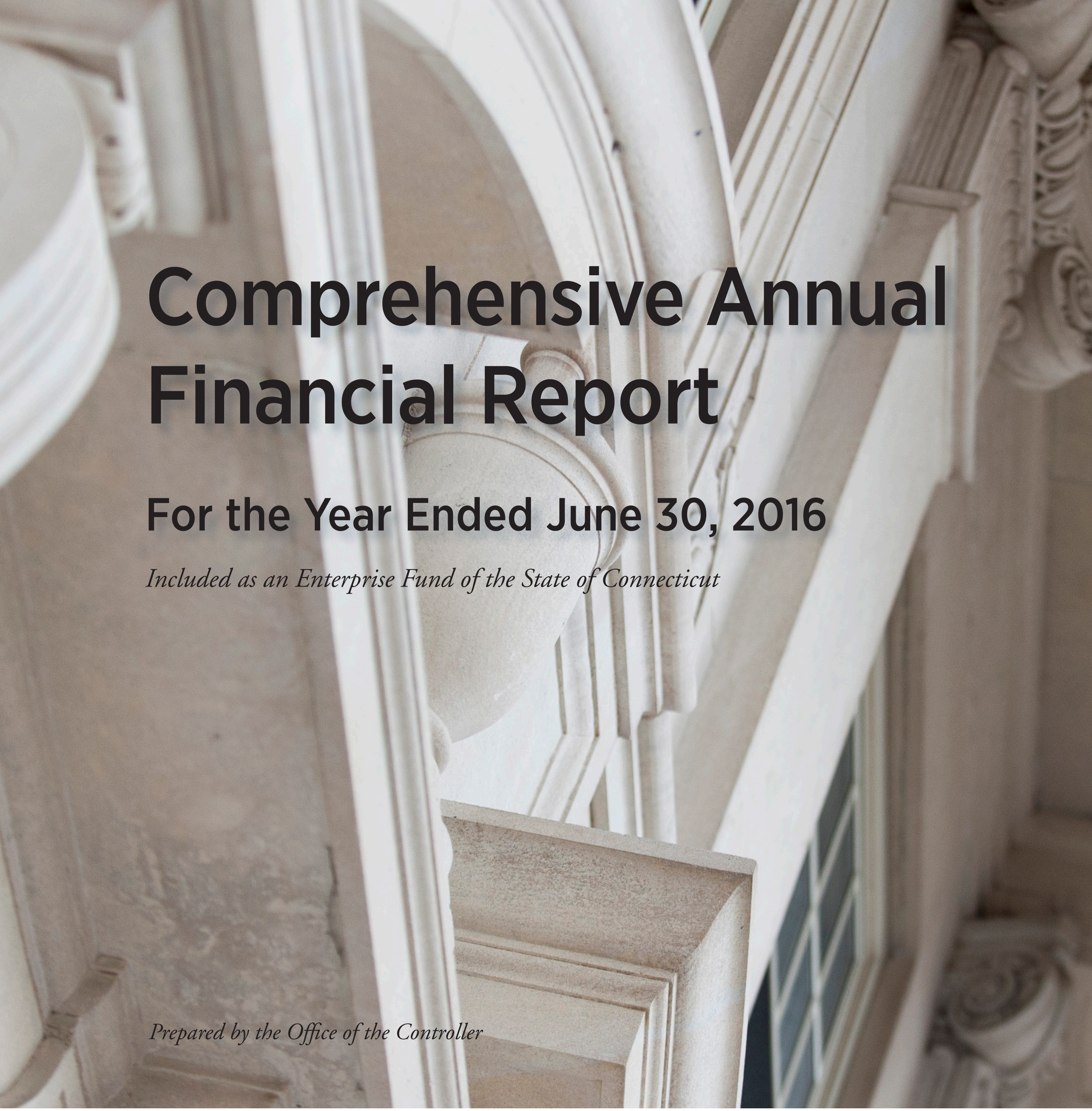

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

UCONN | UNIVERSITY OF CONNECTICUT

TABLE OF CONTENTS

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INTRODUCTORY SECTION

UCONN
UNIVERSITY OF CONNECTICUT

LETTER OF TRANSMITTAL

October 31, 2016

To President Herbst,
Members of the Board of Trustees, and
University of Connecticut Community:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the University of Connecticut for the fiscal year ended June 30, 2016. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

The CAFR includes the Management's Discussion and Analysis (MD&A), the basic financial statements, notes, other supplemental information, as well as statistical information that give an understanding of the University's financial position. The CAFR provides financial information about the University's results of activities during the year and describes its financial position at the end of the year based on currently known facts, decisions, and conditions.

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

The University's Joint Audit and Compliance Committee of the Board of Trustees exercises oversight over the integrity of its financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2016 was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unqualified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

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

University Profile

Background

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

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

In addition to academics, the University also participates in Division I athletics and had three teams win national championship titles in the 2013-2014 academic year: field hockey, men's basketball and women's basketball. In 2016, the University's women's basketball team set records by winning their fourth consecutive, and eleventh overall, national championship.

Student and Faculty Data

For the 2015-2016 academic year, the number of applications for admissions increased by 12 percent and total enrollment grew to 31,060 students, including more than 7,600 graduate students. All 169 Connecticut towns were represented in the University's undergraduate population, as well as 40 states and 111 countries. Of the 23,407 undergraduates, 50 percent were female and 30 percent were minority students. The University employs

1,489 full-time faculty members and an additional 709 part-time faculty and adjuncts. In 2016, the University awarded 7,939 degrees, an increase of 31 percent since 2006.

Component Units
In accordance with GASB reporting requirements, the University of Connecticut Law School Foundation, Inc. is discretely presented as a component unit of the University. The University of Connecticut Foundation (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research and recreational objectives for both the University and UConn Health, and therefore is not included as a component unit in the accompanying financial statements. See Notes 1 and 14 for additional information relating to component units and related organizations.

Economic Condition

According to the *Connecticut Economic Digest*, Connecticut continued to see moderate economic growth five years following the Great Recession through 2015. Total nonfarm employment grew and the unemployment rate fell for five straight years. The majority of the other economic indicators also showed that the State's overall economy performed well in calendar year 2015.

As of the end of calendar year 2015, the number of jobs in the State increased approximately four percent since 2010 but employment levels are still well below the peak amounts reached prior to the recession. Single-family home sales increased 17 percent in calendar year 2015, the strongest growth in more than a decade, yet home prices continued to fall. This marked the second straight year of declining home median prices. Real personal income increased by 6 percent since calendar year 2013 and the unemployment rate was 5.6 percent in calendar year 2015 compared with 9.1 percent in calendar year 2010.

Despite Connecticut's economic progress since 2010, the fiscal outlook remains uncertain. The State is faced with a growing budget deficit that may result in budget cuts for State agencies. Based on this reality, the University must rely less on State support and adhere to a strategic financial plan that will help meet its current objectives and long-term goals.

Long-Term Financial Planning

The University is a financially stable institution with exceptional educational programs and research, and it continues to successfully balance financial needs and investments for long-term growth while improving the educational quality for students and faculty alike. The University's long-term plan includes becoming more self-reliant in generating diverse operating revenues with forecasted decreases in State support. The University will maintain a balanced budget for its growing operations through increases in student tuition, growth in research, increases in philanthropy, and with ongoing State support of the Next Generation Connecticut initiative (see following sections).

Increases in Student Tuition
During fiscal year 2016, the University's Board of Trustees approved a new four-year tuition plan. This new tuition plan allows for modest increases each year from fiscal year 2017 to fiscal year 2020. This is the second time that the Board of Trustees has adopted a four-year tuition plan rather than addressing tuition each year. The multi-year plan provides more detail and certainty for students as they plan with their families for their college careers. Additionally, having a four-year tuition plan allows the University to better engage in strategic long-term planning. Given the financial stress the State faces, having a revenue category that is set and predictable is important to the long-term stability of the University. Although tuition will increase, more financial aid will also be available to help address issues of affordability and accessibility for the University's students.

Growth in Research
Under direction of the Vice President for Research, the University is developing a stronger infrastructure to assist faculty, staff, and students in identifying grant opportunities and successfully pursuing them. The University is engaged in an ongoing review of the research infrastructure across all campuses to ensure the most efficient administrative operations and to facilitate all forms of disciplinary and interdisciplinary research, scholarship, and creative work. Despite decreasing available federal research funds, the University is expected to achieve growth in research as part of the University's long-term financial planning.

Increases in Philanthropy
Philanthropy is an area of revenue growth for the University and is part of the University's long-term financial planning. The Foundation, which supports both the University and UConn Health, has seen transformative changes in the last few years, with the last three years being the best in its history. In addition, the University of Connecticut Alumni Association has been moved under the umbrella of the Foundation, consolidating alumni engagement, service, and philanthropy. In fiscal year 2016, the Foundation had its second-most successful fundraising year ever, totaling $78.3 million in new gifts and pledges. The Foundation's goal is to increase the annual amount to $100 million, eventually boosting the endowment to $1 billion.

Next Generation Connecticut
Next Generation Connecticut (NextGen) represents one of the most ambitious state investments in economic development, higher education, and research in the nation, and is made up of operating budget components in addition to capital components. The NextGen program is an extension of the UCONN 2000 capital improvement program for the University which began in 1995. The general obligation bonds issued through UCONN 2000 and NextGen are secured by the State's debt service commitment, thus there are no revenues budgeted for payment of these bonds.

Over the past decade, the growth and diversification of the University's funding streams combined with continuing physical transformation through the University's capital improvement program, have led the University to record enrollments, increased research success, and significant contributions to the economy of the State.

Major Initiatives

The NextGen initiative added $1.5 billion in bond funds for new and renovated facilities, extending the UCONN 2000 capital improvement program to 2024, as well as increasing operating funds. Goals of NextGen include hiring new faculty members, enrolling additional undergraduate students, upgrading aging infrastructure to accommodate new faculty and students, and relocating the University's West Hartford campus to downtown Hartford. The amount of operating funds appropriated from the State in fiscal years 2015 and 2016 was significantly reduced relative to the amount originally planned. In addition, although the total amount of capital funds remains intact, $26 million of the fiscal year 2017 authorization was delayed until fiscal year 2018. The operating fund reductions and the delay of capital funds will create challenges for the University in meeting the goals of NextGen.

In spite of reductions in funding, the NextGen initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, 155 new faculty have been hired including 89 faculty in the fields of science, technology, engineering, and math (STEM), and 66 non-STEM faculty through fiscal year 2016. Additionally, funds have been provided for STEM scholarships, STEM fellowships, the IDEA (Imagine Develop Engage Apply) Grant program for student-designed and led projects, as well as for staff positions. In fiscal year 2016, undergraduate enrollment grew by 1,298 at the Storrs Campus. Furthermore, capital funds have allowed the University to construct new buildings, address deferred maintenance, and revitalize the University's infrastructure. This ongoing success has attracted higher quality students and the University maintains solid rankings in virtually all relevant areas. Highlights from the 2015-2016 academic year include the following:

- The University ranks 21 out of 58 public research universities in graduation rates for all freshmen and 18 out of 58 for minority freshmen.
- In fiscal year 2016, approximately 77 percent of undergraduates enrolled were residents of the State. Almost 80 percent of the recent alumni securing jobs in the State were residents before coming to the University, and 30 percent of the graduates who came to the University from other states were also employed in the State following graduation.
- In fiscal year 2016, the University provided $84.5 million in institutionally funded financial aid, and has budgeted an additional $11.4 million for fiscal year 2017.
- Through the end of fiscal year 2016, the UCONN 2000 capital improvement program has led to the authorization of 112 major projects totaling $3.1 billion in bond proceeds.

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

Awards and Acknowledgements

The University marked its sixth consecutive year among the nation's top 25 public universities as ranked by *U.S. News & World Report* in 2016. The No. 20 ranking in 2016 reflects the University's strong graduation and retention rates, academic excellence, faculty resources, and other factors that are weighed in its annual evaluations.

In 2016, *Money* magazine ranked the University No. 18 in best value among public universities, partly due to low tuition costs and a higher percentage of students who get need-based aid and merit scholarships. The University also came in at No. 32 in *Kiplinger's* list of best values in public colleges and also in *Forbes'* annual ranking for best public colleges.

The University was among the top 10 schools in the Sierra Club's *"Cool Schools Ranking"* ranking for the fifth consecutive year, and was one of only a few Carnegie Level One Research Institutions still in the top 10 for this award. The Sierra Club bases the school rankings on sustainability data collected in a range of areas, including

UCONN
UNIVERSITY OF CONNECTICUT

energy, investments, academics, waste reduction and diversion, transportation, and purchasing. The University was No. 2 in the University of Indonesia's *GreenMetric World University Rankings* that rates universities worldwide on leadership on sustainability issues. The University was ranked first out of United States colleges and universities.

The University is a member of Universitas 21, an international network of leading research-intensive universities in 13 countries. The University is one of only three universities in the United States invited into the network, which is composed of some of the world's major institutions of higher education. Membership in Universitas 21 permits faculty and students to have additional opportunities for collaboration on projects around the world. Membership will increase the University's global reach, student participation in education abroad programs, fellowships, and research opportunities.

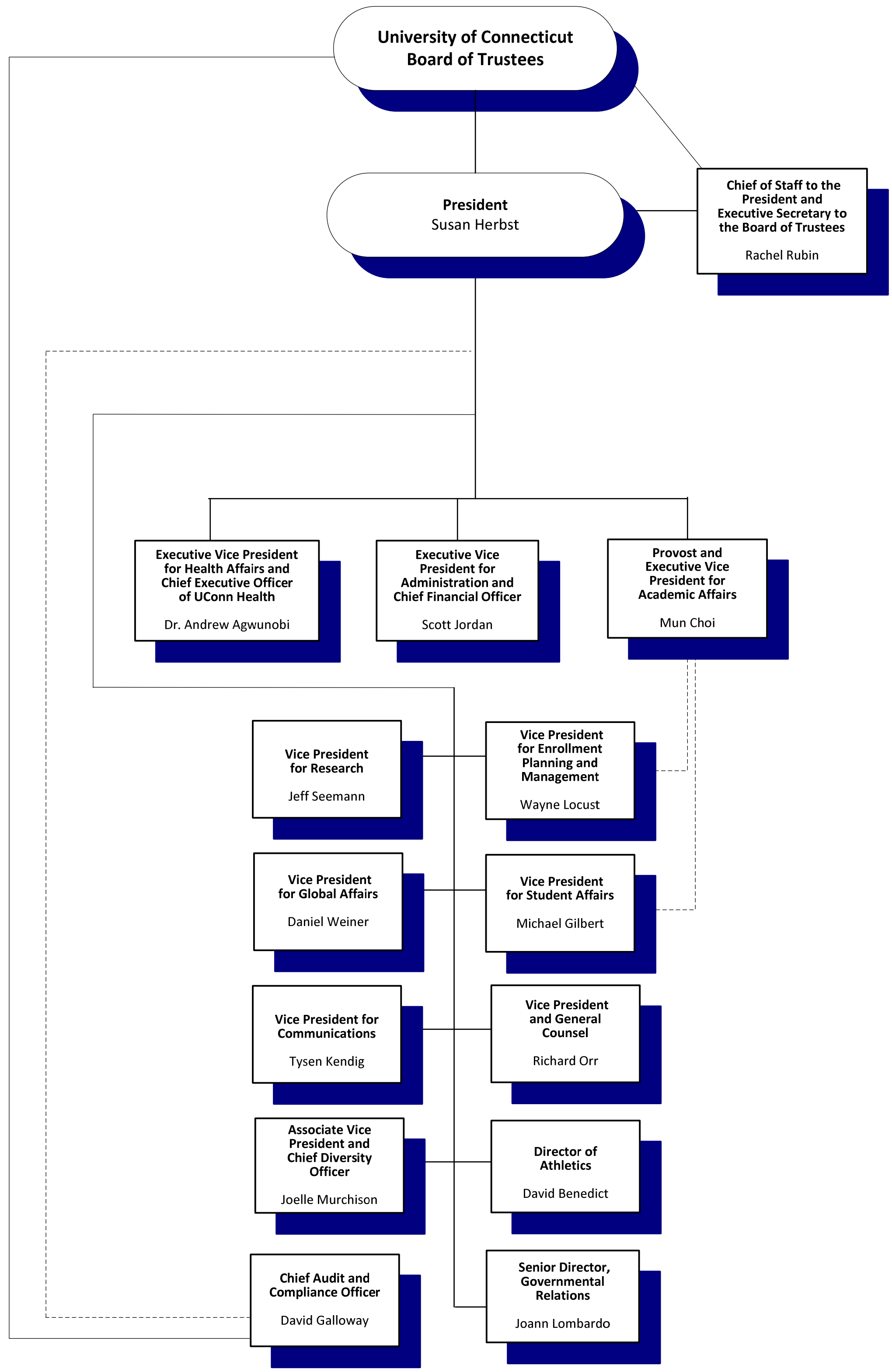
Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts from staff within the Office of the Controller and other University financial staff. Each member has my sincere appreciation for their individual contribution in the preparation of the report.

Respectfully Submitted,

Scott Jordan
Executive Vice President for Administration
and Chief Financial Officer

UNIVERSITY OF CONNECTICUT
BOARD OF TRUSTEES
As of June 30, 2016

UNIVERSITY OF CONNECTICUT
Organization Chart



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FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
20 TRINITY STREET
HARTFORD, CONNECTICUT 06106-1559

INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

Report on Financial Statements

We have audited the accompanying financial statements of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statement of net position as of June 30, 2016 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, collectively comprise UConn'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We did not audit the financial statements of the University of Connecticut Law School Foundation, Inc., a discretely presented component unit of UConn, which represented less than one percent of the assets of UConn as of June 30, 2016 and less than one percent of total revenues and support for UConn for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Connecticut Law School Foundation, Inc., is based solely on the report of the other auditors. The audit of the University of Connecticut Law School Foundation, Inc. was conducted in accordance with auditing standards generally accepted in the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of UConn as of June 30, 2016 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 14 through 23 and the Required Supplementary Information on page 50 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 and opinion or provide any assurance on them.

Sincerely,

John C. Geragosian
Auditor of Public Accounts

October 31, 2016
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial position and results of activities of the University of Connecticut (University) for the fiscal year ended June 30, 2016, and includes selected comparative information from fiscal year 2015. The MD&A presentation includes highly summarized information and should be read in conjunction with the accompanying financial statements and notes.

The University's financial report includes three basic financial statements: a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The MD&A, financial statements, and notes are the responsibility of management.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents either an increase or decrease in net position based on the revenues received, the expenses paid, and any other gains and losses recognized by the University. Revenues and expenses are classified as operating, nonoperating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operation of the University and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for estimated depreciation and amortization of property and equipment. The difference between operating revenues and operating expenses is the operating income or loss.

By its very nature, a state funded institution does not receive tuition, fees, and room and board revenues sufficient to support the operations of the University. Nonoperating revenues are revenues received for which goods and services are not provided and are essential to the programs and services provided by the University. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State) for general operations, the State's debt service commitment for interest, noncapital gifts, and short-term investment income.

Other changes in net position are composed primarily of the State's debt service commitment for principal payments on general obligation bonds used for capital purposes, capital allocation, and capital grants and gifts.

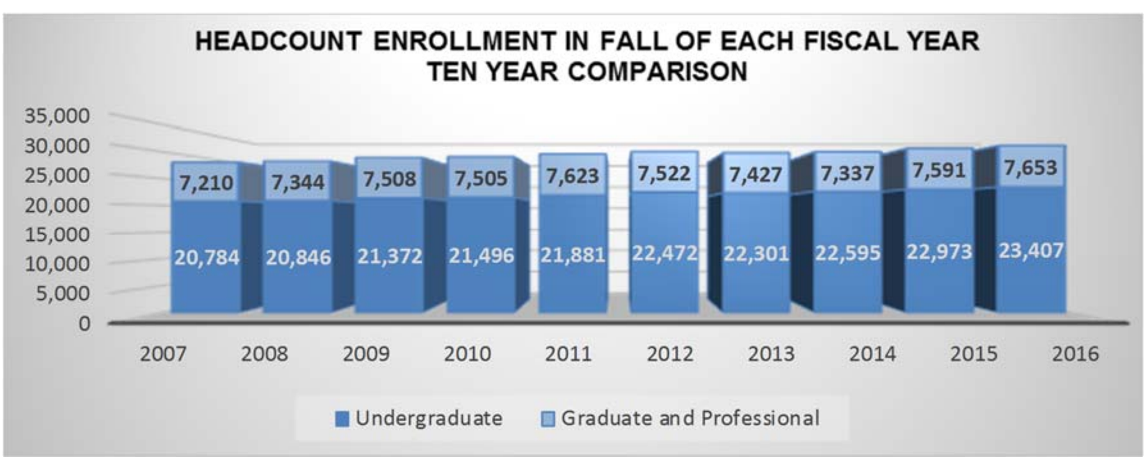
The Condensed Schedule of Revenues, Expenses, and Changes in Net Position on the following page reflects an increase in net position at the end of the year. Summarized highlights of the information presented on this schedule are as follows:

Revenues

Operating revenues increased $58.0 million based on the following factors:

- Student tuition and fees, net of scholarship allowances, increased $33.6 million in fiscal year 2016. This was a result of an increase in tuition and mandatory fees and an increase in undergraduate enrollment. Fee revenue was also higher due to an increase in enrollment for winter session programs compared to prior year.

The following graph presents undergraduate and graduate enrollment over the last ten years:



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

	2016	2015	$ Change	% Change
Operating revenues:				
Student tuition and fees, net	$ 341.8	$ 308.2	$ 33.6	10.9%
Grants and contracts	184.4	170.8	13.6	8.0%
Sales and services of auxiliary enterprises, net	210.5	201.1	9.4	4.7%
Other	34.7	33.3	1.4	4.2%
Total operating revenues	771.4	713.4	58.0	8.1%
Operating expenses:				
Instruction and academic support	533.4	514.2	19.2	3.7%
Research and public service	134.0	122.5	11.5	9.4%
Student services and student aid	48.7	46.1	2.6	5.6%
Institutional support and operations and maintenance of plant	188.6	172.2	16.4	9.5%
Auxiliary enterprises	221.8	209.6	12.2	5.8%
Depreciation and amortization	98.8	96.0	2.8	2.9%
Total operating expenses	1,225.3	1,160.6	64.7	5.6%
Operating loss	(453.9)	(447.2)	(6.7)	1.5%
Nonoperating revenues (expenses):				
State appropriation	384.7	350.7	34.0	9.7%
State debt service commitment for interest	53.1	46.6	6.5	13.9%
Gifts and investment income	26.8	24.7	2.1	8.5%
Interest and other expenses	(55.2)	(47.9)	(7.3)	15.2%
Net nonoperating revenues	409.4	374.1	35.3	9.4%
Loss before other changes in net position	(44.5)	(73.1)	28.6	(39.1)%
Other changes in net position:				
State debt service commitment for principal	103.4	56.4	47.0	83.3%
Capital allocation	-	131.5	(131.5)	(100.0)%
Capital gifts and grants	5.1	25.4	(20.3)	(79.9)%
Other	(8.5)	(0.4)	(8.1)	2,025.0%
Net other changes in net position	100.0	212.9	(112.9)	(53.0)%
Increase in net position	55.5	139.8	(84.3)	(60.3)%
Net position-beginning of year, as adjusted	997.6	857.8	139.8	16.3%
Net position-end of year	$ 1,053.1	$ 997.6	$ 55.5	5.6%

- Grant revenue can fluctuate year over year depending on various factors including the availability of funding from sponsors and the timing of large grants. Total grants and contracts increased $13.6 million in fiscal year 2016. Federal grants and contracts increased $11.4 million primarily due to additional revenues from the Department of Transportation, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, and the Department of Health and Human Services. State grants and contracts increased $3.2 million primarily due to additional funding from the State through the Department of Social Services, the Department of Energy and Environmental Protection, and other student-related support. These increases were offset by a decrease in nongovernmental grant revenue earned from private foundations as compared to prior year.

- Sales and services of auxiliary enterprises, net of scholarship allowances, increased $9.4 million. The increase was due in part to an increase in room and board fees of three percent for undergraduate students. There was also an addition of $2.4 million in auxiliary revenue for hotel rooms and related services due to the acquisition of the Nathan Hale Inn (see Note 14) in fiscal year 2016.

- Other operating revenue increased $1.4 million. This was primarily due to net revenue received from the University of Connecticut Health Center (UConn Health) for a new marketing initiative (see Note 14). This revenue was offset mainly by a decrease in royalty revenue generated from the University's technology commercialization program.

Revenues under nonoperating and other changes in net position decreased $62.2 million based on the following:

- The largest source of nonoperating revenue, State appropriation including payments for provisions for fringe benefits, increased $34.0 million in fiscal year 2016. This was primarily due to collective bargaining increases, an increase in payments for fringe benefits, and additional funds for the Next Generation Connecticut initiative. These increases were offset by a mandatory transfer of $13.2 million to the State's General Fund for budget cutbacks implemented during fiscal year 2016.

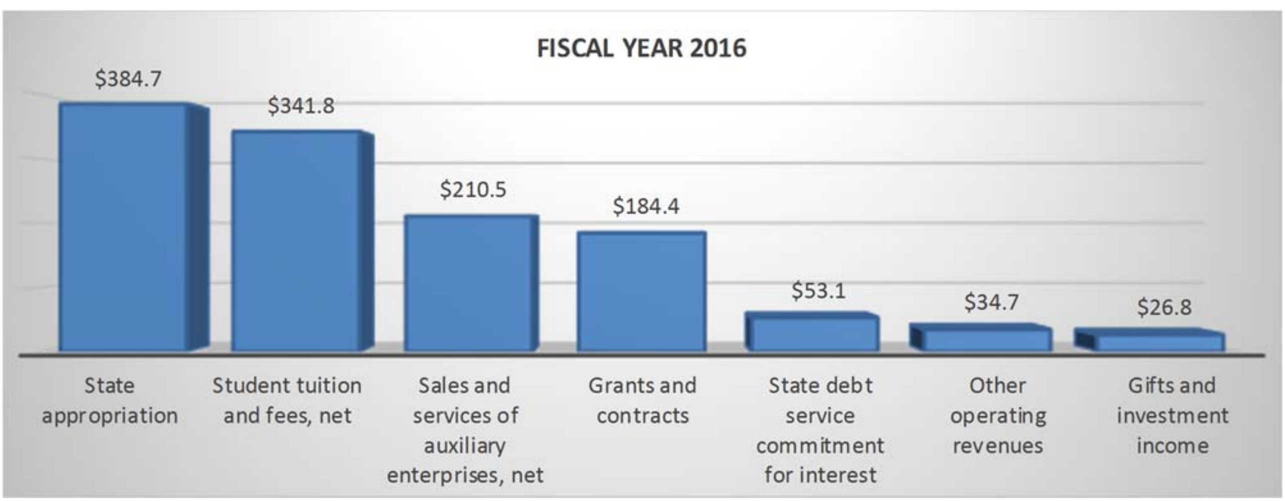
- The State commits to pay for interest incurred on general obligation bonds issued by the University. Effectively, this revenue offsets a significant portion of interest expense each year. Also, as general obligation bonds are issued, the State commits to the repayment of the future principal amounts and a receivable is recorded on the Statement of Net Position to reflect this commitment. The increase in revenue from interest corresponds with the increase in interest expense. The revenue related to principal also increased in fiscal year 2016 due to a larger issuance of general obligation bonds than in the prior year.

- Gift and investment income increased $2.1 million in total, mainly due to large private non-recurring gifts received in fiscal year 2016. Investment income increased $525,000 primarily due to higher interest rates for funds held in the State's short-term investment fund.

- Capital allocation decreased $131.5 million in fiscal year 2016 as a result of general obligation bonds issued by the State to finance construction for projects within the technology park on the University's behalf in fiscal year 2015. There were no amounts allocated to the University in fiscal year 2016.

- Capital gifts and grants decreased $20.3 million in fiscal year 2016. The change was due to large non-recurring capital gifts received in fiscal year 2015. These included a property transfer of $12.2 million from the State, $4.8 million in federal funding for the North Hillside Road completion, and $4.1 million from the University of Connecticut Foundation (Foundation) for the basketball facility that opened in fiscal year 2015. The decreases in capital gifts and grants were offset by the transfer of property acquired upon the dissolution of the University of Connecticut Alumni Association (Alumni Association) in fiscal year 2016.

The following graph shows the University's total operating and nonoperating revenues by category, excluding other changes in net position ($ in millions):



Expenses

Total expenses increased $80.1 million based on the following:

- Instruction, academic support, institutional support, and auxiliary enterprises experienced an increase due to compensation increases for collective bargaining units. Fringe benefits related to pension expenses were also higher mainly due to an increase in the University's proportion of the State's collective net pension liability.

- Instruction and academic support also increased due to information technology upgrades associated with hi-tech classrooms, telecommunications, and computer hardware.

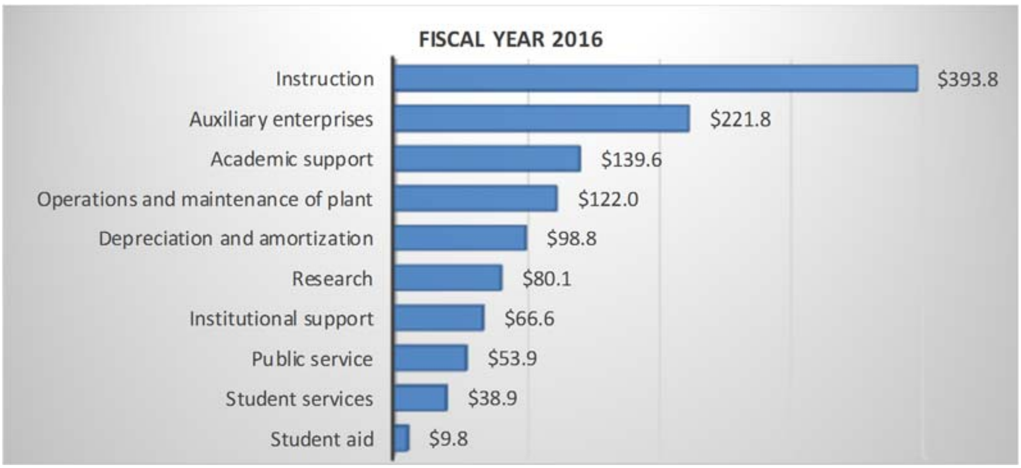
- Expenses under research and public service increased due to an increase in grants and contracts in fiscal year 2016. These expenses correspond with the increase in grant revenues noted previously and are subject to the same variability.

- Other increases in institutional support were attributable to costs associated with the UConn Health marketing initiative. In addition, operations and maintenance of plant increased as a result of significant repair and maintenance projects that took place in fiscal year 2016. These increases were offset by a decrease in utilities expense due to lower oil prices and consumption.

- Interest expense increased $4.9 million due to a full year of interest expense on the 2015 General Obligation Bonds and interest expense on new debt issued in fiscal year 2016. This was partially offset by decreases in interest on remaining bonds due to lower principal balances. Other nonoperating expenses also increased $2.4 million primarily as a result of a decrease in the fair value of stock in POET Technologies, Inc. as of year-end, combined with an increase in issuance costs for new debt.

- Other expenses under other changes in net position increased $8.1 million in fiscal year 2016. This was mainly due to the disposal of the Connecticut Commons complex that was demolished in order to make space for the construction of a new student recreation center.

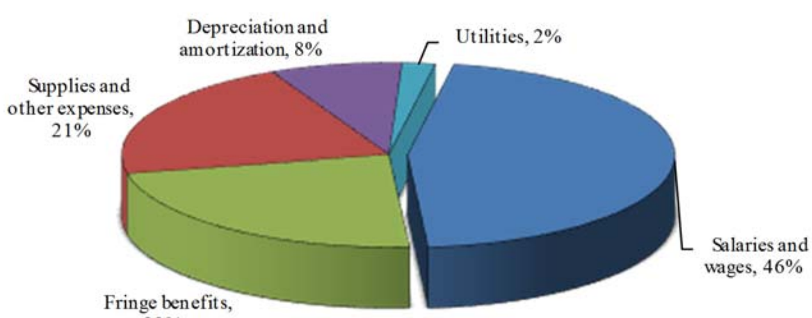
The following graph shows the functional expenses of the University ($ in millions):



The University's operating expenses by natural classification are presented below ($ in millions):

	2016	2015	$ Change	% Change
Operating expenses:				
Salaries and wages	$ 557.5	$ 542.1	$ 15.4	2.8%
Fringe benefits	287.6	271.2	16.4	6.0%
Supplies and other expenses	261.7	228.1	33.6	14.7%
Depreciation and amortization	98.8	96.0	2.8	2.9%
Utilities	19.7	23.2	(3.5)	(15.1)%
Total operating expenses	$ 1,225.3	$ 1,160.6	$ 64.7	5.6%

Fiscal Year 2016



STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point in time financial statement and is used as a measure of the financial condition of the University. This statement presents a snapshot concerning assets, classified as current (those available for use within one year) and noncurrent (those available beyond one year), liabilities, categorized as current (those maturing and due within one year) and noncurrent (those maturing and due after one year), and net position.

Assets represent what is owned by or what is owed to the University, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the University. A deferred outflow of resources represents the consumption of net assets by the University that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the University that is applicable to a future reporting period.

The University's net position is the residual value in the University's assets and deferred outflows after liabilities and deferred inflows are deducted. Over time, an increase in net position is an indicator of the University's improving financial strength.

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

	2016	2015	$ Change	% Change
Assets:				
Current assets	$ 823.5	$ 816.8	$ 6.7	0.8%
Property and equipment, net	1,698.2	1,506.4	191.8	12.7%
Other noncurrent assets	1,220.3	1,077.2	143.1	13.3%
Total assets	3,742.0	3,400.4	341.6	10.0%
Deferred outflows of resources	206.9	171.1	35.8	20.9%
Liabilities:				
Current liabilities	554.6	467.2	87.4	18.7%
Noncurrent liabilities	2,337.0	2,080.2	256.8	12.3%
Total liabilities	2,891.6	2,547.4	344.2	13.5%
Deferred inflows of resources	4.2	26.5	(22.3)	(84.2)%
Net position:				
Net investment in capital assets	1,365.9	1,207.9	158.0	13.1%
Restricted nonexpendable	12.6	13.1	(0.5)	(3.8)%
Restricted expendable	76.6	205.9	(129.3)	(62.8)%
Unrestricted	(402.0)	(429.3)	27.3	(6.4)%
Total net position	$ 1,053.1	$ 997.6	$ 55.5	5.6%

Assets

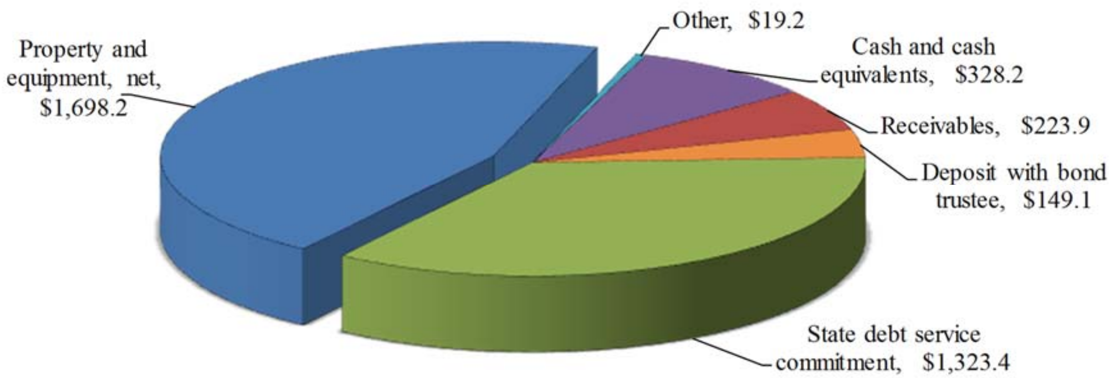
Total assets increased $341.6 million in fiscal year 2016 due to the following:

- Current assets increased $6.7 million. Cash and cash equivalents increased $96.7 million, which corresponds with increases in operating revenues, state appropriation, and non-capital gifts. Accounts receivable also increased $12.8 million, mainly due to the new service concession arrangement for bookstore operations (see Note 11) and increased activity in grants and contracts. State debt service commitment increased $12.7 million, attributable to the issuance of new general obligation bonds, offset by principal payments and refundings. These increases were offset by large decreases in amounts due from the State and deposit with bond trustee. Due from the State decreased $38.3 million as a result of capital expenditures paid by State general obligation bonds for the technology park during fiscal year 2016. Deposit with bond trustee decreased $72.8 million due to additional drawdowns for capital expenditures in fiscal year 2016 compared to the prior year.

- The increase in capital expenditures also contributed to a large net increase in property and equipment of $191.8 million, with the majority related to construction in progress.

- Other noncurrent assets increased $143.1 million. This was attributable to a $145.5 million increase in the long-term portion of the State debt service commitment offset by a net decrease in investments. Investments decreased primarily due to losses associated with fair market value adjustments.

The following graph shows total assets of $3,742.0 million by major category as of June 30, 2016 ($ in millions):

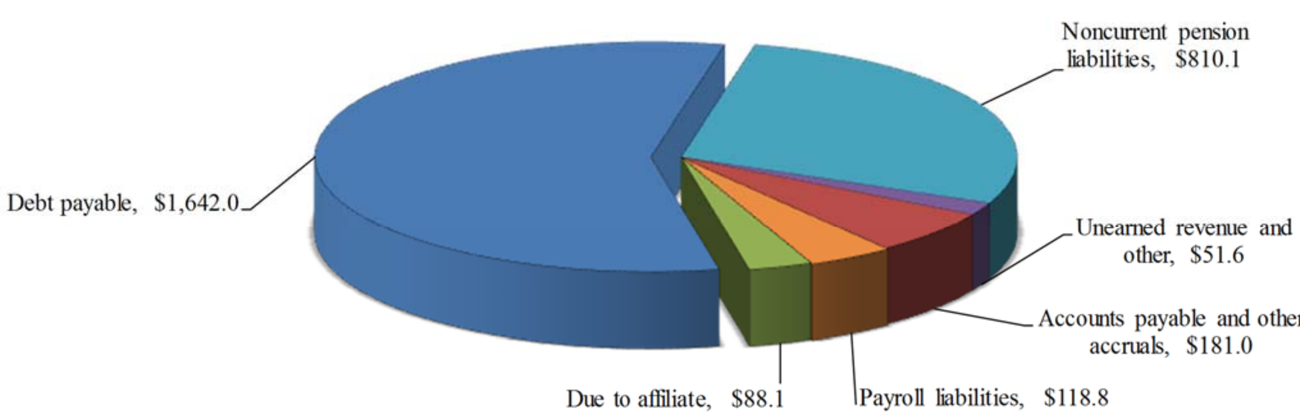


Liabilities
Total liabilities increased $344.2 million in fiscal year 2016 based on the following:

- Current liabilities increased $87.4 million. An increase in accounts payable of $51.3 million was mainly attributable to capital projects. Wages payable increased $5.4 million primarily due to compensation increases for collective bargaining units. The University's current portion of debt payable increased $18.5 million due in part to new general obligation bonds issued during the year in addition to a note payable acquired in fiscal year 2016 to partially finance the Nathan Hale Inn purchase. Due to affiliate increased $7.8 million, primarily due to the timing of UConn Health projects.

- Noncurrent liabilities increased $256.8 million. This was largely attributable to the increase in long-term debt of $170.3 million for issuances of new general obligation bonds offset by refundings and repayments in fiscal year 2016. Pension liabilities also increased $84.0 million, mostly due to the increase in the University's proportion of the State's collective net pension liability for defined benefit plans.

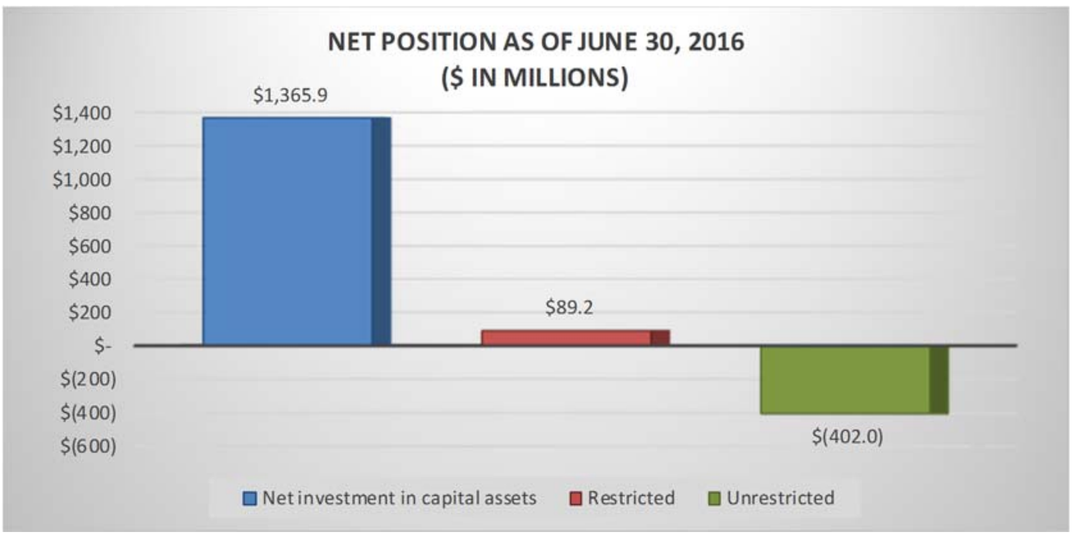
The following graph shows total liabilities of $2,891.6 million by major category as of June 30, 2016 ($ in millions):



Deferred Outflows of Resources
Deferred outflows of resources increased $35.8 million mainly due to pension related adjustments. The change in the University's proportion of the State's net pension liability resulted in a deferral that was $29.8 million higher than in the prior year. Contributions made after the pension plans' measurement date that are deferred also increased in fiscal year 2016 by $6.8 million.

Deferred Inflows of Resources
Deferred inflows of resources decreased $22.3 million from the prior fiscal year. In fiscal year 2016, actual investment earnings on pension plan assets were less than expected. This resulted in a deferred loss of $21.3 million that was subtracted from the balance of the deferred gain on pension plan investments of $21.2 million from the prior year. This net decrease was offset by an addition to deferred inflows of $3.9 million for the bookstore service concession arrangement.

Net Position
Net position is divided into three major categories. The first category, net investment in capital assets, represents the University's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on the University's Statement of Net Position. Expendable restricted net position is available for expenditure by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to the University for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.



The increase in net position of $55.5 million in fiscal year 2016 included the following changes:

- Net investment in capital assets increased $158.0 million. This was due to a net increase in capital assets of $191.8 million, reduced by a net increase of $33.8 million in capital debt.

- Restricted nonexpendable decreased $498,000 due to losses for fair market value adjustments on endowment investments offset by additions to permanent endowments.

- Restricted expendable decreased $129.3 million primarily due to increased capital expenditures for projects such as the Next Generation Residence Hall, the Technology Quadrant Innovation Partnership Building, and the relocation of the Harford campus.

- The deficit balance in unrestricted net position relates to UConn's share of the State's pension liabilities. The deficit was lower in fiscal year 2016 due to increases in various operating revenues offset by increases in pension-related expenses.

STATEMENT OF CASH FLOWS
The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section reflects cash flows from noncapital financing activities including State appropriation, gifts, and other nonoperating revenues and expenses. The third section shows cash flows from capital and related financing activities, capital grants and gifts, and State debt service commitments for principal and interest. The fourth section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to net cash used in operating activities.

CAPITAL ACTIVITIES

Property and equipment, net of accumulated depreciation, consisted of the following ($ in millions):

	2016	2015	$ Change	% Change
Land	$ 20.7	$ 20.3	$ 0.4	2.0%
Construction in progress	305.2	100.7	204.5	203.1%
Art and historical collections	55.1	55.7	(0.6)	(1.1)%
Non-structural improvements	132.8	112.2	20.6	18.4%
Buildings and improvements	1,078.7	1,111.7	(33.0)	(3.0)%
Intangible assets	9.9	10.1	(0.2)	(2.0)%
Library materials	13.0	18.3	(5.3)	(29.0)%
Equipment	82.8	77.4	5.4	7.0%
Total property and equipment, net	$ 1,698.2	$ 1,506.4	$ 191.8	12.7%

Land increased $405,000 due to land acquired upon the dissolution of the Alumni Association.

Construction in progress increased approximately $204.5 million as construction continued on the Next Generation Residence Hall, the Technology Quadrant Innovation Partnership Building, the Engineering and Science Building, the Monteith renovation, the Hartford campus relocation, Putnam Refectory renovations, and other projects. Approximately $27.1 million was transferred from construction in progress to non-structural improvements and buildings and improvements.

Art and historical collections decreased by $643,000, representing approximately $175,000 in additions and $818,000 in disposals. The majority of disposals were write-offs resulting from a reexamination of capitalization thresholds related to art conducted in fiscal year 2016.

Non-structural improvements increased by $20.6 million. Additions totaling $29.3 million included: the North Hillside Road completion, North Eagleville Road infrastructure, Phase I of the main water supply line replacement, pedestrian safety improvements, and other projects. These additions were offset by depreciation expense of $8.7 million.

Buildings and improvements decreased by $33.0 million. Additions of $38.5 million included: the purchase of the Nathan Hale Inn, the transfer of the Alumni Association's building, and other building renovation projects. These additions were offset by depreciation expense of $64.3 million and $7.2 million of losses that were partially due to the demolition of the Connecticut Commons Complex.

Intangible assets decreased by $223,000. Net additions of $2.6 million include accumulated costs associated with the CORE-CT payroll system implementation offset by amortization expense and asset disposals of $2.8 million.

Library materials decreased by $5.3 million. Additions of approximately $207,000 were offset by $5.5 million in depreciation expense.

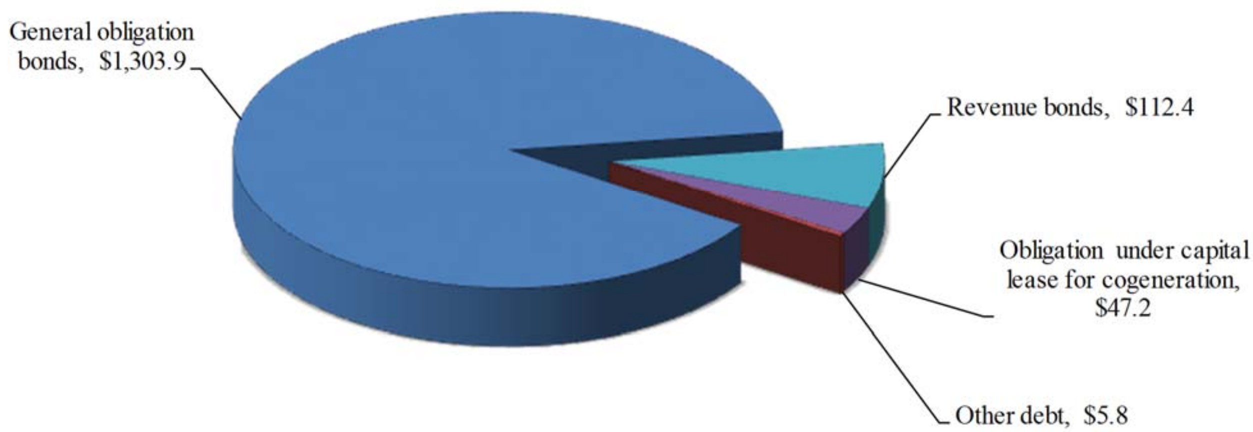
Equipment increased by $5.4 million. Net additions of $7.3 million were offset by depreciation expense and asset disposals of $1.9 million.

In conjunction with the Hartford campus relocation, the University executed an agreement in July 2016 to transfer land, buildings, and related infrastructure to the Town of West Hartford in exchange for $5.0 million. The closing and transfer of title are anticipated to occur October 2, 2017.

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

DEBT ACTIVITIES

The following graph illustrates total debt of $1,469.3 million as of June 30, 2016, exclusive of premiums and discounts ($ in millions):



The University issues general obligation bonds in its own name for a special capital improvement program (UCONN 2000) designed to modernize and expand the physical plant of the University. As amended, it provides for a 29-year capital budget program in three phases for the University and UConn Health, with an estimated total cost of $4.6 billion.

The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable on the Statement of Net Position.

In fiscal year 2016, the University issued UCONN 2000 general obligation bonds with a combined face value of $341.9 million, of which $150.0 million was committed to UConn Health for its UCONN 2000 projects. This issuance included the refunding of the general obligation 2006 Refunding Series A bonds and partial refunding of the general obligation 2007 Series A bonds.

Revenue bonds noted in the graph above relate to special obligation bonds issued by the University that are secured by certain pledged revenues. There were no special obligation bonds issued or refunded in fiscal year 2016.

In July 2016, the University acquired the privately-owned Nathan Hale Inn, located on campus property, for $8.4 million. As part of the purchase price, the University assumed a note payable of $5.4 million, the remaining balance of which is to be paid in full during fiscal year 2017.

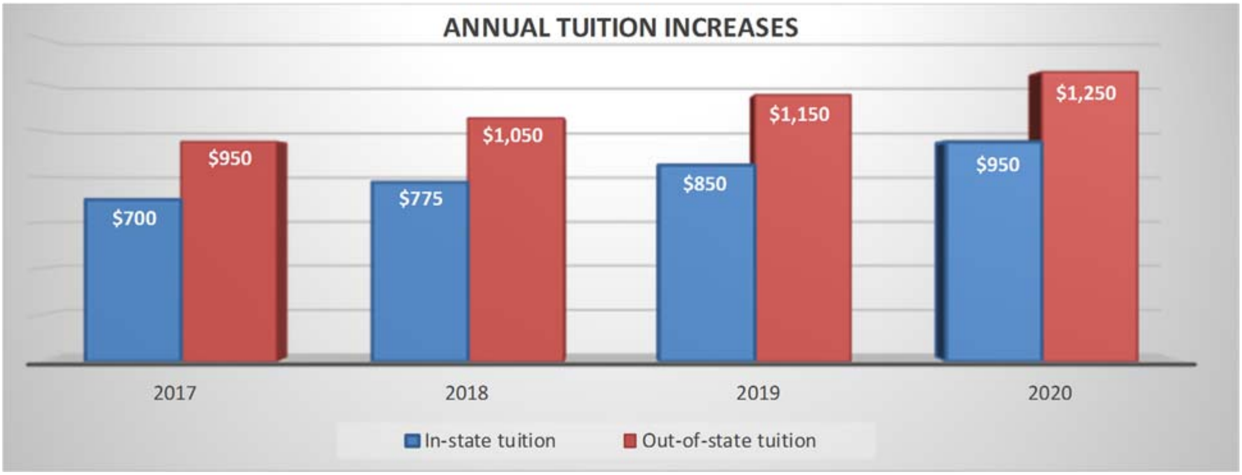
See Note 7 in the financial statements for details related to debt activities.

ECONOMIC OUTLOOK

In June 2016, the University's Board of Trustees approved a $1.3 billion operating budget for fiscal year 2017, which included $369.9 million in State support. The University's State allocation has declined in recent years due to State budget difficulties and was further cut by $40.6 million from the State's original 2017 budget plan. Due to these reductions, it will be the first time that tuition will be the largest source of the University's revenue. Furthermore, the University is subject to an additional five percent or approximately $19.0 million in cuts as part of the Governor's rescission authority if the State budget should fall into a deficiency in fiscal year 2017.

The University adopted a new plan to increase tuition over the next four years, which is expected to raise $14.0 million in new revenue for fiscal year 2017. This rise in tuition is critical to the University's operations and its ability to achieve long-term goals.

Tuition increases over the next four fiscal years are presented in the graph below:



The University will continue to support student accessibility as well as affordability, with the continuation of the Next Generation Connecticut program and investments in financial aid. Next Generation Connecticut is an initiative to revitalize the State's economy by expanding education and research in science, technology, engineering, and math (STEM) fields. Total appropriated funds for this initiative in fiscal year 2017 is $19.2 million, 36 percent less than the original program. As a result, the University could not hire the planned number of new faculty so freshmen enrollment was held steady at approximately 3,800 for fall 2016.

For financial aid, the University will provide $95.9 million that includes $2.1 million of new merit scholarships to students pursuing degrees in the STEM fields. The overall financial aid amount for fiscal year 2017 consists of $62.4 million for need-based support and $33.5 million in scholarships to further support the University's students.

For the upcoming year, the University plans to implement a broad series of spending reductions and controls to balance the budget. These measures include the elimination of empty positions, tighter restrictions on new hiring, the additional scrutiny of expenditures, and exploration of new sources of external revenue.

Unfortunately, budget cutbacks have become a part of the new economic reality faced by state funded institutions across the nation. Despite these fiscal challenges, the University continues to focus on protecting academic excellence, funding key priorities in support of teaching and research, providing strong student support, and delivering its high standard of service to its students, faculty, staff, and the citizens of the State.

UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2016

($ in thousands)

	2016
ASSETS	
Current Assets	
Cash and cash equivalents	$ 328,225
Accounts receivable, net	57,317
Student loans receivable, net	2,226
Due from State of Connecticut	152,913
Due from related agencies	763
State debt service commitment	127,497
Inventories	935
Deposit with bond trustee	149,081
Prepaid expenses and other assets	4,632
Total Current Assets	823,589
Noncurrent Assets	
Investments	13,601
Student loans receivable, net	10,727
State debt service commitment	1,195,940
Property and equipment, net	1,698,224
Total Noncurrent Assets	2,918,492
Total Assets	3,742,081
DEFERRED OUTFLOWS OF RESOURCES	206,875
LIABILITIES	
Current Liabilities	
Accounts payable	141,830
Unearned revenue	37,046
Deposits held for others	2,795
Wages payable	55,119
Compensated absences	26,717
Due to State of Connecticut	27,038
Due to affiliate (see Note 7)	88,132
Current portion of long-term debt and bonds payable	136,718
Other current liabilities	39,184
Total Current Liabilities	554,579
Noncurrent Liabilities	
Compensated absences	9,899
Long-term debt and bonds payable	1,505,310
Federal refundable loans	11,773
Pension liabilities	810,059
Total Noncurrent Liabilities	2,337,041
Total Liabilities	2,891,620
DEFERRED INFLOWS OF RESOURCES	4,211
NET POSITION	
Net investment in capital assets	1,365,918
Restricted nonexpendable	12,593
Restricted expendable	
Research, instruction, scholarships, and other	24,455
Loans	2,520
Capital projects	49,637
Unrestricted	(401,998)
Total Net Position	$ 1,053,125

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

($ in thousands)

	2016
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $140,283	$ 341,809
Federal grants and contracts	129,758
State and local grants and contracts	35,135
Nongovernmental grants and contracts	19,490
Sales and services of educational departments	20,543
Sales and services of auxiliary enterprises, net of scholarship allowances of $4,056	210,455
Other sources	14,183
Total Operating Revenues	771,373
OPERATING EXPENSES	
Educational and general	
Instruction	393,789
Research	80,070
Public service	53,903
Academic support	139,643
Student services	38,916
Institutional support	66,580
Operations and maintenance of plant	122,034
Depreciation and amortization	98,767
Student aid	9,748
Auxiliary enterprises	221,837
Total Operating Expenses	1,225,287
Operating Loss	(453,914)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	384,747
State debt service commitment for interest	53,092
Gifts	25,380
Investment income	1,448
Interest expense	(51,333)
Other nonoperating expenses, net	(3,893)
Net Nonoperating Revenues	409,441
Loss Before Other Changes in Net Position	(44,473)
OTHER CHANGES IN NET POSITION	
State debt service commitment for principal	103,400
Capital grants and gifts	5,071
Disposal of property and equipment, net	(8,486)
Additions to permanent endowments	14
Net Other Changes in Net Position	99,999
Increase in Net Position	55,526
NET POSITION	
Net Position-beginning of year	997,599
Net Position-end of year	$ 1,053,125

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

($ in thousands)

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 340,342
Grants and contracts	181,793
Sales and services of auxiliary enterprises	209,952
Sales and services of educational departments	20,482
Payments to suppliers and others	(416,225)
Payments to employees	(551,038)
Payments for benefits	(260,333)
Loans issued to students	(2,704)
Collections of loans to students	2,483
Other receipts, net	14,374
Net Cash Used in Operating Activities	(460,874)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	383,128
Gifts	27,399
Other nonoperating expenses, net	(299)
Net Cash Provided from Noncapital Financing Activities	410,228
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Proceeds from bonds	300,000
State debt service commitment	148,365
Purchases of property and equipment	(249,107)
Principal paid on debt and bonds payable	(108,586)
Interest paid on debt and bonds payable	(58,209)
Capital allocation	38,089
Capital grants and gifts	2,784
Net Cash Provided from Capital Financing Activities	73,336
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments, net	(1,514)
Interest on investments	1,251
Deposit with bond trustee	72,847
Net Cash Provided from Investing Activities	72,584
INCREASE IN CASH AND CASH EQUIVALENTS	95,274
BEGINNING CASH AND CASH EQUIVALENTS	232,951
ENDING CASH AND CASH EQUIVALENTS	$ 328,225

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2016

($ in thousands)

		2016
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(453,914)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided from (Used in) Operating Activities:		
Depreciation and amortization expense		98,767
Note payable for Nathan Hale Inn purchase		5,377
Property and equipment		(4,150)
Investment		950
In-kind workers' compensation		1,254
Obligations under capital leases		53
Changes in Assets and Liabilities:		
Receivables, net		(14,823)
Inventories		47
Prepaid expenses and other assets		2,331
Accounts payable, wages payable, and compensated absences		16,100
Unearned revenue		3,884
Deposits		(9)
Due from (to) State of Connecticut, net		(16)
Due to affiliate		(141,315)
Pension liabilities and related deferred outflows/inflows		24,945
Other liabilities		(451)
Loans to students		96
Net Cash Used in Operating Activities	$	(460,874)

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS		
Proceeds from refunding bonds	$	90,482
Amortization of premiums/discounts/net loss on debt refundings		9,612
Unrealized loss on investment		(1,625)
Capital assets acquired through gifts		4,564
Loss on disposal of capital assets		(8,486)
Note payable for Nathan Hale Inn purchase		5,377
Receivable related to service concession arrangement		8,138

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
THE UNIVERSITY OF CONNECTICUT LAW SCHOOL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2016

($ in thousands)

	2016
ASSETS	
Current Assets	
Cash and cash equivalents	$ 2,972
Pledges receivable, net of allowance	98
Other current assets	40
Total Current Assets	3,110
Noncurrent Assets	
Pledges receivable, net of allowance	150
Investments	19,870
Property and equipment, net of accumulated depreciation of $134	1
Total Noncurrent Assets	20,021
Total Assets	23,131
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	21
Net Assets	
Unrestricted	1,730
Temporarily restricted	6,935
Permanently restricted	14,445
Total Net Assets	23,110
Total Liabilities and Net Assets	$ 23,131

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

($ in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Contributions and grants	$ 473	$ 379	$ 408	$ 1,260
Interest and dividends	24	481	-	505
Net realized and unrealized gains	2	50	-	52
Net assets released from restrictions	997	(997)	-	-
Total Revenues and Support	1,496	(87)	408	1,817
EXPENSES				
Program Expenses				
Student support and faculty support	514	-	-	514
Scholarships and awards	280	-	-	280
Alumni and graduate relations	83	-	-	83
Total Program Expenses	877	-	-	877
Support Expenses				
Management and general	486	-	-	486
Fundraising	195	-	-	195
Total Support Expenses	681	-	-	681
Total Expenses	1,558	-	-	1,558
Changes in Net Assets	(62)	(87)	408	259
Net Assets-Beginning of Year	1,792	7,022	14,037	22,851
Net Assets-End of Year	$ 1,730	$ 6,935	$ 14,445	$ 23,110

See accompanying notes to basic financial statements.

Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, an enterprise fund of the State of Connecticut (State), is a comprehensive institution of higher education that includes the University of Connecticut Health Center (UConn Health). Although governed by a single Board of Trustees, the University of Connecticut and UConn Health maintain separate budgets and are, by statute, separate entities for the purposes of maintaining operating funds and appropriations from the State. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. This financial report for the fiscal year ended June 30, 2016, represents the transactions and balances of the University of Connecticut (University), herein defined as all programs except UConn Health.

Two related, but independent, corporate entities support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and The University of Connecticut Law School Foundation, Inc. (Law School Foundation). The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health, whereas the Law School Foundation, with similar objectives, supports only the University.

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

The Foundation materially supports the mission of the University and UConn Health, which are separately audited and produce their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or UConn Health would distort its actual contribution or economic benefit to that entity and therefore, the Foundation is not included as a component unit in the accompanying financial statements.

The Law School Foundation, which is organized for the benefit of the University with economic resources that can only be used by or for the benefit of the University, is included as a component unit of the University. The Law School Foundation's audited Statement of Financial Position and Statement of Activities are discreetly presented in their original formats on a separate page of the accompanying financial statements. The Law School Foundation's complete financial statements are available upon request by contacting the Law School Foundation administrative office at 55 Elizabeth Street, Hartford, Connecticut, 06105.

Financial Statement Presentation

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

The University's financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated.

Adoption of New Accounting Standards

For fiscal year 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*, that requires the measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB 72 also enhances guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no significant impact on the accompanying financial statements as a result of this adoption; see also Note 2 for disclosures related to the fair value of investments.

The University also adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of*

GASB Statements 67 and 68. This statement establishes requirements for defined benefit and defined contribution pensions that do not fall within the scope of GASB 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal year 2017. It also amends certain provisions of GASB 67, *Financial Reporting for Pension Plans*, and GASB 68 for pensions and pension plans that are within their respective scopes, the impact of which is effective for fiscal year 2016. There was no significant impact on the accompanying financial statements as a result of this adoption.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was effective for the University in fiscal year 2016. This standard reduces the GAAP hierarchy to two categories and addresses the use of authoritative and nonauthoritative literature in the event that accounting treatment is not specified within a source of authoritative GAAP. There was no significant impact on the accompanying financial statements as a result of this adoption.

In addition, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was effective for the University's fiscal year ended June 30, 2016. GASB 79 establishes criteria for external investment pools to qualify for making the election to measure all of their investments at amortized cost for financial reporting purposes. The standard also requires additional related note disclosures for the pools and governments participating in those pools. There was no impact on the accompanying financial statements related to GASB 79.

Cash Equivalents

For the purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF) are also considered cash equivalents.

Investments

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

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

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

Changes in the unrealized gain (loss) on the carrying value are recorded in nonoperating revenues (expenses) in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Endowment investments are externally restricted by donors or outside sources that have stipulated as a condition of the gift instrument that the principal be maintained inviolate and in perpetuity.

Accounts and Student Loans Receivable

Accounts receivable consist of tuition, fees, auxiliary enterprises service fees, and amounts due from state and federal governments for grants and contracts. Student loans receivable consist primarily of amounts due from students under the Federal Perkins Loan Program, which are subject to significant restrictions. The receivable for student loans is classified as current and noncurrent based on the amount estimated to be collected from students in one year and beyond one year. Accounts and student loans receivable are recorded net of an estimated allowance for doubtful accounts.

Inventories

Maintenance and custodial supplies, repair parts, and other general supplies used in the daily operations of the University are fully expensed when received. Inventories classified as available for resale are reported on the accompanying Statement of Net Position and are valued at cost as determined by the first-in, first-out method.

Deposit with Bond Trustee

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

The University has directed the Trustee Bank to invest UCONN 2000 General Obligation construction fund proceeds in STIF. Similarly, the University has directed the Trustee Bank to invest the debt service funds and cost of issuance for the special obligation bonds in dedicated STIF accounts.

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

Property and Equipment

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

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

Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets. Building components and non-structural improvements have estimated useful lives of 6 years to 60 years. Equipment has an estimated useful life of 3 years to 30 years, capitalized software has an estimated useful life of 3 years to 5 years, and library materials have an estimated useful life of 15 years.

Most University capital assets are financed through the issuance of general obligation bonds, which are restricted in accordance with State legislation. Additionally, the repayment of interest on these bonds are funded through the State. Therefore, the University generally does not include interest in the cost of the capital assets constructed.

Unearned Revenue

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

Compensated Absences

Employee vacation, holiday, compensatory, and sick leave are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as compensated absences in the accompanying Statement of Net Position and in the various expense functions on the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The liability for compensated absences is also classified as current and noncurrent based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences of the University, principal payments due on bonds (net of unamortized premiums and discounts), loans and capital leases with a maturity of more than one year, pension liabilities, and governmental advances for revolving loan programs that would be returned to the federal government upon cessation of the student loan program.

Pension Liabilities

The University records its proportionate share of the State's collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The collective net pension liability for each plan is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position has been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due and employer contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are both recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources

The University reports its proportionate share of collective deferred outflows or collective deferred inflows of resources related to the State's defined benefit plans. Differences between expected and actual experience in the measurement of the total pension liability, changes of assumptions, changes in proportion, and differences between actual and proportionate share of contributions are classified as either deferred outflows or deferred inflows. These differences and changes are recognized over the average of the expected remaining service lives of employees eligible for pension benefits. The net differences between projected and actual earnings on pension plan investments are reported as deferred outflows or deferred inflows and are recognized over five years. Contributions to the pension plan from the University, subsequent to the measurement date of the net pension liability and before the end of the reporting period, are reported as deferred outflows of resources related to pensions.

The difference between the reacquisition price and the net carrying amount of refunded bonds is classified as an accumulated net gain or loss in deferred inflows or deferred outflows of resources. Such amounts are amortized as a component of interest expense on a straight-line basis over the life of either the old debt or the new debt, whichever is shorter. The difference between a receivable and a liability relating to a service concession arrangement is also reported as a deferred inflow of resources. This amount will be amortized as revenue over the contract term.

Net Position

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

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds (net of State debt service commitment) and notes that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component.

- **Restricted nonexpendable:** Endowment and similar type assets in which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** Assets reduced by liabilities and deferred inflows of resources related to those assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets". These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

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

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

Revenues and Expenses

Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is recognized to the extent expended or in the case of fixed price contracts, when the contract terms are met or completed.

Operating expenses, except for depreciation and amortization, are reported using functional classification, including those under educational and general and auxiliary enterprises. See Note 16 for operating expenses by natural classification. All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, noncapital gifts, investment income, interest expense, net other nonoperating revenues (expenses), and other changes in net position.

GASB requires that revenues be reported net of discounts and scholarship allowances. Student aid for scholarships and fellowships, recorded in the accompanying Statement of Revenues, Expenses and Changes in Net Position, includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges, and dining services is reflected as a scholarship allowance and is deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Component Unit

The Law School Foundation prepares its financial statements on the accrual basis of accounting in accordance with GAAP. Net assets, revenues and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the Law School Foundation's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets:** Net assets that are not subject to donor-imposed restrictions.

- **Temporarily Restricted Net Assets:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Law School Foundation and/or passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

- **Permanently Restricted Net Assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Law School Foundation. Generally, the donors of these assets permit the Law School Foundation to use all or part of the income earned on related investments for general or specific purposes.

Unconditional contributions are recognized as revenue when pledged or received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Investments in marketable debt and equity securities, money market funds, and mutual funds are stated at fair value.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The University's total cash and cash equivalents and investments included the following as of June 30, 2016 (amounts in thousands):

	2016
Cash maintained by State Treasurer	$ 295,270
Invested in STIF	28,941
Other deposits	4,014
Total cash and cash equivalents	$ 328,225
Foundation managed endowments	$ 12,593
POET Technologies, Inc.	1,005
Partnership interest	3
Total investments	$ 13,601

Cash and Cash Equivalents

Collateralized deposits are protected by State statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency such as the University are protected cannot be readily determined.

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

The University's cash management investment policy permits the University to invest in STIF, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. Cash and cash equivalents includes $28.9 million invested in STIF, which had a Standard and Poor's rating of AAAm during fiscal year 2016.

Foundation Managed Endowments

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

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees.

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

An administrative fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. The endowment spending allocation and administrative fee taken together cannot exceed 6.75 percent or fall below 3.0 percent of the fair value of endowment funds at March 31. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

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

University endowment investments are managed by the Foundation in a pooled portfolio that is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for the pooled investment portfolio, providing that the maximum exposure with any one manager would be 20 percent for actively managed liquid assets and 5 percent for illiquid assets. The Foundation's Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio (see following table). The Foundation expects that portfolios will be invested in only the strategies described in the table, not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

Investment Objective/Strategies	Allocation Range as Percentage of Market Value
Growth	
Global equity	10% - 60%
Hedge funds - directional	0% - 25%
Private capital	5% - 45%
Inflation Hedging	
Global fixed income	5% - 30%
Hedge funds – non-directional	0% - 20%
Portfolio diversification strategies	0% - 15%
Risk Minimizing	
Cash	0% - 50%
Marketable real assets	0% - 10%
Private real assets	0% - 30%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. The bond mutual funds had effective durations of 2.46 years. The University endowment's foreign publicly traded equities totaled $2.1 million in fiscal year 2016. Private capital investments totaled approximately $1.1 million as of June 30, 2016.

Other Investments

Certain investments are also held directly by the University. As of June 30, 2016, the University held 1.5 million shares in POET Technologies, Inc. (POET) that were received in previous years in connection with technology licensing and royalty-related transactions. In accordance with the University's royalty sharing policy, 33 1/3 percent of the POET shares received were distributed to the inventor in fiscal year 2016. The investment in POET is denominated in Canadian dollars and therefore is subject to foreign currency risk. Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuation in the value of the U.S. dollar relative to the foreign currencies.

In addition, the University held a partnership interest in Campus Associates Limited Partnership as of year-end (see Note 14). The fair value for this investment is the estimated value of the remaining distribution to be received by the University upon the dissolution of the partnership.

The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the investment balance presented in the Statement of Net Position as of June 30, 2016 (amounts in thousands):

	2016				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Foundation Managed Investments					
Cash and cash equivalents	$ 1,926	$ -	$ -	$ -	$ 1,926
Fixed income securities:					
Corporate investment grade	913	-	-	-	913
Equity securities:					-
Domestic	5,508	-	-	-	5,508
Foreign	863	-	-	-	863
Private capital:					-
Buyout/venture capital	-	-	-	851	851
Debt	-	-	-	217	217
Royalties	-	-	-	587	587
Long/short equities	-	-	-	1	1
Private real estate	-	-	-	329	329
Private natural resources	-	-	-	566	566
Relative value	-	-	-	832	832
Total Foundation managed investments	9,210	-	-	3,383	12,593
University Held Investments					
Equity securities - foreign	1,005	-	-	-	1,005
Partnerships	-	-	3	-	3
Total University held investments	1,005	-	3	-	1,008
Total investments	$ 10,215	$ -	$ 3	$ 3,383	$ 13,601

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

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

The following table provides additional information relating to investments with fair values derived either from observable market transactions other than quoted market prices or from unobservable inputs (amounts in thousands):

Investment Strategy	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions
Private capital partnerships including venture, buyout, and distressed in the U.S. and international	$ 1,200	$ 215	1 to 6 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	329	41	1 to 5 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	566	67	13 years	Not applicable	Not redeemable
Total	$ 2,095	$ 323			

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was $13.6 million as of June 30, 2016. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the year ended June 30, 2016 was $528,000.

NOTE 3. ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable as of June 30, 2016, consisted of the following (amounts in thousands):

	2016
Grants and contracts	$ 34,959
Student and general	28,518
Investment income	283
Allowance for doubtful accounts	(6,443)
Total accounts receivable, net	$ 57,317

The University participated in the U.S. Department of Education Federal Direct Lending Program during fiscal year 2016 and distributed student loans through this program of $165.2 million. These distributions and related funding are not reflected as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2016, was $193,000; this amount was included as a receivable under grants and contracts.

The University reported student loans receivable of $13.0 million for the fiscal year ended June 30, 2016. Student loans receivable are substantially composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and are reported separately from accounts receivable on the accompanying Statement of Net Position. The amount is reported net of an allowance for doubtful accounts of $890,000 at June 30, 2016.

NOTE 4. PROPERTY AND EQUIPMENT

The following table describes the changes in property and equipment for the year ended June 30, 2016 (amounts in thousands):

	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets Not Being Depreciated:					
Land	$ 20,274	$ 405	$ -	$ -	$ 20,679
Construction in progress	100,701	231,723	-	(27,134)	305,290
Art and historical collections	55,716	175	(818)	-	55,073
Total capital assets not being depreciated	176,691	232,303	(818)	(27,134)	381,042
Depreciable Capital Assets:					
Non-structural improvements	245,234	13,442	-	15,818	274,494
Buildings and improvements	1,969,081	27,205	(16,158)	11,316	1,991,444
Intangible assets	23,986	3,348	(753)	-	26,581
Library materials	81,697	207	-	-	81,904
Equipment	258,486	22,602	(15,305)	-	265,783
Total depreciable capital assets	2,578,484	66,804	(32,216)	27,134	2,640,206
Less Accumulated Depreciation:					
Non-structural improvements	133,038	8,668	-	-	141,706
Buildings and improvements	857,375	64,271	(8,894)	-	912,752
Intangible assets	13,840	3,571	(753)	-	16,658
Library materials	63,458	5,453	-	-	68,911
Equipment	181,082	16,804	(14,889)	-	182,997
Total accumulated depreciation	1,248,793	98,767	(24,536)	-	1,323,024
Depreciable Capital Assets, Net:	1,329,691	(31,963)	(7,680)	27,134	1,317,182
Property and Equipment, Net:	$ 1,506,382	$ 200,340	$ (8,498)	$ -	$ 1,698,224

In conjunction with the Hartford campus relocation, the University executed an agreement to sell the West Hartford campus property to the Town of West Hartford (Town). Under the agreement, the University will transfer land, buildings, and related infrastructure to the Town in exchange for $5.0 million. In the event that the Town sells the property to a third party prior to October 1, 2024, the University is entitled to 90 percent of the net proceeds less the original $5.0 million purchase price. The closing and transfer of title are anticipated to occur October 2, 2017.

NOTE 5. UNEARNED REVENUE

As of June 30, 2016, unearned revenue included the following (amounts in thousands):

	2016
Tuition and fees and auxiliary enterprises	$ 25,059
Certain restricted research/operating grants	9,654
Athletic ticket sales and commitments	2,333
Total unearned revenue	$ 37,046

NOTE 6. COMPENSATED ABSENCES AND WAGES PAYABLE

The following table shows activity for compensated absences for the fiscal year ended June 30, 2016 (amounts in thousands):

	2016
Beginning balance, July 1	$ 35,097
Additions, net	5,387
Deductions (separations only)	(3,868)
Ending balance, June 30	$ 36,616

Wages payable includes salaries and wages for amounts owed to employees at the fiscal year-end. The State administers benefit and retirement plans for the University; therefore, the liability for fringe benefits related to wages payable is included in due to State on the accompanying Statement of Net Position.

NOTE 7. LONG-TERM DEBT AND BONDS PAYABLE

Public Act (PA) No. 95-230 enabled the University to borrow money in its own name for a special 10-year capital improvement program designed to modernize, rehabilitate, and expand the physical plant of the University (UCONN 2000). It authorized projects for Phases I and II of UCONN 2000, estimated to cost $1,250.0 million, of which $962.0 million was to be financed by bonds of the University; $18.0 million was to be funded by State general obligation bonds; and the balance of $270.0 million was to be financed by gifts, other revenue, or borrowing resources of the University.

In fiscal year 2002, the General Assembly of the State of Connecticut (General Assembly) enacted and the Governor signed into law PA No. 02-3, *An Act Concerning 21st Century UConn* (Act). The new Act authorized additional projects for the University and UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program. The Act, as amended by PA No. 10-104 and 11-75, authorized projects under Phase III at a total estimated cost of $1,818.3 million, of which $1,769.9 million was financed by bonds of the University secured by the State's debt service commitment. The remaining $48.4 million was financed by the University's issuance of special obligation bonds, from gifts, other revenue or borrowing resources of the University, or through the deferring of projects or achieved savings.

In June 2013, the General Assembly enacted and the Governor signed into law PA No. 13-233, *An Act Concerning Next Generation Connecticut*, an extension of Phase III that authorized additional projects, increased the cost of certain projects, increased the authorized bond funding secured by the State's debt service commitment by $1,551.0 million, and extended UCONN 2000 for an additional six fiscal years to 2024.

The total estimated cost for Phases I, II, and III under UCONN 2000, a 29-year capital program, is $4,619.3 million.

The University issues general obligation bonds to finance UCONN 2000 projects. The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. Sufficient proceeds are deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt and invested in U.S. Treasury, state and local government securities, and cash in accordance with the escrow agreement. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State debt service commitment – the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment.

In fiscal year 2016, the University issued the 2016 Series A bonds. The University recorded $261.5 million as State debt service commitment for principal, which together with part of the original issue premium resulted in total proceeds of $300.0 million. These proceeds included $150.0 million to finance projects for UConn Health for fiscal year 2016. As bonds are issued, the amount of the commitment for UConn Health is reflected as an offset against State debt service commitment for principal. A corresponding liability of $88.1 million is included in due to affiliate on the accompanying Statement of Net Position, reflecting the unspent portion of the bonds due to UConn Health as of June 30, 2016. Also for the fiscal year ended June 30, 2016, nonoperating revenues included the State debt service commitment for interest on general obligation bonds of $53.1 million, a portion of which is associated with UConn Health projects.

During fiscal year 2016, the University also issued the 2016 Refunding Series A bonds to refund portions of the previously issued Series A General Obligation Bonds in advance of maturity. The related $8.1 million decrease in bonds payable is reflected as a reduction to the University's revenue, resulting in total State debt service commitment for principal on the accompanying Statement of Revenues, Expenses, and Changes in Net Position of $103.4 million. The refundings reduced the general obligation debt service payments in future years by approximately $8.5 million and resulted in an economic gain (present value of the savings) of approximately $7.8 million.

The following table reflects the change in debt as a result of the 2016 Series A Refunding (amounts in thousands):

	2016
2006 Refunding Series A	$ 46,535
2007 Series A	42,000
Total defeased debt	88,535
Total refunding bonds	80,425
Decrease in bonds as a result of refunding	$ 8,110

In addition, the University may issue special obligation bonds, also called Student Fee Revenue Bonds. There were no special obligation bonds issued or refunded in fiscal year 2016.

The special obligation bonds are secured by certain pledged revenues, as defined in the indenture, including gross and net revenue amounts. The total gross and net pledged revenues from tuition and fees, auxiliary, investment, and other revenues of the University were approximately $91.1 million in fiscal year 2016. Gross pledged revenues include the infrastructure maintenance fee and the general university fee plus investment income on the bond accounts held by the Trustee Bank, prior to any payments, deductions, offsets, or provisions. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, the board (dining) fee, and the parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed and before depreciation expense is deducted. In addition to securing revenue bonds, the gross and net pledged revenues available are pledged toward certain other debt.

The University has covenanted to collect, in each fiscal year, fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in each respective fiscal year for the special obligation bonds.

The total principal and interest remaining to be paid on all special obligation bonds as of June 30, 2016 was $153.0 million. The total amount paid by pledged revenues was $6.2 million for the principal and $5.3 million for the interest on this debt in fiscal year 2016.

The State issues certain general obligation bonds that are categorized as self-liquidating bonds. These bonds are issued to fund the construction and renovations of revenue-generating capital projects. The University reimburses the State primarily with revenue from student fee charges in the amount equal to the debt service on self-liquidating bonds.

The University also has a long-term UCONN 2000 Governmental Lease Purchase Agreement to finance the UCONN 2000 Cogeneration plant (see Note 8).

On July 1, 2015, the University assumed a note payable related to the purchase of the Nathan Hale Inn for $5.4 million (see Note 14). The note payable requires monthly payments of principal and interest until the remaining balance is paid in full in December 2016.

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

Long-term debt activity for the year ended June 30, 2016, was as follows (amounts in thousands):

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
General obligation bonds	$ 1,147,985	$ 341,935	$ (186,050)	$ 1,303,870	$ 107,930
Revenue bonds	118,625	-	(6,215)	112,410	6,455
Self-liquidating bonds	349	-	(74)	275	275
Installment loans	671	53	(442)	282	239
Obligation under capital lease for Cogeneration	51,398	-	(4,169)	47,229	4,312
Note payable - Nathan Hale Inn	-	5,377	(172)	5,205	5,205
Total long-term debt	1,319,028	347,365	(197,122)	1,469,271	124,416
Premiums/discounts	134,213	50,493	(11,949)	172,757	12,302
Total long-term debt, net	$ 1,453,241	$ 397,858	$ (209,071)	$ 1,642,028	$ 136,718

Long-term debt outstanding as of June 30, 2016, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	Type of Issue	Original Amount	Principal Payable	Maturity Dates Through Fiscal Year	Interest Rate*	2016 Balance
Bonds:						
GO 2007 Series A	original	$ 89,355	annually	2027	3.6-5.0%	$ 4,200
GO 2007 Ref. Series A	refund	46,030	various	2022	5.00%	41,415
GO 2009 Series A	original	144,855	annually	2029	3.0-5.0%	93,640
GO 2010 Series A	original	97,115	annually	2030	3.0-5.0%	67,965
GO 2010 Ref. Series A	refund	36,095	annually	2021	2.25-5.0%	18,975
GO 2011 Series A	original	179,730	annually	2031	3.515-5.0%	134,785
GO 2011 Ref. Series A	refund	31,905	various	2023	2.0-5.0%	22,225
GO 2013 Series A	original	172,660	annually	2034	2.0-5.0%	155,395
GO 2013 Ref. Series A	refund	51,250	various	2024	2.0-5.0%	48,460
GO 2014 Series A	original	109,050	annually	2034	2.0-5.0%	98,145
GO 2014 Ref. Series A	refund	92,940	various	2025	2.0-5.0%	32,945
GO 2015 Series A	original	220,165	annually	2035	1.0-5.0%	209,160
GO 2015 Ref. Series A	refund	34,625	annually	2026	4.0-5.0%	34,625
GO 2016 Series A	original	261,510	annually	2036	3.0-5.0%	261,510
GO 2016 Ref. Series A	refund	80,425	annually	2027	4.0-5.0%	80,425
Total general obligation bonds		1,647,710				1,303,870
Rev 2010 Ref. Series A	refund	47,545	annually	2028	3.0-5.0%	32,475
Rev 2012 Ref. Series A	refund	87,980	annually	2030	1.5-5.0%	79,935
Total revenue bonds		135,525				112,410
April 2005	refund	275	various	2017	4.37-5.25%	275
Total self-liquidating bonds		275				275
Total bonds		1,783,510				1,416,555
Loans and Other Debt:						
Installment loans		2,090	various	various	1.05-1.959%	282
Obligation under capital lease for Cogeneration		81,900	monthly	2026	3.22-5.09%	47,229
Note payable - Nathan Hale Inn		5,377	monthly	2017	6.84%	5,205
Total loans and other debt		89,367				52,716
Total bonds, loans and other debt		$ 1,872,877				1,469,271
Add: premiums/discounts						172,757
Total bonds, loans and installment purchases, net						1,642,028
Less: current portion, net						136,718
Total noncurrent portion, net						$ 1,505,310

**For bonds, the weighted average coupon rates are averaged by year of redemption.*

Long-term debt including general obligation bonds, revenue bonds, and loans are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	General Obligation Bonds			Long-Term Debt Other Than General Obligation Bonds			Total Obligations		
Year(s)	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	$ 107,930	$ 58,849	$ 166,779	$ 16,486	$ 6,745	$ 23,231	$ 124,416	$ 65,594	$ 190,010
2018	103,980	55,780	159,760	11,185	6,186	17,371	115,165	61,966	177,131
2019	100,050	51,364	151,414	11,424	5,779	17,203	111,474	57,143	168,617
2020	94,315	46,630	140,945	12,487	5,325	17,812	106,802	51,955	158,757
2021	89,380	42,326	131,706	12,512	4,824	17,336	101,892	47,150	149,042
2022-2026	376,095	152,449	528,544	64,737	16,048	80,785	440,832	168,497	609,329
2027-2031	280,485	70,497	350,982	36,570	3,576	40,146	317,055	74,073	391,128
2032-2036	151,635	15,777	167,412	-	-	-	151,635	15,777	167,412
Total	$ 1,303,870	$ 493,672	$ 1,797,542	$ 165,401	$ 48,483	$ 213,884	$ 1,469,271	$ 542,155	$ 2,011,426

NOTE 8. LEASES

Capital Leases

In December 2003, the University entered into a 20-year lease purchase agreement for a project to provide on-site generation of electricity, steam, and chilled water for heating and cooling for the University's Storrs campus. The project initially assumed a total cost of $75.0 million and included construction of a building and the engineering, design, and installation of certain equipment to establish the Cogeneration facility. The lease was amended in August 2005 as a result of an increase in the total anticipated cost to $81.9 million. After another amendment, the remaining monthly payments decreased from $517,000 to $482,000 beginning August 2013 and the original lease term did not change. Amounts advanced by the lessor include capitalized interest during construction and are reflected as long-term debt in the accompanying financial statement. At the completion of the lease term, the University has an option to purchase the project assets for one dollar. The historical cost and accumulated depreciation of the Cogeneration facility were $82.6 million and $35.9 million, respectively, as of June 30, 2016.

The University leases equipment assets with a historical cost and accumulated depreciation of $2.1 million and $932,000, respectively, as of June 30, 2016.

All assets subject to capital lease agreements are included in property and equipment on the accompanying Statement of Net Position; depreciation on these assets is included in depreciation and amortization expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see Note 4). Loans related to these capital lease agreements are included in long-term debt and bonds payable on the accompanying Statement of Net Position (see Note 7).

Operating Leases

The University has leases related to equipment and building space that expire at various dates. Future minimum rental payments at June 30, 2016, under non-cancellable operating leases that exceeded $500,000 each were as follows (amounts in thousands):

Fiscal Year	Payments
2017	$ 1,871
2018	1,028
2019	1,044
2020	1,061
2021	1,076
Thereafter	1,699
Total	$ 7,779

Expenses related to operating lease commitments in excess of $500,000 each totaled approximately $1.6 million for the fiscal year ended June 30, 2016.

NOTE 9. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

State Retirement Systems

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

Plan description. SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. Approximately 51 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees' Retirement Commission. SERS consists of five plans: Tier I, Tier II, Tier IIA, Tier III, and the Hybrid Plan.

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

Benefits provided. SERS provides retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula that takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192x of the State General Statutes.

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

Contributions. SERS contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute two percent and four percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus five percent above that level; Tier I Plan C members are required to contribute five percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute four percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute two percent and five percent of their annual salary, respectively. Individuals hired on or after July 1, 2011, who are otherwise eligible for the Alternate Retirement Plan are eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tier II/IIA/III for individuals hired on or after July 1, 2011, but requires employee contributions three percent higher than the contribution required from the applicable Tier II/IIA/III Plan. The State is required to contribute at an actuarially determined rate.

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

For fiscal year 2016, the University made contributions on behalf of the employees through a fringe benefit charge assessed by the State at 36.7 percent and 31.0 percent for SERS and TRS, respectively. These amounts are expected to finance the costs of benefits earned by employees during the year and any unfunded accrued liability. The University's contributions for fiscal year 2016 were $73.7 million and $426,000 for SERS and TRS, respectively.

Proportionate share of collective net pension liability (NPL) and collective pension expense. The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2014 and rolled forward to the measurement date of June 30, 2015. The University's proportion of the collective NPL was based on the University's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, the University's proportion was 4.88 percent and 0.04 percent for SERS and TRS, respectively, at the measurement date of June 30, 2015. SERS increased 0.4 of a percentage point from its proportion measured as of June 30, 2014.

The University's proportionate share of the collective NPL at June 30, 2016 and related pension expense for fiscal year 2016 consisted of the following (amounts in thousands):

	SERS	**TRS**	**Total**
Proportionate share of collective NPL	$ 805,629	$ 4,430	$ 810,059
Proportionate share of collective pension expense	$ 94,847	$ 306	$ 95,153

Actuarial assumptions. The TPL was based on the actuarial study for the period July 1, 2007 – June 30, 2011 for SERS and the period July 1, 2005 – June 30, 2010 for TRS. The TPL was determined by rolling forward the liabilities of an actuarial valuation performed as of June 30, 2014, using the following key actuarial assumptions:

	SERS	TRS
Inflation	2.75%	3.00%
Salary increases, including inflation	4.00% – 20.00%	3.75% – 7.00%
Investment rate of return, net of pension plan investment expense, including inflation	8.00%	8.50%

For SERS, mortality rates were based on the RP-2000 Mortality Table for Annuitants and Non-Annuitants projected with the scale AA, 15 years for men (2-year setback) and 25 years for women (1-year setback) for the period after service retirement and for dependent beneficiaries. For the period after disability retirement, 55 percent (men) and 80 percent (women) of the RP-2000 Disabled Mortality Table was used. The projection of the RP-2000 mortality rates with age setbacks as described provides an approximate 13 percent margin in the assumed rates of mortality.

TRS mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a 2-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with a two-year setback is estimated to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75 percent for death in active service. The post-retirement mortality rates are set forward 10 years for the period after disability retirement.

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 adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2015 measurement date are summarized in the following table for each plan:

	SERS		TRS	
Asset Class	**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%
Developed Non-U.S. Equities	18.0%	6.6%	18.0%	6.6%
Emerging Market (Non-U.S.)	9.0%	8.3%	9.0%	8.3%
Real Estate	7.0%	5.1%	7.0%	5.1%
Private Equity	11.0%	7.6%	11.0%	7.6%
Alternative Investments	8.0%	4.1%	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%	7.0%	1.3%
High Yield Bonds	5.0%	3.9%	5.0%	3.9%
Emerging Market Bond	4.0%	3.7%	5.0%	3.7%
Inflation Linked Bond	5.0%	1.0%	3.0%	1.0%
Cash	4.0%	0.4%	6.0%	0.4%
Total	100.0%		100.0%	

Discount rate. The discount rate used to measure the total pension liability was 8.0 percent and 8.5 percent for SERS and TRS, respectively. The projection of cash flows used to determine the SERS and TRS discount rates assumed that 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, the SERS and TRS 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 TPL.

Sensitivity analysis. The following table presents the University's proportionate share of the collective NPL calculated using the discount rate of 8.0 percent and 8.5 percent for SERS and TRS, respectively. The table also shows what the University's proportionate share of the collective NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts in thousands):

	1% Decrease	Current Discount	1% Increase
SERS	$ 958,318	$ 805,629	$ 676,990
TRS	$ 5,587	$ 4,430	$ 3,447

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS and TRS pension plans are available in the State's CAFR for the fiscal year ended June 30, 2015.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in proportion and differences between University contributions and proportionate share of contributions	$126,748	$ 24	$126,772
Net differences between projected and actual earnings on pension plan investments	126	32	158
University contributions subsequent to the measurement date	73,668	426	74,094
Total deferred outflows	$200,542	$ 482	$201,024
Deferred Inflows of Resources			
Changes in proportion and differences between University contributions and proportionate share of contributions	$ -	$ 325	$ 325

The $74.1 million in deferred outflows relating to University contributions made subsequent to the measurement date will be recognized as a reduction of the collective NPL in the year ending June 30, 2017. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
2017	$ 29,422	$ (77)	$ 29,345
2018	29,422	(77)	29,345
2019	29,422	(77)	29,345
2020	30,855	9	30,864
2021	7,754	(51)	7,703
Thereafter	-	3	3
Total	$ 126,875	$ (270)	$ 126,605

Alternate Retirement Plan

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

All unclassified employees, not already in a pension plan, of a constituent unit of the State system of higher education and the central office staff of the Department of Higher Education are eligible to participate in ARP. Participants must contribute five percent of eligible compensation each pay period and the employer shall contribute an amount equal to eight percent of the participant's eligible compensation. The University contributes its employer share through a fringe benefit charge assessed by the State. Participant and employer contributions are both 100 percent vested immediately.

For fiscal year 2016, the University's employer contributions to ARP were approximately $19.3 million.

A participant who retires or who experiences severance of employment for any reason other than retirement may elect, by written notice to the ARP administrator, to commence distribution of his or her account after attaining age 55; provided however, that the participant who experiences a severance of employment from state service with less than 5 years of participation may elect, at the time and in the manner prescribed by the ARP administrator, to have his or her entire account paid directly to an eligible retirement plan in a direct rollover prior to attaining age 55. Other ARP provisions are described in Chapter 66 of the Connecticut General Statutes, *State Employees Retirement Act*.

Department of Dining Services

The University's Department of Dining Services (DDS) employs 522 full-time staff, of which 67 participate in either SERS or ARP. The remaining 455 are eligible to participate in two other retirement plans: the University of Connecticut, Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut, Department of Dining Services 403(b) Retirement Plan. Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

The MPPP is a defined contribution plan. Under the provisions of MPPP, all employees of DDS with at least 700 hours of service and 12 months of service are eligible to participate. DDS is required to contribute six percent or eight percent of covered compensation for eligible employees, dependent upon hire date, and its employees do not make any contributions to MPPP. Employees are vested after three years of credited service. Any amounts forfeited shall be used to reduce DDS's contribution. On behalf of MPPP participants, DDS contributed approximately $829,400 to the plan during fiscal year 2016. Forfeitures used to reduce the required contributions were approximately $5,900. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the MPPP document.

The University of Connecticut, Department of Dining Services 403(b) Retirement Plan is also a defined contribution plan. Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed on September 1, 1994, or terminated and rehired prior to September 1, 1995, and who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participants hired after August 31, 1994, do not receive a DDS match. Participant and State matches are both 100 percent vested. On behalf of 403(b) Retirement Plan participants, DDS contributed approximately $19,400 to the plan during fiscal year 2016. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the 403(b) Retirement Plan document.

Post-Employment Benefits other than Pension

In addition to pension benefits, the State provides post-retirement health care and life insurance benefits to University employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100 percent of their health care insurance premium cost (including dependents' coverage) depending on the plan chosen by the employee. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Currently, the State is responsible for and finances the cost of post-retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund; therefore, no liability is recorded in the University's financial statement. However, implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions,* will require reporting of the University's proportionate share of the net liability related to its participation in the postemployment benefit plans on the Statement of Net Position as well as more extensive note disclosures and required supplementary information about the postemployment liabilities. This Statement is effective for fiscal years beginning after June 15, 2017. The University is still evaluating the overall impact of this standard on its financial statements.

NOTE 10. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2016 (amounts in thousands):

	2016
Deferred Outflows of Resources	
Accumulated loss on debt refundings, net	$ 5,851
Amounts related to pension liabilities	201,024
Total deferred outflows of resources	$ 206,875
Deferred Inflows of Resources	
Amounts related to service concession arrangement	$ 3,886
Amounts related to pension liabilities	325
Total deferred inflows of resources	$ 4,211

NOTE 11. SERVICE CONCESSION ARRANGEMENTS

In June 2016, the University contracted with Barnes & Noble College Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. The University recorded an execution payment in the amount of $1.5 million that will be amortized over the 10-year period. For each contract year, Barnes & Noble will pay the University a percentage of commissionable sales as defined by the contract with a minimum annual guarantee of $3.5 million for the first and second contract year. The University is obligated to provide bookstore facilities and utilities, including amounts related to a leased location in Storrs Center. Barnes & Noble is obligated to invest a minimum of $3.0 million to improve and furnish the bookstores by December 31, 2017. As of June 30, 2016, no significant renovations have been made by Barnes & Noble.

For the year ended June 30, 2016, the University reported bookstore facilities as capital assets with a carrying amount of $3.3 million and a receivable of $8.1 million, representing the execution payment and the present value of the installment payments for the first and second contract year. The University also reported a liability of $4.2 million (representing the present value of the lease obligation and utilities) and a deferred inflow of resources of $3.9 million that will be amortized as revenue over the contract term.

NOTE 12. COMMITMENTS

The University had outstanding commitments, in excess of $500,000 each, of $468.0 million as of June 30, 2016. This amount included $319.8 million related to capital projects for the University and $137.6 million related to UCONN 2000 capital projects that are administered by the University for UConn Health. UCONN 2000 expenditures made on behalf of UConn Health offset the due to affiliate liability on the accompanying Statement of Net Position (see Note 7). In addition to the amounts related to capital outlay, approximately $10.6 million in outstanding commitments related to operating expenses. A portion of the total amount of outstanding commitments was also included in accounts payable on the accompanying Statement of Net Position as of June 30, 2016. See Note 8 for amounts related to operating leases.

NOTE 13. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the Statement of Revenues, Expenses and Changes in Net Position. This increased tuition and fee revenues and operating expenses by $4.4 million for the fiscal year ended June 30, 2016. The total amount of waivers not reflected on the accompanying financial statement was $54.2 million in fiscal year 2016. Approximately 93 percent of this amount was provided to graduate assistants and $2.7 million was charged back to grants for reimbursement.

NOTE 14. RELATED PARTY TRANSACTIONS

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

The Foundation

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

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2016 (amounts in thousands):

	2016
Amount paid to the Foundation for its guaranteed contractual services	$ 8,505
Reimbursements from the Foundation for operating expenses	$ 184
Accrued capital and noncapital gift and grant revenue from the Foundation	$ 21,756
Amount receivable from the Foundation*	$ 3,713

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

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

During fiscal year 2016, the University of Connecticut Alumni Association (Alumni Association) dissolved in order to consolidate alumni engagement efforts with the Foundation. Most of its assets were transferred to the Foundation, whereas title to the Alumni Association's building was transferred to the University for one dollar. Services previously provided by the Alumni Association are now provided by the Foundation in exchange for an additional fee that is included in contractual amounts paid to the Foundation by the University.

University of Connecticut Research and Development Corporation

The University of Connecticut Research and Development Corporation, also known as UConn Ventures (UCV), was established to assist in the efficient transfer of innovative technologies and processes developed by the faculty and staff of the University, through creation of new commercial enterprises. The University and UCV entered into an Invention Administration Agreement in fiscal year 2013 under which the University granted UCV an option to license certain rights to the University's technology developed in faculty labs, provide funding to operate UCV and pay for UCV's patent portfolio. On December 31, 2015, ownership of UCV passed from the Foundation to the University. As part of the transfer agreement the Foundation will receive 10 percent of the net proceeds of any sales or dispositions of investments owned by UCV at the date of transfer.

The State

The University receives funding from the State for capital projects via UCONN 2000 (see Note 7). In addition, the State supports the University's mission primarily via two mechanisms: State appropriation and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the State's General Fund. Payments for fringe benefits are made by the State for reimbursements related to salaries expensed from the General Fund.

State appropriation and the provision of payments for fringe benefits for the year ended June 30, 2016, consisted of the following (amounts in thousands):

	2016
Amount of General Fund appropriation received from the State	$ 224,406
Amount of payments for fringe benefits received from the State	160,945
Decrease of General Fund payroll included in due from the State	(604)
Total appropriation and payments for fringe benefits from the State	$ 384,747

In fiscal year 2016, the State mandated a transfer of $13.2 million from the University's unrestricted funds to its General Fund as an effort to alleviate the State's budget deficit. This was reported as a reduction to State appropriation.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA No. 11-57, as amended by PA 14-98, authorized $169.5 million of State General Obligation Bonds to create a technology park on the Storrs campus. The State Bond Commission allocated the total $169.5 million to finance the initial design, development costs, equipment purchases, and construction related to the technology park. These bonds are an obligation of the State and therefore are not recorded as a liability on the accompanying financial statement. The unspent portion related to these bonds was $111.5 million as of June 30, 2016, and was included in due from State on the accompanying Statement of Net Position.

UConn Health

The University is responsible for the management of UCONN 2000 funds for UConn Health's construction projects. The unspent portion of these funds was recorded under due to affiliate in the accompanying Statement of Net Position (see Note 7). In addition, the University engaged in certain cost share arrangements with UConn Health for shared services.

The University and UConn Health have also partnered to support economic development activities and to achieve successful outcomes for the technology park and Bioscience Connecticut initiatives. In fiscal year 2016, UConn Health and the University each provided an equal share of funding for economic development activities in accordance with an annual memorandum of agreement. The budget was managed by the University and selected expenses were paid directly by UConn Health. Any amounts owed by UConn Health for its remaining funding obligations were reimbursed directly to the University.

In fiscal year 2015, the University and UConn Health entered into an agreement to establish a unified marketing initiative. This agreement leverages the internal staff, resources, and expertise of both entities to provide marketing support. UConn Health has agreed to pay the University a baseline sum for marketing services under the agreement. Per the agreement, UConn Health paid the University $3.9 million and the University incurred expenses of $3.8 million during fiscal year 2016.

Campus Associates Limited Partnership

The University entered into a 50-year land lease with Campus Associates Limited Partnership (Campus Associates) on February 1, 2000. The limited partnership was formed for the purpose of managing the Nathan Hale Inn, a hotel located on campus. In exchange for a rent concession amounting to $100,000 in total over five years, the University received two limited partnership units. In fiscal year 2009, the University purchased a third unit in the limited partnership for $50,000.

In December 2014, the Board of Trustees approved a plan to negotiate an agreement to buy the Nathan Hale Inn to help meet the University's student housing needs. On July 1, 2015 the University purchased the Nathan Hale Inn from Campus Associates for a purchase price of $8.4 million. As part of the purchase price, the University assumed a note payable from a previous lender of $5.4 million (see Note 7). The acquisition value of the net position acquired as of the acquisition date was determined to be $3.0 million.

After completion of the sale of the Nathan Hale Inn, the University received distributions from Campus Associates for its limited partnership units. These distributions reduced the balance of the University's investment in Campus Associates; the value of the remaining distribution to be received by the University was estimated to be $3,000 as of June 30, 2016 (see Note 2).

Mansfield Downtown Partnership, Incorporated

The Mansfield Downtown Partnership, Incorporated (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Storrs Center, King Hill Road, and Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the board of directors, in lieu of financial support. In fiscal year 2016, the University paid $125,000 in annual membership dues to MDP.

NOTE 15. CONTINGENCIES

Certain claims and judgments against the University are covered by the State under Connecticut General Statute § 4-160, which governs most tort and breach of contract claims. Additional coverage is provided for the University by insurance policies and funds maintained by the State.

The University is a party to various legal actions arising in the ordinary course of its operations. Although it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of the majority of these matters will not have a material effect on the University's financial statements. However, there are a small number of outstanding matters, including unasserted claims, of potential individual significance. With respect to two matters, certain claimants seek an aggregate of approximately $25.0 million. If claimants are successful, the claim will be paid from the State's General Fund, not from the University. The State expects these matters to be resolved for substantially less than the amounts claimed. In the opinion of legal counsel, the aggregate exposure to the University pertaining to the other remaining claims and unasserted claims cannot be reasonably estimated but is not expected to exceed $5.0 million.

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

NOTE 16. OPERATING EXPENSES BY NATURAL CLASSIFICATION

The table below details the University's operating expenses by natural classification for the year ended June 30, 2016 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Total
Instruction	$ 245,874	$ 113,390	$ 34,519	$ 6	$ -	$ 393,789
Research	40,898	13,026	26,146	-	-	80,070
Public service	26,521	14,239	13,143	-	-	53,903
Academic support	66,059	37,442	36,142	-	-	139,643
Student services	20,566	11,792	6,556	2	-	38,916
Institutional support	31,970	20,710	13,829	71	-	66,580
Operations and maintenance	30,621	28,257	50,119	13,037	-	122,034
Depreciation and amortization	-	-	-	-	98,767	98,767
Student aid	78	13	9,657	-	-	9,748
Auxiliary enterprises	94,910	48,684	71,622	6,621	-	221,837
	$ 557,497	$ 287,553	$ 261,733	$ 19,737	$ 98,767	$ 1,225,287

Required Supplementary Information
State Employees' Retirement System (SERS) and Teachers' Retirement System (TRS)

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

	SERS		TRS	
Fiscal Year Ended June 30	**2016**	**2015**	**2016**	**2015**
Proportion of the collective NPL	4.88%	4.51%	0.04%	0.04%
Proportionate share of the collective NPL	$ 805,629	$ 722,009	$ 4,430	$ 4,090
University's covered-employee payroll	$ 189,903	$ 165,841	$ 1,214	$ 1,191
Proportionate share of the collective NPL as a percentage of covered-employee payroll	424.23%	435.36%	364.91%	343.41%
Plan fiduciary net position as a percentage of the total pension liability	39.23%	39.54%	59.50%	61.51%

Schedule of University Pension Contributions:
($ in thousands)

	SERS		TRS	
Fiscal Year Ended June 30	**2016**	**2015**	**2016**	**2015**
Contractually required employer contribution	$ 73,668	$ 66,875	$ 426	$ 425
Actual University contributions	73,668	66,875	426	425
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 200,845	$ 189,903	$ 1,372	$ 1,214
Actual University contributions as a percentage of covered-employee payroll	36.68%	35.22%	31.05%	35.01%

STATISTICAL SECTION

Statistical Section
Table of Contents

Financial Trends

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

Debt Capacity

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

Operating Information

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

Demographic and Economic Information

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

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30, (amounts in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Student tuition and fees (net of scholarship allowances)	$ 341,809	$ 308,174	$ 279,577	$ 261,641	$ 251,017	$ 233,881	$ 223,766	$ 215,642	$ 199,721	$ 183,469
Federal grants and contracts	129,758	118,383	118,492	118,715	124,478	125,798	110,022	92,376	85,328	81,283
State and local grants and contracts	35,135	31,931	29,512	25,898	22,078	27,390	26,086	27,853	25,430	18,994
Nongovernmental grants and contracts	19,490	20,535	14,619	15,212	13,141	11,367	11,075	12,348	10,506	11,824
Sales and services of educational departments	20,543	21,028	19,280	15,814	17,348	16,161	15,204	17,216	15,280	14,938
Sales and services of auxiliary enterprises (net of scholarship allowances)	210,455	201,066	195,525	185,240	181,974	178,494	161,780	149,501	133,472	127,527
Other sources	14,183	12,263	10,168	8,114	6,229	6,447	10,855	10,682	10,908	11,059
Total operating revenues	771,373	713,380	667,173	630,634	616,265	599,538	558,788	525,618	480,645	449,094
State appropriation	384,747	350,699	308,069	288,456	282,370	328,951	325,462	327,751	328,177	305,943
State debt service commitment for interest	53,092	46,635	42,091	40,571	39,755	39,978	38,557	37,843	39,525	35,864
Gifts	25,380	23,828	21,703	19,996	24,377	21,168	18,081	21,806	24,771	24,424
Investment income	1,448	889	799	859	898	1,020	1,313	4,268	10,384	12,300
Other nonoperating revenues, net	-	-	-	352	-	-	-	-	-	-
Total nonoperating revenues	464,667	422,051	372,662	350,234	347,400	391,117	383,413	391,668	402,857	378,531
Total revenues	**$ 1,236,040**	**$ 1,135,431**	**$ 1,039,835**	**$ 980,868**	**$ 963,665**	**$ 990,655**	**$ 942,201**	**$ 917,286**	**$ 883,502**	**$ 827,625**

	For the Year Ended June 30, (percent of total revenues)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Student tuition and fees (net of scholarship allowances)	27.7%	27.1%	26.9%	26.8%	26.1%	23.7%	23.7%	23.5%	22.6%	22.2%
Federal grants and contracts	10.5%	10.4%	11.4%	12.1%	12.9%	12.7%	11.7%	10.1%	9.7%	9.8%
State and local grants and contracts	2.8%	2.8%	2.8%	2.6%	2.3%	2.8%	2.8%	3.0%	2.9%	2.3%
Nongovernmental grants and contracts	1.6%	1.8%	1.4%	1.6%	1.4%	1.1%	1.2%	1.3%	1.2%	1.4%
Sales and services of educational departments	1.7%	1.9%	1.9%	1.6%	1.8%	1.6%	1.6%	1.9%	1.7%	1.8%
Sales and services of auxiliary enterprises (net of scholarship allowances)	17.0%	17.7%	18.8%	18.9%	18.9%	18.0%	17.2%	16.3%	15.1%	15.4%
Other sources	1.1%	1.1%	1.0%	0.8%	0.6%	0.7%	1.2%	1.2%	1.2%	1.3%
Total operating revenues	62.4%	62.8%	64.2%	64.4%	64.0%	60.6%	59.4%	57.3%	54.4%	54.2%
State appropriation	31.1%	30.9%	29.6%	29.4%	29.3%	33.2%	34.5%	35.7%	37.1%	37.0%
State debt service commitment for interest	4.3%	4.1%	4.0%	4.1%	4.1%	4.0%	4.1%	4.1%	4.5%	4.3%
Gifts	2.1%	2.1%	2.1%	2.0%	2.5%	2.1%	1.9%	2.4%	2.8%	3.0%
Investment income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.5%	1.2%	1.5%
Other nonoperating revenues, net	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total nonoperating revenues	37.6%	37.2%	35.8%	35.6%	36.0%	39.4%	40.6%	42.7%	45.6%	45.8%
Total revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,
(amounts in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Instruction	$ 393,789	$ 382,256	$ 353,251	$ 302,202	$ 291,370	$ 292,203	$ 271,939	$ 284,036	$ 279,087	$ 256,080
Research	80,070	73,596	79,484	74,948	73,509	74,481	72,286	64,029	60,345	59,642
Public service	53,903	48,884	41,919	39,068	35,478	41,470	35,623	36,998	33,855	32,190
Academic support	139,643	131,914	125,557	117,679	108,340	98,393	90,593	87,047	81,514	82,235
Student services	38,916	36,955	36,787	33,315	35,256	39,755	37,063	36,711	36,006	35,022
Institutional support	66,580	57,330	54,484	51,358	53,465	84,744	83,175	83,155	72,314	67,337
Operations and maintenance of plant	122,034	114,889	105,148	94,961	100,402	71,365	66,742	71,432	64,111	60,611
Depreciation and amortization	98,767	95,990	95,377	91,713	88,478	90,335	90,039	90,037	100,187	88,030
Student aid	9,748	9,127	8,796	7,154	6,107	5,490	4,638	3,917	4,010	3,972
Auxiliary enterprises	221,837	209,633	196,935	186,118	164,388	158,422	145,414	144,376	135,061	126,828
Other operating expenses	-	-	-	-	-	19,740	24,508	30,579	16,492	-
Interest expense	51,333	46,420	45,955	46,961	47,117	48,824	48,558	48,916	51,247	47,463
Transfers to State General Fund	-	-	-	-	-	15,000	8,000	-	-	-
Other nonoperating expenses, net	3,893	1,540	1,873	-	1,635	297	1,957	4,247	2,869	687
Total expenses	**$ 1,280,513**	**$ 1,208,534**	**$ 1,145,566**	**$ 1,045,477**	**$ 1,005,545**	**$ 1,040,519**	**$ 980,535**	**$ 985,480**	**$ 937,098**	**$ 860,097**

For the Year Ended June 30,
(percent of total expenses)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Instruction	30.8%	31.7%	30.7%	28.8%	29.0%	28.1%	27.7%	28.9%	29.9%	29.9%
Research	6.3%	6.1%	6.9%	7.2%	7.3%	7.2%	7.4%	6.5%	6.4%	6.9%
Public service	4.2%	4.0%	3.7%	3.7%	3.5%	4.0%	3.6%	3.8%	3.6%	3.7%
Academic support	10.9%	10.9%	11.0%	11.3%	10.8%	9.5%	9.2%	8.8%	8.7%	9.6%
Student services	3.0%	3.1%	3.2%	3.2%	3.5%	3.8%	3.8%	3.7%	3.8%	4.1%
Institutional support	5.2%	4.7%	4.8%	4.9%	5.3%	8.1%	8.5%	8.4%	7.7%	7.8%
Operations and maintenance of plant	9.5%	9.5%	9.2%	9.1%	10.0%	6.9%	6.8%	7.2%	6.8%	7.0%
Depreciation and amortization	7.7%	7.9%	8.3%	8.8%	8.8%	8.7%	9.2%	9.1%	10.7%	10.2%
Student aid	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.5%
Auxiliary enterprises	17.3%	17.4%	17.2%	17.8%	16.3%	15.2%	14.8%	14.7%	14.4%	14.7%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	2.5%	3.1%	1.8%	0.0%
Interest expense	4.0%	3.8%	4.0%	4.5%	4.7%	4.7%	5.0%	5.0%	5.5%	5.5%
Transfers to State General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.8%	0.0%	0.0%	0.0%
Other nonoperating expenses, net	0.3%	0.1%	0.2%	0.0%	0.2%	0.0%	0.2%	0.4%	0.3%	0.1%
Total expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

	For the Year Ended June 30, (amounts in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Salaries and wages	$ 557,497	$ 542,082	$ 521,076	$ 482,685	$ 474,385	$ 472,725	$ 444,481	$ 456,102	$ 435,751	$ 396,483
Fringe benefits	287,553	271,164	237,715	190,549	172,765	168,133	157,746	155,215	151,888	130,323
Supplies and other expenses	261,733	228,126	222,607	213,844	199,481	218,699	201,944	197,363	165,932	167,670
Utilities	19,737	23,212	20,963	19,725	21,684	26,506	27,810	33,600	29,224	29,441
Depreciation and amortization	98,767	95,990	95,377	91,713	88,478	90,335	90,039	90,037	100,187	88,030
Total operating expenses	1,225,287	1,160,574	1,097,738	998,516	956,793	976,398	922,020	932,317	882,982	811,947
Interest expense	51,333	46,420	45,955	46,961	47,117	48,824	48,558	48,916	51,247	47,463
Transfers to State General Fund	-	-	-	-	-	15,000	8,000	-	-	-
Other nonoperating expenses, net	3,893	1,540	1,873	-	1,635	297	1,957	4,247	2,869	687
Total nonoperating expenses	55,226	47,960	47,828	46,961	48,752	64,121	58,515	53,163	54,116	48,150
Total expenses	**$ 1,280,513**	**$ 1,208,534**	**$ 1,145,566**	**$ 1,045,477**	**$ 1,005,545**	**$ 1,040,519**	**$ 980,535**	**$ 985,480**	**$ 937,098**	**$ 860,097**

	For the Year Ended June 30, (percent of total expenses)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Salaries and wages	43.6%	44.9%	45.5%	46.1%	47.1%	45.5%	45.3%	46.3%	46.5%	46.1%
Fringe benefits	22.5%	22.5%	20.8%	18.2%	17.2%	16.2%	16.1%	15.8%	16.2%	15.2%
Supplies and other expenses	20.4%	18.9%	19.4%	20.5%	19.8%	21.0%	20.6%	20.0%	17.7%	19.5%
Utilities	1.5%	1.9%	1.8%	1.9%	2.2%	2.5%	2.8%	3.4%	3.1%	3.4%
Depreciation and amortization	7.7%	7.9%	8.3%	8.8%	8.8%	8.7%	9.2%	9.1%	10.7%	10.2%
Total operating expenses	95.7%	96.1%	95.8%	95.5%	95.1%	93.9%	94.0%	94.6%	94.2%	94.4%
Interest expense	4.0%	3.8%	4.0%	4.5%	4.7%	4.7%	5.0%	5.0%	5.5%	5.5%
Transfers to State General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.8%	0.0%	0.0%	0.0%
Other nonoperating expenses, net	0.3%	0.1%	0.2%	0.0%	0.2%	0.0%	0.2%	0.4%	0.3%	0.1%
Total nonoperating expenses	4.3%	3.9%	4.2%	4.5%	4.9%	6.1%	6.0%	5.4%	5.8%	5.6%
Total expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Year Ended June 30, *(amounts in thousands)*									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Total revenues (from schedule of revenues by source)	$ 1,236,040	$ 1,135,431	$ 1,039,835	$ 980,868	$ 963,665	$ 990,655	$ 942,201	$ 917,286	$ 883,502	$ 827,625
Total expenses (from schedule of expenses by natural classification and function)	1,280,513	1,208,534	1,145,566	1,045,477	1,005,545	1,040,519	980,535	985,480	937,098	860,097
Loss before other changes in net position	(44,473)	(73,103)	(105,731)	(64,609)	(41,880)	(49,864)	(38,334)	(68,194)	(53,596)	(32,472)
State debt service commitment for principle	103,400	56,430	80,346	-	115,400	-	61,714	104,910	-	65,180
Capital allocation	-	131,500	(20)	20,000	18,000	(479)	-	-	8,000	-
Capital gifts and grants	5,071	25,412	21,643	6,675	2,768	1,989	2,396	3,814	6,803	3,030
Disposal of property and equipment, net	(8,486)	(473)	(1,043)	103	(540)	(618)	(727)	(439)	(875)	(3,457)
Capital, other	-	-	-	-	-	-	-	-	-	1,624
Additions to permanent endowments	14	66	743	13	-	-	33	20	56	-
State match to endowments	-	-	-	-	-	-	-	-	59	94
Total changes in net position	55,526	139,832	(4,062)	(37,818)	93,748	(48,972)	25,082	40,111	(39,553)	33,999
Net position, beginning	997,599	1,435,360	1,439,422	1,477,240	1,395,355	1,444,327	1,419,245	1,379,134	1,417,650	1,383,651
Prior year adjustment		(577,593)			(11,863)				1,037	
Net position, ending	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**	**$ 1,477,240**	**$ 1,395,355**	**$ 1,444,327**	**$ 1,419,245**	**$ 1,379,134**	**$ 1,417,650**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	$ 1,365,918	$ 1,207,892	$ 1,187,602	$ 1,217,408	$ 1,160,216	$ 1,144,923	$ 1,131,885	$ 1,143,426	$ 1,187,942	$ 1,200,081
Restricted nonexpendable	12,593	13,091	13,546	11,902	11,574	11,892	11,122	10,819	13,779	14,879
Restricted expendable:										
Research, instruction, scholarships and other	24,455	19,334	15,465	20,602	19,535	17,915	15,748	15,147	14,629	12,646
Loans	2,520	2,533	2,482	2,469	2,426	2,818	3,945	3,758	3,729	3,733
Capital projects	49,637	184,023	85,447	33,416	115,315	35,204	110,838	88,449	13,235	53,585
Debt service	-	-	-	135	-	7,229	7,982	10,397	10,036	10,879
Unrestricted	(401,998)	(429,274)	130,818	153,490	168,174	175,374	162,807	147,249	135,784	121,847
Total net position	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**	**$ 1,477,240**	**$ 1,395,355**	**$ 1,444,327**	**$ 1,419,245**	**$ 1,379,134**	**$ 1,417,650**

SCHEDULE OF LONG-TERM DEBT

As of June 30,
(amounts in thousands, except for outstanding debt per student)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General obligation bonds	$ 1,303,870	$ 1,147,985	$ 1,023,985	$ 828,795	$ 903,550	$ 804,310	$ 877,492	$ 844,945	$ 763,413	$ 823,132
Revenue bonds	112,410	118,625	124,615	130,415	154,170	159,290	164,375	172,830	177,330	181,655
Self-liquidating bonds	275	349	551	1,050	2,171	2,953	3,793	4,786	5,808	7,022
Capital lease obligations	47,229	51,398	55,437	59,320	62,785	66,098	69,267	72,298	75,196	77,968
Installment loans and other	5,487	671	1,027	1,319	1,727	150	253	416	178	5,462
Total long-term debt	1,469,271	1,319,028	1,205,615	1,020,899	1,124,403	1,032,801	1,115,180	1,095,275	1,021,925	1,095,239
Premiums/discounts	172,757	134,213	107,074	82,980	46,320	25,849	27,956	18,825	13,727	14,911
Total long-term debt	1,642,028	1,453,241	1,312,689	1,103,879	1,170,723	1,058,650	1,143,136	1,114,100	1,035,652	1,110,150
Less: State debt service commitment for GO Bonds	(1,303,870)	(1,147,985)	(1,023,985)	(828,795)	(903,550)	(804,310)	(877,492)	(844,945)	(763,413)	(823,132)
Total long-term debt, net	$ 338,158	$ 305,256	$ 288,704	$ 275,084	$ 267,173	$ 254,340	$ 265,644	$ 269,155	$ 272,239	$ 287,018
FTE Students*	28,832	28,134	27,461	27,036	27,240	26,686	26,705	26,382	24,147	24,887
Outstanding debt per student	$ 11,729	$ 10,850	$ 10,513	$ 10,175	$ 9,808	$ 9,531	$ 9,947	$ 10,202	$ 11,274	$ 11,533

**IPEDS (Integrated Postsecondary Education Data System) 12-month Instructional Activity surveys for fiscal years 2007 to 2016, including Storrs and Regional Campuses.*

SCHEDULE OF DEBT COVERAGE - REVENUE BONDS

Last Ten Fiscal Years

(amounts in thousands)

Fiscal Year Ended June 30,	Gross Revenues (1)	Pledged Revenues (2)	Expenses (3)	Net Revenues Available	Total Gross and Net Revenues Available for Debt Service	Debt Service	Coverage Ratio
2016	$ 50,650	$ 174,991	$ (134,492)	$ 40,499	$ 91,149	$ (11,555)	7.89
2015	50,506	168,047	(133,163)	34,884	85,390	(11,668)	7.32
2014	48,515	162,160	(125,014)	37,146	85,661	(11,914)	7.19
2013	45,355	151,766	(120,021)	31,745	77,100	(12,467)	6.18
2012	44,410	150,726	(118,434)	32,292	76,702	(13,351)	5.75
2011	42,022	144,790	(113,620)	31,170	73,192	(13,438)	5.45
2010	39,342	133,554	(102,113)	31,441	70,783	(14,180)	4.99
2009	36,850	124,078	(101,987)	22,091	58,941	(14,234)	4.14
2008	34,038	110,638	(92,568)	18,070	52,108	(14,445)	3.61
2007	32,150	108,162	(87,767)	20,395	52,545	(14,716)	3.57

(1) Gross Revenues include the infrastructure maintenance fee, the general university fee, and investment income.

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

(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation.

ADMISSIONS AND ENROLLMENT

FRESHMEN ADMISSIONS (STORRS)	For the Year Ended June 30, 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Applications	34,978	31,280	27,479	29,966	27,247	22,142	21,999	21,058	21,105	19,778
Offers of admission	18,598	15,629	14,745	13,397	12,894	11,949	10,931	11,474	10,429	10,102
Percent admitted	53%	50%	54%	45%	47%	54%	50%	54%	49%	51%
Enrolled	3,774	3,588	3,755	3,114	3,327	3,339	3,221	3,604	3,179	3,241
Yield (Enrolled/Offers)	20%	23%	25%	23%	26%	28%	29%	31%	30%	32%
Total SAT	1,233	1,234	1,233	1,226	1,216	1,221	1,212	1,200	1,192	1,195

ENROLLMENT	For the Year Ended June 30, 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Non-resident alien										
Male	1,773	1,532	1,301	1,163	1,018	924	872	875	838	809
Female	1,462	1,277	1,077	1,012	892	787	725	710	703	662
Black or African American										
Male	813	756	722	723	756	709	673	677	670	684
Female	1,053	1,010	981	1,017	1,007	963	977	931	929	872
American Indian or Alaska Native										
Male	18	18	25	25	28	33	43	37	44	41
Female	28	27	29	31	40	41	38	46	53	62
Asian										
Male	1,372	1,315	1,213	1,194	1,159	1,119	1,062	1,054	928	891
Female	1,419	1,333	1,189	1,106	1,108	1,060	1,038	986	904	921
Hispanic/Latino										
Male	1,293	1,233	1,132	1,059	1,006	889	790	746	661	650
Female	1,468	1,393	1,315	1,206	1,149	1,095	983	930	895	837
Native Hawaiian or other Pacific Islander										
Male	8	10	8	12	14	11	*	*	*	*
Female	13	13	16	17	14	11	*	*	*	*
Two or more races										
Male	330	301	258	238	170	96	*	*	*	*
Female	412	408	381	300	197	90	*	*	*	*
White										
Male	9,809	9,916	10,183	10,416	10,795	10,913	10,860	10,764	10,448	10,402
Female	9,789	10,022	10,102	10,209	10,641	10,763	10,940	11,124	11,117	11,163
Total head count	31,060	30,564	29,932	29,728	29,994	29,504	29,001	28,880	28,190	27,994
Percent female	50.4%	50.7%	50.4%	50.1%	50.2%	50.2%	50.7%	51.0%	51.8%	51.9%
Percent minority	26.5%	25.6%	24.3%	23.3%	22.2%	20.7%	19.3%	18.7%	18.0%	17.7%
Percent non-resident alien	10.4%	9.2%	7.9%	7.3%	6.4%	5.8%	5.5%	5.5%	5.5%	5.3%

White includes other/unknown.

**Beginning Fall 2010, new race/ethnic categories are required for federal reporting.*

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

Source: University of Connecticut Office of Institutional Research and Effectiveness

ACADEMIC YEAR TUITION AND MANDATORY FEES

	For the Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Undergraduate resident	$ 13,366	$ 12,700	$ 12,022	$ 11,242	$ 10,670	$ 10,416	$ 9,886	$ 9,338	$ 8,852	$ 8,362
Undergraduate non-resident	$ 34,908	$ 32,880	$ 30,970	$ 29,074	$ 27,566	$ 26,880	$ 25,486	$ 24,050	$ 22,796	$ 21,562
Graduate resident	$ 15,296	$ 14,472	$ 13,662	$ 12,786	$ 12,130	$ 11,828	$ 11,226	$ 10,594	$ 10,052	$ 9,510
Graduate non-resident	$ 36,082	$ 33,944	$ 31,946	$ 29,994	$ 28,438	$ 27,740	$ 26,310	$ 24,814	$ 23,534	$ 22,290

DEGREES CONFERRED

	For the Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Associates	24	20	21	26	25	29	26	19	35	22
Bachelor's	5,197	5,320	5,200	5,122	5,149	4,747	4,606	4,610	4,591	4,354
Post-baccalaureate	229	167	172	140	141	102	134	41	44	45
Master's	1,750	1,713	1,636	1,527	1,573	1,475	1,438	1,499	1,409	1,417
6th year education	66	69	45	56	79	67	69	89	73	68
Ph.D.	379	372	342	340	341	322	309	266	285	339
J.D.	151	156	190	178	204	172	222	207	188	181
LL.M.	44	31	35	30	30	29	27	33	28	27
Pharm D.	99	95	97	94	94	103	100	98	103	89
Total	7,939	7,943	7,738	7,513	7,636	7,046	6,931	6,862	6,756	6,542

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.
Source: University of Connecticut Office of Institutional Research and Effectiveness

FACULTY AND STAFF

	Fall Employment of Fiscal Year Ended									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FACULTY										
Full-time	1,489	1,517	1,485	1,377	1,330	1,304	1,286	1,324	1,294	1,264
Part-time	30	33	34	39	43	43	35	36	34	31
Total faculty	1,519	1,550	1,519	1,416	1,373	1,347	1,321	1,360	1,328	1,295
Tenured	848	877	874	848	841	815	777	815	809	798
Percentage tenured	56%	57%	58%	60%	61%	61%	59%	60%	61%	62%
Mean salary of full-time teaching faculty	$ 113,975	$ 107,895	$ 104,458	$ 100,172	$ 101,179	$ 102,482	$ 98,369	$ 99,220	$ 95,846	$ 92,619
STAFF										
Full-time	3,115	3,080	3,063	3,028	2,956	3,017	2,879	3,049	2,994	2,958
Part-time	158	186	175	180	181	222	210	222	233	216
Total staff	3,273	3,266	3,238	3,208	3,137	3,239	3,089	3,271	3,227	3,174
TOTAL FACULTY AND STAFF	4,792	4,816	4,757	4,624	4,510	4,586	4,410	4,631	4,555	4,469
Student to faculty ratio*	17 to 1	16 to 1	16 to 1	17 to 1	18 to 1	18 to 1	18 to 1	17 to 1	17 to 1	17 to 1
Full-time and part-time faculty										
Female	41%	39%	39%	40%	40%	39%	38%	37%	37%	36%
Minority	23%	22%	22%	22%	21%	20%	20%	19%	18%	18%
Full-time and part-time staff										
Female	57%	58%	57%	58%	58%	58%	58%	58%	58%	58%
Minority	17%	17%	17%	17%	17%	15%	15%	15%	15%	15%
Staff covered by collective bargaining agreements	90%	91%	91%	90%	91%	92%	91%	91%	91%	92%
Adjunct lecturers	679	708	696	686	692	691	648	669	691	679

**Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.*
Source: University of Connecticut Office of Institutional Research and Effectiveness

SCHEDULE OF CAPITAL ASSET INFORMATION

	For the Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic buildings										
Net assignable square feet (in thousands)	2,753	2,753	2,736	2,684	2,604	2,604	2,604	2,604	2,597	2,597
Number of buildings	171	171	171	171	172	172	172	172	172	172
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	3,277	3,336	3,279	3,279	3,396	3,430	3,430	3,430	3,430	3,430
Number of buildings	193	209	213	213	217	220	220	220	220	220
Administrative and support buildings										
Net assignable square feet (in thousands)	964	949	949	949	948	948	948	948	948	948
Number of buildings	97	96	96	96	95	95	95	95	95	95
Total net assignable square feet (in thousands)	6,994	7,038	6,964	6,912	6,948	6,982	6,982	6,982	6,975	6,975
Total number of buildings	461	476	480	480	484	487	487	487	487	487

Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction

	For the Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Residential halls*	115	115	116	117	116	114	114	114	114	114
Residential hall occupancy	12,723	12,711	12,668	12,469	12,716	12,546	12,378	11,970	11,307	11,708
Percentage of main campus undergraduates in campus housing	70%	71%	72%	72%	73%	74%	73%	71%	68%	71%

Source: Office of Institutional Research and Effectiveness
**Residential halls include houses owned by the University and used for student housing.*

DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Year	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2016	$ 252,249,206,000	3,586,640	$ 70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%
2014	232,600,172,000	3,596,922	64,666	7.1%
2013	222,984,316,000	3,598,628	61,964	8.1%
2012	224,252,008,000	3,593,857	62,399	8.4%
2011	215,220,960,000	3,589,072	59,966	9.1%
2010	205,145,596,000	3,576,676	57,356	8.8%
2009*	197,824,664,000	3,561,807	55,541	6.9%
2008*	206,731,668,000	3,545,579	58,307	4.9%
2007*	199,167,200,000	3,527,270	56,465	4.3%

(a) Source: U.S. Department of Commerce

(b) Source: Connecticut Department of Labor

**Quarterly population not available. Annual population used 2007-2009.*

DEMOGRAPHIC AND ECONOMIC STATISTICS

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

NAME	2016 Employees in CT	 Percentage of Total CT Employment	 Rank		
United Technologies Corp. UTC	20,000	1.1%	1	(1)	**Total Employed-June 2016**
Stop & Shop Co. LLC	13,574	0.8%	2	(2)	1,809,000
Foxwoods Resort Casino	10,500	0.6%	3		
Aetna Inc.	10,001	0.6%	4		
Yale University & Health Sys	10,000	0.6%	5		
Immucor (medical supply)	7,200	0.4%	6		
Rainbow (apparel)	7,000	0.4%	7		
General Dynamics/Electric Boat	6,100	0.3%	8		
Mohegan Sun Casino	6,000	0.3%	9		
Eversource Energy	5,000	0.3%	10		
Hartford Financial Services	5,000	0.3%	10		
Total	100,375	5.7%			

	2007 Employees in CT	 Percentage of Total CT Employment	 Rank	Total Employed-June 2007
United Technologies Corp.	26,490	1.5%	1	1,795,000
Stop & Shop Cos., Inc.	14,049	0.8%	2	
Hartford Financial Services	13,000	0.7%	3	
Yale University	12,100	0.7%	4	
Foxwoods Resort Casino	11,900	0.7%	5	
Mohegan Sun Casino	10,000	0.6%	6	
Walmart Stores, Inc.	9,038	0.5%	7	
AT&T Connecticut	7,700	0.4%	8	
General Dynamics/Electric Boat	7,500	0.4%	9	
General Electric	7,500	0.4%	9	
Total	119,277	6.7%		

Sources: 2007 - Hartford Business Journal (HBJ), 2016 Infogroup, Omaha, NE

(1) Includes Sikorsky Aircraft, UTC Aerospace, Pratt & Whitney - Business units of UTC. (2) Omitted from the HBJ survey. The number equals the employees reported by HBJ in 2008.

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1881