Connecticut Paid Leave

CT Paid Family and Medical Leave Insurance Authority

(A Fiduciary Component Unit of the State of Connecticut)

Financial Statements with Supplementary Information

For the Fiscal Years Ended June 30, 2023 and 2022

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Paid Family and Medical Leave Insurance Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Connecticut Paid Family and Medical Leave Insurance Authority (the "Authority"), a fiduciary component unit of the State of Connecticut, as of and for the years June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Connecticut Paid Family and Medical Leave Insurance Authority as of June 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the pension and OPEB schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Marcum LLP

Hartford, CT
November 8, 2023

OVERVIEW OF FINANCIAL STATEMENTS

The following discussion and analysis provide an overview of the financial position and activities of the Connecticut Paid Family and Medical Leave Insurance Authority (the "Authority") for the years ended June 30, 2023 and 2022 and for the period from January 1, 2020 through June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

On June 25, 2019, Connecticut passed legislation to create a comprehensive paid family and medical leave insurance program through the signing of Connecticut Public Act 19-25, An Act Concerning Paid Family and Medical Leave, as amended by sections 232 through 235 of Public Act 19-117. The Connecticut Paid Family and Medical Leave Insurance Authority offers Connecticut workers the opportunity to take time to attend to personal and family health needs without worrying about lost income. The Authority provides Connecticut's workforce access to paid family and medical leave benefits and offer helpful tools and resources to employers, payroll processors and other stakeholders who participate in the program.

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position) present the financial position of the Authority at June 30, 2023 and 2022, and the changes in fiduciary net position for the years ended June 30, 2023 and 2022. The Statement of Fiduciary Net Position includes all the Authority's assets, liabilities, and deferred inflows and outflows. The Statement of Changes in Fiduciary Net Position reflects the activities for the period on the accrual basis of accounting (i.e., when services are provided or obligations are incurred, not necessarily when cash is received or paid).

These financial statements report the Authority's fiduciary net position and how it has changed. Fiduciary net position (the difference between assets and liabilities adjusted for deferred outflows and inflows) is one way to measure financial health or position. The financial statement footnotes include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

The Authority's financial position at June 30, 2023, consisted of assets of approximately $631.7 million, deferred outflows of approximately $20.8 million, liabilities of approximately $100.8 million (of which $19.1 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $4.5 million.

The Authority finished the year with additions of approximately $107.3 million which include the effect of the Authority recording its pro-rata share of expenses under GASB Statements No. 68 and 75 as discussed in note 10. These expenses reflect changes to the pension and other post-employment benefits (OPEB) plans on a State level.

FINANCIAL HIGHLIGHTS (CONTINUED)

Summary of Assets and Liabilities

Summarized components of the Authority's Statement of Fiduciary Net Position as of June 30, 2023, 2022 and 2021, are presented below.

	2023	2022	2021
		(in thousands)	
Summary of assets, liabilities and fiduciary net position at June 30:			
Current assets	$ 624,062	$ 499,574	$ 209,401
Capital and right to use subscription-based assets, net	7,630	6,035	6,769
Total assets	$ 631,692	$ 505,610	$ 216,170
Deferred amount for pensions	$ 9,328	$ 5,725	$ 480
Deferred amount for OPEB	11,504	5,660	537
Total deferred outflows	$ 20,832	$ 11,386	$ 1,017
Current liabilities	$ 66,846	$ 48,897	$ 626
Long-term debt	12,816	16,020	17,320
Subscription-based IT arrangement liability	2,040	--	--
Pension liabilities	9,442	5,342	320
OPEB liabilities	9,661	5,152	373
Total liabilities	$ 100,805	$ 75,411	$ 18,639
Deferred amount for pensions	13	387	--
Deferred amount for OPEB	4,459	1,260	16
Total deferred inflows	$ 4,472	$ 1,647	$ 16
Fiduciary net position			
Restricted for participant benefits	$ 547,247	$ 439,937	$ 198,533
Total fiduciary net position	$ 547,247	$ 439,937	$ 198,533

FINANCIAL HIGHLIGHTS (CONTINUED)

Assets and Liabilities

Assets include the following:

- *Contributions Receivable* – this account represents contributions received from participating members and employers after year end that pertained to payroll periods prior to year-end. The increase between fiscal 2022 and 2023 by approximately $7.5 million is attributed to increased contributions revenue from higher wages reported by employers year over year and increased outreach to employers by the Authority which resulted in additional employer contributions to the Program. Total contributions receivable for fiscal 2023 were approximately $111.9 million as compared to $104.3 million in fiscal 2022 and $99.2 million in fiscal 2021.

- *Due from State of CT* – this account represents employee contributions that were deposited to the State of Connecticut Common Cash Pool and are earmarked for the restricted use of the Family and Medical Insurance Trust Fund but have not yet been transferred to the Authority's Short-Term Investment Fund (STIF) account.

- *Prepaid Expenses* – this account represents prepaid expenses for software licenses and liability insurance related to fiscal year 2023 service dates.

- *Investments* – contributions received from employees are invested in the STIF. This account of approximately $485.9 million represents the account balance at June 30, 2023 as compared to an amount of $370.3 million at the period ended June 30, 2022. The increased amount represents continued contributions and investment income into the STIF being greater than benefits payments and operational expenses. For the period ended June 30, 2021, investments were $101 million. The increased amount in 2022 represents continued contributions into the STIF before benefits payments began in January 2022.

- *Right to Use Subscription Assets* – under GASB 96, new assets were added representing the Subscription-Based Information Technology Arrangements (SBITA) in the amount of $2.6 million as of June 30, 2023.

FINANCIAL HIGHLIGHTS (CONTINUED)

Assets and Liabilities (Continued)

Liabilities include the following:

- *Accounts Payable and Accrued Expenses* – This account represents invoices that were paid after June 30, 2023 for services provided in fiscal year 2023. Increase in this account is driven by increase in claims payable due to increased claim volume compared to fiscal year 2022. Similarly, between fiscal years 2021 and 2022, this line item increased in line with increased expenditures as the Program started to process claims.

- *Seed Funds Payable* – At June 30, 2022, the Authority had repaid $3.9 million of the $5,100,000 that had been transferred from the resources of the General Fund to the Authority for its operating expenses by the Office of the State Comptroller. Pursuant to section 31-49g(h), which stated the debt was required to be repaid no later than October 1, 2022, the remaining balance of $1.2 million was repaid during fiscal year 2023, accounting for the decrease in this account. At June 30, 2021, this account balance was $5.1 million as no payment was made during the period ended June 30, 2021.

- *Bond Funds Payable* – As of June 30, 2023, the Bond Commission had approved a total allocation to $16,019,735 of the $50.0 million authorized. A ten year debt repayment schedule was determined by the Office of Policy & Management in conjunction with the Office of the Treasurer in June 2023. The first payment for $1,601,974 was made in June 2023, which accounted for the decrease in this account. The balance at June 30, 2023 was $14,417,761, of which $1,601,974 was classified as short term. At June 30, 2021, this account balance was $12.2 million, and at June 30, 2022, this account balance was $16.0 million representing the total borrowing as of June 30, 2021 and June 30, 2022, respectively. In addition, a payment plan had not yet been established for this loan and no payment was made during the period ended June 30, 2021 or 2022.

- *Subscription Agreement Liability* – with the implementation of GASB 96, a short-term liability was added in the amount of $650,793 and a long-term liability was added in the amount of $2,039,763 for fiscal year 2023.

- *OPEB and Pension Liabilities* - increased from June 30, 2022 to June 30, 2023 due to changes in the Authority's OPEB and pension costs and certain assumptions. The liabilities also increase from the period ended June 30, 2021 to June 30, 2022 due to the fact that the Authority commenced operations in 2020 and contributions to the Plans were significantly less compared to those made during the year ended June 30, 2022. This liability represents the Authority's proportional share of the State's OPEB and pension as actuarially determined based on the Authority's percentage of overall contributions.

FINANCIAL HIGHLIGHTS (CONTINUED)

Assets and Liabilities (Continued)

- *Benefit Claims Reserve* – A reserve of $51,974,000 as of June 30, 2023 was established for:
  - Case reserve: Reserve for approved open claims with outstanding payments remaining.
  - Pending claims reserve: Reserve for pending claims not yet adjudicated which are expected to be approved and result in payment.
  - Incurred but not reported claim reserve ("IBNR"): Reserve for claims that have already been incurred but are not yet known by the Authority.

The reserve increased from $40.0 million at June 30, 2022 due to an increase in benefit claims incurred in fiscal year 2023, in addition to changes in actuarial assumptions based on historic data. Benefit payments started in fiscal 2022 and as a result, there were no claims or related expenses for the period ended June 30, 2021.

Summary of the Changes in Fiduciary Net Position

Summarized components of the Authority's Statement of Changes in Fiduciary Net Position for the years ended June 30, 2023 and 2022 and for the period from January 1, 2020 through June 30, 2021 are presented below:

	2023	2022	2021
		(in thousands)	
Summary of additions and deductions for the period ended June 30:			
Additions:			
Contribution revenues	$ 442,942	$ 415,121	$ 205,002
Investment income	17,382	981	5
Deductions - expenses	(353,014)	(174,698)	(6,474)
Net additions	107,310	241,404	198,533
Increase in fiduciary net position	$ 107,310	$ 241,404	$ 198,533

FINANCIAL HIGHLIGHTS (CONTINUED)

Additions

- *Contributions from participants* – The Authority began collection of contributions in January 2021, which are submitted to the Authority for participating employees. This resulted in contributions being approximately $205 million, which represents six months of contributions. Contributions recorded were approximately $415.1 million for fiscal year 2022 and $442.9 million for fiscal year 2023, a $27.8 million increase from fiscal 2022. This increase is attributed to higher wages reported by employers and increased outreach by the Authority which resulted in additional employers contributing to the Program. Overall contributions since inception are approximately $1.1 billion.

Deductions

Deductions comprised of the following major categories:

- *Benefits* – this includes all payments made to claimants for paid leave benefits made since they were available on January 1, 2022 in addition to the $52.0 million of benefit claims reserve as of June 30, 2023. The increase in this account is a result of a full year of claims payments compared to six months of claims payment in 2022. No benefits were paid during the period ended June 30, 2021. The benefits paid for fiscal year 2023 were approximately $301.6 million. Overall benefits paid since inception were $405.9 million.

- *Benefit administration* – this is the fee that the Authority pays to a third-party service provider for the administration of claims submitted to the Authority for benefits, the determination if those claims should be paid, and the payment to those claimants who meet the qualifications for benefits as determined by the Authority, among other services. This fee totaled approximately $22.4 million for the services provided during the fiscal year 2023, which is a $9.1 million increase from the fiscal 2022 where the fee was approximately $13.3 million for services beginning partially through the year in December of 2021.

- *Salaries and benefits* – this account includes salaries, benefits (including pension), and payroll taxes for the Authority's employees. For fiscal year 2023, the Authority had approximately $9.0 million in salaries and benefits as compared to $6.6 million at the end of the period June 30, 2022. The Authority increased its staff by 6 full time staff members to a total of 36 in fiscal year 2023. At the end of the period, June 30, 2021, the Authority has 16 full time staff members and expenses of approximately $2.2 million. It increased its staff by 14 full time staff members to a total of 30 in fiscal year 2022, which resulted in the $4.4 million increase from fiscal 2021 to fiscal 2022.

FINANCIAL HIGHLIGHTS (CONTINUED)

Deductions (Continued)

- *IT expense* – this relates to software licenses and services for support and maintenance of the Authority's contribution software system. The amount decreased in 2023 due to less use of outside services and the adoption of GASB 96. For fiscal year 2022, the total amounts to $3.2 million as compared to $0.8 million at the period end June 30, 2021. The increase is due to a full year of annual support for the system in fiscal year 2022. During the prior period, the system was active less than six months.

- *Contracted services* – the line item relates to third party service providers that assist in the general operation of the Authority. Such expenses of the Authority include auditor, actuary, administrative support from related parties, and contact center for public inquiries, among others.

Capital and Subscription Based IT Arrangement Assets

At the end of June 30, 2023, the Authority had capital assets of approximately $11.2 million before accumulated depreciation. These assets include an Employee Contribution system and the Authority's share of the State of CT Department of Labor's Benefit Appeals system. Under GASB 96, a new asset called Right to Use Asset representing the SBITA was recorded at $3.2 million upon adoption on July 1, 2022 and a net balance of $2.6 million as of June 30, 2023.

Fiscal 2024 Outlook

The Authority will continue to collect employee contributions and make benefit payments to Connecticut employee claimants. The Authority regularly monitors its fund balance, which was approximately $498.3 million as of June 30, 2023. With the assistance of an independent actuary, it reviews metrics and models of various scenarios to certify the ongoing solvency of the Family and Medical Leave Insurance Trust Fund. Additionally, it has the statutory authority to adjust the benefits offered to covered employees as necessary to ensure the solvency of the fund.

Contacting he Authority's Financial Management

This financial report provides the reader with a general overview of the Authority's finances and operations. If you have questions about this report or need additional financial information, please contact the CT Paid Leave Authority, Office of the Controller, Finance Department, 450 Columbus Blvd., Hartford, Connecticut 06103.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 23,156,178	$ 19,555,241
Bond funds held by State of Connecticut	2,817,956	4,822,134
Investments	485,944,999	370,286,269
Contributions receivable from participants	111,877,906	104,381,715
Due from State of Connecticut	123,024	437,880
Prepaid expenses	141,692	91,244
Total Current Assets	624,061,755	499,574,483
Noncurrent Assets		
Right to use subscription - based IT arrangement (SBITA) assets, net (note 11)	2,577,268	--
Capital assets, net (note 7)	5,052,746	6,035,139
Total Noncurrent Assets	7,630,014	6,035,139
Total Assets	631,691,769	505,609,622
Deferred Outflows of Resources		
Deferred amount for pensions (note 10)	9,327,597	5,724,509
Deferred amount for OPEB (note 10)	11,503,785	5,659,759
Total Deferred Outflows of Resources	$ 20,831,382	$ 11,384,268

The accompanying notes are an integral part of these financial statements.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION (CONTINUED)

JUNE 30, 2023 AND 2022

	2023	2022
Liabilities and Fiduciary Net Position		
Current Liabilities		
Benefit claims reserve	$ 51,974,000	$ 40,000,000
Accounts payable and accrued expenses	11,727,358	6,723,984
Accrued payroll and related expenses	309,638	449,610
Accrued compensated absences	582,218	469,351
Current portion of SBITA liability	650,793	--
Seed funds payable	--	1,254,137
Bond funds payable	1,601,974	--
Total Current Liabilities	66,845,981	48,897,082
Noncurrent Liabilities		
Bond funds payable, net of current portion	12,815,787	16,019,735
SBITA liability, net of current portion	2,039,763	--
Pension liabilities (note 10)	9,441,653	5,341,593
OPEB liabilities (note 10)	9,660,532	5,151,748
Total Noncurrent Liabilities	33,957,735	26,513,076
Total Liabilities	100,803,716	75,410,158
Deferred Inflows of Resources		
Deferred amount for pensions (note 10)	12,903	386,510
Deferred amount for OPEB (note 10)	4,459,204	1,260,010
Total Deferred Inflows of Resources	4,472,107	1,646,520
Fiduciary Net Position		
Restricted for participant benefits	547,247,328	439,937,212
Total Fiduciary Net Position	$ 547,247,328	$ 439,937,212

The accompanying notes are an integral part of these financial statements.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Additions		
Contributions from participants (note 5)	$ 442,941,923	$ 415,121,485
Net investment income	17,381,849	981,254
Total Additions	460,323,772	416,102,739
Deductions		
Benefit claims expense	313,537,363	144,282,184
Benefit administration expense	22,380,144	13,274,107
Salaries and wages	3,693,232	2,754,037
Fringe benefits	5,266,562	3,834,310
Licenses	--	110,178
Contracted services	2,238,129	2,049,115
Outreach	1,059,293	797,512
Depreciation and amortization	3,666,509	2,599,527
IT expense	302,398	3,192,309
Implementation expense	--	1,500,000
Bond funds interest expense	560,690	--
Other expenses	309,336	305,181
Total Deductions	353,013,656	174,698,460
Net Increase in Fiduciary Net Position	107,310,116	241,404,279
Fiduciary Net Position Restricted for Participant Benefits - Beginning of the period	439,937,212	198,532,933
Fiduciary Net Position Restricted for Participant Benefits - End of the period	$ 547,247,328	$ 439,937,212

The accompanying notes are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY AND OPERATIONS

The Connecticut Paid Family and Medical Leave Insurance Authority (the "Authority") is a public instrumentality and political subdivision of the State of Connecticut (the "State") and is, therefore, exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986. The Authority was established pursuant to Public Act No 19-25. The purpose of the Authority is to establish and administer a paid leave program to eligible employees funded by the employees under the Connecticut Paid Family and Medical Leave Insurance Act ("CT Paid Leave" or the "Program"). The Program covers generally all employers in Connecticut with one or more employees, (with certain statutorily specified exclusions) and is accessible to all employees working in Connecticut who have met certain earned-wage thresholds. Those who are self-employed or are sole proprietors are also eligible to opt-in to the Program.

Unionized employees of the State and employees of the federal government, municipalities, a local or regional board of education, and non-public elementary or secondary schools, generally are not covered under the Program, with some exceptions.

Covered employees in the State are eligible for benefits under CT Paid Leave if they have earned wages of at least $2,325 in the highest-earning quarter of the first four of the five most recently completed quarters (the "base period") and are currently employed, or have been employed within the 12 weeks immediately preceding the claim. Self-employed individuals and sole proprietors (who must be Connecticut residents), are also eligible for benefits if they complete an enrollment with the Program and meet the earnings requirement. The Program started receiving contributions from employees and enrolled self-employed individuals and sole proprietors via the collection of wage deductions effective January 1, 2021.

The Family and Medical Leave Insurance Trust Fund (the "Trust") is a non-lapsing fund held by the State Treasurer separate from other funds to hold all contributions and other amounts intended for the Trust. The amounts on deposit in the Trust shall not constitute property of the State and the Trust is not a department, institution, or agency of the State. The State has no obligation to pay obligations of the Trust and all amounts obligated to be paid from the Trust are limited to amounts in the Trust. All assets of the Authority shall be considered restricted assets.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY AND OPERATIONS (CONTINUED)

Employers submit employee contributions to the Authority quarterly, no later than the last business day of the month after the close of the quarter. Late payments may be subject to penalties and interest. In addition, if an employer does not remit required contributions after being notified that contributions are owed, the Authority may exercise its statutory authority to work with a state collection agency to collect the monies owed, including penalties and interest.

Employers may submit the contributions directly to the Authority, or a third party administrator (i.e., payroll company) may submit on behalf of employers.

An employer may apply for an exemption from the Program if it offers its own paid family and medical leave plan that provides its employees with all of the same rights, protections and benefits as provided by the PFMLA, among other requirements, and a majority of an employer's employees working in Connecticut need to vote in favor of the private plan. The private plan must be approved by the Authority.

Payment of benefits to eligible employees began on January 1, 2022. Eligible covered employees may receive compensation for up to 12 weeks of leave in a 12 month period for the reasons outlined in the Program, in connection with most leave reasons. Eligible employees who experience incapacitation during pregnancy may be entitled to receive up to 2 additional weeks of benefits. Eligible employees who seek benefits in connection with the Connecticut Family Violence Leave Act may receive only 12 days of benefits.

Pursuant to Section 31-49f of the General Statutes, the authority's board of directors consists of 13 voting members, nine appointed and four ex officio. The State Treasurer and State Comptroller, or their designees also serve as nonvoting members. The Governor selects a board chair from among the members. Current members of the board are listed on the authority's website.

Each member appointed pursuant to subdivisions (5) to (11), inclusive, of this section 31-49f of the Connecticut General Statutes shall serve an initial term of four years. Thereafter, said members of the General Assembly and the Governor shall appoint members of the board to succeed such appointees whose terms have expired and each member so appointed shall hold office for a term of three years from July first in the year of his or her appointment. Members shall hold office until a successor member has been duly appointed. Any member who fails to attend three consecutive meetings or who fails to attend fifty percent of all meetings held during any calendar year shall be deemed to have resigned from the board.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY AND OPERATIONS (CONTINUED)

The Governor shall select a chairperson of the board from among the members of the board.

BASIS OF PRESENTATION

The financial statements include those assets, liabilities, revenue, and expense accounts reflected in the accounting records of the Authority.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by Governmental Accounting Standards Board ("GASB"). The Authority uses the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses recognized at the time liabilities are incurred, regardless of the timing of the related cash flows. Benefit liabilities to participants are recognized when an event has occurred that compels the Authority to disburse funds. Such liabilities are based on actuarial estimates.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash includes cash held on behalf of the Authority by the State. Cash equivalents consist of cash and highly liquid short-term investments with an original maturity date of 90 days or less when purchased.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE FROM PARTICIPANTS

Contributions represent wage deductions from employees within the State who are participating in the Program. Contributions receivable represent the actual contributions received subsequent to June 30, 2023 and 2022, related to payroll periods ended prior to July 1, 2023 and 2022, respectively. The Authority did not record an allowance for uncollectible receivables as of June 30, 2023 and 2022. Revenue is recognized in the payroll period contributions relate to.

INVESTMENTS AND RELATED INCOME

Public Act 19-25 indicates that the State Treasurer shall be responsible for the receipt and investment of the funds held by the Trust.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recognized as earned on the ex-dividend date. Interest income is recognized on the accrual basis.

As of June 30, 2023 and 2022, the majority of the Authority's investments were held in trust in the State Short-Term Investment Fund. Reference is made to Note 4.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, based on how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- *Level 2* – Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the asset or liability;
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

    If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. The Authority utilizes valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets and liabilities measured at fair value and net asset value ("NAV").

Short-Term Investment Fund: Valued at the daily net asset value of units of mixed investment pool accounts. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by mixed investment pool accounts less its liabilities. This practical expedient is not used when it is determined to be probable that the pooled separate account will sell the investment for an amount different than the reported NAV.

The carrying amounts reported in cash, cash equivalents, contributions receivable, accounts payable and accrued expenses approximate fair value given the short-term nature of the financial instruments.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Property and equipment acquisitions exceeding $5,000 are capitalized at cost. Maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For the projects, including the development of computer software in progress, costs are capitalized as incurred during the development phase and depreciation begins once the assets are placed in service.

The estimated useful lives of capital assets are as follows:

Asset	Years
Equipment and hardware	5 years
Furniture and fixtures	15 years
Software	3 years

IMPAIRMENT OF LONG-LIVED ASSETS

The Authority records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment loss was recognized for the years ended June 30, 2023 and 2022.

FUNDING AVAILABLE FOR BENEFITS

The Authority's ability to make benefit payments is limited to the amount held in Trust. Pursuant to its enabling statute, the first contributions to the Trust Fund began on January 1, 2022. No benefits payments were made in 2021 in order to create funding for benefit payments that commenced on January 1, 2022. Contributions to the Trust Fund will continue each year in perpetuity, until such time that the Paid Leave Program ceases operations.

As of June 30, 2023 investments totaling $485,944,999 were available to pay benefits and the Authority had contributions receivable of $111,877,906. As of June 30, 2022, the Authority had investments totaling $370,286,269 available to pay benefits and the Authority had contributions receivable of $104,381,715.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNDING AVAILABLE FOR BENEFITS (CONTINUED)

Management believes that actuarial estimates suggest that the current contribution rates from employees (minus estimated expense) should provide sufficient funding to meet expected benefit payments for the next three fiscal years. The Authority's actuarial consultants continually monitor the solvency of the Fund. Should there be a concern that funding is not sufficient, the Authority has statutory power to adjust benefit payment rates to assure the Trust Fund's solvency.

COMMITMENTS

On June 21, 2021, the Authority entered into a 3-year contract with the American Family Life Assurance Company of Columbus ("Aflac") to administer the claims of the Program with total fees of approximately $72 million over the contract period.

BENEFIT CLAIMS RESERVE

As of June 30, 2023 and 2022, the Authority recorded a benefit claims reserve of approximately $52.0 million and $40.0 million, respectively, which represents an estimate for future payments of incurred claims that have not yet been settled as of June 30, 2023 and 2022. The estimate was actuarially determined on a non-discounted basis based on a review of emerging claims experience from the Program, claims experience for similar programs in other states and contributions received in prior quarters, factoring in estimated population changes and wage growth. This estimate includes the following three components: 1) reserve for approved open claims with outstanding payments remaining; 2) reserve for pending claims not yet adjudicated which are expected to be approved and result in payment and 3) reserve for claims that have already been incurred but are not yet known by the Authority. Such estimates and the resultant reserves are continually reviewed and updated. The actual loss experience could differ from those estimates. The Authority does not discount loss and loss adjustment expense reserves.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSION AND OPEB PLANS

As described in Note 10, the Authority participates in the State Employees Retirement System ("SERS") defined benefit pension and the State Employees Other Post Employment Benefit Plan (collectively, the "Plans") which are accounted for in accordance with GASB Statement Numbers 68, *Accounting and Financial Reporting for Pensions*, and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, respectively. The Authority's expenses, liabilities, deferred outflows and deferred inflows of resources related to the Plans were recorded as of June 30, 2023 and, 2022, based on amounts that were allocated to the Authority by the State. The allocations were based on actuarial valuations that were performed utilizing data as of June 30, 2022 and 2021 and projected forward to June 30, 2023 and 2022, respectively.

The 2023 and 2022 allocations to the Authority were based on the Authority's proportionate share of contributions made to the Plans during the measurement periods of July 1, 2021 through June 30, 2022 and July 1, 2020 through June 30, 2021, respectively, in relation to the total contributions made to the Plans by the State of Connecticut and all other participating State agencies during the same periods.

Total contributions of approximately $2,465,758 were made by the Authority during the year ended June 30, 2023, compared to $1,748,329 for the year ended June 30, 2022.

Future adjustments to the amounts recorded in the June 30, 2023 and 2022 statements of fiduciary net position will be recognized as changes in estimates that will increase or decrease the Authority's fringe benefits expense in future periods.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of fiduciary net position includes a separate section for deferred outflows of resources which represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows related to pension and OPEB which result from differences between expected and actual experience, changes in assumptions or other inputs, and contributions after the measurement date. These amounts are deferred and other than contributions will be included in pension expense and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

ln addition to liabilities, the statement of fiduciary net position includes a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to pension and OPEB which result from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

COMPENSATED ABSENCES

The Authority's employees earn vacation and sick time at varying rates depending on their collective bargaining unit, when applicable. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from the Authority may convert accumulated vacation and sick leave to termination payments at varying rates, depending on the employee's contract. Amounts recorded on the statements of net position are based on historical experience. Certain fringe benefit costs associated with compensated absences are included in the pension liability and excluded from the compensated absences accrual in the accompanying statements of fiduciary net position.

NOTE 2 – ACCOUNTING PRONOUNCEMENTS

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENT

In May 2020, GASB issued Statement No.96 *Subscription-Based Information Technology Arrangements* (SBITAs) effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. The Statement provides guidance on accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The objective is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The Authority adopted this standard on July 1, 2022 which had the following effect on the beginning fiduciary net position:

Fiduciary net position, July 1, 2022	$ 439,937,212
Adjustments:	
Right of use SBITA assets	3,221,584
SBITA liability	(3,221,584)
Restated Fiduciary net position, July 1, 2022	$ 439,937,212

Results for periods beginning prior to July 1, 2022 continue to be recorded in accordance with the Authority's historical accounting treatment. The adoption of this standard did not have a material impact on the Authority's changes in fiduciary net position for the year ended June 30, 2023.

NOTE 2 – ACCOUNTING PRONOUNCEMENTS (CONTINUED)

UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. Statement 101 replaces Statement No. 16, Accounting for Compensated Absences, to align recognition and measurement guidance for all types of compensated absences under a unified model, resulting in greater consistency and improved comparability. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Authority is currently evaluating the impact this Statement will have on its financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents for the reporting entity at June 30:

	2023	2022
Checking	$ 11,156,178	$ 7,555,241
Imprest account	12,000,000	12,000,000
	$ 23,156,178	$ 19,555,241

The imprest account represents funds held by Aflac on behalf of the Authority to pay claims.

NOTE 4 – INVESTMENTS

As described in Note 1, Public Act 19-25 places responsibility for the oversight and management of the Trust's investments with the State of Connecticut's Office of the Treasurer.

The Authority's investments as of June 30, 2023 and 2022, with fair value totaling $485,944,999 and $370,286,269, respectively, were held in a separate trust fund. As of June 30, 2023 and 2022, the Authority's trust fund was invested in the State's Short-Term Investment Fund, which is recorded at NAV and is not categorized at a level in the fair value hierarchy.

NOTE 4 – INVESTMENTS (CONTINUED)

THE AUTHORITY'S SHORT-TERM INVESTMENT FUND

The Authority's Short-Term Investment Fund is a Standard & Poor's rated AAAm investment pool of short-term money market instruments managed by the Cash Management Division of the State Treasurer's Office and operates in a manner similar to Money Market Mutual Funds. It is the investment vehicle for the operating cash of the State of Connecticut Treasury, state agencies and authorities, municipalities, and other political subdivisions of the State. The value of The Authority's STIF account has the same as the value of pool shares. Regulatory oversight is provided by an investment advisory council and the State's Cash Management Board.

INVESTMENT MATURITIES

The Authority's Short-Term Investment Fund itself has no maturity date and is available for withdrawal on demand.

CUSTODIAL CREDIT RISK – INVESTMENTS

For an investment, this represents the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment.

CREDIT RISK

Investment ratings for the Trust's investments are as follows:

	Standard & Poor's
State of Connecticut Short-Term Investment Fund	AAAm

CONCENTRATION OF CREDIT RISK

The Trust was invested in the State Short-Term Investment Fund as of June 30, 2023 and 2022.

NOTE 5 – CONTRIBUTIONS

The Authority began collecting employee payroll deductions effective January 1, 2021 at 0.5 percent of wages (capped at the Social Security base, which is $160,200 for 2023 and $147,000 for 2022). For the years ended June 30, 2023 and 2022, the Authority recognized $442,941,923 and $415,121,485 of contribution revenue, respectively.

NOTE 6 – BENEFIT PAYMENTS

The Authority began paying benefit claims effective on January 1, 2022. Benefits are calculated as follows:

- If hourly wages are less than or equal to the Connecticut minimum wage multiplied by 40, the weekly benefit rate under the Connecticut Paid Leave Act is 95% of the recipient's base weekly earnings.
- If wages exceed the Connecticut minimum wage multiplied by 40, the weekly benefit rate will be 95% of the Connecticut minimum wage multiplied by 40 plus 60% of the amount that the base weekly earnings exceeds the Connecticut minimum wage multiplied by 40.
- In all circumstances, the weekly benefit is capped at 60 times the Connecticut minimum wage.
- Benefits provide for up to 12 weeks of leave in a 12 month period.

Benefit claims expense was $313,537,363 and $144,282,184 and cash paid for benefits totaled $301,563,363 and $104,282,184 for fiscal years 2023 and 2022, respectively. As described in Note 1, the Authority recorded a benefit claims reserve of approximately $52.0 million and $40.0 million as of June 30, 2023 and 2022, respectively.

NOTE 7 – CAPITAL ASSETS, NET

Capital assets at June 30 consist of the following:

	2023	2022
Projects in progress	$ 2,116,462	$ 111,662
Computer software	9,084,079	9,049,079
	11,200,541	9,160,741
Less accumulated depreciation	(6,147,795)	(3,125,602)
Capital assets, net	$ 5,052,746	$ 6,035,139

Activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Depreciation	June 30, 2023
Projects in progress	$ 111,662	$ 2,004,800	$ --	$ 2,116,462
Computer software	5,923,477	35,000	(3,022,193)	2,936,284
Capital assets, net	$ 6,035,139	$ 2,039,800	$ (3,022,193)	$ 5,052,746

NOTE 7 – CAPITAL ASSETS, NET (CONTINUED)

Activity for the year ended June 30, 2022 is as follows:

	July 1, 2021	Additions	Depreciation	June 30, 2022
Projects in progress	$ 99,062	$ 12,600	$ --	$ 111,662
Computer software	6,670,429	1,852,575	(2,599,527)	5,923,477
Capital assets, net	$ 6,769,491	$ 1,865,175	$ (2,599,527)	$ 6,035,139

NOTE 8 – DEBT

SEED FUNDS PAYABLE

Pursuant to State of CT Public Act 19-117 section 373, the State Legislature allocated and appropriated $5,100,000 from the General Fund to the Authority for its initial operating expenses. The Authority received this appropriation through the Office of Policy and Management ("OPM"). The debt was required to be repaid no later than October 1, 2022. As of June 30, 2023, the Authority expended all of the seed funds and completed its repayment by the statutory due date, repaying $3,845,863 of its obligation in fiscal year 2022 and $1,254,137 in fiscal year 2023. As of June 30, 2023, the seed funds payable balance was $0. No interest was charged on the seed funds.

BOND FUNDS PAYABLE

As per Section 13 of Public Act 20-1, the proceeds of the sale of the bonds described in sections 12 to 19 of the Act, shall be used for the purpose of providing financing for the projects, programs and purposes of the Authority not to exceed $50 million. Of the $50 million authorized, the Bond Commission allocated $6,969,734 on July 21, 2020, $5,250,001 on April 16, 2021 and an additional $3,800,000 on May 26, 2022 for a total allocation to $16,019,735, which was recognized as long term debt as of June 30, 2022. As of June 30, 2023 and 2022, $2,817,956 and $4,822,134, respectively, of these funds were not expended by the Authority and were held on behalf of the Authority by the State.

NOTE 8 – DEBT (CONTINUED)

BOND FUNDS PAYABLE (CONTINUED)

In June 2023, a ten year debt repayment schedule was determined by the State Office of Policy & Management in conjunction with the Office of the Treasurer. Interest is charged at the rate of 3.5% and begun on July 1, 2022. The first repayment of $2,162,664 was made with $1,601,974 in principal and $560,691 in interest repaid during the year end June 30, 2023. The Authority has included the second repayment due no later than June 30, 2024 in current liabilities with the remaining amount of the obligation in noncurrent liabilities on the 2023 statement of fiduciary net position.

Future minimum principal payments on bond funds payable are as follows for the years ending June 30:

2024	$ 1,601,974
2025	1,601,974
2026	1,601,974
2027	1,601,974
2028	1,601,974
Thereafter	6,407,891
	$ 14,417,761

NOTE 9 – RELATED PARTY TRANSACTIONS

STATE OF CONNECTICUT DEPARTMENT OF ADMINISTRATION SERVICES

The Authority entered into a Memorandum of Understanding ("MOU") with the Department of Administrative Services to provide for personnel and affirmative action, business office, and information-technology support functions for the Authority. Expenditures for fiscal years ended June 30, 2023 and 2022 totaled $63,001 and $15,590, respectively. Of this amount, $13,163 and $10,470 are included in outreach on the 2023 and 2022 statements of changes in fiduciary net position, respectively. No amounts were accrued as of June 30, 2023 and 2022.

NOTE 9 – RELATED PARTY TRANSACTIONS (CONTINUED)

STATE OF CONNECTICUT DEPARTMENT OF LABOR

The Authority also entered into a MOU with the Department of Labor for the adjudication of contested benefit claims or penalties. Costs related to these services total $490,786 and $333,430, for fiscal years ended June 30, 2023 and 2022, respectively. These amount are included in contracted services on the 2023 and 2022 statements of changes in fiduciary net position. As of June 30, 2023 and 2022, $114,219 and zero, respectively, were accrued and included in accounts payable and accrued expenses line on the statements of fiduciary net position.

NOTE 10 – PENSION AND OPEB PLANS

Employees of the Authority are eligible to participate in the SERS, a defined benefit pension plan that is administered by the State Employees' Retirement Commission. Employees are also enrolled in the State Employee Other Post Employment Benefit Plan ("SEOPEBP"). Information on the plans' total funding status and progress, contributions required, and trend information can be found in the State's Annual Comprehensive Financial Report available on the State's website. Information for the SERS and OPEB plans, in which the Authority holds liabilities under GASB 68 and GASB 75, respectively, is presented below.

SERS PLAN DESCRIPTIONS

SERS is a single employer defined benefit Public Employees' Retirement System ("PERS") established in 1939 and governed by sections 5-152 to 5-192 of the Connecticut General Statutes. Employees are covered under one of five tiers. Tier I, Tier IIA, and Tier III are contributory plans and Tier II is a non-contributory plan. Tier I Plan B participants contribute 2% or 5% of their pay, depending on their elections. Tier II Plan A and Tier III participants contribute 2% of their pay. Tier IV is called the Hybrid Plan with employees contributing 5% of their pay to the defined benefit plan and 1% to a defined contribution plan.

Members who joined the retirement system prior to July 1, 1984 are enrolled in Tier I. Tier I employees who retire at or after age 65 with 10 years of credited service, or at or after age 55 with 25 years of service, or at age 55 with 10 years of credited service with reduced benefits are entitled to an annual retirement benefit payable monthly for life, in the amount of 2% of the annual average earnings (which are based on the three highest years of service) over $4,800 plus 1% of $4,800 for each year of credited service. Tier II employees who retire at or after age 60 with 25 years of service, or at age 62 with 10 years of service, or at age 70 with 5 years of service, or at age 55 with 10 years of service with reduced benefits are entitled to 1.4% times average salary at or below the breakpoint in the year of retirement, for each year of credited service. Tier III covers employees first hired on or after July 1, 2011.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTIONS (CONTINUED)

Tier III employees who retire at or after age 63 with 25 years of service, or at age 65 with 10 years of service, or at age 58 with 10 years of service with reduced benefits are entitled to 1.4% times average salary at or below the breakpoint in the year of retirement, for each year of credited service. All Tier I, Tier II, Tier IIA, and Tier III members are vested after ten years.

The State established the State of Connecticut Defined Contribution Tier IV Plan as of April 1, 2018. This plan is a defined contribution plan and is intended to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code") and the Connecticut General Statutes, as supplemented, superseded, or amended by applicable collective bargaining agreements and arbitration awards. Employees first hired into State service on or after July 31, 2017 were automatically enrolled in Tier IV of SERS. Tier IV contributions for membership in the plan are based on the employee's annual salary but are subject to certain limitations. Salary includes all pay employees receive for State service. Federal law imposes a limitation on earnings covered for retirement purposes, which is adjusted annually. The 10% premature distribution penalty tax applies to distributions taken before age 59½ unless a Code exception applies. Employees must begin distributions by April 1 following the calendar year in which they reach age 70½ or retire, whichever occurs later. Employee contributions are considered to be 100% available at all times. State contributions are considered to be vested at 100% after 3 years.

The 2011 State Employee Bargaining Agent Coalition ("SEBAC") Agreement changed the benefit multiplier for the portion of the benefit below the breakpoint from 1.33% to 1.40%. This change was made effective for all active members who retire on or after July 1, 2013 in Tier II, IIA, and III, and the Hybrid Plan.

A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2022. Employees who elected by July 1, 2013 to maintain their eligibility are required to make additional employee contributions for the length of their remaining active service with SERS. The additional contribution was up to 0.72% of pensionable earnings.

The pension liability recorded as of June 30, 2023 was based on the June 30, 2022 actuarial valuations.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

CONTRIBUTIONS MADE

The Authority's SERS contribution is determined by applying a State-mandated percentage to eligible salaries and wages. The mandated total fringe benefit rate, which also includes allocations for retiree health care costs, roll forwards, and other adjustments, was 67.4% for the year ended June 30, 2023 compared to 69.07%, for the year ended June 30, 2022. For the period from July 1, 2022 through June 30, 2023 and the period from July 1, 2021 through

June 30, 2022, the SERS contributions made compared to covered payroll were as follows:

	2023	2022
Total Authority payroll covered by SERS	$ 3,693,232	$ 2,683,422
Total Authority SERS contributions	$ 1,677,691	$ 1,219,769
Contributions as a percentage of covered payroll	45.4%	45.5%

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES

GASB 68 requires the Authority to recognize a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability ("TPL") and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position ("FNP").

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of SERS and additions to/deductions from SERS fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

At June 30, 2023 and 2022, the Authority recorded a SERS related liability of $9,441,653 and $5,341,593, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation performed as of June 30, 2022 and 2021, respectively, rolled forward based on plan experience. The Authority's allocation of the net pension liability was based on the Authority's percentage of total overall contributions to the plan during the 2022 and 2021 fiscal years. At June 30, 2022 and 2021, the Authority's proportion of contributions were .042813% and .025122%, respectively.

For the years ended June 30, 2023 and 2022, the Authority recognized SERS pension expense of $1,800,804 and $1,384,184, respectively. The pension expense is reported in the Authority's financial statements as part of fringe benefits expense.

At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the SERS plan from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Proportionate allocation of pension expense	$ --	$ --	$ --	$ --
Authority contributions subsequent to measurement date	1,677,691	--	1,219,769	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,221,082	--	4,135,144	--
Net difference between projected and actual earnings on pension plan investments	422,798	--	--	376,665
Difference between expected and actual experience	1,006,026	--	369,596	--
Changes in assumptions	--	12,903	--	9,845
	$ 9,327,597	$ 12,903	$ 5,724,509	$ 386,510

Differences between projected and actual investment earnings are amortized over a five-year, closed-end period beginning in the year in which the difference occurs and will be recognized as an increase (decrease) to fringe benefits expense.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

The contributions subsequent to the measurement date of the net pension liability but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period. The amount recognized as deferred inflows and outflows of resources, representing the net difference between the expected and actual experiences and changes in assumptions and other inputs, is amortized over a five-year closed period beginning in the year which the difference occurs and will be recognized in expense as follows:

2024	$ 2,111,563
2025	2,035,390
2026	1,920,639
2027	1,438,337
2028	131,074
	$ 7,637,003

ACTUARIAL METHODS AND ASSUMPTIONS

The total SERS pension liability in the June 30, 2022 and 2021, actuarial valuations was determined based on the results of an actuarial experience study for the periods July 1, 2015 - June 30, 2020 and July 1, 2011 - June 30, 2015, respectively. The key actuarial assumptions are summarized below:

Inflation:	2.50%
Salary increase:	3.00% - 11.50%, vary by service and retirement system, including inflation
Investment rate of return:	6.90%, net of pension plan investment expense, including inflation

The Pub-2010 Mortality Tables projected generationally with scale MP-2020:

Non-Hazardous

- Service Retirees: General, Above-Median, Healthy Retiree
- Disabled Retirees: General, Disabled Retiree
- Beneficiaries: General, Above-Median Contingent Annuitant
- Active Employees: General, Above-Median, Employee

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Hazardous

- Service Retirees: Public Safety, Above-Median, Healthy Retiree
- Disabled Retirees: Public Safety, Disabled Retiree
- Beneficiaries: Public Safety, Above-Median Contingent Annuitant
- Active Employees: Public Safety, Above-Median, Employee

DISCOUNT RATE

The discount rate used to measure the total pension liability was the long-term expected rate of return of 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that the Authority's contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2125.

EXPECTED RATE OF RETURN ON INVESTMENTS

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (CONTINUED)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.4%
Developed Market Intl. Stock Fund	11%	6.4%
Emerging Market Intl. Stock Fund	9%	8.6%
Core Fixed Income Fund	13%	0.8%
Emerging Market Debt Fund	5%	3.8%
High Yield Bond Fund	3%	3.4%
Real Estate Fund	19%	5.2%
Private Equity	10%	9.4%
Private Credit	5%	6.5%
Alternative Investments	3%	3.1%
Liquidity Fund	2%	-0.4%
	100%	

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	2022 Pension Liability	2021 Pension Liability
	(in thousands)	*(in thousands)*
Beginning balance - pension liability	$ 9,813	$ 499
Changes for the year:		
Service cost	186	100
Interest	1,098	622
Differences between expected and actual experience	727	196
Changes of assumptions	--	(12)
Benefit payments, including refunds of member contributic	(1,020)	(557)
Change in proportionate allocation of pension liability	6,602	8,965
Net change in pension liability	7,593	9,314
Ending balance - pension liability (a)	$ 17,406	$ 9,813

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (CONTINUED)

	2022 Fiduciary Net Position (in thousands)	2021 Fiduciary Net Position (in thousands)
Beginning balance - fiduciary net position	$ 4,471	$ 179
Changes for the year:		
Contributions - employer	1,776	449
Contributions - employee	126	49
Net investment (loss) income	(943)	829
Benefit payments, including refunds of member contributio	(1,020)	(557)
Administrative expenses	--	--
Other	1,011	193
Change in proportionate allocation of fiduciary net position	2,544	3,329
Net change in fiduciary net position	3,494	4,292
Ending balance - fiduciary net position (b)	$ 7,965	$ 4,471
Authority's net pension liability - ending (a)-(b)	$ 9,441	$ 5,342

SENSITIVITY OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 11,520,476	$ 9,441,653	$ 7,707,851

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits, the State provides postemployment health care and life insurance benefits to Authority employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

GENERAL INFORMATION ABOUT THE SEOPEBP

Plan description – The State's defined benefit OPEB plan, the SEOPEBP, provides OPEB benefits for qualifying employees in accordance with sections 5-257(d) to 5-259(a) of the Connecticut General Statutes. All of the Authority's employees participate in the SEOPEBP.

The plan is primarily funded on a pay-as-you-go basis. The contribution requirements of the State are established by and may be amended by the State legislature, or by agreement between the State and employee unions, upon approval by the State legislature. Costs are passed to the Authority as part of its fringe benefit allocation, the rates for which are set each year by the State Comptroller's office. Information on the SEOPEBP's total funding status and progress, contributions required, and trend information can be found in the State's Annual Comprehensive Financial Report on the State's website.

Benefits provided – The SEOPEBP provides health care and life insurance benefits to eligible retired State employees and their spouses.

Employees covered by benefit terms – The Authority had thirty-six and thirty active employees participating in the SEOPEBP at June 30, 2023 and 2022, respectively. There were no inactive employees or beneficiaries currently receiving benefit payments and no inactive employees entitled to but not yet receiving benefit payments at June 30, 2022 and 2021.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

NET SEOPEBP LIABILITY

The Authority's OPEB liability of $9,660,532 as of June 30, 2023 for its proportionate share of the net SEOPEBP liability was measured as of June 30, 2022 based on an actuarial valuation that was rolled forward to June 30, 2023. The Authority's OPEB liability of $5,151,748 as of June 30, 2022 for its proportionate share of the net SEOPEBP liability was measured as of June 30, 2021 based on an actuarial valuation that was rolled forward to June 30, 2022. The Authority's proportion of the net SEOPEBP liability was based on the Authority's percentage of total overall contributions to the plan. At June 30, 2022 and 2021, the Authority's proportion of contributions was 0.062333% and 0.026382%, respectively.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the June 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increase:	3.00% to 11.50%, vary by service and retirement system, including inflation
Discount rate:	3.90% as of June 30, 2022 and 2.31% as of June 30, 2021
Healthcare cost trends rates	
Medical	6.0% graded to 4.5% over 6 years
Prescription Drug	6.0% graded to 4.5% over 6 years
Dental	3.0%
Part B	4.5%
Administrative expense	3.0%
Retirees' share of benefit-related costs	Contributions, if required, are determined by plan, employee start date, and benefit type

The discount rate is a blend of long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (3.54% as of June 30, 2022 and 2.16% as of June 30, 2021). The blending is based on the sufficiency of projected assets to make projected benefit payments.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

For June 30, 2022 and 2021, mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020. For disabled employees, the Pub-2010 General, Disabled Retiree headcount-weighted Mortality Table projected generationally using Scale MP-2020 was used.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

CONTRIBUTIONS MADE

The Authority's OPEB contribution is determined by applying a State-mandated percentage to eligible salaries and wages. For the years ended June 30, 2023 and 2022, the OPEB contributions made compared to covered payroll were as follows:

	2023	2022
Total Authority payroll covered by SERS	$ 3,693,232	$ 2,683,422
Total Authority OPEB contributions	$ 788,067	$ 528,560
Contributions as a percentage of covered payroll	21.3%	19.7%

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY

	2022 Net OPEB Liability	2021 Net OPEB Liability
	(in thousands)	*(in thousands)*
Beginning balance	$ 5,152	$ 373
Changes for the year:		
Service cost	565	320
Interest	321	163
Differences between expected and actual experience	(193)	103
Changes in assumptions or other inputs	(2,782)	(1,302)
Benefit payments	(398)	(168)
Change in proportionate allocation of OPEB liability	6,996	5,662
Net changes	4,509	4,779
Ending balance	$ 9,661	$ 5,152

SENSITIVITY OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Authority's proportionate share of the OPEB liability using the discount rate of 3.90% as well as the proportionate share of the net OPEB liability using a 1.00% increase or decrease from the current discount rate:

	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
		(in thousands)	
Net OPEB Liability	$ 11,295	$ 9,661	$ 8,338

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SENSITIVITY OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE (CONTINUED)

The following table presents the net OPEB liability of the Authority, as well as what the Authority 's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Valuation	1% Increase
		(in thousands)	
Net OPEB Liability	$ 8,155	$ 9,661	$ 11,572

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023 and June 30, 2022, the Authority recognized OPEB expense of $2,652,001 and $1,428,344. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)		(in thousands)	
Changes in proportionate allocation of OPEB liability	$ 9,389	$ --	$ 4,303	$ --
Authority contributions subsequent to measurement date	788	--	529	--
Changes in assumptions or other inputs - outflows	1,088	--	746	--
Changes in assumptions or other inputs - inflows	--	4,162	--	1,110
Net difference between projected and actual earning on the OPEB Plan investments	90	--	--	48
Net difference between projected and actual experience	149	297	83	102
	$ 11,504	$ 4,459	$ 5,660	$ 1,260

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

The contributions subsequent to the measurement date of the net OPEB liability but before the end of the reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. The amount recognized as a deferred inflows and outflows of resources, representing the net difference between the expected and actual experiences and changes in assumptions and other inputs, is amortized over a five-year closed period beginning in the year which the difference occurs and will be recognized in expense as follows:

2024	$ 1,954,158
2025	1,731,026
2026	1,414,824
2027	1,012,831
2028	143,675
	$ 6,256,514

EXPECTED RATE OF RETURN ON INVESTMENTS

The long-term expected rate of return on SEOPEBP 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (CONTINUED)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.4%
Developed Market Intl. Stock Fund	11%	6.4%
Emerging Market Intl. Stock Fund	9%	8.6%
Core Fixed Income Fund	13%	0.8%
Emerging Market Debt Fund	5%	3.8%
High Yield Bond Fund	3%	3.4%
Real Estate Fund	19%	5.2%
Private Equity	10%	9.4%
Private Credit	5%	6.5%
Alternative Investments	3%	3.1%
Liquidity Fund	2%	-0.4%
	100%	

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority maintains various subscription-based information technology arrangements for applications utilized to support its operations. The asset balances at June 30, 2023 and 2022 were $2,577,268 and zero, respectively. The liability balances at June 30, 2023 and 2022 were $2,690,556 and zero, respectively.

Activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Amortization	June 30, 2023
Right to use SBITA assets	$ 3,221,584	$ --	$ (644,316)	$ 2,577,268

Future maturities of SBITA liabilities are as follows during the years ending June 30,:

2024	$ 650,793
2025	668,002
2026	672,344
2027	699,417
2028	--
	$ 2,690,556

NOTE 12 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through November 8, 2023, which represents the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION PLAN LIABILITY

LAST THREE FISCAL YEARS*

	2023	2022	2021
The Authority's portion of the net pension liability	0.042813%	0.025122%	0.001347%
The Authority's proportionate share of the net pension liability	$ 9,441,653	$ 5,341,593	$ 319,531
The Authority's covered payroll	$ 3,693,232	$ 2,683,422	$ 1,125,906 **
The Authority's proportionate share of the net pension liability as a percentage of its covered payroll	255.65%	199.06%	28.38%
Plan fiduciary net position as a percentage of the total pension liability	45.76%	44.55%	35.84%

* Note: This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

** Note: For the period from January 1, 2020 through June 30, 2021.

See independent auditors' report on accompanying required supplementary information.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

SCHEDULE OF PROPORTIONATE CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM

LAST THREE FISCAL YEARS*

	2023	2022	2021**
Contractually required contributions	$ 1,677,691	$ 1,219,769	$ 470,660
Contributions in relation to the contractually required contribution	1,677,691	1,219,769	470,660
Contribution deficiency	$ --	$ --	$ --
The Authority's covered payroll	$ 3,693,232	$ 2,683,422	$ 1,125,906
Contributions as a percentage of covered payroll	45.43%	45.50%	41.80%

* Note: This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

** Note: For the period from January 1, 2020 through June 30, 2021.

See independent auditors' report on accompanying required supplementary information.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

LAST THREE FISCAL YEARS*

	2023	2022	2021	
The Authority's portion of the net OPEB liability	0.062333%	0.026382%	0.001586%	
The Authority's proportionate share of the net OPEB liability	$ 9,660,532	$ 5,151,748	$ 373,382	
The Authority's covered payroll	$ 3,693,232	$ 2,683,422	$ 1,125,906	**
The Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	261.57%	191.98%	33.16%	
Plan fiduciary net position as a percentage of the total OPEB liability	12.63%	10.12%	6.13%	

* Note: This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

** Note: For the period from January 1, 2020 through June 30, 2021.

See independent auditors' report on accompanying required supplementary information.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

SCHEDULE OF PROPORTIONATE CONTRIBUTIONS TO THE STATE EMPLOYEES' OTHER POST EMPLOYMENT BENEFIT PLAN

LAST THREE FISCAL YEARS*

	2023	2022	2021**
Contractually required contribution	$ 788,067	$ 528,560	$ 242,770
Contributions in relation to the contractually required contribution	788,067	528,560	242,770
Contribution deficiency	$ --	$ --	$ --
The Authority's covered payroll	$ 3,693,232	$ 2,683,422	$ 1,125,906
Contributions as a percentage of covered payroll	21.34%	19.70%	21.60%

* Note: This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

** Note: For the period from January 1, 2020 through June 30, 2021.

See independent auditors' report on accompanying required supplementary information.

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ACCOUNTANTS ▲ ADVISORS

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

Board of Directors
Connecticut Paid Family and Medical Leave Insurance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of Connecticut Paid Family and Medical Leave Insurance Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Hartford, CT
November 8, 2023