CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE OF EMPLOYER ALLOCATIONS AND SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Retirement Board
Connecticut State Teachers' Retirement Board

Report on the Schedules

We have audited the accompanying schedule of employer allocations and schedule of pension amounts by employer of the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2017, and the related notes to the schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules 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 the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedules 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 schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedules, 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 schedules 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 schedules.

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

Marcum LLP ■ 555 Long Wharf Drive ■ 12th Floor ■ New Haven, Connecticut 06511 ■ Phone 203.781.9600 ■ Fax 203.781.9601 ■ www.marcumllp.com

Opinion

In our opinion, the schedule of employer allocations and schedule of pension amounts by employer referred to above present fairly, in all material respects, the employer allocations, net pension liability, and employer pension expense and revenue of all participating entities for the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Audited Net Position of the Connecticut Teachers' Retirement System

We have not audited the financial statements of the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2017. The audit for the Connecticut Teachers' Retirement System was performed by the State of Connecticut Auditors of Public Accounts. The net position of the Connecticut Teachers' Retirement System used to calculate the net pension liability in the schedules in this report was based solely upon the amounts audited by the State of Connecticut Auditors of Public Accounts.

Restrictions on Use

Our report is intended solely for the information and use of the Connecticut Teachers' Retirement System management, the State Teachers' Retirement Board, and Connecticut State and local retirement system employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

New Haven, CT
October 18, 2018

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Andover	$ 531,598	0.052521%
Ansonia	3,270,066	0.323077%
Ashford	775,679	0.076636%
Avon	6,800,904	0.671918%
Barkhamsted	414,473	0.040949%
Berlin	5,681,859	0.561359%
Bethany	834,704	0.082467%
Bethel	5,547,527	0.548087%
Highville Chtr	389,172	0.038450%
Bloomfield	4,469,033	0.441533%
Bolton	1,710,215	0.168967%
Bozrah	432,214	0.042702%
Branford	6,488,253	0.641029%
Bridgeport	30,805,017	3.043487%
Bristol	14,315,745	1.414373%
Brookfield	4,783,727	0.472625%
Brooklyn	77,709	0.007678%
Cldrn Ctr Com Prog	91,745	0.009064%
Canaan	213,673	0.021111%
Canterbury	869,405	0.085896%
Canton	2,810,149	0.277638%
Chaplin	427,447	0.042231%
Cheshire	8,254,318	0.815514%
Chester	316,423	0.031262%
Clinton	4,066,019	0.401716%
Colchester	4,726,636	0.466984%
Amistad Acd	836,579	0.082653%
Colebrook	224,563	0.022186%
Columbia	1,022,237	0.100995%
Cornwall	271,630	0.026837%
Coventry	3,086,108	0.304903%
Cromwell	3,443,904	0.340252%
Danbury	18,293,469	1.807366%
Darien	10,794,006	1.066431%
Deep River	422,483	0.041741%
Derby	2,231,426	0.220461%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Eastford	$ 355,530	0.035126%
East Granby	1,979,396	0.195561%
East Haddam	2,330,607	0.230260%
East Hampton	3,658,960	0.361499%
East Hartford	13,382,133	1.322134%
East Haven	5,547,518	0.548086%
East Lyme	5,233,913	0.517102%
Easton	1,688,206	0.166792%
East Windsor	2,569,916	0.253904%
Ellington	4,478,532	0.442472%
Enfield	9,517,824	0.940346%
Essex	570,561	0.056371%
Fairfield	21,355,924	2.109931%
Farmington	7,981,696	0.788579%
Franklin	336,380	0.033234%
Glastonbury	12,110,003	1.196449%
Granby	3,563,337	0.352052%
Greenwich	23,581,175	2.329783%
Griswold	3,089,888	0.305276%
Groton	9,443,673	0.933020%
Guilford	6,699,893	0.661939%
Hamden	11,385,732	1.124892%
Hampton	221,633	0.021897%
Hartford	39,652,641	3.917618%
Hartland	404,490	0.039963%
Hebron	1,386,274	0.136962%
Kent	485,654	0.047982%
Killingly	3,902,875	0.385598%
Lebanon	1,730,680	0.170988%
Ledyard	4,631,634	0.457598%
Lisbon	799,340	0.078973%
Litchfield	2,179,451	0.215326%
Madison	6,129,773	0.605612%
Manchester	13,059,398	1.290248%
Mansfield	2,811,507	0.277772%
Marlborough	1,015,378	0.100318%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Meriden	$ 13,714,010	1.354922%
Middletown	8,831,661	0.872554%
Milford	12,849,116	1.269472%
Monroe	7,082,836	0.699773%
Montville	4,728,166	0.467135%
Naugatuck	6,650,528	0.657062%
New Britain	18,006,884	1.779052%
New Canaan	9,863,520	0.974500%
New Fairfield	4,932,714	0.487344%
New Hartford	863,266	0.085289%
New Haven	37,700,804	3.724780%
Newington	8,025,585	0.792915%
New London	5,282,280	0.521881%
New Milford	5,956,283	0.588471%
Newtown	8,719,478	0.861471%
Norfolk	210,302	0.020778%
North Branford	3,404,881	0.336397%
North Canaan	468,824	0.046319%
North Haven	6,117,480	0.604397%
No.Stonington	1,575,888	0.155695%
Norwalk	22,483,989	2.221382%
Norwich	5,729,402	0.566056%
NFA	3,890,545	0.384380%
Old Saybrook	2,992,578	0.295662%
Orange	2,369,559	0.234109%
Oxford	3,115,325	0.307789%
Plainfield	3,697,462	0.365303%
Plainville	4,362,402	0.430998%
Plymouth	2,692,911	0.266055%
Pomfret	704,209	0.069575%
Portland	2,275,400	0.224806%
Preston	897,696	0.088691%
Putnam	156,072	0.015420%
Redding	2,411,415	0.238244%
RSD 1	1,749,689	0.172867%
RSD 4	1,691,907	0.167158%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
RSD 5	$ 4,797,427	0.473978%
RSD 6	1,762,150	0.174098%
RSD 7	1,988,165	0.196428%
RSD 8	2,953,104	0.291762%
Ridgefield	10,608,049	1.048058%
Rocky Hill	4,978,119	0.491830%
Salem	746,625	0.073765%
Salisbury	603,614	0.059636%
Scotland	262,334	0.025918%
Seymour	3,968,512	0.392083%
Sharon	446,994	0.044162%
Shelton	8,859,563	0.875311%
Sherman	750,496	0.074148%
Simsbury	8,353,368	0.825299%
Somers	2,663,651	0.263164%
Southington	10,767,230	1.063785%
S. Windsor	8,420,235	0.831906%
Sprague	518,557	0.051233%
Stafford	2,912,612	0.287761%
Stamford	33,670,438	3.326586%
SDE	9,046,746	0.893804%
DCF Recq Home	456,167	0.045069%
Sterling	630,079	0.062251%
Stonington	4,201,431	0.415095%
Stratford	12,725,204	1.257230%
Suffield	4,502,282	0.444818%
Thomaston	1,589,931	0.157083%
Thompson	1,786,033	0.176457%
Tolland	4,441,994	0.438862%
Torrington	7,625,678	0.753405%
Trumbull	13,351,362	1.319093%
Union	141,448	0.013975%
Vernon	6,256,446	0.618127%
Voluntown	564,013	0.055724%
Wallingford	12,456,129	1.230646%
Waterbury	29,565,401	2.921015%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Waterford	$ 5,643,473	0.557566%
Watertown	4,438,081	0.438475%
Westbrook	1,930,715	0.190752%
W. Hartford	18,671,461	1.844711%
West Haven	10,664,795	1.053665%
Weston	5,524,819	0.545843%
Westport	13,520,820	1.335836%
Wethersfield	6,582,624	0.650353%
Willington	916,187	0.090518%
Wilton	9,568,466	0.945349%
Winchester	1,106,711	0.109341%
Windham	5,849,180	0.577890%
Windsor	7,551,305	0.746057%
Windsor Locks	3,843,629	0.379744%
Winsted/Gilbert	1,058,245	0.104553%
Wolcott	4,104,873	0.405555%
Woodbridge	1,588,238	0.156915%
Woodstock	1,259,653	0.124452%
Woodstock Ad	1,744,878	0.172391%
UCONN	353,578	0.034933%
RSD 9	2,301,665	0.227401%
CCI Somers	15,783	0.001559%
RSD 10	4,310,801	0.425900%
Supervison District	827,231	0.081729%
NWCTC	80,942	0.007997%
MCTC	60,031	0.005931%
Norwalk CTC	61,668	0.006093%
WCSU	141,986	0.014028%
CCSU	322,083	0.031821%
ESCU	82,810	0.008181%
SCSU	375,855	0.037134%
RSD 11	595,296	0.058814%
CCTC	28,669	0.002832%
Hou CTC	39,891	0.003941%
Naug CTC	112,863	0.011151%
MCTC	83,743	0.008274%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Ed Connection	$ 571,272	0.056441%
RSD 12	2,108,198	0.208287%
Gateway CTC	278,874	0.027552%
RSD 13	3,852,029	0.380574%
RSD 14	3,579,279	0.353627%
CCI Cheshire	38,873	0.003841%
Shared Svcs	368,153	0.036373%
CREC	19,569,565	1.933442%
RSD 15	7,206,602	0.712001%
RSD 16	3,738,693	0.369377%
TRCC (Mohegan)	30,687	0.003032%
Tunxis CTC	71,650	0.007079%
Odyssey	456,239	0.045076%
CES	2,869,249	0.283477%
ACES	5,752,208	0.568309%
Project Learn	3,908,800	0.386183%
RSD 17	4,020,375	0.397207%
Asnun CTC	60,297	0.005957%
Project O	68,031	0.006721%
RSD 18	3,079,493	0.304249%
DCF Mental Health	28,704	0.002836%
EASTCONN	1,690,096	0.166979%
BSBE	247,864	0.024489%
RSD 19	2,478,181	0.244840%
UCONN Health	188,006	0.018575%
CCI Niantic	16,673	0.001647%
Children's CTR	238,722	0.023585%
Bridges Academy	309,545	0.030583%
Common Ground	305,281	0.030161%
Explorations	204,597	0.020214%
Intergrated Day	477,381	0.047165%
Isaac	457,073	0.045158%
Jumoke Academy	730,044	0.072127%
Side by Side	360,571	0.035624%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE I – EMPLOYER ALLOCATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	Expected Employer Contribution Effort for Allocation Purposes	Employer Allocation Percentage
Trailblazers Academy	$ 205,652	0.020318%
Elm City CP	385,957	0.038132%
Stamford Academy	158,128	0.015623%
Park City	338,127	0.033406%
AF Bridgeport Academy	278,013	0.027467%
SERC	51,974	0.005135%
AF Hartford Acad	928,350	0.091720%
Brass City	206,559	0.020408%
Path Academy	105,872	0.010460%
Booker T. Washington (BTW)	200,722	0.019831%
Total	$ 1,012,162,000	100.000000%

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Andover	$ 7,091,555	$ 820,286
Ansonia	43,622,931	5,045,899
Ashford	10,347,614	1,196,917
Avon	90,724,585	10,494,184
Barkhamsted	5,529,096	639,555
Berlin	75,796,445	8,767,434
Bethany	11,135,020	1,287,997
Bethel	74,004,441	8,560,152
Highville Chtr	5,191,582	600,514
Bloomfield	59,617,244	6,895,974
Bolton	22,814,406	2,638,960
Bozrah	5,765,773	666,932
Branford	86,553,802	10,011,747
Bridgeport	410,941,334	47,533,908
Bristol	190,973,158	22,090,016
Brookfield	63,815,288	7,381,565
Brooklyn	1,036,642	119,909
Cldrn Ctr Com Prog	1,223,884	141,568
Canaan	2,850,418	329,710
Canterbury	11,597,929	1,341,542
Canton	37,487,602	4,336,220
Chaplin	5,702,182	659,576
Cheshire	110,113,252	12,736,887
Chester	4,221,104	488,258
Clinton	54,241,013	6,274,101
Colchester	63,053,688	7,293,470
Amistad Acd	11,160,032	1,290,890
Colebrook	2,995,683	346,513
Columbia	13,636,722	1,577,370
Cornwall	3,623,561	419,140
Coventry	41,168,926	4,762,042
Cromwell	45,941,954	5,314,142
Danbury	244,036,306	28,227,872
Darien	143,992,876	16,655,770
Deep River	5,635,957	651,916
Derby	29,767,390	3,443,217

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Eastford	$ 4,742,804	$ 548,604
East Granby	26,405,296	3,054,321
East Haddam	31,090,473	3,596,260
East Hampton	48,810,812	5,645,985
East Hartford	178,518,697	20,649,398
East Haven	74,004,319	8,560,138
East Lyme	69,820,814	8,076,229
Easton	22,520,802	2,604,999
East Windsor	34,282,876	3,965,527
Ellington	59,743,965	6,910,631
Enfield	126,968,516	14,686,548
Essex	7,611,332	880,409
Fairfield	284,889,694	32,953,416
Farmington	106,476,441	12,316,214
Franklin	4,487,339	519,054
Glastonbury	161,548,380	18,686,429
Granby	47,535,197	5,498,434
Greenwich	314,574,713	36,387,105
Griswold	41,219,341	4,767,874
Groton	125,979,335	14,572,129
Guilford	89,377,099	10,338,320
Hamden	151,886,550	17,568,837
Hampton	2,956,599	341,992
Hartford	528,969,319	61,186,298
Hartland	5,395,922	624,151
Hebron	18,493,006	2,139,101
Kent	6,478,659	749,392
Killingly	52,064,663	6,022,361
Lebanon	23,087,407	2,670,539
Ledyard	61,786,364	7,146,877
Lisbon	10,663,253	1,233,427
Litchfield	29,074,044	3,363,018
Madison	81,771,646	9,458,591
Manchester	174,213,386	20,151,400
Mansfield	37,505,724	4,338,317
Marlborough	13,545,222	1,566,787

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Meriden	$ 182,945,968	$ 21,161,504
Middletown	117,815,053	13,627,760
Milford	171,408,206	19,826,922
Monroe	94,485,584	10,929,222
Montville	63,074,098	7,295,831
Naugatuck	88,718,563	10,262,146
New Britain	240,213,233	27,785,654
New Canaan	131,580,130	15,219,977
New Fairfield	65,802,792	7,611,461
New Hartford	11,516,040	1,332,069
New Haven	502,931,664	58,174,502
Newington	107,061,929	12,383,938
New London	70,466,034	8,150,862
New Milford	79,457,277	9,190,886
Newtown	116,318,513	13,454,654
Norfolk	2,805,445	324,508
North Branford	45,421,382	5,253,927
North Canaan	6,254,147	723,422
North Haven	81,607,663	9,439,623
No.Stonington	21,022,469	2,431,686
Norwalk	299,938,169	34,694,085
Norwich	76,430,665	8,840,795
NFA	51,900,175	6,003,334
Old Saybrook	39,921,225	4,617,720
Orange	31,610,106	3,656,366
Oxford	41,558,678	4,807,125
Plainfield	49,324,435	5,705,396
Plainville	58,194,787	6,731,437
Plymouth	35,923,636	4,155,315
Pomfret	9,394,205	1,086,635
Portland	30,354,019	3,511,073
Preston	11,975,336	1,385,197
Putnam	2,082,007	240,827
Redding	32,168,470	3,720,952
RSD 1	23,340,990	2,699,871
RSD 4	22,570,173	2,610,710

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
RSD 5	$ 63,998,051	$ 7,402,705
RSD 6	23,507,220	2,719,099
RSD 7	26,522,274	3,067,852
RSD 8	39,394,642	4,556,809
Ridgefield	141,512,195	16,368,827
Rocky Hill	66,408,496	7,681,523
Salem	9,960,033	1,152,085
Salisbury	8,052,261	931,411
Scotland	3,499,558	404,797
Seymour	52,940,254	6,123,641
Sharon	5,962,940	689,738
Shelton	118,187,255	13,670,813
Sherman	10,011,677	1,158,059
Simsbury	111,434,579	12,889,726
Somers	35,533,308	4,110,166
Southington	143,635,690	16,614,453
S. Windsor	112,326,595	12,992,906
Sprague	6,917,597	800,164
Stafford	38,854,474	4,494,328
Stamford	449,166,264	51,955,416
SDE	120,684,292	13,959,647
DCF Recq Home	6,085,299	703,891
Sterling	8,405,297	972,247
Stonington	56,047,411	6,483,048
Stratford	169,755,214	19,635,719
Suffield	60,060,792	6,947,279
Thomaston	21,209,807	2,453,355
Thompson	23,825,821	2,755,952
Tolland	59,256,551	6,854,252
Torrington	101,727,133	11,766,858
Trumbull	178,108,210	20,601,917
Union	1,886,928	218,262
Vernon	83,461,472	9,654,054
Voluntown	7,523,972	870,304
Wallingford	166,165,729	19,220,521
Waterbury	394,404,756	45,621,109

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Waterford	$ 75,284,376	$ 8,708,203
Watertown	59,204,351	6,848,214
Westbrook	25,755,886	2,979,204
W. Hartford	249,078,751	28,811,136
West Haven	142,269,191	16,456,389
Weston	73,701,515	8,525,112
Westport	180,368,791	20,863,400
Wethersfield	87,812,722	10,157,367
Willington	12,222,002	1,413,729
Wilton	127,644,082	14,764,692
Winchester	14,763,617	1,707,719
Windham	78,028,522	9,025,621
Windsor	100,735,001	11,652,097
Windsor Locks	51,274,308	5,930,940
Winsted/Gilbert	14,117,066	1,632,932
Wolcott	54,759,330	6,334,055
Woodbridge	21,187,222	2,450,743
Woodstock	16,803,863	1,943,716
Woodstock Ad	23,276,808	2,692,447
UCONN	4,716,757	545,591
RSD 9	30,704,395	3,551,602
CCI Somers	210,544	24,354
RSD 10	57,506,427	6,651,814
Supervison District	11,035,320	1,276,464
NWCTC	1,079,777	124,899
MCTC	800,820	92,631
Norwalk CTC	822,653	95,157
WCSU	1,894,108	219,093
CCSU	4,296,607	496,992
ESCU	1,104,692	127,781
SCSU	5,013,932	579,966
RSD 11	7,941,296	918,576
CCTC	382,443	44,237
Hou CTC	532,151	61,554
Naug CTC	1,505,606	174,155
MCTC	1,117,135	129,220

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Ed Connection	$ 7,620,817	$ 881,506
RSD 12	28,123,524	3,253,070
Gateway CTC	3,720,199	430,318
RSD 13	51,386,371	5,943,902
RSD 14	47,747,856	5,523,032
CCI Cheshire	518,564	59,983
Shared Svcs	4,911,184	568,081
CREC	261,059,521	30,196,961
RSD 15	96,136,637	11,120,201
RSD 16	49,874,462	5,769,018
TRCC (Mohegan)	409,373	47,352
Tunxis CTC	955,815	110,560
Odyssey	6,086,259	704,002
CES	38,276,007	4,427,416
ACES	76,734,898	8,875,986
Project Learn	52,143,698	6,031,503
RSD 17	53,632,120	6,203,670
Asnun CTC	804,362	93,041
Project O	907,543	104,976
RSD 18	41,080,680	4,751,835
DCF Mental Health	382,913	44,292
EASTCONN	22,546,008	2,607,914
BSBE	3,306,526	382,469
RSD 19	33,059,131	3,823,976
UCONN Health	2,508,013	290,104
CCI Niantic	222,423	25,728
Children's CTR	3,184,570	368,362
Bridges Academy	4,129,348	477,645
Common Ground	4,072,472	471,066
Explorations	2,729,335	315,704
Intergrated Day	6,368,302	736,627
Isaac	6,097,388	705,290
Jumoke Academy	9,738,844	1,126,500
Side by Side	4,810,044	556,382

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

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

SCHEDULE II – PENSION AMOUNTS BY EMPLOYER (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Employer	State of Connecticut's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Trailblazers Academy	$ 2,743,407	$ 317,332
Elm City CP	5,148,702	595,554
Stamford Academy	2,109,435	244,000
Park City	4,510,646	521,750
AF Bridgeport Academy	3,708,717	428,990
SERC	693,337	80,199
AF Hartford Acad	12,384,262	1,432,497
Brass City	2,755,510	318,732
Path Academy	1,412,342	163,367
Booker T. Washington (BTW)	2,677,650	309,726
Total	$ 13,502,320,000	$ 1,561,824,000

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

NOTE 1 - ORGANIZATION

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes.

TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board. The Connecticut State Teachers' Retirement Board (TRB) is responsible for the administration of TRS. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

NOTE 2 - DESCRIPTION OF THE PLAN

PLAN DESCRIPTION

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

BENEFIT PROVISIONS

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

NOTE 2 - DESCRIPTION OF THE PLAN (CONTINUED)

BENEFIT PROVISIONS (CONTINUED)

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of $1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

CONTRIBUTIONS

STATE OF CONNECTICUT

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

EMPLOYER (SCHOOL DISTRICTS)

School district employers are not required to make contributions to the Plan.

NOTE 2 - DESCRIPTION OF THE PLAN (CONTINUED)

CONTRIBUTIONS (CONTINUED)

EMPLOYEES

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

The components associated with pension expense and deferred inflows and outflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The net pension liability at June 30, 2017 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The schedule of employer allocations and schedule of pension amounts by employer (the Schedules) are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the in the United States of America. The Schedules present amounts that are elements of financial statements of TRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of TRS or its participating employers.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires participating employers to recognize their proportional share of the collective net pension liability, deferred inflows and outflows of resources and pension expense. The Schedules have been prepared to provide employers with their proportional share of these amounts. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

USE OF ESTIMATES

The preparation of the Schedules requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

ALLOCATION METHODOLOGY

The schedule of employer allocations was calculated based upon the 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer.

Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above.

NOTE 5 - COLLECTIVE NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the current year collective net pension liability of participating employers as of June 30, 2017 were as follows:

Employers' total pension liability	$ 30,636,646,000
Less: Plan fiduciary net position	17,134,326,000
Total employers' net pension liability	$ 13,502,320,000
Fiduciary net position as a percentage of total pension liability	55.93%

The collective total pension liability is based upon the June 30, 2016 actuarial valuation.

NOTE 6 - ACTUARIAL ASSUMPTIONS AND RELATED DISCLOSURES

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Administrative expenses	$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

NOTE 6 - ACTUARIAL ASSUMPTIONS AND RELATED DISCLOSURES (CONTINUED)

LONG-TERM RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
	100.0%	

NOTE 6 - ACTUARIAL ASSUMPTIONS AND RELATED DISCLOSURES (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability, calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Net pension liability	$16,900,923,000	$13,502,320,000	$10,629,014,000

NOTE 7 - COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

NET PENSION LIABILITY

The participating employer's share of the collective net pension liability is calculated using the employer allocation percentage.

DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE

The difference between expected and actual experience for economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive plan members. The weighted-average is 6.81 years. In the year that the difference occurs, one year is amortized and recognized as pension expense. The balance is recorded as a deferred inflow or outflow and recognized in future periods.

NOTE 7 - COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)

DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE (CONTINUED)

The collective difference between expected and actual experience as of June 30, 2017 is $265,437,000. For the year ended June 30, 2017, no amortization was recognized as pension expense.

CHANGES IN ACTUARIAL ASSUMPTIONS

The collective amount due to changes in actuarial assumptions as of June 30, 2017 is $1,563,208,000. For the year ended June 30, 2017, no amortization was recognized as pension expense.

CHANGES IN EMPLOYER PROPORTIONAL SHARE

For the year ended June 30, 2017 there were no changes to the employer proportional share and no impact to the individual employers and each employer's proportional share.

NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL INVESTMENT EARNINGS ON PENSION PLAN INVESTMENTS

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. The collective amount of the net difference between projected and actual investment earnings compared to the plan's expected rate of return of 8.00% was $183,836,000. Amortization of the preceding net difference which relates to projected earnings on plan investments of $1,221,172,000 is recognized within pension expense and the remaining amount is shown as a deferred outflow of resources.

NOTE 7 - COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	$ --	$ 265,437,000
Changes of assumptions	1,563,208,000	--
Net difference between projected and actual earnings on plan investments	183,836,000	--
	$ 1,747,044,000	$ 265,437,000
Net deferred outflows and inflows	$ 1,481,607,000	

Amounts to be recognized in subsequent fiscal years:

2018	$ 313,672,000
2019	527,839,000
2020	347,489,000
2021	74,064,000
2022	218,543,000
	$ 1,481,607,000

The above amounts do not include the deferred outflows/inflows of resources for employer contributions made subsequent to the measurement date. These amounts should be calculated and recorded by each participating employer.

NOTE 8 - COLLECTIVE PENSION EXPENSE

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense was $1,561,824,000 calculated as follows:

Service cost	$ 450,563,000
Interest on the total pension liability	2,308,693,000
Member contributions	(288,251,000)
Projected earnings on plan investments	(1,221,172,000)
Expensed portion of current period differences between projected and actual earnings on plan investments	(195,745,000)
Other	(1,679,000)
Recognition of beginning deferred outflows of resources as pension expense	564,599,000
Recognition of beginning deferred inflows of resources as pension expense	(55,184,000)
Collective pension expense	$ 1,561,824,000

NOTE 9 - SUBSEQUENT EVENT

The Plan has evaluated subsequent events through October 18, 2018, the date on which the Schedules were available to be issued. Other than the increase in the required teacher contribution from 6% to 7% effective January 1, 2018, as described in Note 2, no other subsequent events have been identified requiring recognition or disclosure in the Schedules and accompanying notes.

October 18, 2018

To the Board of Directors
Connecticut Teachers' Retirement System
765 Asylum Avenue
Hartford, CT 06105

Re: Required communications between Marcum and Those Charged With Governance

In accordance with auditing standards generally accepted in the United States of America ('GAAS"), Marcum LLP ("Marcum" or the "Firm"), as auditors of the schedule of employer allocations and schedule of pension amounts by employer of Connecticut Teachers' Retirement System (the "Plan"), is required to determine that certain matters related to the conduct of our audit are communicated to the body or individuals (including management) charged with governance (hereafter referred to as the "Those Charged with Governance"). GAAS requires the auditor to ensure that Those Charged with Governance receive additional information regarding the scope and results of the audit that may assist them in overseeing the financial reporting and disclosure process, for which management is responsible.

1. The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

   As stated in our engagement letter dated May 10, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the schedule of employer allocations and schedule of pension amounts by employer of the Connecticut Teachers' Retirement System that have been prepared by management with your oversight are presented fairly, on all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Our audit of the schedule of employer allocations and schedule of pension amounts by employer does not relieve you or management of your respective responsibilities.

   Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the schedule of employer allocations and schedule of pension amounts by employer are free of material misstatement. An audit of such schedules includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Plan solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

2. Planned Scope and Timing of the Audit

The auditor should communicate an overview of the planned scope and timing of the audit. This communication may assist Those Charged With Governance in better understanding the consequences of the auditor's work for their oversight activities, discussing with the auditor issues of risk and materiality, and identifying any areas in which they may request the auditor to undertake additional procedures. Such communication may also assist the auditor in better understanding the Plan and its environment. Nevertheless, the auditor maintains sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We conducted our audit consistent with the planned scope and timing we previously communicated to you. We would be pleased to meet with you to further discuss any of the following matters at your request:

- *The allocation of responsibilities between Those Charged With Governance and management.*
- *The Plan's objectives and strategies, and the related business risks that may result in material misstatements.*
- *Matters you have identified that warrant particular attention during the audit, and any areas where you request additional procedures to be undertaken.*
- *Significant communications with regulators.*
- *Other matters you believe are relevant to the audit of the financial statements.*
- *The attitudes, awareness, and actions of Those Charged With Governance concerning (a) the Plan's internal control and its importance in the Plan, including how Those Charged With Governance oversee the effectiveness of internal control and (b) the detection or the possibility of fraud.*
- *The actions of Those Charged With Governance in response to developments in financial reporting, laws, accounting standards, corporate governance practices, and other related matters.*
- *The actions of Those Charged With Governance in response to previous communications with the auditor.*

3. Qualitative Aspects of the Plan's Significant Accounting Policies

The Plan's significant accounting policies are described in Note 4 to the financial schedules. There are no specific matters that we believe should be communicated to you. However, we would be pleased to meet with you at your convenience to discuss your significant accounting policies. Since the primary responsibility for establishing the Plan's accounting principles *rests with management, such a discussion should generally include the Plan's management as a participant*

4. Management Judgments and Significant Accounting Estimates

   The most sensitive accounting estimates affecting the financial schedules relate to the actuarial assumptions and disclosures around the valuation to calculate the total employer pension allocations and liability.

5. Financial Statement Disclosures

   The financial schedules' disclosures are neutral, consistent and clear. The most sensitive disclosures affecting the Plan's financial schedules are described in Note 6 - Actuarial Assumptions and Related Disclosures.

6. Significant Difficulties Encountered During the Audit

   We encountered no significant difficulties in dealing with management relating to the performance of the audit.

7. Uncorrected and Corrected Misstatements

   We did not identify any material misstatements that resulted from the performance of our audit procedures.

8. Disagreements with Management

   For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the Plan's financial statements or the auditor's report. However, a disagreement does not include a difference of opinion based on incomplete facts or preliminary information that is later resolved.

   There were no such disagreements.

9. Representations Requested from Management

   See the attached copy of the representation letter from management.

10. Management Consultations with Other Accountants

    When the auditor is aware that management has consulted with other accountants about significant accounting or auditing matters, the auditor's views about the subject of the consultation should be communicated to Those Charged With Governance.

To our knowledge, no such consultations were made by management.

11. Other Audit Findings or Issues

The auditor should communicate any issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to Those Charged With Governance regarding their oversight of the financial reporting process. In addition, the auditor should communicate to Those Charged With Governance any significant issues that were discussed or were the subject of correspondence with management.

During the course of our audit, we reviewed the GASB Statement No. 68 Report for the Connecticut Teachers' Retirement System prepared as of June 30, 2017 and provided to us. While we did not note any material variances or differences in assumptions or calculations, we do have several best practice recommendations for Plan management to consider.

- *Consider revising the long term rate of return of 8.00% for the 2018 actuarial valuation, as 8.00% is somewhat high in today's environment.*
- *In the GASB 68 report, the description of the investment rate of return indicates that it is net of investment expenses, but the description of expenses indicates that the expected return is net of both administrative and investment expenses. The recommendation is a disclosure in the audit report of the administrative expense assumption as $0.*
- *Actuarial Standards requires an allowance for longevity improvement when setting mortality assumption. The GASB 68 report uses a static projection on the mortality tables. It is more common to use a generational projection to eliminate the need for updating the table each time the margin approaches zero. The actuary may want to evaluate whether a table specific to Teachers is appropriate for future valuations.*
- *It is expected that the employers' total pension liability (before netting the Plan's fiduciary net position) used in the roll-forward would match the actuarial accrued liability in the June 30, 2016 actuarial valuation report; however, the GASB roll-forward uses $29,839,923,000 as the starting point while the valuation shows $29,860,318,000. The difference was not considered material.*
- *It is recommended that Plan management work with the actuary to provide full names of each district on the allocation pages, for clarity. The abbreviations and acronyms currently listed may not be understandable to all readers.*

12. Fraud or violations of Laws and Regulations

There were no fraud or violations of laws and regulations that came to our attention during the course of our audit.

13. <u>Communicating Internal Control Related Matters</u>

Our consideration of internal control was for the limited purpose described in item # 1 above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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

14. <u>Independence</u>

In order to issue an auditor's report, Marcum must be independent from the Plan in accordance with professional standards. The auditor may choose to communicate circumstances or relationships, such as financial interests, business or family relationships or nonaudit services provided or expected to be provided, that in the auditor's judgment may reasonably be thought to bear on independence, and that the auditor gave significant consideration to in reaching the conclusion that independence has not been impaired.

We are not aware of any relationships between the Firm and the Plan that, in our professional judgment, may reasonably be thought to bear on our independence.

This report is intended solely for the information and use of the Board of Directors, and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Marcum LLP