CSCU Board of Regents

AGENDA
Audit Committee
Tuesday, December 19, 2023 @ 10:00 a.m.
Conducted Via Remote Participation
Meeting will stream live at: https://youtube.com/live/0jWVEtCXP-4

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1. Call to Order and Declaration of Quorum

2. Approval of Previous Audit Meeting Minutes – May 9, 2023…………………………………………. Page 1

3. Discussion Items

   - Update on Audits of the Auditors of Public Accounts Audit Reports - M. Cruanes

   - Year End Audit and Discussion
     - Report by Management – M. Cruanes
     - Report by Grant Thornton - C. Esten, Partner
       a. Required Communications…………………………………………………………………….. Page 3
       b. Draft Connecticut State Universities - June 30, 2023 Financial Statements…… Page 44
       c. Draft Connecticut Community Colleges - June 30, 2023 Financial Statements.. Page 109
       d. Draft Charter Oak State College - June 30, 2023 Financial Statements …………. Page 164
     - Draft CSCU 2020 Construction Expenditure Audit Report……………………………….…. Page 207
       CohnReznick (C. Kurth, Partner)

4. Executive Session – concerning security matters

5. Adjournment

Audit Committee members
Elease Wright, Chair
Rick Porth
Ari Santiago

CSCU Board of Regents

Audit Committee
Tuesday, May 9, 2023 @ 10:00 a.m.
Conducted Via Remote Participation

Meeting Minutes

AUDIT COMMITTEE MEMBERS	PARTICIPATING
Elease Wright, Chair	Yes
Rick Porth	No
Ari Santiago	Yes

OTHER REGENTS PRESENT:
JoAnn Ryan, BOR Chair

CSCU STAFF PRESENT:
Ben Barnes, Chief Financial Officer
Melinda Cruanes, Controller
Jim Vasquez, Chief Information Officer
Pete Carey, Chief Information Systems Officer
Pam Heleen, Recorder/Assoc. Director of Board Affairs

GUESTS:
Claire Esten, David Stoffel - Grant Thornton

1. **CALL TO ORDER**

   With a quorum present, Chair Wright called the meeting to order at 10:03 a.m.

3. **DISCUSSION ITEMS**

- Update on Audits of the Auditors of Public Accounts (APA) – **Melinda Cruanes**
  On March 29, 2023, the APA did release the statewide single audit which reviews and tests the compliance of grants statewide. Within the report, there were 3 findings related to CSCU:
  - Cash Management – One college held excess federal funds longer than allowed. Corrective action was put into place.
  - Return on Title IV Funds – One college and one university used an incorrect enrollment period and population for the return of Title IV funds after the student withdrew. Corrective action was set in place.
  - Time and Effort Certification – One university did not certify the reports to provide confirmation that employees work on the relevant grants. This occurred as a result of a temporary staffing shortage. This finding should not be repeated.
  - The APA is currently working on the financial audits for the 2021 and 2022 fiscal years for the System and results are not expected for quite some time.

- **Management Update** - Melinda Cruanes
  System Office has been busy working on the CT State Community College merger, especially the transition to the Accounts Receivable Banner Financial System, including student billing, collections, and refunds for FY24. This transition should have no adverse effect on the FY23 close.

- **Accounting Standards Update** – Melinda Cruanes
  - GASB 96 is required for FY23 and will be implemented this year. GASB 96 is similar to GASB 87 and is for subscription-based information technology arrangements (SBITA). These arrangements allow us to purchase and use a third party software; these have to be brought on to the balance sheet if they meet certain criteria. Because of the analysis required for each contract that may contain SBITA and to ensure consistency in data extraction, and accurate evaluation for the initial implementation year, Grant Thornton's Advisory Team is assisting in extracting and compiling data from the contracts and POs. They will not be performing calculations for entries as that is management responsibility.
  - GASB 101 is titled Compensated Absences. Implementation is not required until FY25, but early adoption will occur in FY23. GASB 101 clarifies and consistently applies the compensated absence liability calculation to lessen potential comparability issues between governments and differing types of leaves. For CSCU, GASB 101 removes the impact of the pension plan contribution from the vacation time pay calculation. The estimated impact (based of FY22 numbers) is an estimated $23 million decrease in the accrued compensated absence liability.
    - ➢ Regent Wright asked what the relationship between the $23 million decrease and the original amount was. Ms. Cruanes stated that the total FY22 accumulated absence liability across the system was $112 million. This will have a positive impact on our unrestricted net position.

- **2022 Bond Audit Planning** – CohnReznick
  - Representatives from Cohn/Reznick were unable to attend the meeting. The full PowerPoint is included as Attachment A. Committee members were asked to read through the presentation as there are required planning communications for those charged with governance. Questions should be forwarded to M. Cruanes for response.
  - Carolyn Kurth of CohnReznick noted that she had no concerns about planning or timing for the Audit.

- **CSU, CCC, COSC Financial Statement Audit Planning Presentation**– Grant Thornton
  - Claire Esten and Dave Stoffel of Grant Thornton provided an Audit Planning update. Their presentation (Attachment B) focused on:
    - ➢ timeline and scope (slide 2)
    - ➢ significant risks and other areas of focus (slides 3 – 5)
    - ➢ Grant Thornton Advisory and the GASB 96 and 101 work (slide 5 and 7)
    - ➢ Industry updates/trends in higher education, including IT and cybersecurity (slides 14 - 29)

2. **APPROVAL OF DECEMBER 14, 2022 AUDIT MEETING MINUTES**
   With a motion from Regent Wright and a second from Regent Santiago, the minutes were approved by unanimous voice vote.

4. **EXECUTIVE SESSION**

   - At 10:20 a.m. on a motion by Regent Santiago, seconded by Committee Chair Wright, the Committee voted to go into Executive Session for the purpose of discussing security issues. Committee Chair Wright announced that no votes would be taken in Executive Session. Chair Wright directed BOR Chair Ryan, CFO Ben Barnes, Melinda Cruanes, CIO Jim Vasquez, and Peter Carey to remain with the Committee in Executive Session.

5. ADJOURNMENT
   - With the conclusion of the Executive Session, Committee Chair Wright declared the meeting adjourned at 11:05 a.m.

PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

FY23 Annual Audit Presentation

Connecticut State Colleges and Universities

December 19, 2023

This communication is intended solely for the information and use of management and those charged with governance of Connecticut State Colleges and Universities and is not intended to be and should not be used by anyone other than these specified parties.

Audit status as of December 12, 2023

Open Items

Certain support to complete testing (e.g. COSC cash confirmations)
Final review and tie-out of the financial statements
Legal letter updates
Concluding management inquiries
Signed management representation letter
Final Manager and Partner Reviews

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Significant risks

The following provides an overview of the areas of significant audit focus based on our risk assessments. Our audit was executed in accordance with the audit plan presented to the Audit Committee in May 2023, unless noted below.

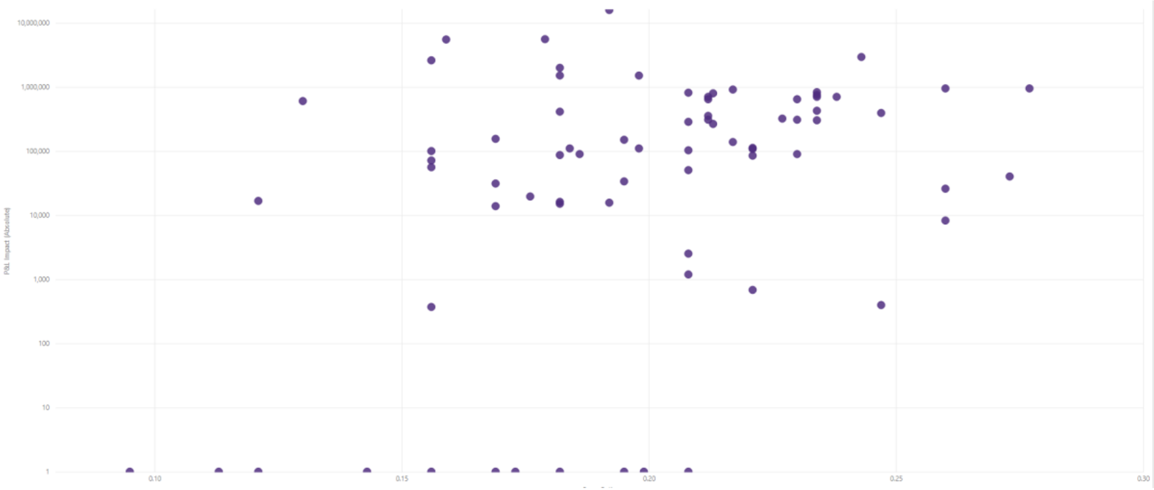
Significant risk	Results
Management override of controls – (presumed fraud risk and therefore significant risk in all audits)	• Consider the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud. • Assess the ability of each entity to segregate duties in its financial reporting, information technology, and at the activity-level. • Conduct interviews of individuals involved in the financial reporting process to understand (1) whether they were requested to make unusual entries during the period and (2) whether they are aware of the possibility of accounting misstatements resulting from adjusting or other entries made during the period. • Perform risk assessment for journal entries and detail test a sample of journal entries based on our risk assessments to ensure propriety of the entries. **No exceptions noted.**

Significant risks and other areas of focus (continued)

The following provides an overview of our response to the presumed fraud risk of management override of controls.

We performed Whole Ledger Analytics on all journal entries (manual and automated) to pinpoint and identify transactions that appear to have a higher risk of management override of controls based on the cumulative risk score. The cumulative risk score is generated based on how the individual transaction performs against 38 routines, which have been designed to identify unusual transactions or those that could indicate fraud (e.g., *abnormal size, abnormal volume, unusual account combinations, etc.*). We subject entries with high cumulative risk scores to further analysis and isolate a subset of these entries for testing. For entries tested, we obtained underlying support, evaluate for validity in the normal course of business, and obtained evidence of approval.

Whole Ledger Analytics for Connecticut State Colleges and Universities are depicted in this scatterplot, which shows the cumulative risk score on the x-axis and the financial statement impact on the y-axis. Each dot represents a transaction, while the color indicates the individual who posted the transaction.



Areas of audit focus

Areas of focus	Results
Tuition revenue, auxiliary enterprises and related receivables/deferred revenue	• Perform disaggregated revenue analyses analyzing student tuition, fee, and auxiliary revenue relative to enrollment data • Perform detailed testing of a sample of revenue and aid transactions, agreeing to source documentation • Perform deferred revenue testing to determine proper cut-off. • Tested a sample of student receivable balances by inspecting supporting cash receipt and/or ensuring management's reserve/collections policy was followed (only at COSC) • Assess management's analysis of allowances for doubtful accounts for reasonableness, consistency with methodology and accuracy of inputs (only at COSC). **No exceptions noted.**
Grant revenues	• Performed detailed transaction testing of revenue recognized in the current year **No exceptions noted.**
Net position	• Tested net asset proof to ensure proper classification between net asset categories **No exceptions noted.**

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Areas of audit focus (continued)

Areas of focus	Results
Capital Assets	• Rolled forward account balances to ensure completeness • Sampled current year additions by vouching capitalized amount to supporting invoices / contracts • Ensured reasonableness of depreciation expense recorded in the period **No exceptions noted.**
Debt	• Confirmed amounts outstanding • Ensured reasonableness of interest expense **No exceptions noted.**
State appropriations	• Obtain detail of appropriations received from the state and reconciled to the GL • Confirm amounts with the state, agree to revenue recorded in the general ledger • Review receivable balance, reconcile the cash received to amounts outstanding based on confirmations **See slides 9/10 for auditor identified adjustments.**
Net pension & OPEB liabilities (and related deferred inflows / outflows and expense)	• Review the analysis of accrued postretirement benefit obligations • Assess the reasonableness of actuarial assumptions: discount factor, trend rates and cash flows, amongst others • Test participant census data **No exceptions noted.**

Areas of audit focus (continued)

Areas of focus	Results
Cash and cash equivalents	• Confirmed material balances and tested reconciliations to the GL **No exceptions noted.**
Adoption of GASB 96 – Subscription-Based Information Technology Arrangements	• Performed detail testing to ensure the completeness of subscriptions considered for implementation • Selected a sample of subscriptions in the population to test accuracy of the inputs • Reviewed management's methodology and journal entries to record the GASB 96 adoption entries • Compared draft disclosures to disclosure requirements to ensure completeness and accuracy of presentation/disclosure **No exceptions noted.**
Accounting estimates	• The preparation of the CSCU's financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to those financial statements. The most significant estimates relate to the net pension & OPEB liabilities, compensated absences liabilities, useful lives of depreciable assets, allocation of expenses among functional expense classifications, and allowances for student receivables. Our procedures were executed in part, to review these estimates and evaluate their reasonableness. **No exceptions noted.**
Financial statement disclosures	• Our procedures included an assessment as to the adequacy of the CSCU's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by US GAAP. **No exceptions noted.**

Adoption of GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs)

Summary

- In fiscal year 2023, the CSCU adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).
- Subscription liabilities represent CSUS's obligation to make future payments to a third party for SBITAs (for example, a Blackboard or Ellucian license), measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the SBITA commencement date (contract start date). Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.
- As a result of this adoption, each entity recorded the following assets and liabilities as of July 1, 2022 (adoption date):

Entity	Right of Use Subscription Asset	Subscription Liabilities
CSUS	$20.2M	$20.2M
CCC	$25.3M	$25.3M
COSC	$300K	$300K

Change in Fringe Accounting Policy

Summary

- In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium. The new budget changes the way fringe is paid for institutions of public higher education in CT, and ultimately, CSCU's employee benefit retirement costs will be paid by the state Comptroller's Office effective July 1, 2023. This change in methodology results in the State of CT funding employee retirement costs and CSCU funding all non-retirement fringe costs. Although the change is effective in fiscal 2024, because the State reports payroll costs on a cash basis, the final payroll accrual and accrual for accumulated compensated absences as of June 30, 2023 are reduced (and therefore so are the fringe benefit expenses for that final pay period) by the amount the State of CT paid in the first pay period of fiscal year 2024.

- In fiscal year 2024 and future periods, as a result of the change in funding of fringe by the State of CT, CSCU will report "on-behalf payments" related to the amount of fringe for retirement benefits that the State pays on behalf of CSCU. This will be presented as a revenue and offsetting expense in the Statement of Revenues, Expenses and Changes in Net Position.

Summary of misstatements (CSU)

Description	Increase (Decrease) to: Assets	Change in Net Position
Material, corrected misstatements		
None noted		
Uncorrected misstatements		
To update CCSU's Due From State Calculation for the change in fringe reimbursement methodology by the State.		
Decrease: State Appropriations revenue		$ (1,929,353)
Increase: Due from State- Salary	$ (1,387,195)	
Increase: Due from State- Fringe	$ (542,158)	
Net impact	$ (1,929,353)	$ (1,929,353)
Financial Statement line item	1,924,208,490	213,031,392
% Impact	0%	-1%

Disclosure misstatements

Material, corrected

- None noted

Uncorrected

- None noted

Management believes the uncorrected misstatement is immaterial to the financial statements of CSUS. Uncorrected misstatements could be potentially material to future financial statements. As such, we request that the uncorrected misstatement be corrected.

Summary of misstatements (COSC)

Description		Increase (Decrease) to: Change in Net Position
Corrected misstatements		
To update COSC's fringe expense and State appropriation revenues to agree with balances per the State		
Increase: State Appropriations revenue	$	137,279
Increase: Fringe Expenses	$	(137,279)
Net impact	$	-
Financial Statement line item		10,224,505
% Impact		0%
Uncorrected misstatements		
None noted		

Disclosure misstatements

Material, corrected

- None noted

Uncorrected

- None noted

Management believes the corrected misstatement is immaterial to the financial statements of COSC. Uncorrected misstatements could be potentially material to future financial statements. As such, we agree with the decision to correct the misstatement.

Other required communications

Professional standards require that we communicate the following matters to you, as applicable.

Going concern matters
Fraud and noncompliance with laws and regulations
Significant deficiencies and material weaknesses in internal control over financial reporting
Use of other auditors
Use of internal audit
Related parties and related party transactions
Significant unusual transactions
Disagreements with management
Management's consultations with other accountants
Significant issues discussed with management
Significant difficulties encountered during the audit
Other significant findings or issues that are relevant to you and your oversight responsibilities
Modifications to the auditor's report We have added an emphasis of matter paragraph related to the adoption of GASB 96 for CCC due to the materiality of the impact of the adoption. No emphasis of matter was included for CSUS or COSC due to the relative immateriality of the impact.
Other information in documents containing audited financial statements

Quality of accounting practices

Accounting policies	Other than the adoption of GASB 96 and the change in fringe methodology, there were no significant changes to accounting policies during the period.
Accounting estimates	Significant estimates include: • Net pension and OPEB liability, and related deferred inflows / outflows • Liability for compensated absences • Useful lives of depreciable assets • Allocation of expenses among functional expense classifications • Allowance for student receivables • Term of certain leases and subscription based IT arrangements with option periods to be exercised at a future date
Disclosures	Disclosures within the financial statements are materially complete and accurate.
Other related matters	None noted

Use of the work of other auditors

Component	Response
Foundations	Each of the Foundations has a separate auditor. In our auditor's report on each entity's financial statements, we make reference to the audits performed by the other unaffiliated auditors.
Net Pension and OPEB Liabilities and related accounts	The State engages the State Auditor of Connecticut to perform the audit of the valuation prepared by independent actuaries as part of recording the Net Pension and OPEB Liabilities and related deferred inflows/outflows and pension/OPEB expense. Grant Thornton assesses the qualifications of the APA and takes responsibility for their work.

Other information in the University's annual report

Management responsibilities

Management is responsible for the other information included in the annual report. The other information comprises Management's Discussion and Analysis, Required Supplementary Information, and Supplementary Schedules.

Auditor responsibilities

Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Procedures performed

We read the other information and compared selected amounts or other items in the other information with such amounts or other items in the financial statements.

Results

We did not identify any material inconsistency between the other information and the financial information.

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Appendix

1) GASB pronouncements effective in FY24 and beyond
2) Industry updates
3) Management representation letter (draft)

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Technical updates - GASB

GASB Statement 101, Compensated Absences

Summary

- This Statement updates the recognition and measurement guidance for compensated absences to better meet the needs of financial statement users.
- Requires recognition of a liability for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means
- Liability should be recognized for leave attributable to services already rendered, if the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means
- Amends existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow disclosure of only the net change in the liability

- Effective for fiscal years beginning after December 15, 2023, with early application encouraged. CSCU intends to adopt this new standard in FY24.

Potential Impact

- This guidance will have a significant impact on the recognition of compensated absences. Universities should start early on to inventory all compensated absence programs, including the following examples:
  - vacation and sick leave
  - PTO
  - holidays
  - parental leave and
  - sabbatical leave

  These programs should be evaluated against the updated recognition criteria, exceptions to general recognition, and measurement provisions.

Industry updates

Insights from industry luminaries

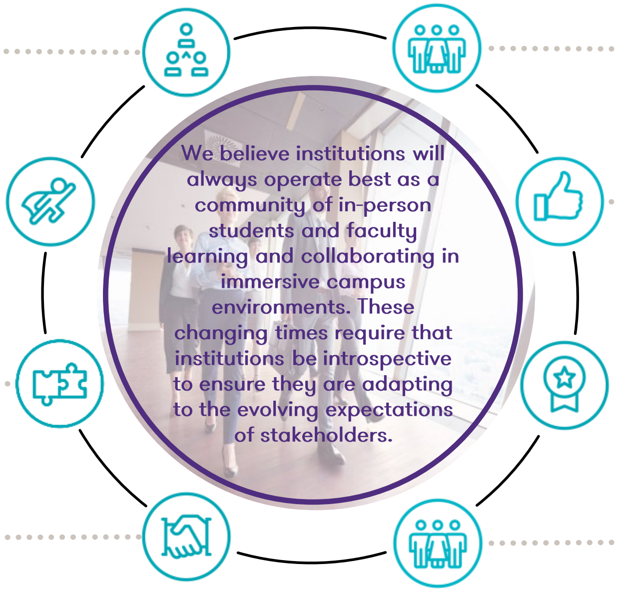
Current higher education environment and emerging issues for consideration

Institutions of higher education are considering how the tenets of ESG will impact operations, delivery of mission and governance structures.

Flexibility in terms of working remotely will be critical to retaining employees looking for hybrid options.

One stark reality of the pandemic is that it has significantly affected the mental well-being of students and employees.

Now is the time for all institutions to earnestly re-evaluate the "completeness" of their ERM risk registers.



The propensity of donors to give has endured (and grown).

A greater emphasis should be placed on process re-engineering and innovation to drive economies of scale.

An increased focus on student retention combined with creating different channels to attract new student cohorts is crucial.

Long-term strategic plans are being reviewed to ensure relevancy in a changing world.

Currently released Grant Thornton articles include:

- Rethinking revenues, preserving resources in higher education
- Budget cuts alone won't amount to financial stability
- Staff and program reviews inform expense decisions
- Operational and real estate choices aid smart budgeting

S&P's 2023* outlook for the Higher Education sector has changed to "mixed" from "stable" in the prior year

S&P Global Ratings

"As Pandemic Risks Abate, Enrollment Pressures Persist"

Positive Developments

- Moving past the pandemic with generally positive fiscal 2022 financial performance mainly due to federal emergency funding
- After fiscal 2022 market volatility, fiscal 2023 market return are strong
- Highly selective institutions are in a very strong financial position with high demand

Risks to Monitor

- 2023 operating margins suffer from inflation and related increased salary costs
- Borrowing costs are rising making new borrowing more costly for institutions after a long period of low interest rates
- Enrollment challenges exist with "demographic cliff' on the horizon and competition for students increasing discounts and decreasing net tuition

Bottom line→ Higher education sector is facing significant risks regarding future enrollment levels, rising costs with lower rated institutions at risk to close or merge contrasted with highly selective institutions in as strong of a financial position as they have ever had.

*** Outlook as of January 2023 and re-affirmed in July 2023**

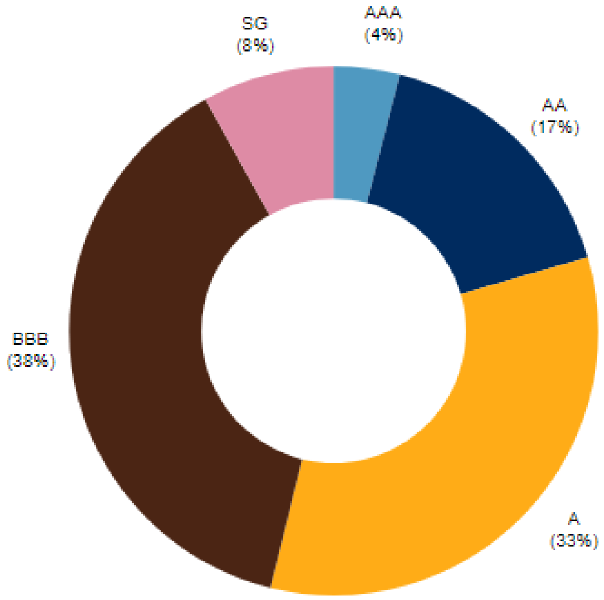
S&P 2023 Outlook Factors, continued

S&P Global Ratings

From June 15, 2022 to June 2023 S&P lowered 19 ratings and raised 9.

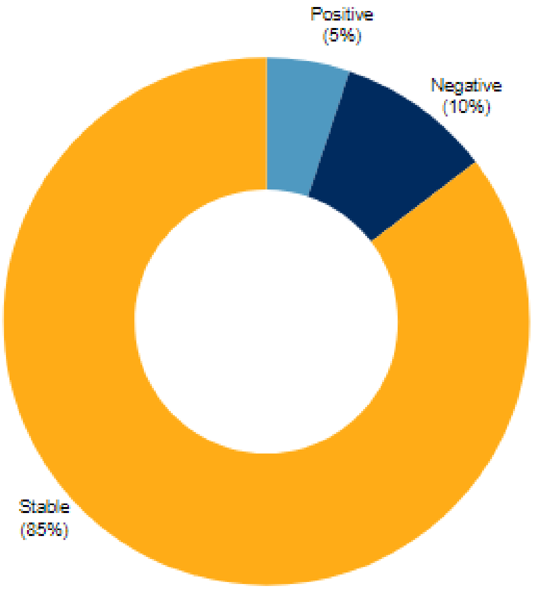
Of their over 400 rated institutions they rate 8% as having speculative graded debt, however, 85% of outlooks are stable.

Private colleges and universities -- rating distribution by category
As of June 1, 2023



Source: S&P Global Ratings.

Private colleges and universities -- outlook distribution
As of June 1, 2023



Source: S&P Global Ratings.

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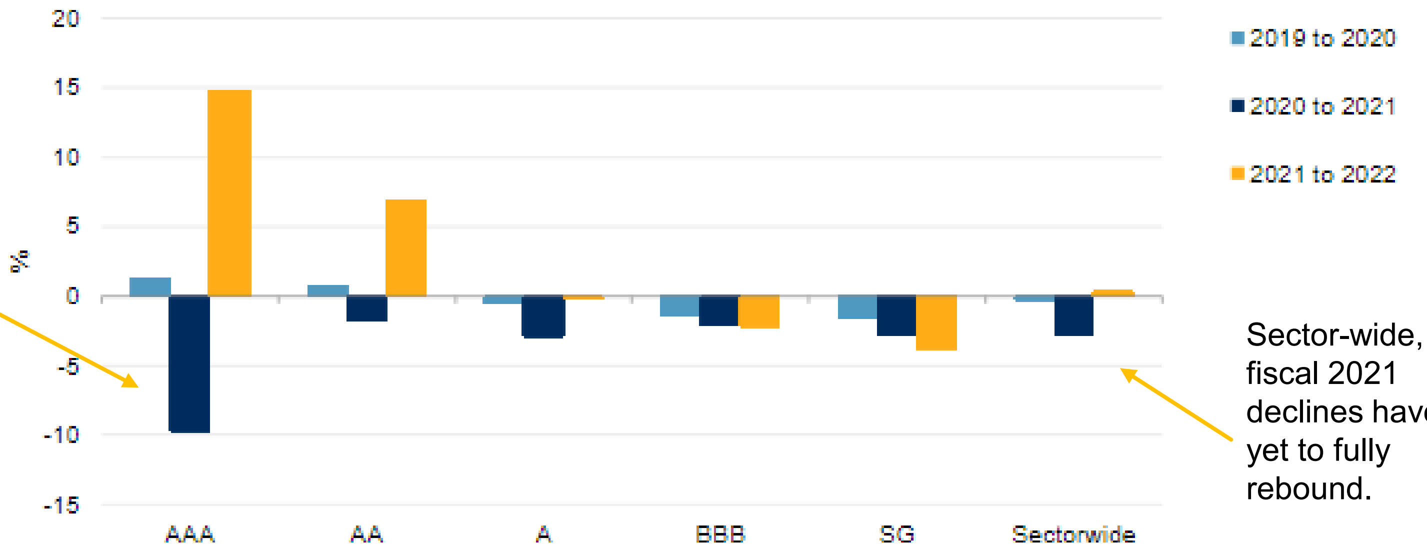
S&P 2023 Outlook Factors, continued

S&P Global Ratings

Highest rated institutions (AAA) saw fiscal 2021 applications and enrollments dip 10% but fully rebounded and more with 15% increase in enrollment in fiscal 2022.

Private colleges and universities -- median full-time equivalent enrollment change, year over year



SG--Speculative-grade. Source: S&P Global Ratings.

Sector-wide, fiscal 2021 declines have yet to fully rebound.

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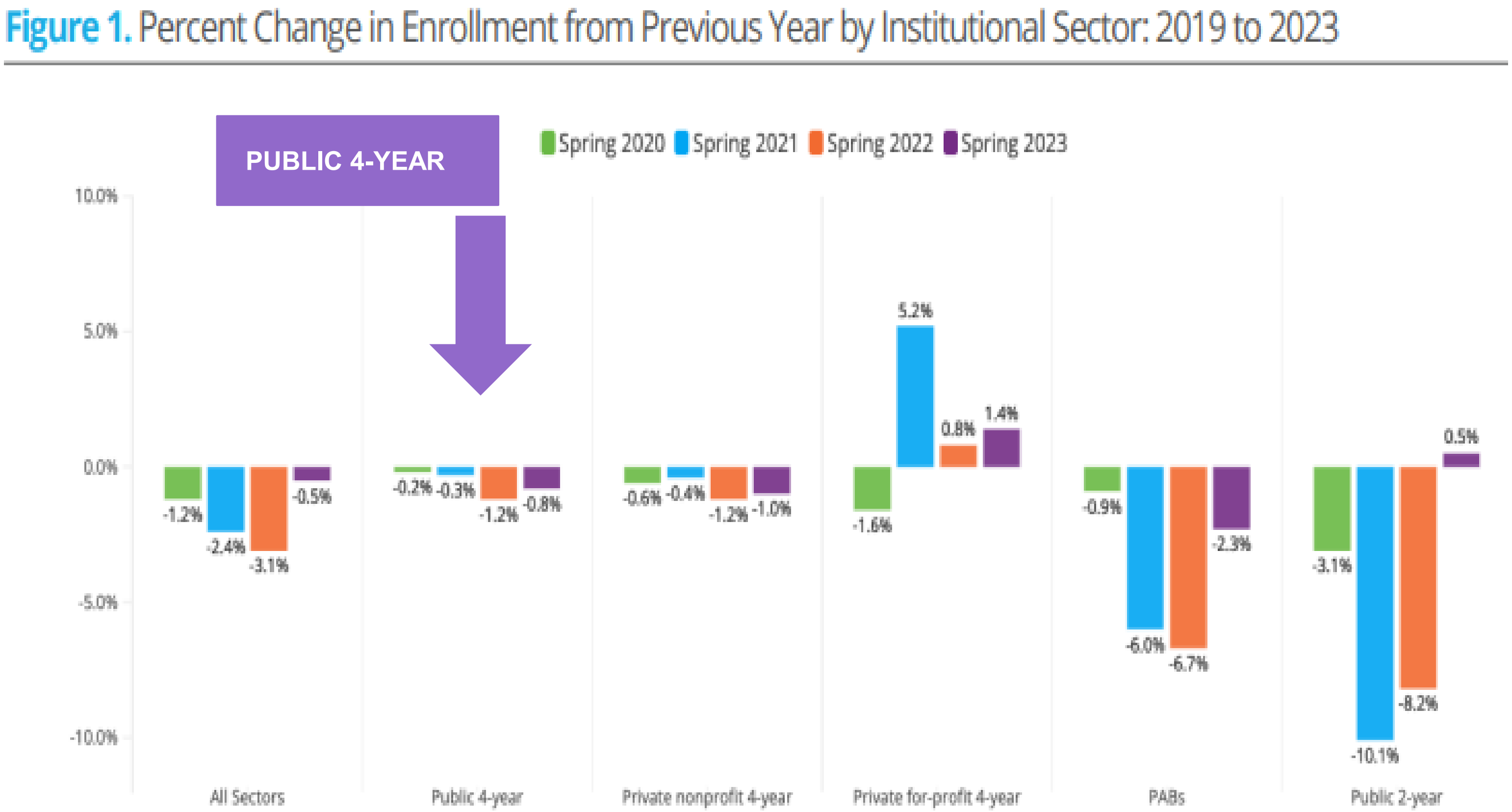
Enrollment Changes – by sector

While enrollment by sector shows a wide range of variance in enrollment changes, when the sectors are combined enrollment had a small (0.5%) decrease from Spring 2022 to Spring 2023, smaller than the past 3 years declines.



* PABs are "primarily associate degree granting baccalaureate institutions"

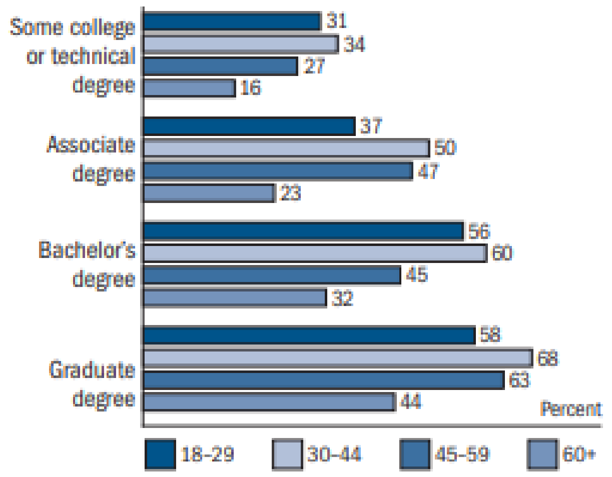
Student Loans

As of 6/30/2023 there is over $1.774 trillion estimated in outstanding federal student debt*.

Figure 30 shows the percent of adults who at one time acquired debt by age and education.

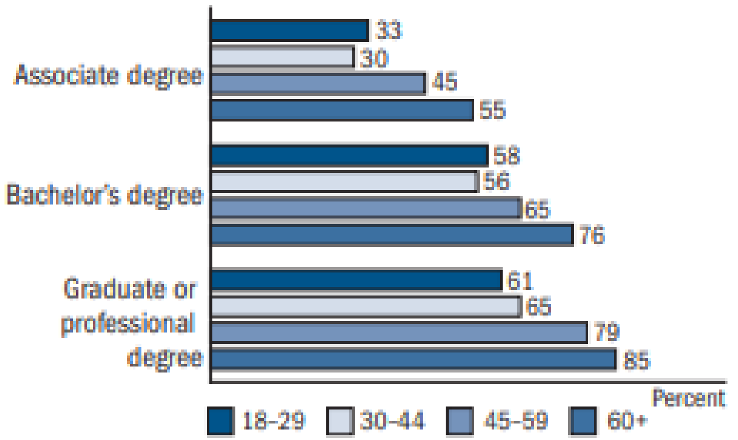
Figure 28 shows opinion on the benefits of education exceeding costs declines by age group and education obtained.

Figure 30. Acquired student loans for own education, including repaid debt (by age and education)



Note: Among adults who attended at least some college. Key identifies bars in order from top to bottom.

Figure 28. Benefits of education exceed costs (by education and age)

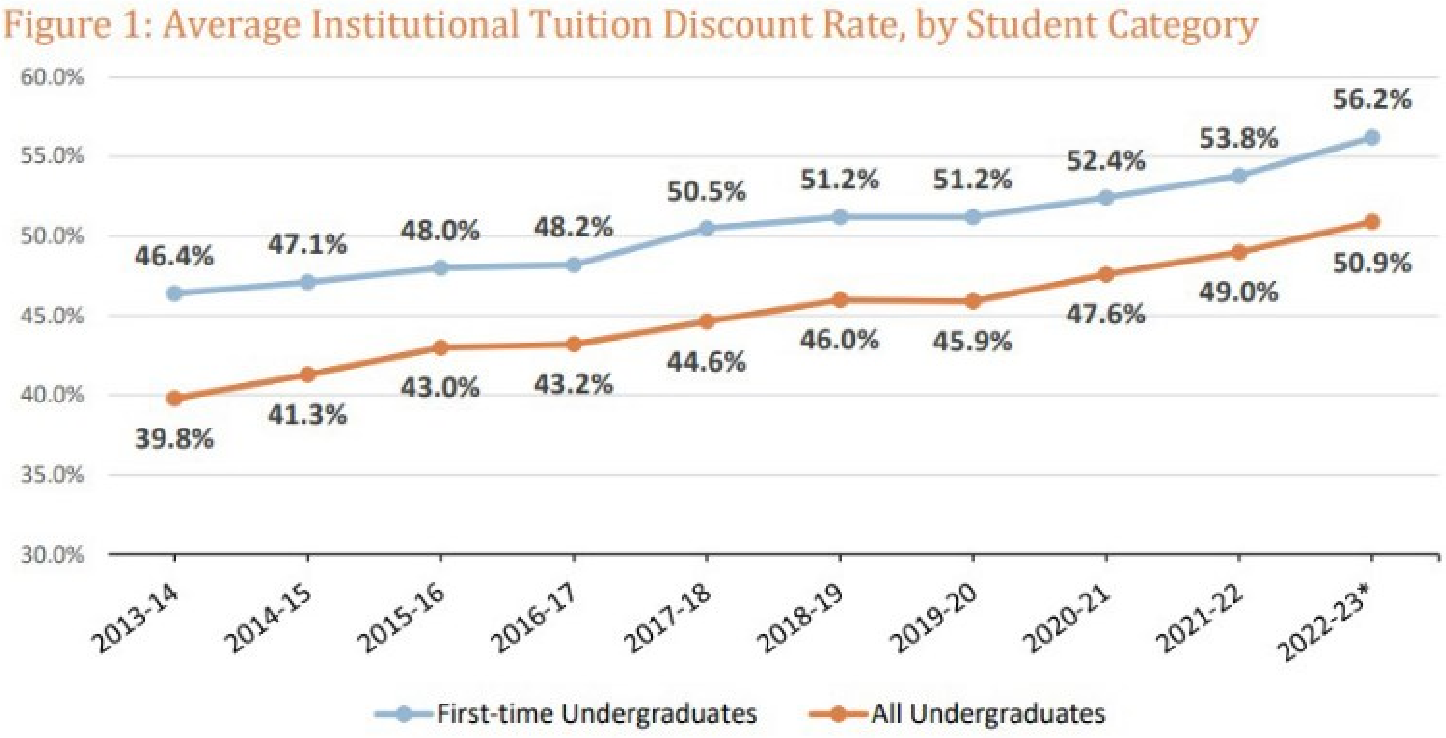


Note: Among adults who attended at least some college. Key identifies bars in order from top to bottom.

*Per data posted by the Board of Governors of the U.S. Federal Reserve System

Trends in tuition discounting

Discount rates continue their steady climb to record highs projected for 2022-23



Source: NACUBO Tuition Discounting Study, data as of April 2023.
*Preliminary estimates.

NACUBO

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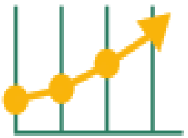
Trends in tuition discounting

The impact comes from the record high projected first-time undergraduate discounts up nearly 10 percentage points from 2013-14.

Average tuition discount rates continued to reach new highs in 2022-23.*

First-time Undergraduates
56.2%

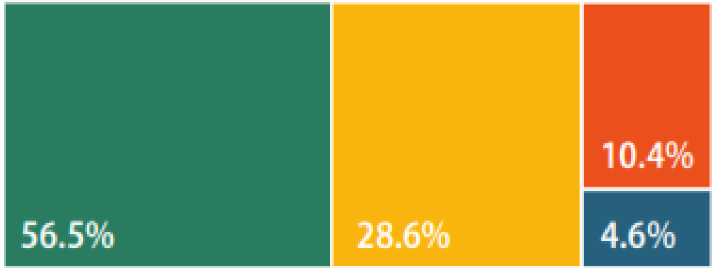


All Undergraduates
50.9%

Early projections suggest that the average tuition discount rate for first-time undergraduates rose to **56.2 percent** in 2022-23,* up **9.8 percentage points** from 2013-14.

Source: NACUBO Tuition Discounting Study, data as of April 2023.
*Preliminary estimates.

The majority of institutionally funded financial aid came from undedicated sources of revenue in 2021-22.



- Other undedicated sources
- Institutional reserves
- Endowment earnings/withdrawals
- Gifts/fundraising to annual funds

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What presidents are saying:

"Confident my institution will be financially **stable**"

Over five years…

83%

All institutions "agree" or "strongly agree"

81%

Public universities "agree" or "strongly agree"

85%

Nonprofit private colleges "agree" or "strongly agree"

Over ten years…

77%

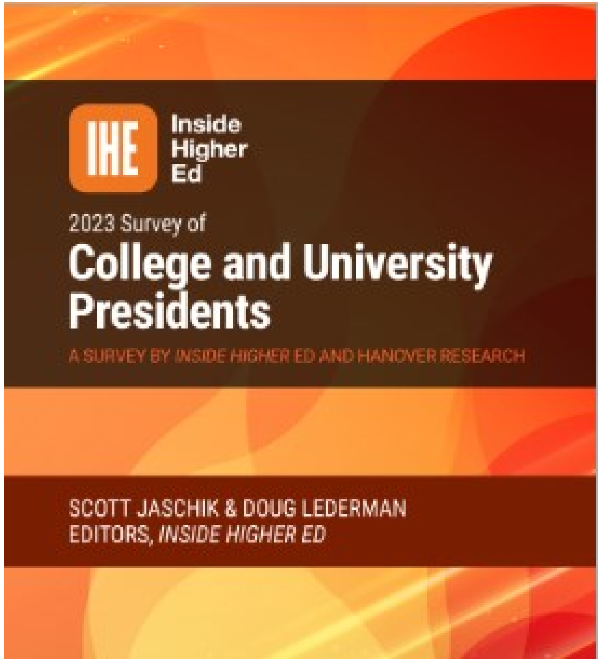
All institutions "agree" or "strongly agree"

76%

Public universities "agree" or "strongly agree"

81%

Nonprofit private colleges "agree" or "strongly agree"



This most recent survey was completed in **April 2023**

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What presidents were saying in 2019, pre-pandemic:

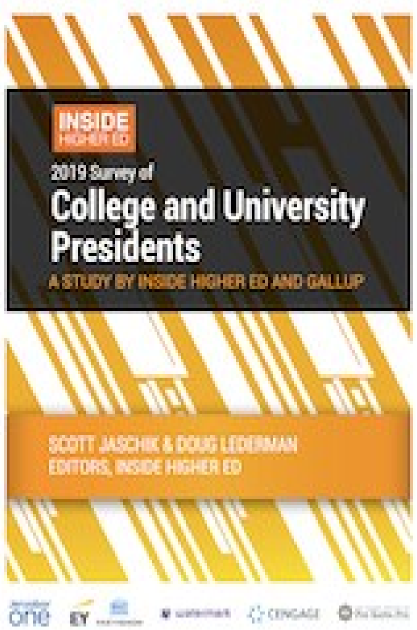
"Confident my institution will be financially **stable**"

Over five years…

66%	66%	66%
All institutions "agree or "strongly agree"	**Public** universities "agree or "strongly agree"	**Nonprofit private** colleges "agree or "strongly agree"

Over ten years…

57%	52%	60%
All institutions "agree or "strongly agree"	**Public** universities "agree or "strongly agree"	**Nonprofit private** colleges "agree or "strongly agree"

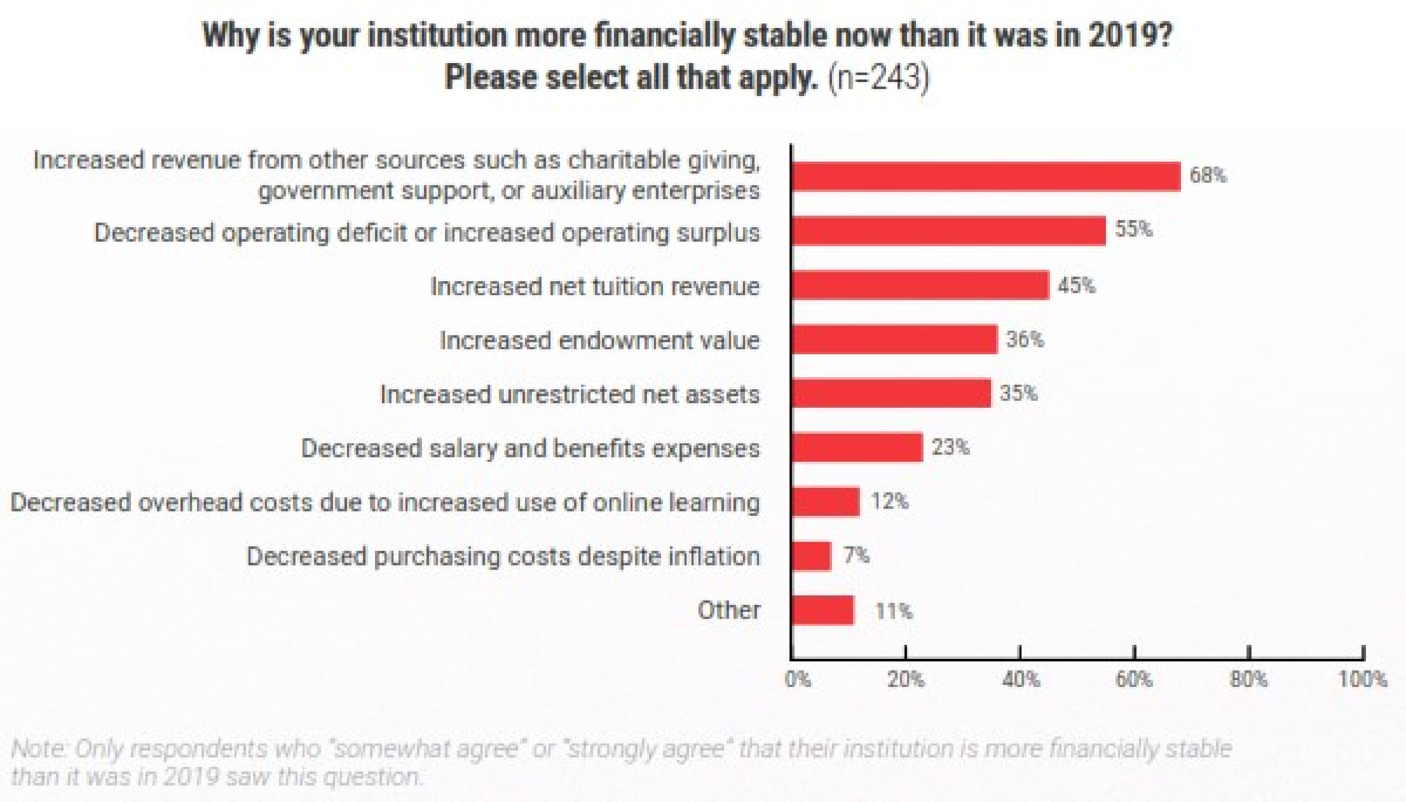


Inside Higher Ed 2023 Survey of College and University Presidents

2023 Survey of
College and University Presidents

Two-thirds of surveyed presidents said their institution was more financially stable than in 2019.

These responses provide context for the basis of that sentiment.



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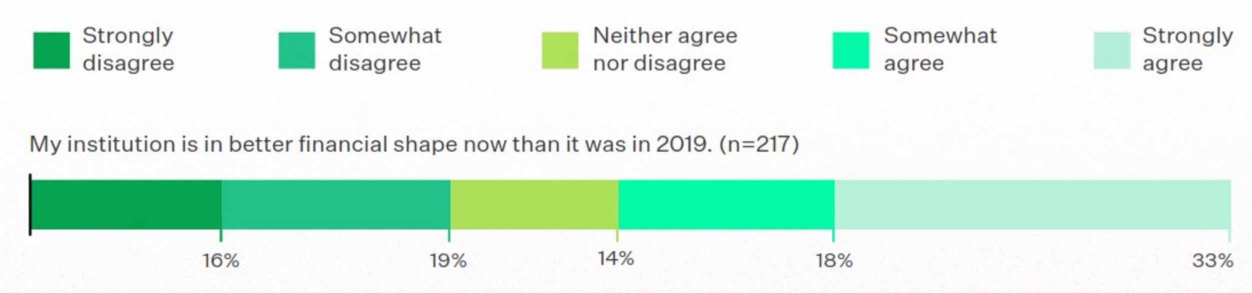
What chief business officers say overall:

"Confident my institution will be financially **stable over ten years**"

65%
in 2023

65%
in 2022

73%
in 2021



This most recent survey was completed in **July 2023**

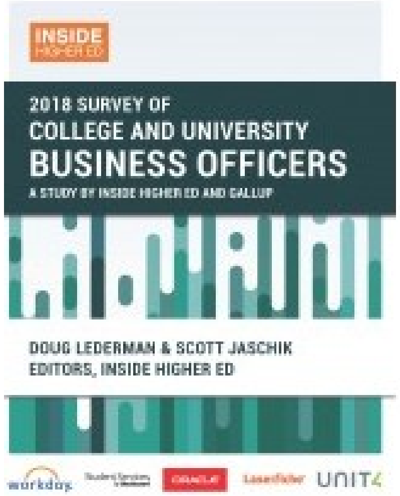
What chief business officers said in 2019, pre-pandemic:

"Confident my institution will be financially **stable over ten years**"

50%
in 2019

50%
in 2018

48%
in 2017



Grant Thornton

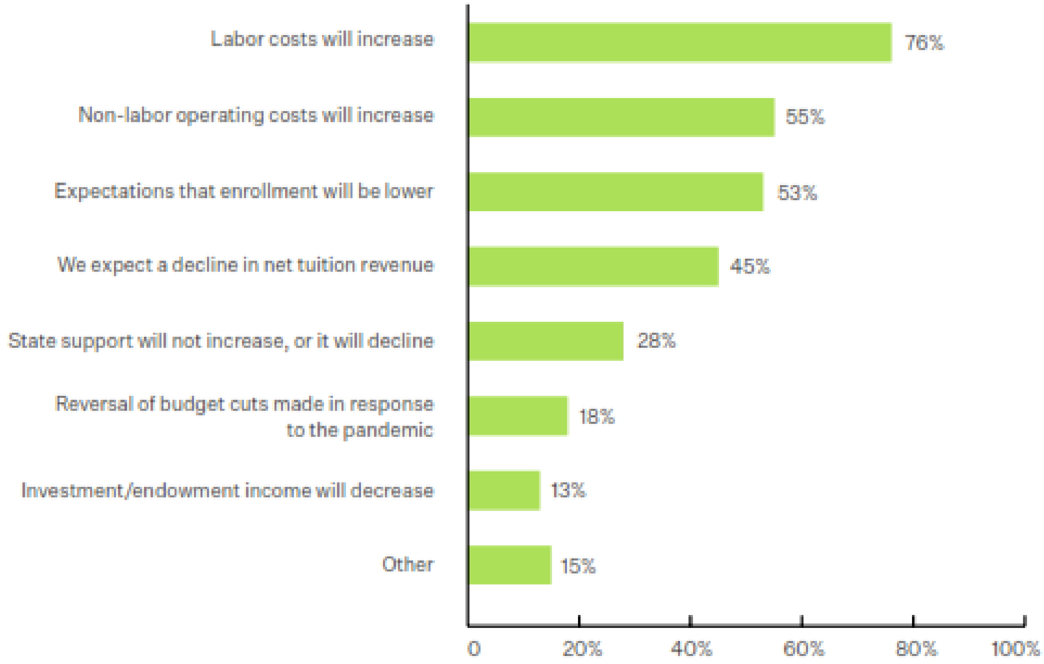
What chief business officers say overall:

2023 Survey of
College and University Business Officers

The top 2 concerns of CBOs are around rising costs of labor and non-labor.

The 3rd and 4th concerns are around enrollment and declines in net tuition.

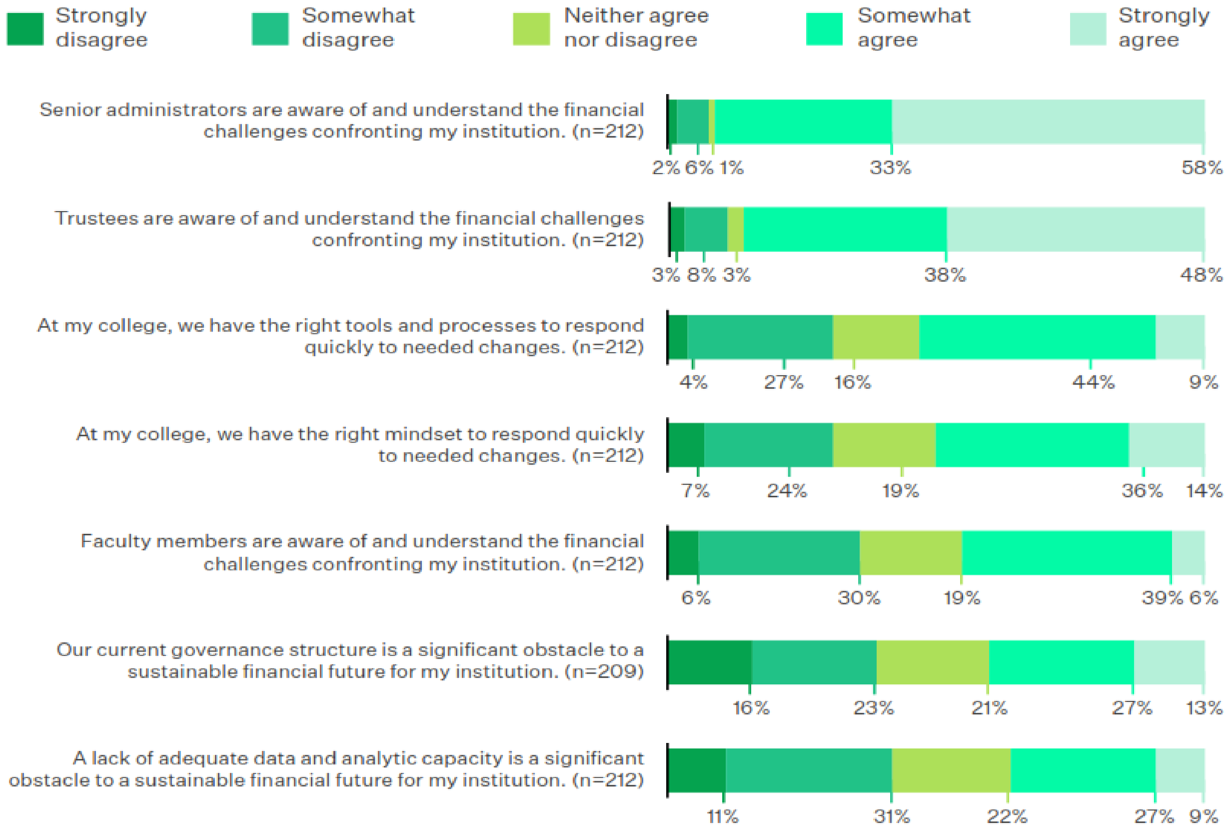
Why is your institution more financially stable now than you expect it will be in 2024? Please select all that apply. (n=78)



Note: Respondents who somewhat or strongly agree that their institution is in better financial shape now they expect it to be in a year from now saw this question.

Grant Thornton

What chief business officers say on understanding financial challenges:

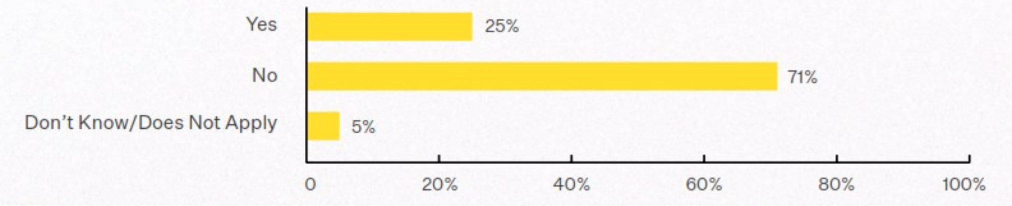


Grant Thornton

What chief business officers say on mergers:

How likely is your institution to merge into or be acquired by another college or university in the next five years? (n=212)

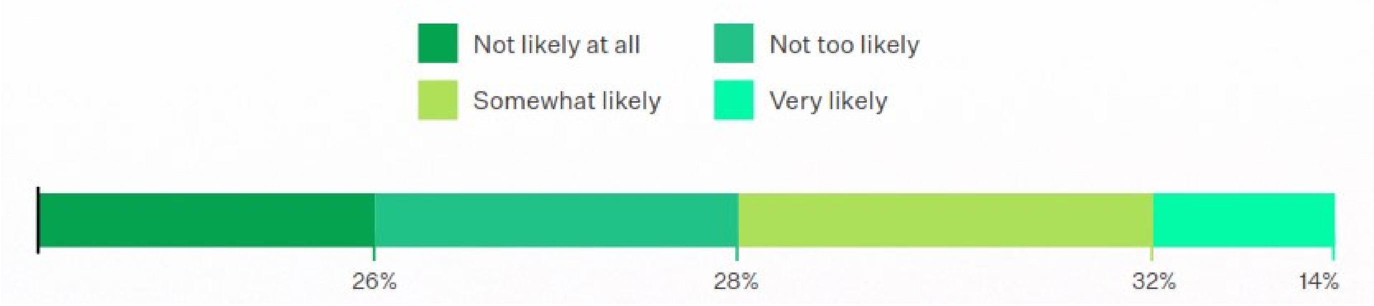
Do you think your institution should consider merging with another college or university in the next five years? (n=214)



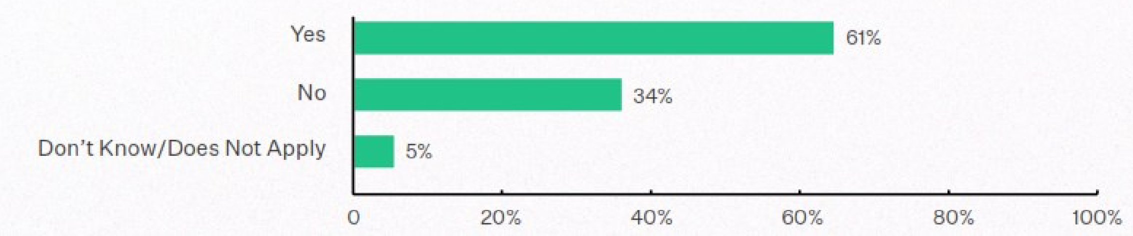
Grant Thornton

What chief business officers say on shared services:

How likely is your institution to share administrative functions with another college or university in the next five years? (n=210)



Do you think your institution should share administrative functions with another college or university in the next five years? (n=214)



What chief business officers said in 2019 on mergers and shared services:

On mergers (next five years)…

12%

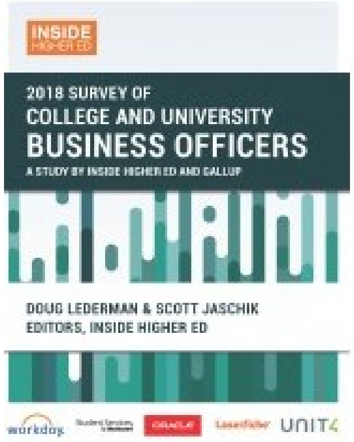
Institution had serious talks with another

18%

Believe their institution should merge with another

1%

Institution likely to merge with another



On shared services or programs (next three years)…

43%

Likely to share administrative services with another

62%

Should share administrative services with another

66%

Should combine academic programs with another

Grant Thornton

Grant Thornton

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38

Additional Higher Education resources

ARTICLE

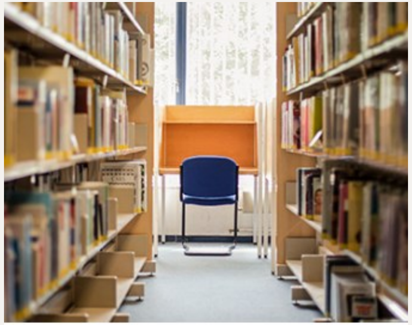
6 actions to take to avoid conflicts of interest

ARTICLE

3 challenges put higher education leaders to the test

ARTICLE

3 legal duties every board member must follow



ARTICLE

How higher education can weather endowment declines

Find all of these articles and more at: https://grantthornton.com/nfp

Management representation letter (draft)

Connecticut State Universities

Annual Comprehensive Financial Report

for the year ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

CSCU

Connecticut State Universities

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

TABLE OF CONTENTS

INTRODUCTORY SECTION

Members of the Board of Regents for Higher Education	4
Connecticut State University Presidents	5

FINANCIAL SECTION

Report of Independent Certified Public Accountants	7
Management's Discussion and Analysis (Unaudited)	10
Basic Financial Statements	
Statement of Net Position	20
Statement of Financial Position - Component Units	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Activities - Component Units	24
Statement of Cash Flows	25
Notes to Financial Statements	27
Required Supplementary Information	
Schedule of Net Pension and OPEB Liabilities and Related Ratios	52
Schedule of Contributions Net Pension and OPEB	54
Notes to Required Supplemental Information	56
Supplementary Schedules	
Combining Statements of Net Position	58
Combining Statements of Revenues, Expenses and Changes in Net Position	60
Combining Statements of Cash Flows	62
Notes to the Supplemental Schedules	64

INTRODUCTORY SECTION

Connecticut State Colleges and Univerisites

Members of the Board of Regents for Higher Education

As of June 30, 2023

APPOINTED BY THE GOVERNOR

JoAnn Ryan, Chair
Jim McCarthy, Vice Chair
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Richard Porth
Ari Santiago
Elease E. Wright

APPOINTED BY LEGISLATIVE LEADERS

Richard J. Balducci
Sophia Jappinen
Erin Steward

APPOINTED BY STUDENTS

Alexander Grant *(term expired May 19, 2023)*
Luis Sanchez *(term expired May 25, 2023)*

As of June 30, 2023 there are three vacancies: one Legislative Appointee and two Student Regent vacancies.

EX-OFFICIO, NON-VOTING MEMBERS

David Blitz	Chair of the Faculty Advisory Committee
Colena Sesanker	Vice Chair of the Faculty Advisory Committee
Dante Bartolomeo	Commissioner of the Connecticut Department of Labor
Charlene Russell-Tucker	Commissioner of the Connecticut Department of Education
Alexandra Daum	Commissioner of the Connecticut Department of Economic and Community Development
Dr. Manisha Juthani	Commissioner of the Connecticut Deptaretment of Public Health
Kelli-Marie Vallieres	Connecticut Chief Workforce Officer

Connecticut State University Presidents
As of June 30, 2023

Dr. Zulma Toro, President
Central Connecticut State University (CCSU)
1615 Stanley Street
New Britain, CT 06050

Dr. Elsa Nunez, President
Eastern Connecticut State University (ECSU)
83 Windham Street
Willimantic, CT 06226

Dr. Dwayne Smith, Interim President
Southern Connecticut State University (SCSU)
501 Crescent Street
New Haven, CT 06515

Dr. Manohar Singh, Interim President
Western Connecticut State University (WCSU)
181 White Street
Danbury, CT 06810

Terrence Cheng, CSCU Chancellor
System Office, Connecticut State Colleges and Universities (CSCU)
61 Woodland Street, Hartford, CT 06105

FINANCIAL SECTION

Hold for Independent Auditors Report

Hold for Independent Auditors Report

Hold for Independent Auditors Report

INTRODUCTION

Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and results of activities of the Connecticut State University System ("CSUS" or "System") for the fiscal year ended June 30, 2023 with selected comparative information from fiscal year 2022. This discussion has been prepared by and is the responsibility of management and should be read in conjunction with the financial statements and footnote disclosures.

Reporting Entity

The Board of Regents for Higher Education was established by the Connecticut General Assembly in 2011 (via Public Act 11-48 as amended by Public Act 11-61) bringing together the governance structure for the four Connecticut State Universities, twelve Connecticut Community Colleges and Charter Oak State College, effective July 1, 2011. The Board of Regents for Higher Education is authorized under the provisions of this public act to "serve as the Board of Trustees for the Connecticut State University System."

CSUS is a state-wide public university system of higher learning in the State of Connecticut with 26,857 enrolled students. The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 150 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed approximately 3,000 full time employees at June 30, 2023.

The CSUS is composed of four Universities and the System Office that make up the primary reporting entity. The System's four Universities include:

- Central Connecticut State University (CCSU) in New Britain,
- Eastern Connecticut State University (ECSU) in Willimantic,
- Southern Connecticut State University (SCSU) in New Haven, and
- Western Connecticut State University (WCSU) in Danbury

As comprehensive, fully accredited universities, CSUS institutions are Connecticut's Universities of choice for students of all ages, backgrounds, races and ethnicities. CSUS provides affordable and high quality, active learning opportunities, which are geographically and technologically accessible. CSUS graduates think critically, acquire enduring problem-solving skills and meet outcome standards that embody the competencies necessary for success in the workplace and in life.

Financial Statements

CSUS's financial report includes the following financial statements and related footnotes: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). As required by GASB Statements No. 34 and 35, fiscal year 2023 financial data is presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

The component units are the CCSU Foundation, Inc., the ECSU Foundation, Inc., the Southern Connecticut State University Foundation, Inc., the Western Connecticut State University Foundation Inc. and the Connecticut State Colleges and Universities Foundation, Inc. (collectively, the "Foundations"). The Foundations are legally independent, tax-exempt non-profit organizations separate from university control, founded to foster and promote the growth, progress and general welfare of the Universities and to solicit, receive and administer donations for such purposes. The Foundations manage the majority of the Universities' endowments. However, the assets of these component units are not available to CSUS for use at its discretion. This MD&A discusses the University's financial statements only and not those of its component units.

<u>Key Reporting Changes</u>

In fiscal year 2023, the CSUS adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* As a result of this adoption, the CSUS recorded right-of-use assets – subscriptions of $20.2 million, and subscription liabilities of $20.2 million. The GASB 96 adoption was reflected as of July 1, 2022.

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium. The new budget changes the way fringe is paid for institutions of higher education, and ultimately, CSCU's employee benefit retirement costs with move from CSCU to the state Comptroller's Office effective July 1, 2023. This change in methodology results in the state funding employee retirement costs and CSCU funding all non-retirement fringe costs and affected the accrued payroll calculation and the accumulated compensated absences calculation.

<u>Financial Summary</u>

The Connecticut State University System had total assets of $1.9 billion, liabilities of $2.2 billion, and a total net position balance of ($561.1) million at June 30, 2023. Of the total net position balance, ($1.7) billion is classified as unrestricted net position, a $210.8 million increase from 2022. The increase in total net position was attributed to a combination of factors including additional federal COVID-19 relief funding passed through to CSUS from the State, which helped offset the cumulative financial effects incurred from the pandemic. Other contributing factors include board-approved tuition rate increases, a reduction in operating expenses, and lower pension and other post-employment benefit (OPEB) expenses. These factors and other changes are further detailed in the following sections of the MD&A.

The large negative balance in unrestricted net position is a result of the adoption of GASB Statement No. 68 (Pensions) in fiscal year 2015 and GASB Statement No. 75 (Other Post-Employment Benefits) in fiscal year 2018. Adoption of GASB Statement No. 68 required the System to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB Statement No. 75 required the System to recognize the net liability for other post-employment benefits (OPEB).

STATEMENT OF NET POSITION

The Statements of Net Position present the overall financial position of the System at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Connecticut State University System, including capital assets net of depreciation. The Statement of Net Position is a point-in-time financial statement and is used as a measure of the financial condition of the System. This statement presents a snapshot concerning assets classified as current (available for use within one year) and noncurrent (available beyond one year), liabilities categorized as current (due within one year) and noncurrent (due beyond one year), and net position. Assets represent what is owned by or what is owed to the System and are recorded at their current value except for capital assets, which are recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the System. A deferred outflow of resources represents the consumption of net assets by the System that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the System that is applicable to a future reporting period. The System net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted. The change in Net Position is one indicator of whether the overall financial condition of System has improved or worsened during the year.

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

	2023	2022	% Change
ASSETS			
Current assets	$ 405.8	$ 391.6	3.6%
Non-current assets:			
Capital assets, net	1,302.9	1,278.0	1.9%
Other	215.5	191.2	12.7%
Total assets	1,924.2	1,860.8	3.4%
DEFERRED OUTFLOWS OF RESOURCES	517.0	626.3	(17.5%)
LIABILITIES			
Current liabilities	173.2	181.3	(4.5%)
Non-current liabilities	2,056.9	2,612.0	(21.3%)
Total liabilities	2,230.1	2,793.3	(20.2%)
DEFERRED INFLOWS OF RESOURCES	772.2	468.0	65.0%
NET POSITION			
Net investment in capital assets	1,015.6	1,020.4	(0.5%)
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	90.5	101.3	(10.5%)
Unrestricted	(1,667.8)	(1,896.3)	12.1%
Total net position	$ (561.1)	$ (774.1)	27.5%

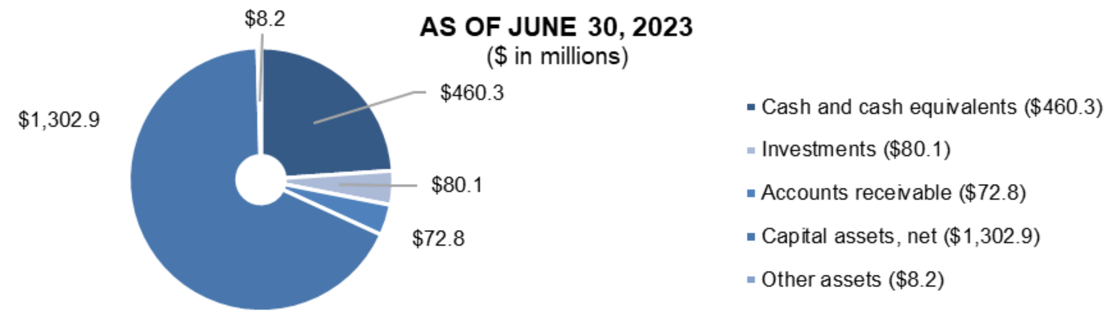
Assets

Total assets increased by $63.4 million in fiscal year 2023 due to the following:

Current assets consists of cash, cash equivalents, investments, accounts receivable, and other assets and at June 30, 2023 was $405.8 million, an increase of $14.1 million from 2022. This was primarily due to the increase in cash of $58.0 million, offset by a decrease in investments of $17.3 million and a decrease in accounts receivable due from the State of $19.8 million. Cash increased due to a variety of factors including an increase in unearned revenue of $8.5 million, an escrow account of $20.8 million to be used for the purchase of IT infrastructure, and additional one-time COVID-related funding from the State's ARPA allotment of $83.7 million. The decrease in investments is primarily driven by $23.6 million in debt service payments. The accounts receivable due from State decreased mainly due to a smaller accrued payroll at the end of fiscal year 2023 than there was at the end of fiscal year 2022. Due to timing, in fiscal year 2022 there were two full pay periods accrued and these also included salary increases and retroactive payments required due to the State Employees Bargaining Agent Coalition ("SEBAC") agreement. In fiscal year 2023 there was only one full pay period plus one day accrued based on the timing of payroll. The change in the State's fringe methodology also reduced the amount recorded as Due from State.

Total non-current assets at June 30, 2023 of $1.5 billion increased by $49.9 million primarily due to an increase in capital assets, net of $24.8 million and an increase in cash and cash equivalents of $27.4 million. With the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements ("SBITAs")*, $24.7 million of right-of-use assets, net, were added to the balance sheet. GASB Statement No. 96 was adopted for the fiscal year ending June 30, 2023 and therefore is not reflected in June 30, 2022 condensed statements within this management discussion and analysis.

The following graph shows total assets by major category:



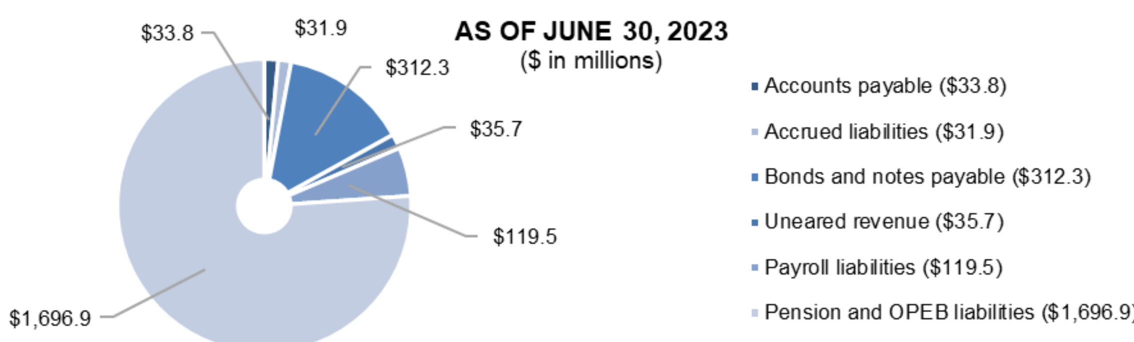
Liabilities

Total liabilities decreased by $563.1 million in fiscal year 2023 due to the following:

Current liabilities at June 30, 2023 of $173.3 million decreased by $8.0 million. Accrued salaries and benefits decreased by $37.1 million, which was offset by increases in accounts payable of $13.2 million, unearned tuition and grant revenue of $8.5 million, and subscription liabilities of $5.1 million. The decrease in accrued payroll expense and related benefits was due to timing of payroll and due to salary increases and retroactive payments required that were paid out in 2022. The increase in accounts payable and unearned grant revenue was due to timing. Due to the implementation of GASB 96, an additional $16.9 million was added as lease liabilities (current and non-current combined). Note payable (current and non-current) consists of a new agreement entered into during fiscal year 2023 to purchase IT infrastructure.

Non-current liabilities at June 30, 2023 of $2.1 million decreased by $555.1 million which is primarily due to a decrease in the pension liability by $285.1 million and a decrease in the OPEB liability by $270.4 million. The pension liability decreased due to the CSUS proportionate share decreasing from 4.9% in fiscal year 2022 to 3.4% in FY23 for SERS. This was primarily driven by transfers from the State's reserve fund as surplus contributions to the plan which reduced the CSUS liability allocation. The OPEB liability decreased as a result of an update in the discount rate from 2.31% to 3.90%. Bonds payable decreased by $23.6 million due to payments on principal amounts outstanding during 2023. The long-term portion of accrued compensated absences decreased by $6.1 million primarily due to the change in state fringe methodology, whereby the salary-related payments related to defined benefit pensions or defined benefit OPEB are no longer included in the measurement of liabilities for compensated absences.

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred inflows and outflows of resources are related to future periods. This is primarily related to the impact of recognizing net pension and net OPEB liabilities and refunding of debt. For pension and OPEB net liabilities they reflect differences between projected and actual assumptions and earnings, changes in actuarial assumptions, changes in proportion and differences between contributions and proportionate share of contributions and employer contributions subsequent to the measurement date. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources (loss) or deferred inflow of resources (gain).

NET POSITION

Net investment in capital assets represents the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is divided into two classifications, expendable and nonexpendable. Restricted expendable net position is subject to externally imposed restrictions governing its use. In the System, restricted expendable net position primarily represents unexpended proceeds from bond issuances for capital projects and the residual balances of the System's unexpended grant funds. Restricted nonexpendable net position comprises the System's permanent funds such as the Endowment Fund. Most endowed funds are held with the individual institutions' foundations for the benefit of the Universities.

Unrestricted net position (UNP) represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. Unrestricted net position is negative due to the System's share of the State's pension plan's net pension liability and OPEB. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the System's reserves are allocated for academic initiatives or programs and for capital and other purposes, including University fee receipts and parking fee receipts that have been designated by universities to meet debt service obligations. Without reflecting the net pension and OPEB liabilities, unrestricted net position increased $86.4 million from 2022 to 2023.

The table below illustrates the effects of GASB 68 and GASB 75 on the CSUS's net position at June 30 ($ in millions):

	2023	2022	% Change
NET POSITION			
Net investment in capital assets	$ 1,015.6	$ 1,020.4	-0.5%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	90.5	101.3	-10.6%
Unrestricted	(1,667.8)	(1,896.3)	12.1%
Total net position	(561.2)	(774.2)	27.5%
Pension and OPEB Impact (GASB 68 and 75)	1,954.8	2,096.9	-6.8%
Total Net Position, Excluding Pension and OPEB	$ 1,393.6	$ 1,322.7	5.4%
Unrestriced Net Position, Excluding Pension and OPEB	$ 287.0	$ 200.6	

CAPITAL AND RELATED DEBT ACTIVITIES

Capital assets, net of accumulated depreciation and amortization, consisted of the following at June 30 ($ in millions):

	2023	2022	% Change
Land	$ 19.9	$ 19.9	0.0%
Buildings & improvements	2,067.2	2,008.2	2.9%
Land improvements	107.6	107.4	0.2%
Furniture, fixtures & equipment	150.0	147.5	1.7%
Library books and collections	22.0	23.2	(5.2%)
Right of use assets	31.6	1.4 *	2178.3%
Construction in progress	61.5	64.3	(4.4%)
Total capital assets	2,459.8	2,371.9	3.7%
Less accumulated depreciation and amortization	1,156.9	1,093.1 *	5.8%
Capital assets, net	$ 1,302.9	$ 1,278.8 *	1.9%

**The 2022 financial statements excluded Right of Use Assets of $1.4 million with Accumulated Amortization of $644.6 thousand from Capital Assets, Net. These Right of Use Assets were reported separately in the Statement of Net Position.*

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the twenty-eighth year of its long-range capital plan for the renovation and development of auxiliary service facilities. There were no new bond issuances during 2022 or 2023.

Due to the implementation of GASB 96, the CSUS recorded right-of-use assets - subscriptions of $29.8 million with accumulated amortization of $5.1 million as of June 30, 2023,

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

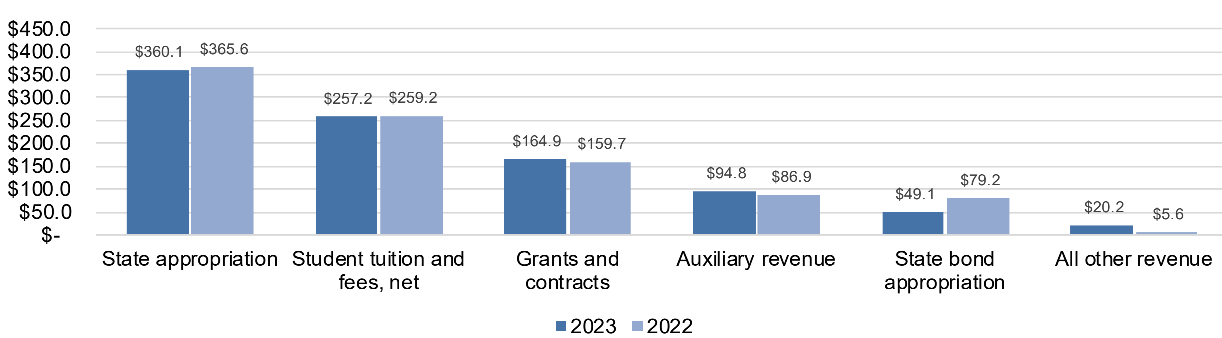
The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30 ($ in millions):

	2023	2022	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 257.2	$ 259.2	(0.8%)
Auxiliary revenues	94.8	86.9	9.1%
Grants and indirect cost recoveries	42.9	35.0	22.7%
Other	5.5	8.3	(34.1%)
Total operating revenues	400.4	389.4	2.8%
OPERATING EXPENSES			
Expenses before depreciation and amortization	660.2	907.3	(27.2%)
Depreciation and amortization	73.2	67.4	8.5%
Total operating expenses	733.4	974.8	(24.8%)
Operating loss	(333.0)	(585.4)	43.1%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	360.1	365.6	(1.5%)
State appropriations - bond fund	49.1	79.2	(38.0%)
Pell grant revenue	38.3	38.5	(0.4%)
Federal emergency grant revenue	83.7	86.2	(2.9%)
Investment income	19.2	1.9	910.5%
Other	(4.5)	(4.7)	4.2%
Total non-operating revenues (expenses)	545.9	566.6	(3.7%)
NET POSITION			
Change in net position	213.0	(18.7)	1238.4%
Net position, beginning of year	(774.1)	(755.4)	(2.5%)
Net position, end of year	$ (561.1)	$ (774.1)	27.5%

Revenues

The following graph shows the CSUS's total operating and nonoperating revenues by category, excluding other changes in net position:

REVENUE SUMMARY BY CATEGORY (IN MILLIONS)

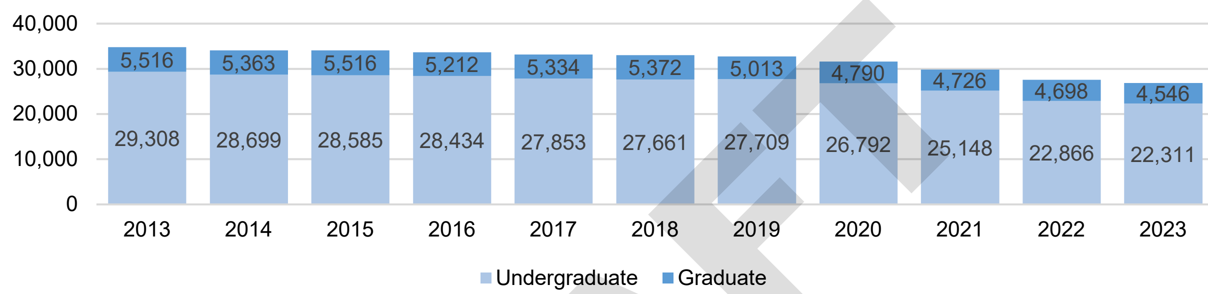


Operating Revenues

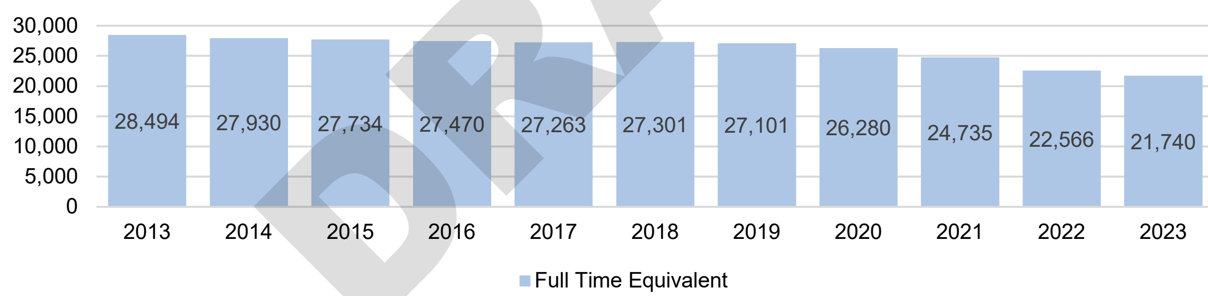
Total *operating revenues* for fiscal year 2023 were $400.5 million after the reduction for scholarship allowances, an increase of $11.0 million from fiscal year 2022. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers of $63.9 million, resulting in net tuition and fee revenue of $257.2 million. On a gross basis, fiscal year 2023 tuition revenues increased by just 0.4% from the previous year, due to the lingering effects of the decline in enrollment resulting from the coronavirus pandemic offset by a 5% tuition increase. These revenues reflect a FTE credit enrollment decrease of 3.7% in fiscal year 2023. Auxiliary revenues, which are mainly driven by room and board fees, increased by $7.9 million due to more students returning to dormitories, coupled by an increase in rates.

The graphs below present headcount and full-time equivalent enrollment over the last 10 years:

FALL HEADCOUNT ENROLLMENT
10-YEAR COMPARISON



FALL FULL TIME EQUIVALENT ENROLLMENT
10-YEAR COMPARISON

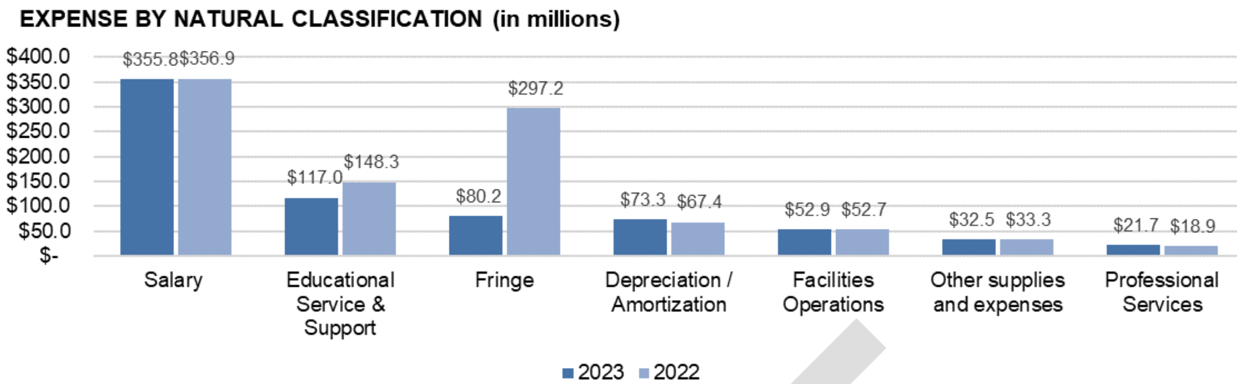


Nonoperating Revenue and Expenses

Nonoperating revenue and expenses includes state appropriations, certain federal grants, private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and interest expense. In fiscal year 2023, state appropriations of $409.2 million were $35.5 million lower than fiscal year 2022. State appropriations are received for both operating and capital purposes. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. There were also additional one-time funding allotments during fiscal 2023 to cover raises and other budget shortfalls. The primary reason for the decrease in appropriations were due to capital appropriations, which decreased by $30.0 million. Federal emergency grant revenues are mainly from APRA grants and other COVID-related grants awarded to the CSUS. CSUS allocation of the State's ARPA program totaled $83.7 million in fiscal year 2023. Investment income increased by $17.4 million due to the increase in STIF rates from 1.5% at June 30, 2022 to 5.2% at June 30, 2023.

Operating Expenses

The following graph shows the CSUS operating expenses by natural classification:



In fiscal 2023, total *operating expenses* less depreciation and amortization of $660.2 million decreased by $247.2 million from the prior fiscal year which is mainly a result of the decrease in the pension and OPEB expenses, which credited the fringe benefits expense by $142.1 million. Educational services and support decreased by $31.3 million which is mainly due to fiscal year 2022 having $26.4 million in technology updates that were largely funded by grants, which did not recur in fiscal 2023. The fringe benefit expense decreased significantly because it includes the pension and OPEB adjustment, which was a credit to expense for fiscal 2023 mainly due to the State making a significant contribution to the plans, thereby reducing the CSUS allocation of the liabilities, and also an increase in the discount rate. Excluding pension and OPEB adjustments, fringe benefit expense decreased by 5%. Salaries and wage expense experienced a modest reduction of $1.1 million from 2022 due to retirements. There was also $67.6 million in depreciation expense and $5.7 million in amortization expense which is largely due to implementation of GASB 96 in 2023.

Other Changes in Net Position

Other changes in net position include the state appropriations for capital purposes and loss on disposal of assets.

STATEMENT OF CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash. Cash flows from operating activities is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense, and in the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows shows cash inflows and outflows without regard to accruals.

The System's cash and cash equivalents at June 30, 2023 increased $85.6 million. This increase was primarily driven by a $28.8 million increase in state appropriation receipts, a $23.3 million increase in grant and contract revenues, a $31.3 million reduction in education services and support expenses, as well as an increase of $17.4 million in interest revenue. These increases were offset partially by increases to salary and fringe benefit payouts of $35.7 million.

The following table shows a Condensed Statement of Cash Flows for the fiscal years ended June 30 ($ in millions):

	2023	2022	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (424.7)	$ (438.1)	3.1%
Non-capital financing activities	507.9	481.3	5.5%
Capital and related financing activities	(34.1)	(40.0)	14.9%
Investing activities	36.4	23.1	57.6%
Net change in cash and cash equivalents	85.6	26.3	225.3%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	374.8	348.5	7.5%
Cash and cash equivalents, end of year	$ 460.3	$ 374.8	22.8%

ECONOMIC OUTLOOK

In June 2023, the Board of Regents approved an annual operating budget for 2024 of $701.4 million, supported by revenues of $708.3 million, resulting in a net surplus of $7.0 million. Consistent with institutions of higher education in the region and nationally, the CSU's estimate an average of 2% enrollment decline in fiscal year 2024 which offsets the tuition rate increase of 3%. Personnel and related costs have always been the largest area of expenditure and include SEBAC raises effective July 1, 2024. The CSUS also are implementing budget mitigation efforts, including hiring freezes, looking for opportunities to produce alternative revenue sources and refine efforts on increasing enrollment and retention, as well as increasing fiscal savings where possible. Under the newly adopted state budget, beginning in fiscal year 2024 the state will pay the retirement-related fringe benefit costs for all employees of the constituent units of the state higher education system and CSUS will fund the employee health and life insurance, unemployment compensation, and employers' social security tax for all employees. Accordingly, there are significant revenue and expenditure presentational changes to the fiscal year 2024 budget. To further alleviate rising operating costs, the CSU's will be receiving $83.4 million in fiscal year 2024 from the State's ARPA allocation, and $19.8 million in temporary operating support from the State which will be used for operations.

Additional Information

This financial report is designed to provide a general overview of CSUS's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Chief Financial Officer. University specific questions may also be directed to the Chief Financial Officer at each individual University.

	2023
Assets	
Current assets	
Cash and cash equivalents	$ 278,048,779
Investments	49,265,237
Accounts receivable, net	15,359,207
Due from the State of Connecticut	55,170,143
Prepaid expenses and other current assets	8,161,222
Total current assets	406,004,588
Noncurrent assets	
Cash and cash equivalents	182,201,355
Investments	30,815,086
Accounts receivable, net	2,226,204
Other assets	44,309
Investment in capital assets, net of accumulated depreciation	1,302,916,948
Total noncurrent assets	1,518,203,902
Total assets	$ 1,924,208,490
Deferred outflows of resources	
Deferred pension	$ 285,239,964
Deferred other post employment benefits	227,567,710
Deferred loss on bond refunding	4,210,245
Total deferred outflows of resources	$ 517,017,919

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

	2023
Liabilities	
Current liabilities	
Accounts payable	$ 33,516,936
Accrued salaries and benefits	55,704,554
Accrued compensated absences	6,646,052
Due to the State of Connecticut	291,759
Unearned tuition, fees and grant revenue	35,709,769
Bonds payable	21,730,000
Note payable	3,139,036
Accrued bond interest payable	1,484,929
Leases payable	391,658
Subscription liabilities	5,129,894
Other liabilities	2,621,533
Depository accounts	6,891,645
Total current liabilities	173,257,765
Noncurrent liabilities	
Accrued compensated absences	57,159,546
Bonds payable	268,623,969
Note payable	18,794,011
Federal loan program advances	1,327,469
Deferred compensation	409,428
Leases payable	460,326
Subscription liabilities	11,766,039
Other noncurrent liabilities	1,395,643
Pension liability, net	775,546,233
Other post employment benefits, net	921,401,567
Total noncurrent liabilities	2,056,884,231
Total liabilities	$ 2,230,141,996
Deferred inflows of resources	
Deferred pension	$ 268,498,428
Deferred other post employment benefits	502,163,600
Deferred lease inflows	1,537,258
Total deferred inflows of resources	$ 772,199,286
Net Position	
Net investment in capital assets	$ 1,015,602,612
Restricted	
Nonexpendable	540,654
Expendable	90,510,257
Unrestricted	(1,667,768,396)
Total net position	$ (561,114,873)

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

		2023
Assets		
Cash and cash equivalents	$	7,426,228
Investments		181,832,679
Contributions and other receivables		5,169,511
Prepaid expenses and other assets		475,028
Beneficial interest in trusts		709,326
Land, buildings and equipment, net		3,691,322
Total assets	$	199,304,094
Liabilities		
Accounts payable and accrued expenses		2,019,997
Other liabilities		1,999,367
Total liabilities		4,019,364
Net Assets		
Without donor restrictions		9,827,881
With donor restrictions		185,456,849
Total net assets		195,284,730
Total liabilities and net assets	$	199,304,094

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

	2023
Operating revenues	
Tuition and fees	
Tuition and fees	$ 321,105,536
Less	
Scholarships allowance	(44,793,676)
Waivers	(19,109,620)
Tuition and fees, net of scholarship allowances and waivers	257,202,240
Federal grants and contracts	19,695,145
State and local grants and contracts	15,914,392
Nongovernment grants and contracts	6,915,359
Indirect cost recoveries	441,737
Auxiliary revenues	94,788,636
Other operating revenues	5,519,459
Total operating revenues	400,476,968
Operating expenses	
Salaries and wages	355,815,814
Fringe benefits	80,237,873
Professional services and fees	21,694,352
Educational services and support	117,016,161
Travel expenses	6,134,372
Operation of facilities	52,891,186
Other operating supplies and expenses	26,373,180
Depreciation expense	67,606,553
Amortization expense	5,664,417
Total operating expenses	733,433,908
Operating loss	(332,956,940)
Nonoperating revenues (expenses)	
State appropriations	360,102,939
Pell grant revenue	38,341,174
Federal emergency grant revenue	83,680,311
Gifts	5,345,116
Investment income	19,243,845
Interest expense	(9,529,433)
Other nonoperating revenues (expenses), net	363,184
Net nonoperating revenues (expenses)	497,547,136
Income before other changes in net position	164,590,196
Other changes in net position	
State appropriations restricted for capital purposes	49,145,136
Loss on disposal of capital assets	(703,940)
Other changes in net position	48,441,196
Change in net position	213,031,392
Net position at beginning of year	(774,146,265)
Net position at end of year	$ (561,114,873)

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

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenues, gains and other support			
Contributions	$ 3,684,393	$ 9,765,364	$ 13,449,757
Program income	389,762	192,622	582,384
Investment loss, net	863,113	13,697,319	14,560,432
Other income (loss)	555,322	(461,448)	93,874
Gain on disposal of asset	-	-	-
Net assets released from restrictions	11,336,625	(11,336,625)	-
Total revenues, gains and other support	16,829,215	11,857,232	28,686,447
Operating expenses			
Program services	12,010,474	-	12,010,474
Management and general	2,567,930	-	2,567,930
Fundraising	1,415,320	-	1,415,320
Total operating expenses	15,993,724	-	15,993,724
Change in net assets	835,491	11,857,232	12,692,723
Net assets			
Beginning of year	8,992,390	173,599,617	182,592,007
End of year	$ 9,827,881	$ 185,456,849	$ 195,284,730

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

	2023
Cash flows from operating activities	
Tuition and fees	$ 258,859,715
Grants and contracts	56,090,601
Auxiliary revenues	92,569,260
Other operating revenues	8,300,718
Payments to employees for salaries and benefits	(620,544,154)
Payments to suppliers	(4,956,524)
Professional services and fees	(21,667,383)
Educational services and support	(117,016,161)
Travel expenses	(6,134,372)
Operation of facilities	(52,891,185)
Other operating supplies and expenses	(17,386,511)
Net cash used in operating activities	(424,775,996)
Cash flows from noncapital financing activities	
State appropriations	380,657,396
Gifts for other than capital purposes	5,345,115
Nonoperating grants and revenue other	121,855,358
Net cash provided by noncapital financing activities	507,857,869
Cash flows from investing activities	
Proceeds from sales and maturities of investments	49,989,558
Purchases of investments	(32,689,061)
Interest and dividends received on investments	19,118,420
Net cash provided by investing activities	36,418,917
Cash flows from capital and related financing activities	
Purchases of capital assets	(67,093,455)
State capital appropriations received	48,389,669
Proceeds from capital debt	21,933,047
Principal paid on debt and other obligations	(27,378,166)
Interest paid on debt and other obligations	(9,901,083)
Net cash used in capital and related financing activities	(34,049,988)
Net increase in cash and cash equivalents	85,450,802
Cash and cash equivalents, beginning of year	374,799,332
Cash and cash equivalents, end of year	$ 460,250,134

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

	2023
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (332,956,940)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	67,606,553
Amortization	5,664,417
Changes in assets and liabilities:	
Receivables	9,606,939
Prepaid expenses and other	(512,642)
Accounts payable	(980,387)
Accrued salaries and benefits	(37,092,753)
Other liabilities	6,245,015
Due to/from the State of Connecticut	(49,757)
Unearned tuition, fees and grant revenues	8,431,436
Deferred compensation	40,125
Depository accounts	(1,177,864)
Accrued compensated absences	(7,137,053)
Pension Liability	(285,110,662)
Other post employment benefits	(270,395,000)
Changes in deferred outflows	108,845,283
Changes in deferred inflows	304,197,294
Net cash used in operating activities	$ (424,775,996)
Noncash financing activity	
Fixed assets included in accounts payable	$ 23,620,296
Reconciliation of cash and cash equivalents to the combined statements of net position	
Cash and cash equivalents classified as current assets	$ 278,048,779
Cash and cash equivalents classified as noncurrent assets	182,201,355
	$ 460,250,134

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

1. Summary of Significant Accounting Policies

Organization

The Connecticut State Colleges and Universities System ("CSCU") was established by the State of Connecticut (the "State") in 2011 via Public Act 11-48 as amended by Public Act 11-61. This brought together the governance structure for the Connecticut State University System ("CSUS"), the Connecticut Community College System ("CCC") and Charter Oak State College ("COSC") under the newly formed Board of Regents (BOR) for Higher Education. The financial statements presented herein represent only the financial activities of CSUS. Separate financial statements are issued for CCC and COSC.

CSCU consists of seventeen separate institutions including four state universities, twelve community colleges and Charter Oak State College. The CSCU system offers associate degrees, baccalaureate, graduate and certificate programs, applied doctoral degree programs in education as well as short-term certificates and individual coursework in both credit and noncredit programs.

The System Office administers certain activities centrally for the provision of management information systems and services to the Universities. Primary among these activities are administration of certain system-wide information systems, telecommunications, capital projects planning and rebudgeting, technical support and debt service. Costs of such activities, including the allocation of funds to the Universities from bond proceeds, are included in the activity of the System Office and supported by revenues from State appropriations and Universities' tuition and fee revenues which are allocated to the System Office through the budget allocation process. Such activities are eliminated in the statement of revenues, expenses and changes in net position.

Basis of Presentation

The financial statements for the CSUS institutions have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Government Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. These financial statements include the statements of CSUS institutions (the System) which includes: Central Connecticut State University (CCSU), Eastern Connecticut State University (ECSU), Southern Connecticut State University (SCSU), Western Connecticut State University (WCSU), and System Office (SO) and their aggregate discretely presented component units (the foundations that support the four universities and the System Office).

CSUS's financial statements include three statements: the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows.

- The statement of net position presents information on all of the system's assets, liabilities, deferred outflows and inflows, and net position.
- The statement of revenues, expenses and changes in net position presents information showing how the incumbent system's net position changed during the fiscal years presented. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in the statement for items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).
- The statement of cash flows is presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

Several legally separate, tax-exempt, affiliated organizations (the "Foundations") must be considered component units of the CSUS and are presented discretely in these financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the Universities in support of their programs. Although the Universities do not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the Universities by the donors. Since these restricted resources held by the Foundations can only be used by, or for the benefit of, the Universities, the Foundations are considered component units of CSUS primary institutions.

The disclosures included in the financial statements address only the Universities and not the related Foundations. No modifications have been made to the Foundation's financial information in CSUS's financial reporting entity for these differences. The Foundations are private nonprofit organizations that report under FASB standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Net Position

Resources are classified for reporting purposes into the following four net position categories:

- **Net Investment in Capital Assets**

  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Similar net assets are included in net assets without donor restrictions in the statements of the component units.

- **Restricted Nonexpendable**

  Net position subject to externally imposed stipulations that they be maintained in perpetuity by CSUS. Similar net assets are referred to as net assets with donor restrictions in the statements of the component units.

- **Restricted Expendable**

  Net position whose use by CSUS is subject to externally imposed stipulations that can be fulfilled by actions of CSUS pursuant to those stipulations or that expire by the passage of time. Similar net assets are referred to as net assets with donor restrictions in the statements of the component units.

- **Unrestricted**

  Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the BOR or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs. Similar net assets are referred to as net assets without donor restrictions in the statements of the component units.

Classification of Assets and Liabilities

CSUS presents short-term and long-term assets and liabilities in the statements of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from the reporting date. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from the reporting date. Cash and cash equivalents presented as short-term in the statement of net position include investments with original maturities of three months or less. Long-term cash and cash equivalents includes balances that have externally imposed restrictions as to use. Investments presented as short-term include balances with a maturity of one year or less from the reporting date. Investments with longer maturity dates and those with externally imposed restrictions as to use are classified as long-term assets.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, and petty cash. The STIF, stated at fair value, is held on behalf of CSUS by the State Treasurer and has original maturities of three months or less (see Notes 2 and 6). CSUS has long-term investments which include debt service reserve funds which are restricted for purposes in accordance with CHEFA regulations. Interest income is recognized on the accrual basis.

The largest inflow of cash related to non-capital financing is State appropriations and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The appropriation is treated as a cash equivalent for accounting and reporting purposes, and is included in the cash flow statement.

Fair Value of Financial Instruments
Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits. Investments are carried at fair value, based upon quoted market prices.

Investment in Capital Assets
Capital assets of the primary institutions are stated at historical cost or, in the case of donated property, at acquisition value at the date of the gift. Land, capitalized collections, and construction in progress are not depreciated. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life. Title to all assets, whether purchased, constructed or donated, is held physically by the State of Connecticut. Useful lives assigned to assets are as follows:

Asset Class Description	Useful Life
Buildings	40 years
Site & Building Improvements	20 years
Technology	5 years
Library Materials	10 years
Vehicles	10 years
Software	5 years
Non-Collectible Artwork	10 years
Other Equipment	10 years

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS"). The cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Colleges and Universities when eligibility requirements are met. There were no such projects recognized at CSUS for the fiscal year ended June 30, 2023.

Right-of-use ("ROU") assets, which includes ROU leased assets and ROU subscription assets are recognized at the agreement's commencement date and represent CSUS's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. ROU assets are amortized on a straight-line basis over the shorter of the contract term or estimated useful life of the underlying asset. However, if the underlying contract contains a purchase option determined to be reasonably certain of being exercised, the ROU asset is amortized over the estimated useful life of the asset.

Interest Capitalization
Prior to fiscal year 2022, interest expense incurred during the construction of capital assets was capitalized, if material, net of interest income earned on related debt proceeds. With the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, on July 1, 2021, interest expense on capital projects is no longer capitalized but expensed as incurred. Interest expense that was capitalized in prior years will continue to be amortized over 35 years. The cumulative

capitalized interest was $28.6 million as of June 30, 2023, and the cumulative capitalized interest net of amortization was $18.9 million. Amortization of capitalized interest for the year ended June 30, 2023 was $0.8 million.

Subscription Liability
Subscription liabilities represent CSUS's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the SBITA commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

Leases Payable
Leases payable represent CSUS's obligation to make lease payments arising from leases other than short term leases. Leases payable are recognized at the lease commencement dates based on the present value of future lease payments over the remaining lease terms. Present value of lease payments is discounted based on a borrowing rate determined by CSUS. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

Lease Receivable
Lease receivables are recorded by CSUS as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected. Lease receivables are included within accounts receivable on the Statement of Net Position.

Deferred Inflows
Deferred inflows consist of certain changes in the net pension and total OPEB liability and unrecognized revenues from other than short term leases.

Accrued Compensated Absences (ACA)
Employees earn the right to be compensated during absences for vacation leave, sick leave and related fringe benefits. The accompanying statement of net position reflects the accrual for the amounts earned as of year-end.

Pension & Other Post Employment Obligations
The System records pension and other post-employment benefit obligations equal to the net liability for its portion of the state defined benefit and retiree health plans. These net liabilities are measured as the total pension and health liability, less the amount of the respective plan's fiduciary net position. The total liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Because there are other state entities participating in the plans, the net liability recorded by CSUS is based on an allocation of the total net liability, as determined by an independent actuary.

Pension and other post-employment benefit expenses are recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows of resources and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Unearned Tuition, Fees and Grant Revenues
Unearned tuition, fees and grant revenues consist primarily of tuition and fees that have been collected but are applicable to the summer and fall sessions held subsequent to the reporting date. Charges related to these sessions are reported in the period the tuition and fees are recognized as income.

The State allotted $83.7 million to the CSUS in fiscal year 2023 as part of the State's ARPA allocation to offset operating losses incurred because of declining enrollment due to COVID-19. The total was recorded as federal grant revenue under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2023.

Tuition and Fees Revenue
Student tuition and fees revenue is recognized in the period earned net of scholarship allowance and waivers. Student aid for scholarships recorded in the statement of revenues, expenses and changes in net position includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance.

Auxiliary Revenues
Auxiliary revenues consist of housing charges, dining services, fees for health and injury insurance coverage and telecommunication charges. The auxiliary revenues are recognized in the period earned.

Operating Activities
Operating activities as reported in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of CSCU expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, Pell, gifts and investment income.

Income Taxes
CSUS is a component unit of the State of Connecticut and is exempt from federal and state income taxes under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. CSUS qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the Code).

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 amounts reported in the financial statements and accompanying notes and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences, pension and other post-employment benefit liabilities, estimated lives of capital assets and the allowances for doubtful accounts. Actual results could differ from those estimates.

GASB Pronouncements Effective in Fiscal Year 2023
In May 2019, GASB released Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 in accordance with GASB 95. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In May 2020 GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use-asset and a corresponding liability would be recognized for SBITAs. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023, effective as of July 1, 2022. As a result of this adoption, the CSUS recorded right-of-use assets – subscriptions of $20.2 million and subscription liabilities of $20.2 million.

In April 2022, GASB issued Statement No. 99, *Omnibus*. The objectives of this Statements are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Years
In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently assessing the impact of this statement.

Subsequent Events
In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2023, through DATE OF REPORT, the date the financial statements were issued and no items needing to be reported were noted.

Subsequent to year-end, the CSUS will be receiving an additional $83.4 million in one-time funding through the State's ARPA allocation. This will be used as temporary operating support.

2. Cash, Cash Equivalents and Investments

Cash and cash equivalents are invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF), a combined investment pool of high quality, short-term money market instruments. CSUS may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow requirements.

The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution.

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2023 was 5.15%.

Cash, cash equivalents and investments at June 30 are as follows:

	2023	
	Cost	**Fair Value**
Cash and cash equivalents	$ 460,250,134	$ 460,250,134
U.S. Mutual Funds-Governmental	70,878,551	70,878,551
Guaranteed Investment Contracts	9,201,772	9,201,772
	$ 540,330,457	$ 540,330,457

Investments are pooled by the State and separate accounting is maintained as to the amounts allocable to the various funds and programs.

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CSUS is invested in U.S. Government obligations, which are not considered to have credit risk. The average credit quality rating of CSUS's guaranteed investment contracts was AA-, as rated by Standard & Poor's Ratings as of June 30, 2023.

Custodial Credit Risk – At June 30, 2023, the carrying amount of CSUS's bank deposits was $3.4 million as compared to bank balances of $5.5 million. The difference between the carrying amount and bank balances was primarily caused by outstanding checks and deposits in transit. Of such bank balances, $4.8 million was uninsured and uncollateralized and therefore subject to custodial credit risk as of June 30, 2023.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 85% of CSUS total cash, cash equivalents and investments was invested in the STIF and the State's pooled interest credit program accounts as of June 30, 2023.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Interest rate risk is managed by establishing targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through target allocations to different asset classes.

Investment maturities of CSUS's debt securities at June 30 (in years) are as follows:

Debt Securities	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
June 30, 2023					
U.S. Government obligations	$ 70,878,551	$ 70,878,551	$ -	$ -	$ -
Guaranteed Investment Contracts	9,201,772	9,201,763	1	6	2
	$ 80,080,323	$ 80,080,314	$ 1	$ 6	$ 2

GASB No. 72, "*Fair Value measurements and Application*" sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB No. 72 are described as follows:

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

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly and 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.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement. Unobservable inputs are developed based on the best information available in the circumstances and may include the CSUS's own data.

All of the investments held at June 30, 2023 are Level 1. There are no liabilities subject to the fair value provisions of GASB No. 72.

3. Accounts Receivables

Receivables consisted of the following at June 30:

	2023
Student accounts receivable	$ 17,511,549
Student loans receivable	1,717,591
Grants receivable	4,589,029
Leases receivable	1,611,923
Miscellaneous receivables	2,420,139
	27,850,231
Less allowance for doubtful accounts	(10,264,820)
Net accounts receivable	$ 17,585,411

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2023. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the CSUS for amounts cancelled under these provisions.

CSUS has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans was $0.6 million as of June 30, 2023. As management determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education.

4. Capital Assets

Capital assets for the Universities consist of the following at June 30, 2023:

	Balance June 30, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 19,950,678	$ -	$ -	$ 19,950,678
Capitalized collections	8,833,465	119,532	(14,400)	8,938,597
Construction in progress	64,322,097	40,153,816	(42,961,196)	61,514,717
Total capital assets not being depreciated	$ 93,106,240	$ 40,273,348	$ (42,975,596)	$ 90,403,992
Other capital assets:				
Land improvements	$ 107,402,396	$ 1,770,430	$ (1,564,828)	$ 107,607,998
Buildings and building improvements	2,008,180,723	60,026,338	(1,050,493)	2,067,156,568
Furniture, fixtures and equipment	147,468,017	8,694,563	(6,114,910)	150,047,670
Library materials	14,408,888	144,295	(1,453,223)	13,099,960
Right-of-use-assets - equipment	1,387,423	522,518	(157,007)	1,752,934
Right-of-use-assets - subscriptions	-	29,833,033	-	29,833,033
Total other capital assets	2,278,847,447	100,991,177	(10,340,461)	2,369,498,163
Less accumulated depreciation and amortization				
Land improvements	(79,757,456)	(3,457,090)	1,085,460	(82,129,086)
Buildings and building improvements	(881,656,707)	(55,899,430)	764,658	(936,791,479)
Furniture, fixtures and equipment	(121,351,971)	(7,531,906)	6,037,235	(122,846,642)
Library materials	(9,763,370)	(718,126)	1,453,223	(9,028,273)
Right-of-use-assets - equipment	(644,654)	(500,493)	84,655	(1,060,492)
Right-of-use-assets - subscriptions	-	(5,129,235)	-	(5,129,235)
Total accumulated depreciation and amortization	(1,093,174,158)	(73,236,280)	9,425,231	(1,156,985,207)
Other capital assets, net	$ 1,185,673,289	$ 27,754,897	$ (915,230)	$ 1,212,512,956
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 93,106,240	$ 40,273,348	$ (42,975,596)	$ 90,403,992
Other capital assets, at cost	2,278,847,447	100,991,177	(10,340,461)	2,369,498,163
Total cost of capital assets	2,371,953,687	141,264,525	(53,316,057)	2,459,902,155
Less accumulated depreciation and amortization	(1,093,174,158)	(73,236,280)	9,425,231	(1,156,985,207)
Capital assets, net	$ 1,278,779,529	$ 68,028,245	$ (43,890,826)	$ 1,302,916,948

5. Leases

CSUS has entered into various leases for equipment. Of these leases, one agreement calls for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, usage of a capital asset, or changes in index rates. A total of $48,467 was recognized as expense from these variable payments for the year ended June 30, 2023.

The activity associated with the long-term lease liability for the year ended June 30, 2023 is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within 1 year (Current Portion)
$ 915,779	$ 455,842	$ (519,637)	$ 851,984	$ 391,658

The principal and interest expense for the next five years and beyond are projected below for lease obligations:

Fiscal Year	Principal	Interest	Total
2024	$ 391,658	$ 29,149	$ 420,807
2025	214,594	16,271	230,865
2026	148,115	8,621	156,736
2027	85,657	2,694	88,351
2028	11,960	422	12,382
Total Requirements	$ 851,984	$ 57,157	$ 909,141
Less Current	$ (391,658)		
Non-Current	$ 460,326		

For the year ended June 30, 2023, CSUS earned a total of $363,744 in lease revenue and $62,882 in lease interest revenue.

Lease receivable principal and interest requirements to maturity as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 317,014	$ 51,270	$ 368,284
2025	235,947	42,431	278,378
2026	249,588	34,307	283,895
2027	261,453	25,796	287,249
2028	179,344	17,966	197,310
2029-2033	213,445	50,259	263,704
2034-2038	151,244	11,756	163,000
2039-2043	1,433	567	2,000
2044-2048	1,694	306	2,000
2049-2053	761	39	800
Total	$ 1,611,923	$ 234,697	$ 1,846,620

6. Subscription-Based Information Technology Arrangements

CSUS entered into various SBITAs that convey CSCU control of the right of use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. The long-term liability activity for the year ended June 30, 2023, is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within 1 year (Current Portion)
$ -	$ 29,832,920	$ (12,936,987)	$16,895,933	$ 5,129,894

The principal and interest expense for the next five years and beyond are projected below for subscription obligations:

Fiscal Year	Principal	Interest	Total
2024	$ 5,129,894	$ 688,385	$ 5,818,279
2025	4,208,889	462,218	4,671,107
2026	1,640,033	305,965	1,945,998
2027	1,266,105	236,683	1,502,788
2028	1,180,868	176,043	1,356,911
Thereafter	3,470,144	165,751	3,635,895
Total Requirements	$ 16,895,933	$ 2,035,045	$ 18,930,978
Less Current	$ (5,129,894)		
Non-Current	$ 11,766,039		

CSUS has entered into one additional SBITA that had not yet commenced as of June 30, 2023, with fixed payments required. Terms ranged from July 1, 2023 to June 30, 2025 with a total future commitment of $219,882.

7. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

	2023
Accrued vacation	$ 30,522,924
Accrued sick leave	27,743,240
Other accrued fringe benefits	5,539,434
	63,805,598
Less: current portion	(6,646,052)
Noncurrent portion	$ 57,159,546

Activity for compensated absences, as of June 30, includes:

Balance as of June 30, 2022	$ 70,942,651
Net Changes FY 2023	(7,137,053)
Balance as of June 30, 2023	$ 63,805,598

These accruals represent estimated amounts earned by all eligible employees through June 30, 2023. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of compensated absences is estimated based on recent past history and is presented in today's dollars.

8. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. CSUS made no transfers to the State of Connecticut during fiscal year 2023.

Accrued salaries and related fringe benefit costs for CSCU employees within CSUS, whose salaries will be charged to the State of Connecticut General Fund, represent a related party balance. CSUS has also recorded a receivable from the State of Connecticut related to allocated bond financing for capital projects when allotted by the Governor.

Amounts due from the State of Connecticut as of June 30 are comprised of the following:

	2023
Receivable for accrued salaries and fringe benefits to be paid by State of Connecticut General Fund	$ 31,213,404
State appropriations for capital projects	23,956,739
	$ 55,170,143

The accompanying statement of net position includes balances among related parties. Significant balances for the year ended June 30, were as follows:

	2023
Cash balances held with the State of Connecticut on behalf of the CSUS	$ 345,383,045
Amounts invested in the State of Connecticut Short-Term Investment Fund (STIF)	90,483,471
	$ 435,866,516

9. Commitments and Contingencies

CSUS makes expenditures in connection with restricted government grants and contracts which are subject to final audit by government agencies. CSUS is of the opinion that the amount of disallowances, if any, sustained through such audits would not materially affect the financial position of CSUS.

CSUS is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot presently be determined, management is of the opinion that the eventual liability, if any, will not have a material effect on CSUS's financial position.

CSUS had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances at June 30 were as follows:

	2023
System Office	$ 2,142,793
Central Connecticut State University	4,914,864
Eastern Connecticut State University	1,584,434
Southern Connecticut State University	9,624,699
Western Connecticut State University	3,909,625
	$ 22,176,415

10. Pension Plans

Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CSCU employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of a single employer defined benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in agreements between the State and the State Employee Bargaining Agent Coalition ("SEBAC") as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or TRS depending on several factors.

Employees hired after July 1, 2011 but before July 31, 2017 were eligible to participate in Tier III or the Hybrid Plan, the 2 primary SERS plan options available (some employees are eligible to elect the Teachers Retirement System - "TRS"). The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of Connecticut and SEBAC, provides a retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a 5% employer match and 4% interest in lieu of a defined benefit.

Employees hired after July 1, 2017 are eligible to participate in Tier IV as a result of the 2017 SEBAC agreement. The SERS Tier IV plan is comprised of both a traditional Defined Benefit component and a new Defined Contribution component. The Tier IV Defined Benefit component provides a pre-defined monthly retirement income for life, with the amount being affected by years of service, retirement age, and the member's final average earnings for members that satisfy the Tier IV minimum age and service eligibility requirements. The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions both set equal to 1%, as well as investment gains or losses. Each Tier IV member will have an account with the third-party administrator of the State of Connecticut Alternate Retirement Program (ARP). CSCU makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut.

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Prudential. Under this arrangement, plan participants contribute 6.5% of their pay, or they can opt out of the 6.5% and contribute 5% and the State contributes 6.5% to individual participants' investment accounts managed by Prudential. CSCU pays a fringe benefit charge to the State, which includes the 6.5% employer contribution, employee health benefits and an administrative charge

Funding Policy
The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining.

Tier I Plan B regular and Plan B Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base, respectively, plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively. Tier IV employees contribute 5% of their salary (8% for hybrid and hazardous duty members) plus 1% into the defined contribution component.

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed $97.5 million and $2.4 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2023, equal to 100% and 149%, respectively, of the required contributions that year.

Net Pension Liability
The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2023 was measured and valued as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, the CSUS's proportion was 3.42% as of June 30, 2023. For the TRS plan, the CSUS's proportion was 0.11% as of June 30, 2023.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CSUS is calculated separately. The net pension liability for the CSUS as of June 30, 2023 for SERS and TRS was $754.9 million and $20.7 million, respectively.

Actuarial Assumptions for SERS:
The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2022 valuation (which was the basis for recording the June 30, 2023 financial statement liabilities) were based on the results of an actuarial experience study for the five-year period July 1, 2015 – June 30, 2020.

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.

The best estimates of geometric rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Actuarial Assumptions for TRS:
The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the Pub-2010 Healthy Retiree Table, projected generationally with MP-2020 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2020 was used for the period after disability retirement. The Pub-2010 Contingent Survivor Table projected generationally with MP-2020 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2020 was used for active members.
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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Inflation Linked Bond Fund	5.0%	3.8%
Emerging Market Debt Fund	3.0%	3.4%
High Yield Bond Fund	19.0%	5.2%
Real Estate Fund	10.0%	9.4%
Private Equity	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the 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.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. 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 State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 Net Pension Liability to Changes in Discount Rate
The following table presents the current-period net pension liability of the CSU System calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 921,165,008	$ 754,891,634	$ 616,311,524
TRS	26,362,995	20,653,944	15,913,072

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan
For the year ended June 30, 2023, the CSUS recognized a credit to pension expense of $110.1 million. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows (in thousands):

Fiscal Year Ending June 30,	SERS	TRS	Total
2024	$ 1,032,870	$ 1,476,582	$ 2,509,452
2025	(10,321,112)	285,506	(10,035,606)
2026	(28,796,109)	(733,534)	(29,529,643)
2027	(25,501,005)	553,557	(24,947,448)
2028	(7,531,456)	245,834	(7,285,622)
Thereafter	-	76,139	76,139
Total	$ (71,116,812)	$ 1,904,084	$ (69,212,728)

11. Other Post-Employment Benefits

The State of Connecticut provides post-retirement health care and life insurance benefits to eligible CSCU employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also 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 in a formula based on the number of years of State service that the retiree had at the time of retirement. The State finances the cost of post-retirement health care and life insurance benefits

There is a single State sponsored defined benefit OPEB plan open to CSCU employees, the State Employee OPEB Plan (SEOPEBP). The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the State Employee OPEB Plan. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions.

Plan Description
SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of CSCU who are receiving benefits from any State-sponsored retirement system. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Funding Policy
The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100 percent by the State on a pay-as-you-go basis through an annual appropriation in the General fund outside of the CSCU entities. CSCU contributes and helps fund the annual appropriation based upon a designated fringe rate established by the State.

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

The following is the asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.4%
Developed Market International Stock Fund	11%	6.4%
Emerging Markets International Stock Fund	9%	8.6%
Core Fixed Income	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%	

Net OPEB Liability
The Systems' net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2023 of $921.4 million was measured and valued as of June 30, 2022 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2023 the System's proportion was 5.95%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions:

Measurement Year	**2023**
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	3.90%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

Mortality Rates	
Pre-Retirement:	Pub-2010 General, Above-Median, Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Healthy Annuitant:	Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Disabled Annuitant:	Pub-2010 General, Disabled Retiree Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Contingent Annuitant:	Pub-2010 General, Above-Median, Contingent Annuitant Headcount-weighted Mortality Table projected generationally using Scale MP-2020

The projection of cash flows used to determine the discount rate was performed in accordance with GASB pronouncements.

The following presents the current period net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1% lower or 1% higher than the current rate utilized.

For measurement date of June 30, 2022:

Discount rate comparison:

	1% Decrease in Discount Rate (2.90%)	Current Discount Rate (3.90%)	1% Increase in Discount Rate (4.90%)
Net OPEB Liability	$ 1,077,293,555	$ 921,401,569	$ 795,307,872

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 777,800,757	$ 921,401,569	$ 1,103,690,888

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the CSUS recognized a credit to OPEB expense of $(32.0) million. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is disclosed in Note 14. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows:

Fiscal Years Ending June 30,		OPEB
2024	$	(45,704,025)
2025		(88,681,028)
2026		(111,640,550)
2027		(65,789,970)
2028		(9,834,552)
Thereafter		-
Total	$	(321,650,125)

12. Unearned Tuition, Fees and Grant Revenue

Unearned tuition, fees and grant revenue consists of the following at June 30:

	2023
Unearned tuition and fees	$ 23,994,449
Grants and contracts	11,500,937
Other	214,383
	$ 35,709,769

13. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Year ended June 30, 2023 Natural Classification									
	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	$ 26,574,198	$ 5,090,346	$ 1,419,986	$ 5,026,826	$ 1,423,048	$ 333,862	$ 4,989,295	$ -	$ 434,749	$ 45,292,310
Auxiliary enterprises	9,569,693	2,160,636	1,502,957	29,595,464	42,008	6,962,326	666,839	-	64,401	50,564,324
Institution support	59,609,967	6,152,120	7,456,703	1,868,019	605,441	676,843	9,843,622	-	3,594,717	89,807,432
Instruction	168,665,866	41,719,569	2,099,914	1,843,050	505,052	972,912	1,813,369	-	234,106	217,853,838
Physical plant	33,956,261	14,022,132	1,955,748	1,034,072	57,200	43,136,067	5,068,812	67,606,553	1,138,124	167,974,969
Public service	4,389,616	601,989	1,298,470	449,285	476,032	44,600	489,187	-	-	7,749,179
Research	2,937,898	447,809	576,422	517,353	517,417	59,216	587,091	-	-	5,643,206
Scholarships, loans and refunds	552,702	(110,258)	1,961,963	73,892,247	11,884	-	110,589	-	-	76,419,127
Student services	49,559,613	10,153,530	3,422,189	2,789,845	2,496,290	705,360	2,804,376	-	198,320	72,129,523
Total expenses	$ 355,815,814	$ 80,237,873	$ 21,694,352	$ 117,016,161	$ 6,134,372	$ 52,891,186	$ 26,373,180	$ 67,606,553	$ 5,664,417	$ 733,433,908

14. Bonds and Note Payable

The State of Connecticut, through acts of its legislature, provides funding for certain major plant facilities of the System. The State obtains its funds for these construction projects from general obligation bonds, which it issues from time to time. The State is responsible for all repayments of the bonds in accordance with bond indentures.

Debt service on bonds issued by the State to finance educational and general facilities is funded by the General Fund of the State, which is in the custody of the State Treasurer. These bonds do not require repayment by CSUS and, accordingly, the State's debt obligation attributable to the CSUS educational and general facilities is not reported as CSUS debt in the accompanying financial statements.

Bonds Payable

Principal outstanding of the CHEFA Bonds issued directly by CSUS at June 30 was as follows:

CHEFA Series	Issue Date	Issuance Amount	Mature in Fiscal Years:	Interest Rates:	Outstanding Principal 2023
L	4/4/2012	49,040,000	2013 - 2030	2.50% - 4.00%	$ 39,920,000
N	10/23/2013	80,340,000	2015 - 2026	4.10% - 5.00%	11,905,000
O	9/16/2014	21,240,000	2015 - 2031	2.00% - 4.00%	11,745,000
P-1	9/13/2016	55,030,000	2018 - 2037	2.50% - 5.00%	43,395,000
P-2	9/13/2016	19,530,000	2018 - 2036	2.50% - 5.00%	5,080,000
Q-1	5/10/2019	71,260,000	2021 - 2040	3.00% - 5.00%	64,280,000
Q-2	5/10/2019	20,845,000	2021 - 2032	5.00% - 5.00%	6,275,000
R-1	4/27/2021	14,640,000	2033 - 2034	2.00% - 2.125%	14,640,000
R-2	4/27/2021	85,110,000	2023 - 2034	0.35% - 2.45%	82,445,000
					$ 279,685,000

Series R-2 issuance in fiscal year 2021 refunded portions of Series J, M, and N. CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds were considered an in-substance defeasance and the liability for those bonds were removed from the statement of net position as of June 30, 2021. The $15.7 million portion of Series J that was refunded was redeemed on November 1, 2021 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The $21.2 million portion of Series M that was refunded was redeemed on November 1, 2022 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The outstanding amount of the portion refunded for Series N is $41.7 million as of June 30, 2023.

Revenue bond interest is payable to the bondholders on May 1 and November 1 of each year. Revenue bonds mature on November 1, in the years set forth below:

Maturity	Principal	Interest
2024	$ 21,730,000	$ 8,509,275
2025	21,370,000	7,707,979
2026	22,175,000	6,879,896
2027	20,665,000	6,158,035
2028	21,265,000	5,536,346
2029-2033	109,395,000	17,301,465
2034-2038	53,245,000	4,373,356
2039-2040	9,840,000	309,844
	$ 279,685,000	$ 56,776,196

Long-term bond payable activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Bonds payable	$ 300,750,000	$ -	$ (21,065,000)	$ 279,685,000
Premium on bonds payable	13,146,454	-	(1,994,711)	11,151,743
Discount on bonds payable	(583,200)	-	100,426	(482,774)
Total bonds payable	$ 313,313,254	-	$ (22,959,285)	$ 290,353,969

Note Payable

On October 1, 2022, CSCU entered into an installment payment agreement with a financial institution for $37.1 million for the purchase of IT infrastructure software and equipment. Of the total agreement, CSUS is responsible for $22.0 million; the remaining note payable is the responsibility of the CCC. Part of the agreement included the receipt of cash of an equal amount in an escrow account to be used for the purchase of the equipment. The escrow account totaled $21.0 million at June 30, 2023 and is included in cash and cash equivalents on the financial statements. The escrow account earned $492.8 thousand of interest during 2023. The agreement calls for annual payments beginning October 2023 and continuing until October 2027 at 0% interest. Payments of principal for CSUS is $3.1 million for the next 7 years.

15. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2023:

As of June 30, 2023	SERS	TRS	OPEB	Debt Refunding	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES						
Difference between expected and actual experience	$ 80,435,154	$ 749,949	$ 14,172,863	$ -	$ -	$ 95,357,966
Changes of assumptions or other inputs	-	2,257,126	103,764,295	-	-	106,021,421
Net difference between projected and actual earnings on pension plan investments	33,804,148	1,499,723	8,583,926	-	-	43,887,797
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,590,661	2,948,939	54,030,711	-	-	134,570,311
Employer contributions after measurement date	84,162,593	1,791,670	47,015,916	-	-	132,970,179
Loss on bond refunding	-	-	-	4,210,245	-	4,210,245
Total	**$ 275,992,556**	**$ 9,247,407**	**$ 227,567,711**		**$ -**	**$ 517,017,919**
DEFERRED INFLOWS OF RESOURCES						
Difference between expected and actual experience	$ -	$ 276,046	$ 28,358,100	$ -	$ -	$ 28,634,146
Changes of assumptions or other inputs	1,031,671	-	396,913,195	-	-	397,944,866
Changes in proportion and differences between employer contributions and proportionate share of contributions	261,915,104	5,275,607	76,892,305	-	-	344,083,016
Unrecognized revenues from other than short term leases	-	-	-	-	1,537,258	1,537,258
Total	**$ 262,946,775**	**$ 5,551,653**	**$ 502,163,600**	**$ -**	**$ 1,537,258**	**$ 772,199,286**

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Net Pension Liability and Related Ratios

State Employee Retirement System Plan

Last 10 Fiscal Years

(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	3.42%	4.91%	4.55%	4.57%	4.07%	3.81%	4.23%	3.96%	3.61%	3.12%
System's proportionate share of the net pension liability	$ 754,892	$1,043,539	$ 1,078,763	$ 1,042,307	$ 882,365	$ 876,024	$ 972,053	$ 653,585	$ 577,890	$ 516,858
System's covered payroll	$ 129,631	$ 212,152	$ 205,687	$ 196,238	$ 175,779	$ 144,700	$ 152,195	$ 154,782	$ 140,369	$ 119,305
System's proportionate share of the net pension liability as a percentage of its covered payroll	582%	492%	524%	531%	502%	605%	639%	422%	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A

Teachers Retirement System Plan

Last 10 Fiscal Years

(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	0.11%	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.10%	0.10%	0.10%
System's proportionate share of the net pension liability	$ 20,654	$ 17,117	$ 21,599	$ 32,124	$ 24,769	$ 12,309	$ 12,986	$ 10,524	$ 9,727	$ 10,729
State's proportionate share of the net pension liability associated with the System	$ 20,654	$ 17,117	$ 21,612	$ 27,060	$ 24,769	$ 12,986	$ 12,986	$ 10,524	$ 9,715	N/A [1]
Total	$ 41,308	$ 34,234	$ 43,211	$ 59,184	$ 49,539	$ 25,296	$ 25,973	$ 21,048	$ 19,442	$ 10,729
System's covered payroll	$ 5,156	$ 5,453	$ 5,331	$ 5,075	$ 4,729	$ 3,652	$ 4,128	$ 3,930	$ 3,813	$ 3,063
System's proportionate share of the net pension liability as a percentage of its covered payroll	401%	314%	405%	633%	524%	337%	315%	268%	255%	350%
Plan Fiduciary net position as a percentage of the total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A

Schedule of Net Other Post Employment Benefits Liability and Related Ratios
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	5.95%	6.10%	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	$ 921,402	$ 1,191,797	$ 1,443,409	$ 1,338,987	$ 967,346	$ 996,032	$ 1,021,242
System's covered payroll	$ 223,462	$ 222,718	$ 229,674	$ 234,304	$ 246,719	$ 251,239	$ 260,591
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	412%	535%	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

[1] Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.

Connecticut State University System
Schedule of Contributions (Unaudited)
June 30, 2023 – 2017

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 97,529	$ 87,694	$ 73,503	$ 72,115	$ 59,187	$ 64,638	$ 64,086	$ 54,526	$ 45,789	$ 33,008
Contributions in relation to the contractually required contribution	(97,529)	(87,694)	(73,503)	(72,115)	(58,714)	(64,121)	(63,574)	(54,254)	(45,789)	(32,975)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 473	$ 517	$ 513	$ 273	$ -	$ 33
System's covered payroll	$ 129,631	$ 212,152	$ 205,687	$ 196,238	$ 175,779	$ 144,700	$ 152,195	$ 154,782	$ 140,369	$ 119,305
Contributions as a percentage of covered payroll	75.24%	41.34%	35.74%	36.75%	33.40%	44.31%	41.77%	35.05%	32.62%	27.64%

Teachers Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,628	$ 1,433	$ 1,386	$ 2,432	$ 2,394	$ 923	$ 889	$ 944	$ 910
Contributions in relation to the contractually required contribution	(2,425)	(1,831)	(1,596)	(1,861)	(1,234)	(570)	(1,324)	(1,517)	(1,343)
Contribution deficiency (excess)	$ (797)	$ (398)	$ (210)	$ 571	$ 1,160	$ 353	$ (435)	$ (573)	$ (433)
System's covered payroll	$ 5,156	$ 5,453	$ 5,331	$ 5,075	$ 4,729	$ 3,652	$ 4,128	$ 3,930	$ 3,813
Contributions as a percentage of covered payroll	47.03%	33.58%	29.95%	36.66%	26.10%	15.59%	32.07%	38.60%	35.22%

[1] Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.

Schedule of Contributions
Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 50,411	$ 52,980	$ 53,174	$ 48,746	$ 44,677	$ 38,553	$ 36,046
Contributions in relation to the contractually required contribution	(50,411)	(52,980)	(53,174)	(48,746)	(44,677)	(38,553)	(36,046)
Contribution deficiency (excess)	-	-	-	-	-	-	-
System's covered payroll	$ 223,462	$ 222,718	$ 229,674	$ 234,304	$ 246,719	$ 251,239	$ 260,591
Contributions as a percentage of covered employee payroll	22.56%	23.79%	23.15%	20.80%	18.11%	15.35%	13.83%

[1] Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.

1. Supplementary Information

<u>Pension Plans</u>

Changes of benefit terms:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019

Changes of assumptions:

- None

<u>State Employee OPEB Plan</u>

Changes of benefit terms:

- None

Changes of assumptions:

- The discount rate was updated in accordance with GASB No. 75 to 3.90% as of June 30, 2022

SUPPLEMENTARY SCHEDULES

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Assets							
Current assets:							
Cash and cash equivalents	$ 83,877,875	$ 45,258,273	$ 66,153,053	$ 31,901,583	$ 50,857,995	$ -	$ 278,048,779
Investments	-	-	-	-	49,265,237	-	49,265,237
Accounts receivable, net	6,495,975	2,209,398	4,557,156	2,009,713	86,965	-	15,359,207
Due from the State of Connecticut	15,358,905	7,662,178	19,522,649	10,360,585	2,265,826	-	55,170,143
Due from SO and Universities	6,584,737	5,644,484	3,989,679	5,672,995	25,000	(21,916,895)	-
Prepaid expenses and other current assets	4,176,685	1,685,801	1,612,119	296,528	390,089	-	8,161,222
Total current assets	116,494,177	62,460,134	95,834,656	50,241,404	102,891,112	(21,916,895)	406,004,588
Noncurrent assets:							
Cash and cash equivalents	47,448,866	17,725,688	31,287,749	623,854	85,115,198	-	182,201,355
Investments	-	-	-	-	30,815,086	-	30,815,086
Accounts receivable, net	836,135	181,483	809,157	399,429	-	-	2,226,204
Other assets	-	-	44,309	-	-	-	44,309
Investment in capital assets	693,672,423	528,964,877	719,799,396	470,086,337	47,379,122	-	2,459,902,155
Accumulated depreciation	(314,575,293)	(232,978,410)	(363,002,409)	(226,128,061)	(20,301,034)	-	(1,156,985,207)
Investment in capital assets, net of accumulated depreciation	379,097,130	295,986,467	356,796,987	243,958,276	27,078,088	-	1,302,916,948
Total noncurrent assets	427,382,131	313,893,638	388,938,202	244,981,559	143,008,372	-	1,518,203,902
Total assets	$ 543,876,308	$ 376,353,772	$ 484,772,858	$ 295,222,963	$ 245,899,484	$ (21,916,895)	$ 1,924,208,490
Deferred outflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 285,239,964	$ -	$ 285,239,964
Deferred other post employment benefits	-	-	-	-	227,567,710	-	227,567,710
Deferred loss on bond refunding	-	-	-	-	4,210,245	-	4,210,245
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 517,017,919	$ -	$ 517,017,919

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Liabilities							
Current liabilities:							
Accounts payable	$ 11,382,085	$ 7,069,393	$ 7,518,516	$ 7,256,268	$ 290,674	$ -	$ 33,516,936
Accrued salaries and benefits	18,332,944	8,894,427	18,949,937	9,093,643	433,603	-	55,704,554
Accrued compensated absences	2,452,526	1,104,432	2,021,587	862,591	204,916	-	6,646,052
Due to the State of Connecticut	4,778	132	286,687	162	-	-	291,759
Due to SO and Universities	-	25,000	-	-	21,891,895	(21,916,895)	-
Unearned tuition,fees and grant revenue	12,002,087	5,264,900	13,041,160	5,401,622	-	-	35,709,769
Bonds payable	-	-	-	-	21,730,000	-	21,730,000
Note Payable	-	-	-	-	3,139,036	-	3,139,036
Accrued bond interest payable	-	-	-	-	1,484,929	-	1,484,929
Leases payable	152,294	50,748	89,513	99,103	-	-	391,658
Subscription liabilities	860,168	831,633	1,038,628	1,201,454	1,198,011	-	5,129,894
Other liabilities	349,078	85,841	1,005,892	627,776	552,946	-	2,621,533
Depository accounts	2,262,567	1,246,006	3,251,106	131,966	-	-	6,891,645
Total current liabilities	47,798,527	24,572,512	47,203,026	24,674,585	50,926,010	(21,916,895)	173,257,765
Noncurrent liabilities:							
Accrued compensated absences	17,120,708	9,797,750	19,180,652	9,466,265	1,594,171	-	57,159,546
Bonds payable	-	-	-	-	268,623,969	-	268,623,969
Note payable	-	-	-	-	18,794,011	-	18,794,011
Federal loan program advances	3,845	443,055	-	880,569	-	-	1,327,469
Deferred compensation	-	-	-	-	409,428	-	409,428
Leases payable	312,778	13,829	57,000	76,719	-	-	460,326
Subscription liabilities	1,636,122	1,383,745	1,861,910	1,799,292	5,084,970	-	11,766,039
Other noncurrent liabilities	-	59,290	1,280,844	55,509	-	-	1,395,643
Pension liability, net	-	-	-	-	775,546,233	-	775,546,233
Other post employment benefits, net	-	-	-	-	921,401,567	-	921,401,567
Total noncurrent liabilities	19,073,453	11,697,669	22,380,406	12,278,354	1,991,454,349	-	2,056,884,231
Total liabilities	$ 66,871,980	$ 36,270,181	$ 69,583,432	$ 36,952,939	$ 2,042,380,359	$ (21,916,895)	$ 2,230,141,996
Deferred inflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 268,498,428	$ -	$ 268,498,428
Deferred other post employment benefits	-	-	-	-	502,163,600	-	502,163,600
Deferred lease Inflows	912,943	87,371	536,944	-	-	-	1,537,258
Total deferred inflows of resources	$ 912,943	$ 87,371	$ 536,944	$ -	$ 770,662,028	$ -	$ 772,199,286
Net Position							
Net investment in capital assets	$ 376,135,768	$ 293,706,512	$ 353,749,936	$ 240,781,708	$ (248,771,312)	$ -	$ 1,015,602,612
Restricted:							
Nonexpendable	-	60,000	73,538	407,116	-	-	540,654
Expendable	9,790,921	2,629,339	11,642,369	5,913,482	60,534,146	-	90,510,257
Unrestricted	90,164,696	43,600,369	49,186,639	11,167,718	(1,861,887,818)	-	(1,667,768,396)
Total net position	$ 476,091,385	$ 339,996,220	$ 414,652,482	$ 258,270,024	$ (2,050,124,984)	$ -	$ (561,114,873)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Operating revenues:							
Tuition and fees:							
Tuition and fees, gross	$ 111,382,750	$ 47,036,916	$ 111,147,893	$ 51,537,977	$ -	$ -	$ 321,105,536
Less:							
Scholarships allowance	(14,666,350)	(15,108,737)	(9,998,923)	(5,019,666)	-	-	(44,793,676)
Waivers	(5,484,992)	(2,212,023)	(9,738,957)	(1,673,648)	-	-	(19,109,620)
Tuition and fees, net of scholarship allowances and waivers	91,231,408	29,716,156	91,410,013	44,844,663	-	-	257,202,240
Federal grants and contracts	7,258,232	1,277,496	7,940,812	3,218,605	-	-	19,695,145
State and local grants and contracts	3,572,503	1,491,678	3,794,000	7,056,211	-	-	15,914,392
Nongovernment grants and contracts	1,801,739	159,444	4,932,786	21,390	-	-	6,915,359
Indirect cost recoveries	330,677	19,553	77,172	14,335	-	-	441,737
Auxiliary revenues	27,240,739	27,150,795	25,157,292	15,239,810	-	-	94,788,636
Other operating revenues	2,225,704	793,397	1,384,370	1,063,548	52,440	-	5,519,459
Total operating revenues	133,661,002	60,608,519	134,696,445	71,458,562	52,440	-	400,476,968
Operating expenses:							
Salaries and wages	106,673,912	58,963,097	122,756,120	62,035,968	5,386,717	-	355,815,814
Fringe benefits	67,132,351	39,410,116	74,259,502	38,539,811	(139,103,907)	-	80,237,873
Professional services and fees	5,373,129	2,959,444	7,209,558	5,287,712	864,509	-	21,694,352
Educational services and support	38,746,646	15,404,689	39,302,091	23,009,077	553,658	-	117,016,161
Travel expenses	2,201,824	846,334	2,130,913	801,508	153,793	-	6,134,372
Operation of facilities	22,305,314	8,350,164	13,905,924	8,325,114	4,670	-	52,891,186
Other operating supplies and expenses	9,281,806	3,742,262	7,414,194	4,318,500	1,616,418	-	26,373,180
Depreciation expense	18,283,842	16,477,651	20,586,865	11,544,678	713,517	-	67,606,553
Amortization expense	1,223,458	1,095,641	1,107,202	1,213,412	1,024,704	-	5,664,417
Total operating expenses	271,222,282	147,249,398	288,672,369	155,075,780	(128,785,921)	-	733,433,908
Operating loss	$ (137,561,280)	$ (86,640,879)	$(153,975,924)	$ (83,617,218)	$ 128,838,361	$ -	$ (332,956,940)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Nonoperating revenues (expenses)							
State appropriations	$110,261,366	$ 65,780,957	$108,374,831	$ 66,192,907	$ 9,492,878	$ -	$ 360,102,939
Pell grant revenue	12,887,796	5,658,651	13,270,070	6,524,657	-	-	38,341,174
Federal emergency grant revenue	29,069,083	13,923,562	26,238,937	14,448,729	-	-	83,680,311
Gifts	3,818,847	813,668	663,193	49,408	-	-	5,345,116
Investment income	4,761,357	2,309,518	3,737,207	1,149,965	7,285,798	-	19,243,845
Interest expense	(147,200)	(127,624)	(155,227)	(186,464)	(8,912,918)	-	(9,529,433)
Capital projects financed by SO	8,089,840	7,496,045	5,090,440	15,237,372	(35,913,697)	-	-
Other nonoperating revenues (expenses), net	249,729	19,237	(140,911)	235,129	-	-	363,184
Net nonoperating revenues (expenses)	168,990,818	95,874,014	157,078,540	103,651,703	(28,047,939)	-	497,547,136
Income (loss) before other changes in net position	31,429,538	9,233,135	3,102,616	20,034,485	100,790,422	-	164,590,196
Other changes in net position							
State appropriations restricted for capital purposes	5,453,256	2,307,761	37,012,200	4,202,903	169,016	-	49,145,136
Loss on disposal of capital assets	(45,553)	(543,224)	(110,962)	(4,201)	-	-	(703,940)
Interagency transfers	(12,880,782)	(7,338,080)	(9,064,815)	(6,298,825)	35,582,502	-	-
Other changes in net position	(7,473,079)	(5,573,543)	27,836,423	(2,100,123)	35,751,518	-	48,441,196
Change in net position	23,956,459	3,659,592	30,939,039	17,934,362	136,541,940	-	213,031,392
Net position at beginning of year	452,134,926	336,336,628	383,713,443	240,335,662	(2,186,666,924)	-	(774,146,265)
Net position at end of year	$476,091,385	$339,996,220	$414,652,482	$258,270,024	(2,050,124,984)	$ -	$ (561,114,873)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Cash flows from operating activities:							
Tuition and fees	$ 90,755,506	$ 31,472,776	$ 91,180,349	$ 45,451,084	$ -	$ -	$ 258,859,715
Grants and contracts	20,273,829	2,928,618	22,515,365	10,372,789	-	-	56,090,601
Auxiliary revenues	26,695,667	26,938,723	23,821,815	15,113,055	-	-	92,569,260
Other operating revenues	2,887,321	682,403	2,159,526	2,519,028	52,440	-	8,300,718
Payments to employees for salaries and benefits	(187,590,786)	(106,366,981)	(209,318,274)	(108,264,334)	(9,003,779)	-	(620,544,154)
Payments to suppliers	(349,721)	(1,134,568)	(1,892,456)	(1,496,363)	(83,416)	-	(4,956,524)
Professional services and fees	(5,373,129)	(2,934,312)	(7,209,558)	(5,287,712)	(862,672)	-	(21,667,383)
Educational services and support	(38,746,646)	(15,404,689)	(39,302,091)	(23,009,077)	(553,658)	-	(117,016,161)
Travel expenses	(2,201,824)	(846,334)	(2,130,913)	(801,508)	(153,793)	-	(6,134,372)
Operation of facilities	(22,305,313)	(8,350,164)	(13,905,924)	(8,325,114)	(4,670)	-	(52,891,185)
Other operating supplies and expenses	(5,724,935)	(3,402,849)	(3,746,450)	(3,723,134)	(789,143)	-	(17,386,511)
Net cash used in operating activities	(121,680,031)	(76,417,377)	(137,828,611)	(77,451,286)	(11,398,691)	-	(424,775,996)
Cash flows from noncapital financing activities:							
State appropriations	117,263,684	70,918,752	114,203,993	68,529,923	9,741,044	-	380,657,396
Gifts for other than capital purposes	3,818,846	813,668	663,193	49,408	-	-	5,345,115
Nonoperating grants and revenue other	41,849,258	19,486,393	39,368,096	21,151,611	-	-	121,855,358
Interagency transfers	(12,880,782)	(7,338,080)	(9,064,815)	(6,298,825)	35,582,502	-	-
Net cash provided by noncapital financing activities	$ 150,051,006	$ 83,880,733	$ 145,170,467	$ 83,432,117	$ 45,323,546	$ -	$ 507,857,869
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 49,989,558	$ -	49,989,558
Purchases of investments	-	-	-	-	(32,689,061)	-	(32,689,061)
Interest and dividends received on investments	4,724,119	2,309,519	3,679,813	1,149,965	7,255,004	-	19,118,420
Net cash provided by investing activities	4,724,119	2,309,519	3,679,813	1,149,965	24,555,501	-	36,418,917
Cash flows from capital and related financing activities:							
Purchases of capital assets	(13,622,459)	(4,279,561)	(35,023,116)	(14,168,319)	-	-	(67,093,455)
Capital projects financed by SO	3,157,396	2,502,162	1,683,738	13,716,445	(21,059,741)	-	-
State capital appropriations received	9,724,997	2,307,761	33,217,601	2,774,733	364,577	-	48,389,669
Proceeds from capital debt	-	-	-	-	21,933,047	-	21,933,047
Principal paid on debt and other obligations	(71,113)	(2,466,978)	(55,684)	(2,132,377)	(22,652,014)	-	(27,378,166)
Interest paid on debt and other obligations	(147,200)	(69,945)	(155,227)	(79,843)	(9,448,868)	-	(9,901,083)
Net cash provided by (used in) capital and related financing activities	(958,379)	(2,006,561)	(332,688)	110,639	(30,862,999)	-	(34,049,988)
Net increase in cash and cash equivalents	32,136,715	7,766,314	10,688,981	7,241,435	27,617,357	-	85,450,802
Cash and cash equivalents, beginning of year	99,190,026	55,217,647	86,751,821	25,284,002	108,355,836	-	374,799,332
Cash and cash equivalents, end of year	$ 131,326,741	$ 62,983,961	$ 97,440,802	$ 32,525,437	$ 135,973,193	$ -	$ 460,250,134

	CCSU	ECSU	SCSU	WCSU	SO	Adjustments	2023
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	$ (137,561,280)	$ (86,640,879)	$ (153,975,924)	$ (83,617,218)	$ 128,838,361	$ -	$ (332,956,940)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	18,283,842	16,477,651	20,586,865	11,544,678	713,517	-	67,606,553
Amortization	1,223,458	1,095,641	1,107,202	1,213,412	1,024,704	-	5,664,417
Changes in assets and liabilities:							
Receivables	5,130,591	(123,713)	2,746,601	1,853,460	-	-	9,606,939
Prepaid expenses and other	10,652	(865,784)	24,417	(108,271)	426,344	-	(512,642)
Accounts payable	(510,592)	(19,608)	15,233	(495,587)	30,167	-	(980,387)
Accrued salaries and benefits	(12,201,614)	(6,514,155)	(12,044,182)	(5,955,374)	(377,428)	-	(37,092,753)
Other liabilities	2,546,104	90,238	3,596,427	(275,102)	287,348	-	6,245,015
Due to/from State of Connecticut	-	(7,866)	(35,106)	(6,785)	-	-	(49,757)
Due to/from Universities	(1,837)	25,000	-	-	(23,163)	-	-
Unearned tuition, fees and grant revenues	3,160,089	1,762,266	3,107,110	401,971	-	-	8,431,436
Deferred compensation	-	-	-	-	40,125	-	40,125
Depository accounts	(53,277)	(94,985)	(749,528)	(280,074)	-	-	(1,177,864)
Accrued compensated absences	(1,582,909)	(1,471,616)	(2,084,152)	(1,726,396)	(271,980)	-	(7,137,053)
Pension liability	-	-	-	-	(285,110,662)	-	(285,110,662)
Other post employment benefits	-	-	-	-	(270,395,000)	-	(270,395,000)
Changes in deferred outflows	-	-	-	-	108,845,283	-	108,845,283
Changes in deferred inflows	(123,258)	(129,567)	(123,574)	-	304,573,693	-	304,197,294
Net cash used in operating activities	$ (121,680,031)	$ (76,417,377)	$ (137,828,611)	$ (77,451,286)	$ (11,398,691)	$ -	$ (424,775,996)
Noncash investing, noncapital financing and capital and related financing transactions:							
Fixed assets included in accounts payable	$ 6,854,669	$ 6,321,779	$ 4,764,593	$ 5,679,255	$ -	$ -	$ 23,620,296
Reconciliation of cash and cash equivalents to the combined statements of net assets:							
Cash and cash equivalents classified as current assets	$ 83,877,875	$ 45,258,273	$ 66,153,053	$ 31,901,583	$ 50,857,995	$ -	$ 278,048,779
Cash and cash equivalents classified as noncurrent assets	47,448,866	17,725,688	31,287,749	623,854	85,115,198	-	182,201,355
	$ 131,326,741	$ 62,983,961	$ 97,440,802	$ 32,525,437	$ 135,973,193	$ -	$ 460,250,134

1. Basis of Presentation of Supplemental Information

The supplementary schedules are presented to provide information from the stand-alone books and records of the universities and system office. The supplementary schedules exclude certain eliminating entries necessary to prepare the consolidated financial statements of CSUS. The supplementary schedules also do not include the impact of the adoption of GASB 68, *Pensions*, or GASB 75, *other post-employment benefits*, on the individual universities as reported in the financial statements of CSUS because the liability has not been allocated to the universities but rather is reflected only at the CSUS system level in the financial statements.

Connecticut Community Colleges

Annual Comprehensive Financial Report

for the year ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

Connecticut Community Colleges

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

TABLE OF CONTENTS

INTRODUCTORY SECTION	3
Members of the Board of Regents for Higher Education	4
Connecticut Community College Presidents/CEOs	5
FINANCIAL SECTION	6
Report of Independent Certified Public Accountants	7
Management’s Discussion and Analysis (Unaudited)	10
Basic Financial Statements	
Statement of Net Position - Primary Institution	21
Statement of Financial Position - Component Units	22
Statement of Revenues, Expenses and Changes in Net Position - Primary Institution	23
Statement of Activities - Component Units	24
Statement of Cash Flows - Primary Institution	25
Notes to Financial Statements	26
Required Supplementary Information	47
Schedules of Net Pension and OPEB Liabilities and Related Ratios	48
Schedules of Contributions Net Pension and OPEB	49
Notes to the Required Supplementary Information	50
Supplementary Schedules	51
Combining Statement of Net Position	52
Combining Statement of Revenues, Expenses and Changes in Net Position	53
Notes to Supplementary Schedules	54

INTRODUCTORY SECTION

Connecticut State Colleges and Univerisites
Members of the Board of Regents for Higher Education
As of June 30, 2023

APPOINTED BY THE GOVERNOR
JoAnn Ryan, Chair
Jim McCarthy, Vice Chair
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Richard Porth
Ari Santiago
Elease E. Wright

APPOINTED BY LEGISLATIVE LEADERS
Richard J. Balducci
Sophia Jappinen
Erin Steward

APPOINTED BY STUDENTS
Alexander Grant *(term expired May 19, 2023)*
Luis Sanchez *(term expired May 25, 2023)*

As of June 30, 2023 there are three vacancies: one Legislative Appointee and two Student Regent vacancies.

EX-OFFICIO, NON-VOTING MEMBERS

David Blitz	Chair of the Faculty Advisory Committee
Colena Sesanker	Vice Chair of the Faculty Advisory Committee
Dante Bartolomeo	Commissioner of the Connecticut Department of Labor
Charlene Russell-Tucker	Commissioner of the Connecticut Department of Education
Alexandra Daum	Commissioner of the Connecticut Department of Economic and Community Development
Dr. Manisha Juthani	Commissioner of the Connecticut Deptaretment of Public Health
Kelli-Marie Vallieres	Connecticut Chief Workforce Officer

Connecticut Community College Presidents and CEOs

As of June 30, 2023

Asnuntuck Community College
170 Elm Street
Enfield, CT 06082
Dr. Michelle Coach, Campus CEO

Capital Community College
950 Main Street
Hartford, CT 06103
Dr. Duncan Harris, Campus CEO

Gateway Community College
20 Church Street
New Haven, CT 06510
Scott Kalicki, Ph.D., Interim Campus CEO

Housatonic Community College
900 Lafayette Boulevard
Bridgeport, CT 06604
Dr. Dwyane Smith, Campus CEO

Manchester Community College
Great Path
Manchester, CT 06045-1046
Dr. Nicole Esposito, Campus CEO

Middlesex Community College
100 Training Hill Road
Middletown, CT 06457
Kimberly Hogan, Campus CEO

Naugatuck Valley Community College
750 Chase Parkway
Waterbury, CT 06708
Dr. Lisa Dresdner, Campus CEO

Northwestern Connecticut Community College
Park Place East, Winsted, CT 06098
Dr. Michael Rooke, President

Norwalk Community College
188 Richards Avenue
Norwalk, CT 06854
Cheryl De Vonish, J.D., Campus CEO

Quinebaug Valley Community College
742 Upper Maple Street
Danielson, CT 06239
Dr. Karen Hynick, Campus CEO

Three Rivers Community College
574 New London Turnpike Norwich, CT 06360
Dr. Mary Ellen Jukoski, President

Tunxis Community College
271 Scott Swamp Road
Farmington, CT 06032
Dr. Darryl Reome, Campus CEO

System Office, Connecticut State Colleges and Universities (CSCU)
61 Woodland Street, Hartford, CT 06105
Terrence Cheng, CSCU Chancellor

Connecticut State Community College (CT State)
185 Main Street, New Britain, CT 06051
Dr. John Maduko, CT State President

FINANCIAL SECTION

Hold for Independent Auditor's Report

Hold for Independent Auditor's Report

Hold for Independent Auditor's Report

INTRODUCTION

Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and results of activities for the fiscal year ended June 30, 2023, with selected comparative information from fiscal year 2022. This discussion has been prepared by and is the responsibility of management and should be read in conjunction with the financial statements and footnote disclosures.

Reporting Entity

The Board of Regents for Higher Education was established by the Connecticut General Assembly in 2011 (via Public Act 11-48 as amended by Public Act 11-61) bringing together the governance structure for the four Connecticut State Universities, twelve Connecticut Community Colleges and Charter Oak State College, effective July 1, 2011. The new Board of Regents for Higher Education is authorized under the provisions of this public act to "serve as the Board of Trustees for Community-Technical Colleges".

The Connecticut Community Colleges ("CCC") is a state-wide system of twelve regional community colleges. During the fall 2022 semester, 36,126 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 21,129. During calendar year 2023, approximately 13,200 students also took a variety of non-credit skill-building programs. The CCC offer two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. In total, CCC employed approximately 2,100 full time employees at June 30, 2023.

The CCC system is composed of twelve institutions and the System Office that make up the primary reporting entity. The primary reporting entity is financially accountable for the organizations that make up its legal entity. The System's twelve primary institutions include the following community colleges:

- Asnuntuck Community College ("Asnuntuck") in Enfield
- Capital Community College ("Capital") in Hartford
- Gateway Community College ("Gateway") in New Haven and North Haven
- Housatonic Community College ("Housatonic") in Bridgeport
- Manchester Community College ("Manchester") in Manchester
- Middlesex Community College ("Middlesex") in Middletown and Meriden
- Naugatuck Valley Community College ("Naugatuck Valley") in Waterbury and Danbury
- Northwestern Connecticut Community College ("Northwestern") in Winsted
- Norwalk Community College ("Norwalk") in Norwalk
- Quinebaug Valley Community College ("Quinebaug Valley") in Danielson and Willimantic
- Three Rivers Community College ("Three Rivers") in Norwich
- Tunxis Community College ("Tunxis") in Farmington and Bristol

The CCC serves an important role in the State's economy, providing convenient, accessible and flexible access to higher education for many of the State's residents, including "non-traditional" students age 22 or older. Open admission to all individuals who have a high school degree or equivalency, an emphasis on low student tuition and fees, and a policy goal of making financial aid available to meet the direct costs of attendance for students who demonstrate financial need, help to ensure access to all students regardless of income. In addition to the twelve primary locations, several of the CCC have satellite locations in city centers affording even easier access to students who may not have transportation to attend the main campus. Satellite locations include downtown Danbury, Meriden, and Willimantic. The financial results of these satellite locations are included in the reports of the main campus, or Naugatuck Valley, Middlesex, and Quinebaug Valley, respectively.

Financial Statements

The CCC financial report includes the following financial statements and related footnotes: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United

States of America as defined by the Governmental Accounting Standards Board ("GASB"). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2023 financial statements and footnotes are presented for the CCC primary institution, as well as for certain other organizations that have a significant related party relationship with CCC (the "component units").

The component units are the twelve college foundations (the "Foundations"). Foundations are legally independent, tax-exempt non-profit organizations separate from College control, founded to foster and promote the growth, progress and general welfare of the Colleges and to solicit, receive and administer donations for such purposes. The Foundations manage most of the Colleges' endowments. However, the assets of these component units are not available to CCC for use at its discretion. The MD&A discusses the CCC financial statements only and not those of its component units.

Key Reporting Changes

In fiscal year 2023, the CCC adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs).* As a result of this adoption, the CCC recorded right-of-use assets – subscriptions of $12.7 million and subscription liabilities of $12.7 million. The GASB 96 adoption was reflected as of July 1, 2022 and therefore is not reflected in June 30, 2022 condensed statements within this management discussion and analysis.

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium. The new budget changes the way fringe is paid for institutions of higher education, and ultimately, CSCU's employee benefit retirement costs with move from CSCU to the state Comptroller's Office effective July 1, 2023. This change in methodology results in the state funding employee retirement costs and CSCU funding all non-retirement fringe costs, which affected the due from state calculation by reducing it by $2.1 million, and the accumulated compensated absences calculation by reducing it by $9.0 million.

Financial Summary

The Connecticut Community Colleges had total assets of $1.0 billion, liabilities of $1.6 billion, and a total net position balance of ($780.7) million at June 30, 2023. Of the total net position balance, ($1.5) billion is classified as unrestricted net position, a $186.9 million increase from 2022. The increase in total net position was attributed to a combination of factors, but mainly due to lower pension and other-post employment benefit ("OPEB") expenses. Other contributing factors include additional federal COVID-19 relief funding passed through to CCC from the State which helped offset the cumulative financial effects incurred from the pandemic, board-approved tuition rate increases, and a reduction in operating expenses. These factors and other changes are further detailed in the following sections of the MD&A.

The large negative balance in unrestricted net position is a result of the adoption of GASB Statement No. 68 *Pensions* in fiscal year 2015 and GASB Statement No. 75 *Postemployment Benefits Other Than Pensions* in fiscal year 2018. Adoption of GASB 68 required the System to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB 75 required the System to recognize the net liability for other post-employment benefits (OPEB).

STATEMENT OF NET POSITION

The Statement of Net Position presents the overall financial position and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the CCC as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement and is used as a measure of the financial condition of the CCC. This statement presents a snapshot concerning assets classified as current (available for use within one year) and noncurrent (available beyond one year), liabilities categorized as current (due within one year) and noncurrent (due beyond one year), and net position. Assets represent what is owned by or what is owed to the CCC and are recorded at their current value except for capital assets, which are recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the CCC. A deferred outflow of resources represents the consumption of net assets by the CCC that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the CCC that is applicable to a future reporting period. The CCC's net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted. The change in Net Position is one indicator of whether the overall financial condition of CCC has improved or worsened during the year.

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

	2023	2022	% Change
ASSETS			
Current assets	$ 342,236	$ 286,928	19.3%
Non-current assets	667,358	665,020	0.4%
Total Assets	1,009,594	951,948	6.1%
DEFERRED OUTFLOWS OF RESOURCES	529,002	492,105	7.5%
LIABILITIES			
Current liabilities	107,335	108,978	-1.5%
Non-current liabilities	1,463,185	1,853,149	-21.0%
Total Liabilities	1,570,520	1,962,127	-20.0%
DEFERRED INFLOWS OF RESOURCES	748,751	437,851	71.0%
NET POSITION			
Invested in capital assets	637,389	653,786	-2.5%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	48,446	43,737	10.8%
Unrestricted	(1,466,530)	(1,653,468)	11.3%
Total Net Position	$ (780,675)	$ (955,925)	18.3%

Assets

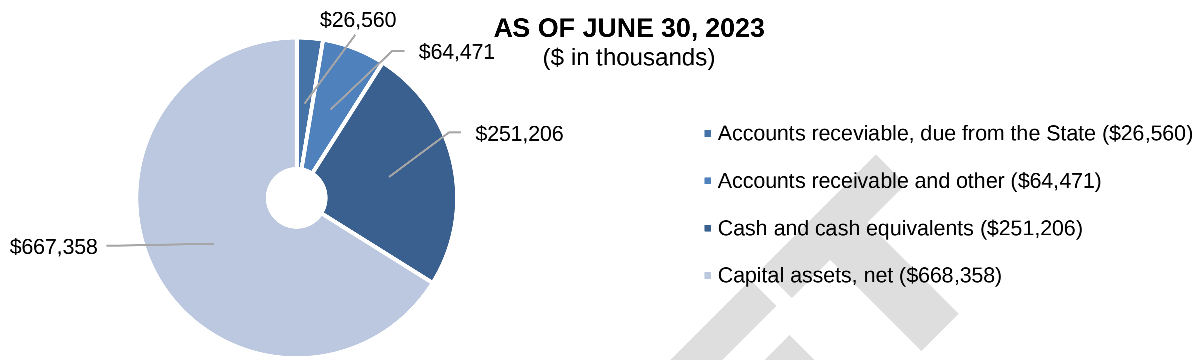
Total assets increased by $57.6 million in fiscal year 2023 due to the following:

Current assets consist of cash and cash equivalents and accounts receivable. The $55.3 million increase in current assets from the previous year is attributable to a $73.9 million increase in cash and cash equivalents. Accounts receivable due from State decreased by approximately $23.5 million, which is due to a smaller accrued payroll at the end of fiscal year 2023 than at the end of the previous fiscal year. Due to timing, in fiscal year 2022 there were two full pay periods accrued and these also included salary increases and retroactive payments required due to the State Employees Bargaining Agent Coalition ("SEBAC") agreement. In fiscal year 2023 there was only one full pay period plus one day accrued based on the timing of payroll. The change in the State's fringe methodology also reduced the Due from State. There was also a $4.7 million increase in grants receivable, mainly due to timing of drawdowns from reimbursement grants.

The current ratio identifies the amount of resources available to meet current obligations. This ratio of unrestricted current assets is 3.2:1 in 2023, which is an increase from 2.4:1 in 2022. The current ratio reflects a financial position sufficient to provide short-term liquidity.

Non-current assets which consists of Capital Assets, net, increased by $2.3 million. At June 30, 2023, capital assets in service totaled $1.2 billion, offset by $524.8 million in accumulated depreciation and amortization. There were $10.0 million in additions to Construction in Progress, including $1.4 million in renovations to the Naugatuck Valley garage, $1.2 million for Tunxis building renovations, $1.1 million in Tunxis roof replacement, and various other site improvements across the colleges. Completed projects totaled $4.8 million and include $1.0 million in site improvements at Middlesex, $994.8 thousand in improvements at Asnuntuck, $859.9 thousand in improvements at Manchester, and various other projects. With the implementation of GASB 96, $25.3 million of right-of-use subscription assets were added to the balance sheet.

The following graph shows total assets by major category:



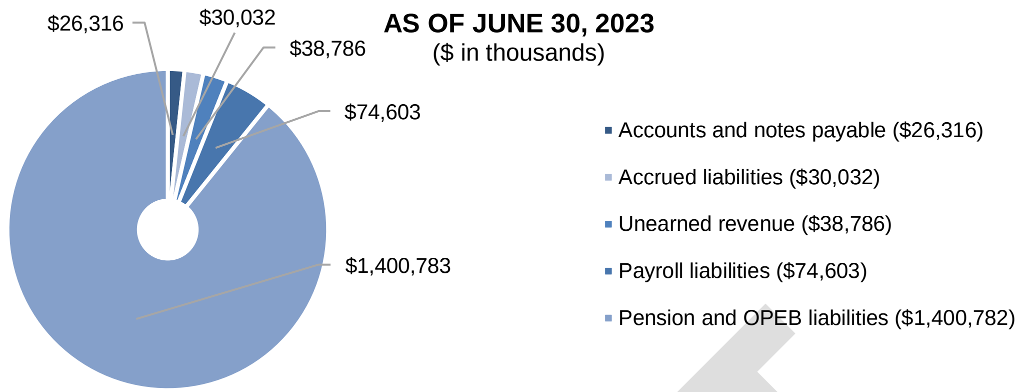
Liabilities

Total liabilities decreased by $391.6 million in fiscal year 2023 due to the following:

Current liabilities as of June 30, 2023 consist primarily of accrued payroll and related benefits of $37.6 million which decreased by $28.7 million from June 30, 2022 due to timing of payroll and due to salary increases and retroactive payments required due to the SEBAC agreement that were paid out in 2022. Also included in current liabilities are deferred grant revenue of $38.5 million which increased by $16.9 million due to additional federal and state grant funds that the CCC received and did not yet spend. Additional significant current liabilities include vendor accounts payable of $13.4 million which is an increase of $8.0 million, $4.9 million for the estimated value of accrued compensated absences that will be paid within the coming year to employees who terminate or retire, and $2.7 million in agency and loan fund liabilities. Due to the implementation of GASB 96, an additional $13.7 million was added as subscription liabilities (current and non-current combined). Note payable consists of an agreement entered into during fiscal year 2023 to purchase IT infrastructure.

Non-current liabilities consist of $650.9 million in pension liability, $749.8 million in OPEB liability, $32.1 million of long-term accrued compensated absences ("ACA") to be paid out to terminating employees over time in the future beyond one year, $17.4 million in subscription and lease liabilities, and $12.9 million in the non-current portion of the note payable mentioned above. *Pension liabilities* represent the System's proportionate share of the State Employee Retirement System's (SERS) and the Teachers Retirement System's ("TRS") net pension liability. *Other post-employment benefits* liability represents the System's proportionate share of the State's OPEB liability as a whole. The pension liability decreased by $214.1 million which a result of the CCC proportionate share decreasing from 3.98% in fiscal year 2022 to 2.88% in FY23 and from 0.11% to 0.08% for SERS and TRS, respectively. This was primarily driven by transfers from the State's reserve fund as surplus contributions to the plan which reduced the CCC liability allocation. The OPEB liability decreased $193.0 million which was primarily a result of an update in the discount rate from 2.31% to 3.90%.

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred outflows and inflows of resources are related to future periods. In the colleges financial statements this is primarily related to the impact of recognizing net pension and net OPEB liabilities. They reflect differences between projected and actual assumptions and earnings, changes in actuarial assumptions, changes in proportion and differences between contributions and the proportionate share of contributions and employer contributions subsequent to the measurement date. Also included in deferred inflows are unrecognized revenues from other than short term leases.

Net Position

The *total net position* includes $637.4 million *Net Investment in Capital Assets* which represents the CCC capital assets net of accumulated depreciation and amortization.

Restricted-Nonexpendable net position is minimal as the colleges do not generally carry any permanent endowment as a direct activity which is generally held by the supporting foundations.

Restricted-Expendable net position here represents primarily bond fund appropriation balances at June 30, 2023 ($20.8 million in funds managed by the CCC and $14.4 million for projects managed by Department of Administrative Services ("DAS"), funds held in restricted accounts pending distribution, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended. A total of $8.9 million is restricted for use in the IT Infrastructure project. Changes in restricted-expendable net position are related primarily to the change in bond fund appropriation revenues and expenses in connection with various facility projects.

Unrestricted net position ("UNP") has shifted to a negative balance with the recognition of the pension and OPEB liabilities. Excluding the activity related to the actuarially determined net pension and OPEB liabilities, UNP increased by $53.8 million to $153.9 million during fiscal year 2023.

The table below illustrates the effects of GASB 68 and GASB 75 on the CCC's net position at June 30 ($ in thousands):

	2023	2022	% Change
NET POSITION			
Net investment in capital assets	$ 637,389	$ 653,786	-2.5%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	48,446	43,737	10.8%
Unrestricted	(1,466,530)	(1,653,468)	11.3%
Total Net Position	$ (780,675)	$ (955,925)	18.3%
Pension and OPEB Impact (GASB 68 and 75)	1,620,480	1,753,594	-7.6%
Total Net Position, Excluding Pension and OPEB	$ 839,805	$ 797,669	5.3%
Unrestricted Net Position, Excluding Pension and OPEB	$ 153,950	$ 100,126	

Unrestricted net position excluding pension and OPEB of $153.9 million includes funds that are designated to be set aside as reserves according to the CCC fund balance policy. CCC may reserve 3% of each college's operating expense as a contingency reserve and may also maintain a system contingency reserve equal to 1.2% of the total system operating expense. Total CCC designated reserves for 2023 are $30.3 million.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

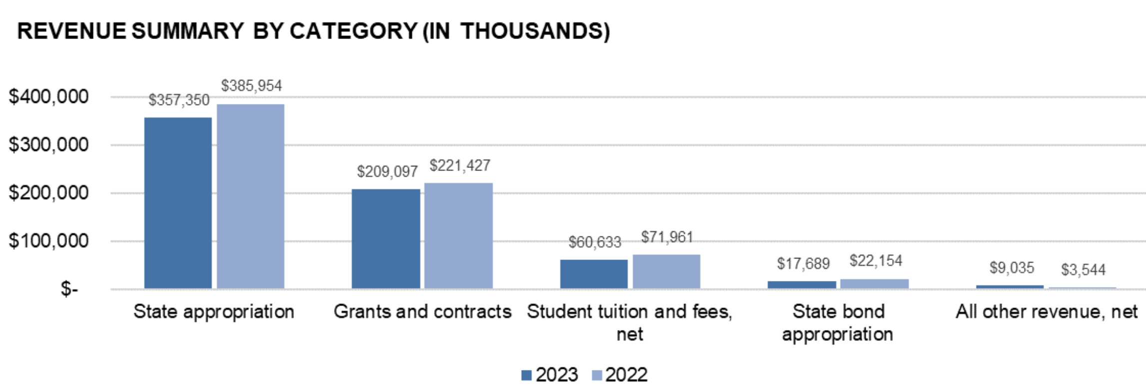
As a state-funded institution, the CCC does not receive sufficient tuition and fee revenue to support the operations of the CCC. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State for general operations and federal and state financial aid.

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

	2023	2022	% Change
OPERATING REVENUES			
Student tuition and fees, net	$ 60,633	$ 71,961	-15.7%
Grants and contracts	52,412	34,907	50.1%
Other revenues	4,531	3,781	19.8%
Total Operating Revenues	117,576	110,649	6.3%
OPERATING EXPENSES			
Expenses before depreciation and amortization	440,132	656,512	-33.0%
Depreciation and amortization	35,813	35,152	1.9%
Total Operating Expenses	475,945	691,664	-31.2%
Operating Loss	(358,369)	(581,015)	-38.3%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	357,350	385,954	-7.4%
State appropriations - bond fund	17,689	22,154	-20.2%
Pell grant revenue	60,149	55,674	8.0%
Federal non-operating grant revenue	96,536	130,845	-26.2%
Other non-operating revenue (expense), net	4,504	(237)	2001.3%
Total Non-operating Revenues	536,228	594,390	-9.8%
OTHER CHANGES IN NET POSITION			
Loss on disposal of asset and other deductions	(2,609)	(1,109)	135.3%
Total Other Changes in Net Position	(2,609)	(1,109)	135.3%
NET POSITION			
Change in Net Position	175,250	12,267	1328.6%
Net Position, Beginning of Year	(955,925)	(968,192)	1.3%
Net Position, End of Year	$ (780,675)	$ (955,925)	18.3%

Revenues

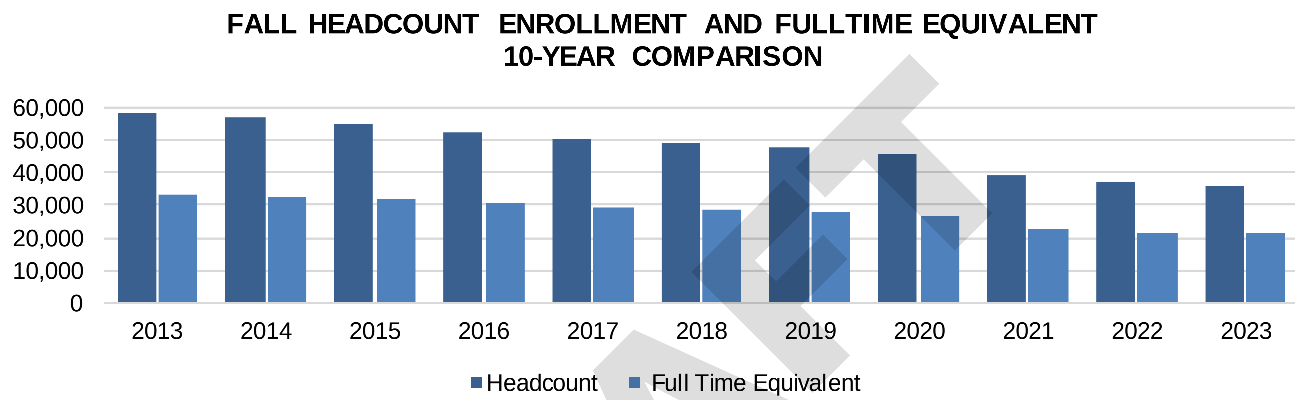
The following graph shows the CCC's total operating and nonoperating revenues by category, excluding other changes in net position:



Operating Revenues

Total *operating revenues* increased by $6.9 million in fiscal year 2023. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers resulting in net tuition and fee revenue of $60.6 million. This differs from budgetary practices, which recognize revenues on a gross basis without offset for scholarship allowances. These revenues reflect an increase in tuition fees of 5% offset by a decrease in full-time equivalents of 1%. Scholarship discounts and allowances increased primarily due to an increase by $6.9 million in Pledge to Advance Connecticut ("PACT") scholarships given in fiscal year 2023, which was a result of an increase in State support for this program. State grant revenue also increased by $18.2 million, which is due to the increase in that PACT funding and other state grant initiatives.

The graph below presents headcount and full-time equivalent enrollment over the last 10 years:

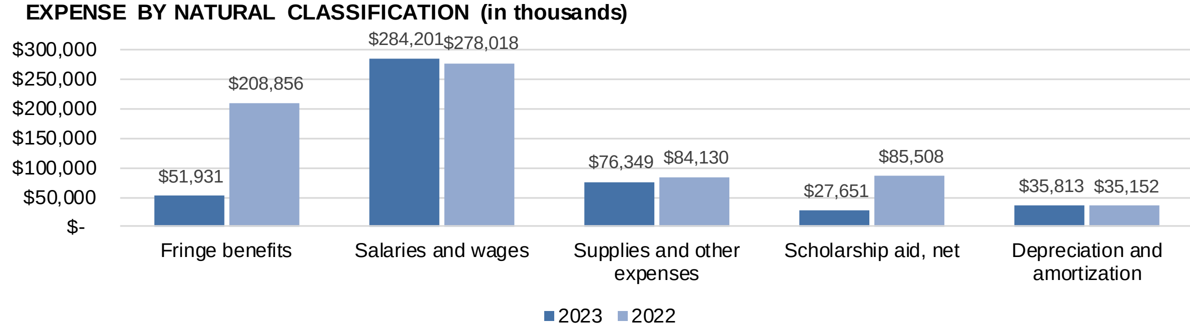


Nonoperating Revenue and Expenses

Nonoperating revenue and expenses includes state appropriations, certain federal grants including Higher Education Emergency Relief Fund ("HEERF") and American Rescue Plan Act of 2021 ("ARPA") grants, private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and non-mandatory transfers between individual colleges and the System Office. The State appropriation for salaries, fringe, and other were $357.4 million which is a decrease of $28.6 million from 2022. The decrease in appropriations is mainly due to the decrease in accrued salary expenses. Bond fund appropriation revenues decreased to $17.7 million in 2023 from $22.2 million in 2022. Total directly awarded federal grant expense during fiscal year 2023 was $27.1 million, down from $111.3 million in 2022, and indirectly awarded federal grants was $69.5 million, up from $19.5 million in 2022. The decrease in direct federal grants is due to the HEERF program winding down during the year. The increase in indirectly awarded federal grants is due to the increase in CCC's allocation of the State's ARPA program, totaling $62.2 million. Pell grant revenue increased by $4.5 million due to the increase in overall enrollment.

Operating Expenses

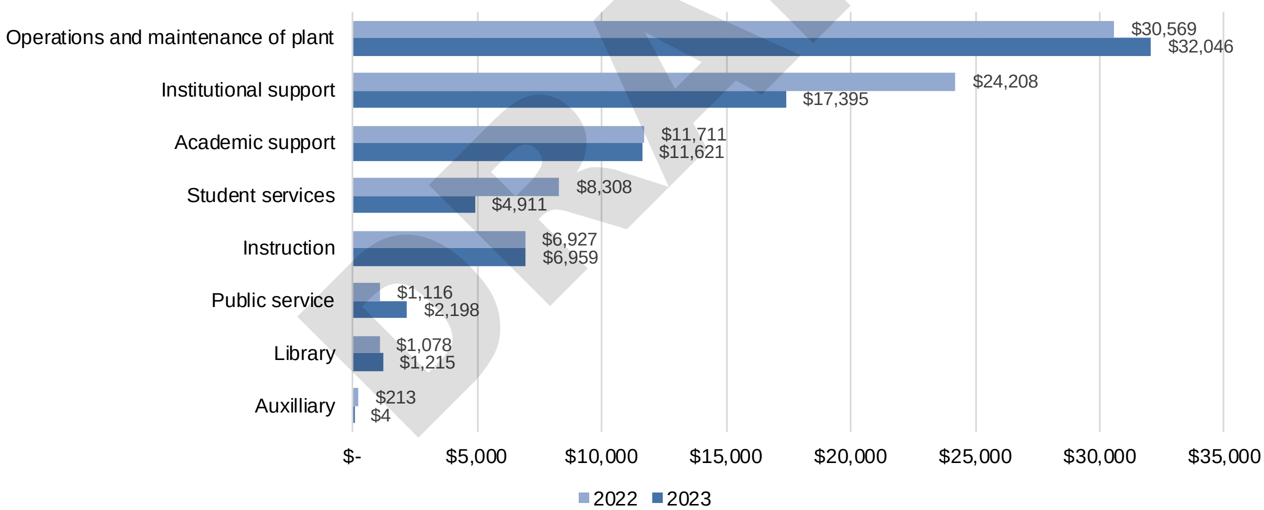
The following graph shows the CCC's operating expenses by natural classification:



Total operating expenses for fiscal year 2023 were $475.9 million which reflects a decrease of $222.6 million from fiscal 2022. This is primarily due to the pension and OPEB expense adjustments which experienced a decrease in fringe benefit expenses of $152.1 million due to a credit to pension and OPEB expenses. Excluding pension and OPEB adjustments, fringe benefit expense was $185.1 million in fiscal year 2023 compared to $190.6 million in fiscal year 2022, a reduction of $4.5 million. Salaries and wages increased by $6.2 million or 2.2% due SEBAC raises, offset by retirements. In addition, operating expenses include $27.7 million in net scholarship aid expense provided to students, which is a decrease of $57.9 million from 2022. The decrease in student scholarship aid is due to the HEERF student grant awards which were fully spent in 2022 and did not recur in 2023. There was also $29.6 million in depreciation expense, $6.3 million in amortization expense, and $76.5 million for all other service and supply costs in 2023. Supplies and services include non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and all other non-personnel costs of operating the colleges. Other operating supplies and expenses decreased by $9.5 million, mainly due to technology and other expenses funded by various COVID-related grants for pandemic-related supplies and non-capital equipment in 2022 which did not recur in 2023.

The CCC recorded an operating loss of $358.4 million during the year ended June 30, 2023. This results primarily from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues*, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be operating expenses.

SUPPLIES AND OTHER EXPENSES BY FUNCTIONAL CLASSIFICATION (in thousands)



Other Changes in Net Position

Other changes in net position include the loss on disposal of assets and a reduction of available projects funds held by, and administered by, DAS on behalf of the CCC.

STATEMENT OF CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash. Cash flows from operating activities is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense, and in the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows shows cash inflows and outflows without regard to accruals.

The following table shows a Condensed Statement of Cash Flows for the fiscal years ended June 30 ($ in thousands):

	2023	2022	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (484,662)	$ (516,567)	-6.2%
Noncapital financing activities	555,160	557,659	0.4%
Capital and related financing activities	(2,599)	5,230	149.7%
Investing activities	6,059	103	5795.9%
Net change in cash and cash equivalents	73,958	46,425	59.3%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	177,248	130,824	35.5%
Cash and cash equivalents, end of year	$ 251,206	$ 177,248	41.7%

Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $64.2 million and receipts from government grants and contracts of $50.8 million. Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees of $295.1 million and fringe benefits paid on behalf of employees of $204.6 million. Payments to students was $35.9 million, down $55.9 million from 2022 due to there no longer being Emergency Student Grants available, which totaled $62.3 million in 2022.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were $388.9 million, including general fund appropriations to cover salaries and related fringe benefits, additional one-time funding, the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Other non-capital financing cash inflows include Pell grants and other federal grants of $160.8 million, private gift receipts of $1.5 million and Federal Family Education Loan Program ("FFELP") receipts of $3.9 million.

Capital financing cash flows result primarily from the receipt or reallocation of capital appropriations and from cash outlays made to purchase capital assets either by the CCC directly, or by DAS on the System's behalf. During fiscal year 2023, capital financing net cash inflows of $11.9 million reflected the receipt of bond appropriations. The amount spent on college facility projects and capital asset initiatives administered by System office was $14.3 million. A total of $14.2 million was spent on interest and principal paid on lease and SBITA obligations, and there was $14.3 million receipt of cash on the escrow used to fund the IT infrastructure project.

Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of the System and distributed quarterly. Cash inflows from the Short-Term Investment Fund ("STIF") increased by $5.9 million due to the favorable increase in interest rates.

ECONOMIC OUTLOOK

In June 2023, the Board of Regents approved an annual operating budget for 2024 of $484.2 million, supported by revenues of $450.6 million, resulting in a shortfall of $33.6 million. On November 15, 2023, the Board of Regents reviewed CT State's plan to address this shortfall, which includes mostly expenditure reductions and use of reserves. Consistent with institutions of higher education in the region and nationally, CT State estimates a 3% enrollment decline in fiscal year 2024. The financial impact of these declines is partially offset by a proposed tuition increase of 5%. Despite fiscal challenges, CT State presents a budget that continues to invest in areas of strategic priority. Specifically, the fiscal year 2024 budget preserves instructional and student support services while investing in mental health, public safety, human resources and diversity, equity and inclusion including EEO and disability services. Personnel and related costs have always been the largest area of expenditure and include

SEBAC raises effective July 1, 2024. Under the newly adopted state budget, beginning in fiscal year 2024 the state will pay the retirement-related fringe benefit costs for all employees of the constituent units of the state higher education system, rather than only for General Fund supported employees. CT State will fund the employee health and life insurance, unemployment compensation, and employers' social security tax for all employees. Accordingly, there are significant revenue and expenditure presentational changes to the fiscal year 2024 budget. To further alleviate rising operating costs, CCC will be receiving $63.5 million in fiscal year 2024 from the State's ARPA allocation, and $20.0 million in temporary operating support from the State which will be used for operations.

Additional Information

This financial report is designed to provide a general overview of the CCC finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Chief Financial Officer or the CT State Chief Financial Officer.

Connecticut Community Colleges
Combined Statement of Net Position - Primary Institution
June 30, 2023

ASSETS		
Current Assets		
Cash and cash equivalents	$	251,206,278
Accounts receviable, due from the State		26,559,709
Accounts receivable other, net		64,357,759
Prepaid expenses and other current assets		112,797
Total Current Assets		342,236,543
Non-current Assets		
Capital assets, net		667,357,807
Total Non-current Assets		667,357,807
Total Assets	$	1,009,594,350
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension	$	263,569,327
Deferred other post employment benefits		265,432,838
Total Deferred Outflows of Resources	$	529,002,165
LIABILITIES		
Current Liabilities		
Accounts payable	$	13,374,810
Subscription liabilities		4,479,137
Leases payable		1,758,027
Accrued expenses - salary and fringe benefits		37,581,122
Accrued compensated absences		4,920,248
Unearned tuition and grant revenue		38,786,188
Agency and loan fund liabilities		2,722,950
Note payable		2,161,448
Other liabilities		1,550,638
Total Current Liabilities		107,334,568
Non-current Liabilities		
Subscription liabilities		9,246,034
Leases payable		8,113,610
Note payable		12,941,000
Accrued compensated absences		32,101,932
Pension liability, net		650,968,360
Other post employment benefits liability net		749,814,376
Total Non-current Liabilities		1,463,185,312
Total Liabilities	$	1,570,519,880
DEFERRED INFLOWS OF RESOURCES		
Deferred pension	$	249,194,110
Deferred other post employment benefits		499,505,136
Deferred lease inflows		52,007
Total Deferred Inflows of Resources	$	748,751,253
NET POSITION		
Net investment in capital assets	$	637,389,044
Restricted		
Nonexpendable		20,000
Expendable		48,446,120
Unrestricted		(1,466,529,782)
Total Net Position	$	(780,674,618)

ASSETS		
Cash and cash equivalents	$	4,624,597
Contributions receivable, net		449,416
Prepaid expenses and other assets		63,624
Investments		76,676,618
Total Assets	$	81,814,255
LIABILITIES		
Accounts payable and accrued expenses	$	751,110
Grants payable		1,972,719
Annuities payable		31,409
Scholarships payable		14,725
Other liabilities		15,000
Total Liabilities		2,784,963
NET ASSETS		
Without donor restrictions		17,650,832
With donor restrictions		61,378,460
Total Net Assets		79,029,292
Total Liabilities and Net Assets	$	81,814,255

Connecticut Community Colleges
Combined Statement of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Year Ended June 30, 2023

OPERATING REVENUES		
Student tuition and fees	$	146,463,814
Less: Scholarship discounts and allowances		(85,830,371)
Net student tuition and fees		60,633,443
Federal grants and contracts		19,964,013
State and local grants and contracts		28,584,411
Nongovernment grants and contracts		3,863,238
Auxiliary revenues		395,389
Other operating revenues		4,136,065
Total Operating Revenues		117,576,560
OPERATING EXPENSES		
Salaries and wages		284,201,131
Fringe benefits		51,931,283
Professional services and fees		9,735,607
Educational services and support		15,603,853
Travel expenses		1,794,493
Operation of facilities		30,006,068
Other operating supplies and expenses		19,208,961
Scholarship aid, net		27,650,522
Depreciation expense		29,564,890
Amortization expense		6,248,151
Total Operating Expenses		475,944,959
Operating Loss		(358,368,399)
NONOPERATING REVENUES (EXPENSES)		
State appropriation - general fund		357,350,308
State appropriation - bond fund		17,689,448
Pell grant revenue		60,149,300
Federal non-operating grant revenue		27,075,931
Federal non-operating pass-through grant revenue		69,460,200
Other non-operating revenue (expense), net		6,130,300
Student reengagement expense		(501,269)
Interest expense		(1,126,451)
Net Nonoperating Revenues		536,227,768
Increase Before Other Changes in Net Position		177,859,369
OTHER CHANGES IN NET POSITION		
Capital and other deductions		(796,658)
Loss on disposal of assets		(1,812,299)
Total Other Changes in Net Position		(2,608,957)
Increase in Net Position		175,250,412
NET POSITION		
Net Position, Beginning of Year		(955,925,030)
Net Position, End of Year	$	(780,674,618)

DRAFT

See accompanying notes to basic financial statements

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Gifts and grants	$ 2,613,529	$ 5,514,588	$ 8,128,117
Events and activities	666,607	27,712	694,319
Investment return, net	1,737,881	3,998,210	5,736,091
Net assets released from restrictions	6,356,695	(6,356,695)	-
Total Revenues	11,374,712	3,183,815	14,558,527
EXPENSES			
Program services	$ 5,675,179	$ -	$ 5,675,179
Scholarships, awards, and financial aid	1,997,628	-	1,997,628
Fundraising events	786,529	-	786,529
Management and general	1,301,884	-	1,301,884
Total Expenses	9,761,220	-	9,761,220
Change in Net Assets	1,613,492	3,183,815	4,797,307
NET ASSETS			
Net Assets, Beginning of Year	$ 16,037,340	$ 58,194,645	$ 74,231,985
Net Assets, End of Year	$ 17,650,832	$ 61,378,460	$ 79,029,292

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	64,168,869
Government grants and contracts		50,840,973
Private grants and contracts		2,080,903
Sales and services of educational departments		619,112
Payments to employees		(295,082,758)
Payments for fringe benefits		(204,575,279)
Payments to students		(35,854,675)
Payments to vendors		(75,082,008)
Other receipts, net		8,222,336
Net Cash Used in Operating Activities		(484,662,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		6,059,700
Net Cash Provided by Investing Activities		6,059,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations		11,980,958
Payments by Department of Construction Services		(322,955)
Purchase of capital assets		(14,293,419)
Receipt for IT infrastructure project escrow		14,270,581
Interest paid on obligations		(1,213,682)
Principal paid on obligations		(13,020,950)
Net Cash Used by Capital and Related Financing Activities		(2,599,467)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		388,925,963
Nonoperating federal grants		160,759,899
Private gifts		1,497,568
Federal Family Education Loan Program		3,977,284
Net Cash Provided by Noncapital Financing Activities		555,160,714
INCREASE IN CASH AND CASH EQUIVALENTS		73,958,420
BEGINNING CASH AND CASH EQUIVALENTS	$	177,247,858
ENDING CASH AND CASH EQUIVALENTS	$	251,206,278

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating Loss	$	(358,368,399)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation and amortization expense		35,813,041
Operating application of Federal Family Education Loan Program receipts		(3,977,284)
Changes in Operating Assets, Liabilities and Deferred Outflows and Inflows of Resources:		
Accounts receivable, net		(15,851,925)
Prepaid expenses and other assets		161,432
Accounts payable and other liabilities		3,516,527
Unearned tuition, fees and grant revenue		19,828,949
Accrued compensation and compensated absences		(32,670,806)
Pension and other post-employment benefits liability, net		(407,117,255)
Deferred outflows of resources		(36,896,715)
Deferred inflows of resources		310,899,908
Net Cash Used in Operating Activities	$	(484,662,527)

See accompanying notes to basic financial statements

1. Summary of Significant Accounting Policies

Reporting Entity
The Connecticut State Colleges and Universities System ("CSCU") was established by the State of Connecticut (the "State") in 2011 via Public Act 11-48 as amended by Public Act 11-61. This brought together the governance structure for the Connecticut State University System ("CSU"), the Connecticut Community College System ("CCC" or "the Colleges") and Charter Oak State College ("COSC") under the newly formed Board of Regents for Higher Education. The financial statements presented herein represent only the financial activities of the CCC. Separate financial statements are issued for CSU and COSC.

CSCU consists of seventeen separate institutions including four state universities, twelve community colleges and Charter Oak State College. The CSCU system offers associate degrees, baccalaureate, graduate and certificate programs, applied doctoral degree programs in education as well as short-term certificates and individual coursework in both credit and noncredit programs.

Effective July 1, 2023, the twelve community colleges have merged under the name Connecticut State Community College ("CT State") and were granted accreditation by the New England Commission of Higher Education ("NECHE"). CT State's first semester of operation as a merged college is Fall 2023.

Basis of Presentation
The financial statements for the CCC institutions have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as prescribed by the Government Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The primary institutions that make up the financial statements include the CCC System Office ("SO") and the following community colleges: Asnuntuck Community College ("Asnuntuck"), Capital Community College ("Capital"), Gateway Community College ("Gateway"), Housatonic Community College ("Housatonic"), Manchester Community College ("Manchester"), Middlesex Community College ("Middlesex"), Naugatuck Valley Community College ("Naugatuck"), Northwestern Connecticut Community College ("Northwestern"), Norwalk Community College ("Norwalk"), Quinebaug Valley Community College ("Quinebaug"), Three Rivers Community College ("Three Rivers"), and Tunxis Community College ("Tunxis"), and their aggregate discretely presented component units.

The CCC is considered a special-purpose government engaged primarily in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The CCC financial statements include three statements: the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows.

- The statement of net position presents information on all of the system's assets, liabilities, deferred outflows and inflows, and net position.

- The statement of revenues, expenses and changes in net position presents information showing how the incumbent system's net position changed during the fiscal years presented. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in these statements for items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).

- The statement of cash flows are presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

Component Units
There are several legally separate, tax-exempt, affiliated organizations (the “Foundations”) which must be reported as component units of the CCC and are presented discretely in these financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the Colleges in support of their programs. The majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the Colleges by the donors. Since these restricted resources held by the Foundations can only be used by, or for the benefit of, the Colleges, the Foundations are considered component units of the CCC primary institutions.

The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board (“FASB”) standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the CCC financial reporting entity for these differences. The disclosures included in the financial statements address only the CCC and not the related Foundations. Three of the twelve Foundations report on a December 31 fiscal year end. These Foundation’s assets represent 7.8% of total assets, and 8.0% of total net assets for the discretely presented component units at June 30, 2023. Each of the foundations issues a separate audited financial statement which may be obtained by contacting the System Office at 61 Woodland Street, Hartford, CT 06105.

Net Position
Resources are classified for reporting purposes into the following four net position categories:

- **Investment in Capital Assets, Net**
  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation, and right-of-use assets, net of accumulated amortization. Similar net assets are included in net assets without donor restrictions in the statements of the foundation component units.

- **Restricted Nonexpendable**
  Net position subject to externally imposed stipulations that they be maintained in perpetuity by the CCC. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.

- **Restricted Expendable**
  Net position whose use by the CCC is subject to externally imposed stipulations that can be fulfilled by actions of the CCC pursuant to those stipulations or that expire by the passage of time. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.

- **Unrestricted**
  Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the Board of Regents (“BOR”) or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs.

Classification of Assets and Liabilities
The CCC present short-term and long-term assets and liabilities in the statement of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from June 30. Cash and cash equivalents and investments presented as short-term in the statement of net position include balances with a maturity of one year or less from June 30. Long-term cash and cash equivalents and investments include balances with a maturity of greater than one year from June 30 and balances that have externally imposed restrictions as to use.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, restricted cash held in an escrow account, and petty cash. The STIF, stated at market value, is held on behalf of the CCC by the State Treasurer and has original maturities of three months or less (see Note 2).

The largest inflow of cash related to non-capital financing is State appropriations and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The appropriation is treated as a cash equivalent for accounting and reporting purposes and is included in the cash flow statement.

Fair Value of Financial Instruments
Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits.

Investment in Capital Assets
Capital assets of the colleges are stated at historical cost or, in the case of donated property, at acquisition value at the date of the gift. Land, capitalized collections, and construction in progress are not depreciated. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life.

Useful lives assigned to assets are as follows:

Asset Class Description	Useful Life
Buildings	40 years
Site and Building Improvements	20 years
Technology	5 years
Library Materials	10 years
Vehicles	10 years
Software	5 years
Non-Collectible Artwork	10 years
Other Equipment	10 years

The CCC do not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Major construction projects for new physical plant and original equipment financed by the State capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS").

Title to all assets, whether purchased, constructed or donated, is held physically by the State.

Right of Use Asset
Right-of-Use (“ROU”) building and equipment assets are recognized at the lease commencement date and represent CCC’s right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

ROU subscription assets are recognized at the agreement’s commencement date and represent CCC’s right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. Amortization for ROU intangible assets is computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset. ROU subscription assets are reported within Investments in capital assets in the statement of net position.

Lease Receivable
Lease receivables are recorded by CCC as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected.

Deferred Inflows
Deferred inflows consist of certain changes in the net pension and OPEB liabilities and unrecognized revenues from other than short term leases.

Leases Payable
Leases payable represent CCC’s obligation to make lease payments arising from leases other than short term leases. Leases payable are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by CCC. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

Subscription Liability
Subscription liabilities represent CCC’s obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the Subscription-Based Information Technology Arrangements ("SBITA") commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

Accrued Compensated Absences (ACA)
Employees earn the right to be compensated during absences for vacation leave, sick leave and related fringe benefits. The accompanying statement of net position reflects the accrual for the amounts earned as of year-end.

Pension & Other Post Employment Obligations
The System records pension and other post-employment benefit obligations equal to the net liability for its defined benefit and retiree health plans. These net liabilities are measured as the total pension and health liability, less the amount of the respective plan’s fiduciary net position. The total liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the plan’s fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Because there

are other state entities participating in the plans, the net liability recorded by the CCC is based on an allocation of the total net liability, as determined by an independent actuary.

Pension and other post-employment benefit expenses are recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows of resources and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Unearned Tuition, Fees and Grant Revenue
Unearned revenue consists primarily of tuition and fees collected as of year-end for the upcoming summer or fall semesters.

The CCC were awarded a total of $208.2 million from Higher Education Emergency Relief Fund (”HEERF”) to address the unprecedented COVID-19 challenges. Of that total award, $122.0 million is the institutional portion of the award and $86.2 million is the student portion of the award. CCC fully spent the student portion as Emergency Financial Aid Grants to students during prior fiscal years. During fiscal year 2023, the CCC spent $20.1 million of the institutional portion under the grant, including $12.4 million for reimbursement of lost revenue and $7.7 million for other pandemic-related expenses.

In addition to direct federal funding, the State allotted $62.2 million to the CCC in fiscal year 2023 which was part of the State’s American Rescue Plan Act of 2021 ("ARPA") allocation to offset operating losses incurred because of COVID-19. The total was recorded as federal grant revenue under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2023.

Tuition and Fees Revenue
Student tuition and fee revenues are recognized in the period earned. Student tuition and fee revenue is presented net of scholarship aid applied to student accounts, while other financial aid refunded directly to students is presented as scholarship aid expense. Student tuition, college services fees, student activity fees, extension credit and non-credit program fees, and other miscellaneous student fees are recorded as gross tuition and fee revenues, represent the largest portion of operating revenue, but are offset by student financial aid grants from federal, state, local and private sources as well as by institutional aid in the form of tuition remission and statutory and other tuition and fee waivers, used to pay off student tuition and fee charges, resulting in net tuition and fee revenue after scholarship allowances. The revenue for a summer session is split between the two fiscal years, with appropriate amounts being recognized in the accounting period in which they are earned or incurred and become measurable.

Operating Activities
Operating activities as reported on the statement of revenue, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the CCC expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, certain emergency federal grants related to the coronavirus pandemic, Pell grants, gifts and investment income.

Income Taxes
The CCC are a component unit of the State and is exempt from federal and state income taxes under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The

CCC qualify as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the "Code").

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes at June 30 and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences, pension and other post-employment benefit liabilities, estimated lives of capital assets and the allowances for doubtful accounts. Actual results could differ from those estimates.

GASB Pronouncements Effective in Fiscal Year 2023
In May 2019, GASB released Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 in accordance with GASB 95. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In May 2020 GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use-asset and a corresponding liability would be recognized for SBITAs. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023, effective as of July 1, 2022. As a result of this adoption, the CCC recorded right-of-use assets – subscriptions of $12.7 million and subscription liabilities of $12.7 million.

In April 2022, GASB issued Statement No. 99, *Omnibus*. The objectives of this Statements are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Years

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently assessing the impact of this statement.

Other Significant Transactions

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium. The new budget changes the way fringe is paid for institutions of higher education, and ultimately, CSCU's employee benefit retirement costs with move from CSCU to the state Comptroller's Office effective July 1, 2023. This change in methodology results in the state funding employee retirement costs and CSCU funding all non-retirement fringe costs, which affected the accrued payroll calculation and the accumulated compensated absences calculation.

Subsequent Events

In accordance with generally accepted accounting principles, CCC has evaluated subsequent events for the period after June 30, 2023, through DATE OF REPORT, the date the financial statements were issued.

In fiscal year 2024, the CCC will be receiving an additional $63.5 million in one-time funding through the State's ARPA allocation. This will be used as temporary operating support.

Effective July 1, 2023, the twelve community colleges have merged under the name Connecticut State Community College ("CT State").

2. Cash and Cash Equivalents

Cash and cash equivalents are invested in the State Treasurer's STIF, a combined investment pool of high quality, short-term money market instruments. The CCC may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow requirements.

Restricted cash is also held in an escrow account and is used to support an information technology infrastructure project.

The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution.

Cash and cash equivalents also include operating funds held by the State in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2023 was 5.13%.

Cash and cash equivalents at June 30 are as follows:

		2023
Cash	$	211,849,306
Cash equivalents		39,356,972
Total Cash and Cash Equivalents	$	251,206,278

Investments are pooled by the State and separate accounting is maintained as to the amounts allocable to the various funds and programs.

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. The CCC are only invested in the State Treasurer's STIF, which is a combined investment pool of high quality, short-term money market instruments. There is low risk to these types of investments.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 100% of the CCC total cash, cash equivalents and investments were invested in the STIF or consist of State general fund and capital bond fund appropriations allocated to the CCC as of June 30, 2023.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Interest rate risk is managed by establishing targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through target allocations to different asset classes.

3. Accounts Receivable Other, Net

Accounts receivable other, net consists of the following at June 30:

		2023
Student tuition and fees receivable	$	13,045,104
Alowance for doubtful accounts		(6,799,947)
Student tuition and fee receivables, net		6,245,158
Other receivables		
Third-party contracts		757,278
Federal, state, local, and private grants		55,575,172
Other receivables		2,038,582
Allowance for doubtful accounts for other receivables		(258,431)
Other receivables, net		58,112,602
Total Accounts Receivable, Net	$	64,357,759

4. Capital Assets

Capital assets consist of the following at June 30:

	Balance at June 30, 2022	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2023
Capital assets not being depreciated					
Land	$ 14,314,067	$ -	$ (1,700,454)	$ -	$ 12,613,613
Construction in progress	9,520,611	9,952,744	-	(4,800,831)	14,672,524
Total capital assets not being depreciated	23,834,678	9,952,744	(1,700,454)	(4,800,831)	27,286,137
Depreciable capital assets					-
Land improvements	29,169,101	81,403	-	-	29,250,504
Building and building improvements	988,944,083	766,811	-	4,800,831	994,511,725
Furniture and equipment	95,226,157	4,473,442	(3,142,519)	-	96,557,080
Library books	2,839,172	219,567	(535,399)	-	2,523,340
Artwork non-collection	2,702,301	-	-	-	2,702,301
Vehicles	811,977	-	(13,631)	-	798,346
Right-of-use assets - real estate	11,854,862	-	-	-	11,854,862
Right-of-use assets - equipment	974,023	317,274	88,280	-	1,379,577
Right-of-use assets - subscriptions	-	25,254,828	-	-	25,254,828
Total depreciable capital assets	1,132,521,676	31,113,325	(3,603,269)	4,800,831	1,164,832,563
Less: accumulated depreciation and amortization					
Land improvements	(11,824,834)	(1,126,235)	-	-	(12,951,069)
Building and building improvements	(396,837,638)	(24,208,826)	-	-	(421,046,464)
Furniture and equipment	(77,053,612)	(3,871,496)	2,027,327	-	(78,897,781)
Library books	(1,753,900)	(257,778)	535,397	-	(1,476,281)
Artwork non-collection	(1,638,709)	(48,760)	-	-	(1,687,469)
Vehicles	(632,622)	(51,795)	13,631	-	(670,786)
Right-of-use assets - real estate	(1,550,713)	(1,550,712)	-	-	(3,101,425)
Right-of-use assets - equipment	(269,417)	(309,476)	37,238	-	(541,655)
Right-of-use assets - subscriptions	-	(4,387,963)	-	-	(4,387,963)
Total accumulated depreciation and amortization	(491,561,445)	(35,813,041)	2,613,593	-	(524,760,893)
Depreciable Capital Assets, Net	640,960,231	(4,699,716)	(989,676)	4,800,831	640,071,670
Capital Assets, Net	$ 664,794,909	$ 5,253,028	$ (2,690,130)	$ -	$ 667,357,807

5. Unearned Revenue

Unearned tuition and fees and grants and contracts revenue for the year ended June 30 are as follows:

		2023
Unearned tuition and fees	$	332,290
Deferred grants revenue		38,453,898
Total Unearned Tuition and Grant Revenue	$	38,786,188

6. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

		2023
Accrued vacation	$	20,708,013
Accrued sick leave		13,182,231
Other accrued fringe benefits		3,131,936
Total Accrued Compensated Absences		37,022,180
Less: Current Portion		(4,920,248)
Accrued Compensated Absences - Non-current Portion	$	32,101,932

Activity for compensated absences as of June 30 includes:

Balance as of June 30, 2022	$	40,984,752
Additions, net of payouts		(3,962,572)
Balance as of June 30, 2023	$	37,022,180

These accruals represent amounts earned by all eligible employees through the end of the fiscal year. These accrued compensated absences ("ACA") will be settled over a number of years and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of ACA is estimated based on recent past history.

7. Leases

CCC has entered into various leases for building, equipment, and infrastructure. Of these leases, one agreement is a perpetual lease and therefore was not included in leased assets or leases payable. A total of $368,000 was recognized as expenses from these perpetual lease payments for the year ended June 30, 2023.

Long-term leases payable activity for the year ended June 30, 2023 is summarized as follows:

Balance 6/30/22	Additions	Deletions and Adjustments	Balance 6/30/23	Amounts due within 1 year
$ 11,156,550	$ 317,275	$ (1,602,188)	$ 9,871,638	$ 1,758,027

The principal and interest expense for the next five years and beyond are projected below for lease obligations:

Fiscal Year	Principal	Interest	Total
2024	$ 1,758,027	$ 303,451	$ 2,061,478
2025	1,760,918	246,174	2,007,092
2026	1,430,038	193,384	1,623,422
2027	910,612	152,090	1,062,703
2028	772,695	124,348	897,043
Thereafter	3,239,348	228,610	3,467,958
Total Requirements	$ 9,871,637	$ 1,248,057	$ 11,119,693
Less Current	$ (1,758,027)		
Non-Current	$ 8,113,610		

CCC has entered into additional leases that have not yet commenced as of June 30, 2023, including leases for building and equipment with fixed payments required.

The CCC are party to one non-cancellable lease contract entered into on July 1, 2012 by Gateway with the City of New Haven for parking in the Temple Street Parking Garage for $861,300 per year for the next 9 years, which is included in leases payable.

8. Subscription-Based Information Technology Arrangements

CCC entered into various SBITAs that convey CSCU control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that changes from time to time, use of the IT asset, or changes in index rates. CCC recognized a total of $443,581 as expenses from these variable payments for the year ended June 30, 2023.

Long-term liability activity for the year ended June 30, 2023, is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within 1 year
$ -	$ 25,366,571	$ (11,641,400)	$ 13,725,171	$ 4,479,137

The principal and interest expense for the next five years and beyond are projected below for subscription obligations:

Fiscal Year		Principal		Interest		Total
2024	$	4,479,137	$	616,731	$	5,095,868
2025		3,681,503		402,229		4,083,732
2026		1,220,978		274,136		1,495,114
2027		769,084		199,065		968,149
2028		799,706		156,355		956,061
Thereafter		2,774,763		202,812		2,977,575
Total Requirements	$	13,725,171	$	1,851,328	$	15,576,497
Less Current	$	(4,479,137)				
Non-Current	$	9,246,034				

CCC has entered into additional SBITAs that have not yet commenced as of June 30, 2023, with fixed payments required. Terms range from 2024 to 2026 with a total future commitment of $88,748.

9. Bonds and Note Payable

The State, through acts of its legislature, provides funding for certain major plant facilities of the System. The State obtains its funds for these construction projects from general obligation bonds, which it issues from time to time. The State is responsible for all repayments of the bonds in accordance with bond indentures.

Debt service on bonds issued by the State to finance educational and general facilities is funded by the general fund of the State, which is in the custody of the State Treasurer. These bonds do not require repayment by the CCC and, accordingly, the State's debt obligation attributable to the CCC educational and general facilities is not reported as the CCC debt in the accompanying financial statements.

On October 1, 2022, CSCU, on behalf of the colleges and universities within the system, entered into an installment payment agreement with a financial institution for $37.1 million for the purchase of IT infrastructure software and equipment. Of the total agreement, the CCC are responsible for $15.1 million; the remaining note payable is responsibility of the CSCU University System. Part of the agreement included the receipt of cash of an equal amount in an escrow account to be used for the purchase of the equipment. The escrow account totaled $14.3 million at June 30, 2023 for the CCC, and is included in cash and cash equivalents on the financial statements. The escrow account earned $399.2 thousand of interest during 2023. The agreement calls for annual payments beginning October 2023 and continuing until October 2029 at 0% interest. Payments of principal for the CCC is $2.2 million each year for the next 7 years.

10. Commitments and Contingencies

The CCC make expenditures in connection with restricted government grants and contracts which are subject to final audit by government agencies. The CCC are of the opinion that the amount of disallowances, if any, sustained through such audits would not materially affect the financial position of the CCC.

The CCC are a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot be determined now, management is of the opinion that eventual liability, if any, will not have a material effect on the CCC financial position.

The CCC had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30. These commitments are not recorded as liabilities until materials or services are received.

The commitments of total net position balances at June 30 were as follows:

		2023
Asnuntuck Community College	$	(71,518)
Capital Community College		648,090
Gateway Community College		482,899
Housatonic Community College		(178,613)
Manchester Community College		236,176
Middlesex Community College		153,298
Naugatuck Valley Community College		452,618
Northwestern Connecticut Community College		493,536
Norwalk Community College		(55,551)
Quinebaug Valley Community College		241,347
System Office		19,829,045
Three Rivers Community College		196,178
Tunxis Community College		261,611
	$	22,689,115

8. Pension Plans

Plan Description
All regular full-time employees participate in one of two retirement plans. The State is statutorily responsible for the pension benefits of CSCU employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of a single employer defined benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in agreements between the State and the State Employee Bargaining Agent Coalition ("SEBAC") as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or Teachers Retirement System (TRS) depending on several factors.

Employees hired after July 1, 2011 but before July 31, 2017 were eligible to participate in Tier III or the Hybrid Plan, the 2 primary SERS plan options available (some employees are eligible to elect the TRS). The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the SEBAC, provides a retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a 5% employer match and 4% interest in lieu of a defined benefit.

Employees hired after July 1, 2017 are eligible to participate in Tier IV as a result of the 2017 SEBAC agreement. The SERS Tier IV plan is comprised of both a traditional Defined Benefit component and a new Defined Contribution component. The Tier IV Defined Benefit component provides a pre-defined monthly retirement income for life, with the amount being affected by years of service, retirement age, and the member's final average earnings for members that satisfy the Tier IV minimum age and service eligibility requirements. The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions both set equal to 1%, as well as investment gains or losses. Each Tier IV member will have an account with the third party administrator of the State Alternate Retirement Program ("ARP"). CSCU makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State.

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Prudential. Under this arrangement, plan participants contribute 6.5% of their pay, or they can opt out of the 6.5% and contribute 5% and the State contributes 6.5% to individual participants' investment accounts managed by Prudential. CSCU pays a fringe benefit charge to the State, which includes the 6.5% employer contribution, employee health benefits and an administrative charge.

Funding Policy
The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining.

Tier I Plan B regular and Plan B Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base, respectively, plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively. Tier IV employees contribute 5% of their salary (8% for hybrid and hazardous duty members) plus 1% into the defined contribution component.

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed $82.2 million and $2.4 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2023, equal to 100% and 199%, respectively, of the required contributions that year.

Net Pension Liability
The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2023 was measured and valued as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, the CCC System's proportion was 2.88% as of June 30, 2023. For the TRS plan, the CCC System's proportion was 0.08% as of June 30, 2023.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CCC System is calculated separately. The net pension liability for the CCC System as of June 30, 2023 for SERS and TRS was $635.9 million and $15.1 million, respectively.

Actuarial Assumptions for SERS:
The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2022 valuation (which was the basis for recording the June 30, 2023 financial statement liabilities) were based on the results of an actuarial experience study for the five-year period July 1, 2015 – June 30, 2020.

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 rates of return by the target asset allocation percentage.

The best estimates of geometric rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Actuarial Assumptions for TRS:

The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the Pub-2010 Healthy Retiree Table, projected generationally with MP-2019 for the period after service retirement. The Pub-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The Pub-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub-2010 Employee Table projected generationally with MP-2019 was used for active members.

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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Inflation Linked Bond Fund	5.0%	3.8%
Emerging Market Debt Fund	3.0%	3.4%
High Yield Bond Fund	19.0%	5.2%
Real Estate Fund	10.0%	9.4%
Private Equity	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the 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.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. 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 State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 Net Pension Liability to Changes in Discount Rate
The following table presents the current-period net pension liability of the CCC System calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 775,981,174	$ 635,913,967	$ 519,175,319
TRS	19,215,646	15,054,393	11,598,831

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan

For the year ended June 30, 2023, the CCC System recognized a credit to pension expense of $(97.1) million for SERS and a credit to pension expense of $(1.2) million for TRS. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CCC System that will be recognized in pension expense during the next five years is as follows:

Fiscal Year Ending June 30,	SERS	TRS	Total
2024	$ (1,424,630)	$ 560,694	$ (863,936)
2025	(11,457,685)	(688,230)	(12,145,915)
2026	(23,670,841)	(1,586,845)	(25,257,686)
2027	(16,668,696)	(352,991)	(17,021,687)
2028	(5,441,849)	(387,437)	(5,829,286)
Thereafter	-	(139,109)	(139,109)
Total	$ (58,663,701)	$ (2,593,918)	$ (61,257,619)

9. Other Post-Employment Benefits

The State provides post-retirement health care and life insurance benefits to eligible CSCU employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also 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 in a formula based on the number of years of State service that the retiree had at the time of retirement. The State finances the cost of post-retirement health care and life insurance benefits.

There is a single State sponsored defined benefit OPEB plan open to CSCU employees, the State Employee OPEB Plan ("SEOPEBP"). The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the SEOPEBP. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees, who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions.

Plan Description
SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of CSCU who are receiving benefits from any State-sponsored retirement system. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Funding Policy
The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. The cost of providing plan benefits is financed 100% by the State on a pay-as-you-go basis through an annual appropriation in the General fund outside of the CSCU entities. CSCU contributes and helps fund the annual appropriation based upon a designated fringe rate established by the State.

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

The following is the asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.4%
Developed Market International Stock Fund	11%	6.4%
Emerging Markets International Stock Fund	9%	8.6%
Core Fixed Income	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%	

Net OPEB Liability

The Systems' net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2023 of $749.8 million was measured and valued as of June 30, 2022 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2023, the System's proportion was 4.84%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CCC is calculated separately.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2023 using the following actuarial assumptions:

Measurement Year	2023
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	3.90%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

Mortality Rates	
Pre-Retirement:	Pub-2010 General, Above-Median, Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Healthy Annuitant:	Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Disabled Annuitant:	Pub-2010 General, Disabled Retiree Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Contingent Annuitant:	Pub-2010 General, Above-Median, Contingent Annuitant Headcount-weighted Mortality Table projected generationally using Scale MP-2020

The projection of cash flows used to determine the discount rate was performed in accordance with GASB pronouncements.

The following presents the current period net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1% lower or 1% higher than the current rate utilized:

For measurement date of June 30, 2022:

Discount rate comparison:

	1% Decrease in Discount Rate (2.90%)	Current Discount Rate (3.90%)	1% Increase in Discount Rate (4.90%)
Net OPEB Liability	$ 876,675,514	$ 749,814,371	$ 647,202,366

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 632,955,497	$ 749,814,371	$ 898,157,028

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the CCC System recognized a credit to OPEB expense of $(34.8) million. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CCC System that will be recognized in pension expense during the next five years is as follows:

Fiscal Years Ending June 30,		**OPEB**
2024	$	(45,671,515)
2025		(79,534,417)
2026		(92,663,669)
2027		(48,836,649)
2028		(7,094,351)
Thereafter		-
Total	$	(273,800,601)

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2023:

As of June 30, 2023	SERS	TRS	OPEB	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 67,757,855	$ 546,627	$ 11,533,534	$ -	$ 79,838,016
Changes of assumptions or other inputs	-	1,645,189	84,440,881	-	86,086,070
Net difference between projected and actual earnings on pension plan investments	28,476,312	1,093,129	6,985,392	-	36,554,833
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,123,769	4,293,610	122,744,728	-	211,162,107
Employer contributions after measurement date	73,498,435	2,134,401	39,728,303	-	115,361,139
Total Deferred Outflows of Resources	**$ 253,856,371**	**$ 9,712,956**	**$ 265,432,838**	**$ -**	**$ 529,002,165**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ 201,207	$ 23,077,138	$ -	23,278,345
Changes of assumptions or other inputs	869,071	-	323,029,571	-	323,898,642
Changes in proportion and differences between employer contributions and proportionate share of contributions	238,152,566	9,971,266	153,398,427	-	401,522,259
Unrecognized revenues from other than short term leases	-	-	-	52,007	52,007
Total Deferred Inflows of Resources	**$ 239,021,637**	**$ 10,172,473**	**$ 499,505,136**	**$ 52,007**	**$ 748,751,253**

14. Natural Classification with Functional Classification

The operating expenses by functional classification for the year ended June 30, 2023 are summarized as follows:

	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expenses	Operation of facilities	Other operating supplies and expenses	Scholarship aid, net	Depreciation and amortization expense	Total operating expenses
Academic support	$ 41,962,555	$ 8,529,527	$ 1,074,818	$ 4,919,382	$ 1,202,391	$ (650,482)	$ 5,075,210	$ -	$ -	$ 62,113,400
Auxilliary enterprises	57,981	36,055	440	775	-	596	2,191	-	-	98,039
Institutional support	28,874,501	(10,251,589)	5,936,616	1,568,269	285,391	17,765	9,586,782	-	6,248,151	42,265,885
Instruction	153,177,741	38,509,855	570,403	5,316,931	191,046	233,412	647,642	-	-	198,647,030
Library	6,573,361	1,269,819	315,559	609,059	9,575	66,603	213,730	-	-	9,057,705
Physical plant	12,441,757	4,798,234	582,710	180,491	(10,664)	30,071,338	1,218,902	-	29,564,890	78,847,656
Public service	137,705	(554,776)	303,107	1,073,769	2,960	55,299	762,639	-	-	1,780,703
Scholarship aid	-	-	3,000	-	-	-	-	27,650,522	-	27,653,522
Student services	40,975,531	9,594,158	948,955	1,935,176	113,796	211,537	1,701,865	-	-	55,481,018
	$ 284,201,131	$ 51,931,283	$ 9,735,607	$ 15,603,853	$ 1,794,493	$ 30,006,068	$ 19,208,961	$ 27,650,522	$ 35,813,041	$ 475,944,959

REQUIRED SUPPLEMENTARY INFORMATION

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	2.88%	3.99%	3.78%	3.89%	3.55%	3.55%	3.61%	3.60%	3.38%	3.24%
CCC System's proportionate share of the net pension liability	$ 635,914	$ 848,177	$ 895,828	$ 888,170	$ 770,504	$ 747,249	$ 829,328	$ 594,978	$ 540,627	$ 537,772
CCC System's covered payroll	$ 109,200	$ 153,456	$ 138,687	$ 143,525	$ 121,796	$ 136,569	$ 134,378	$ 130,285	$ 117,737	$ 108,775
CCC System's proportionate share of the net pension liability as a percentage of its covered payroll	582%	553%	646%	619%	633%	547%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A

Teachers Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	0.08%	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.11%	0.11%	0.11%
CCC System's proportionate share of the net pension liability	$ 15,054	$ 16,910	$ 21,338	$ 32,758	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,109	$ 12,253
CCC System's covered payroll	$ 3,758	$ 5,483	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197	$ 4,001
CCC System's proportionate share of the net pension liability as a percentage of its covered payroll	401%	308%	399%	589%	384%	342%	361%	278%	265%	306%
Plan Fiduciary net position as a percentage of the total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A

Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017
CCC System's proportion of the net OPEB liability	4.84%	4.83%	5.00%	5.45%	4.81%	3.90%	4.03%
CCC System's proportionate share of the net OPEB liability	$ 749,814	$ 942,813	$1,178,083	$1,128,068	$ 834,514	$ 841,978	$ 869,279
CCC System's covered payroll	$ 181,848	$ 176,189	$ 187,455	$ 197,396	$ 194,412	$ 200,796	$ 206,023
CCC System's proportionate share of the net OPEB liability as a percentage of its covered payroll	412%	535%	628%	571%	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

[1] *Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.*

Connecticut Community Colleges
Schedule of Contributions (Unaudited)
Years Ended 2023-2014 (Pension) and 2023-2017 (OPEB)

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 82,157	$ 71,276	$ 61,039	$ 61,450	$ 51,270	$ 55,136	$ 54,676	$ 49,636	$ 42,837	$ 34,343
Contributions in relation to the contractually required contribution	(82,157)	(71,276)	(61,039)	(61,450)	(51,270)	(54,695)	(54,239)	(49,388)	(42,837)	(34,309)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ 441	$ 437	$ 248	$ -	$ 34
CCC System's covered payroll	$ 109,200	$ 153,456	$ 138,687	$ 139,212	$ 121,796	$ 136,569	$ 136,569	$ 130,285	$ 117,737	$ 108,775
Contributions as a percentage of covered payroll	75.24%	46.45%	44.01%	44.14%	42.09%	40.05%	39.72%	37.91%	36.38%	31.54%

Teachers Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,187	$ 1,416	$ 1,370	$ 2,480	$ 2,441	$ 909	$ 876	$ 1,078	$ 1,039
Contributions in relation to the contractually required contribution	(2,367)	(1,811)	(1,642)	(1,963)	(1,296)	(551)	(1,613)	(1,970)	(1,927)
Contribution deficiency (excess)	$ (1,180)	$ (395)	$ (273)	$ 517	$ 1,145	$ 358	$ (737)	$ (892)	$ (888)
CCC System's covered payroll	$ 3,758	$ 5,483	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197
Contributions as a percentage of covered payroll	62.98%	33.03%	30.71%	35.31%	19.70%	15.53%	45.45%	45.53%	45.91%

Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 41,023	$ 41,912	$ 43,399	$ 41,067	$ 38,542	$ 32,590	$ 30,682
Contributions in relation to the contractually required contribution	(41,023)	(41,911,637)	(43,399)	(41,067)	(38,542)	(32,590)	(30,682)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CCC System's covered-employee payroll	$ 181,848	$ 176,189	$ 187,455	$ 197,396	$ 194,412	$ 200,796	$ 206,023
Contributions as a percentage of covered payroll	22.56%	23.79%	23.15%	20.80%	19.83%	16.23%	14.89%

[1] *Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.*

1. Notes to Required Supplementary Information

Pension Plans

Changes of benefit terms:
- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019

Changes of assumptions:
- None

State Employee OPEB Plan

Changes of benefit terms:
- None

Changes of assumptions:
- The discount rate was updated in accordance with GASB No. 75 to 3.90% as of June 30, 2022

SUPPLEMENTARY SCHEDULES

Connecticut Community Colleges
Combining Statements of Net Position
Year Ended June 30, 2023

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
ASSETS														
Current Assets														
Cash and cash equivalents	$ 9,812,404	$ 6,491,821	$ (222,631)	$ 20,734,530	$ 28,716,624	$ 7,311,435	$ 31,712,170	$ 3,683,853	$ 22,486,820	$ 11,471,003	$ 23,017,027	$ 16,291,391	$ 69,699,830	$ 251,206,278
Accounts receivable, due from the State	955,636	2,065,965	3,015,056	2,378,220	2,995,047	1,297,210	3,095,286	877,386	2,354,101	1,025,646	1,642,238	1,739,171	3,118,747	26,559,709
Accounts receivable other, net	789,832	3,083,474	20,153,974	8,182,204	1,399,886	1,569,907	6,725,054	610,718	3,623,309	3,486,252	3,648,053	3,204,150	7,880,948	64,357,759
Prepaid expenses and other current assets	520	671	2,214	4,016	20,045	28,613	19,213	2,102	4,486	1,355	2,471	688	26,404	112,797
Total Current Assets	11,558,392	11,641,930	22,948,613	31,298,969	33,131,601	10,207,166	41,551,723	5,174,059	28,468,715	15,984,256	28,309,790	21,235,400	80,725,929	342,236,543
Non-current Assets														
Capital assets, net	30,758,040	34,808,290	143,143,696	98,107,971	45,507,093	8,383,740	85,756,221	39,348,306	38,652,473	16,662,385	59,609,997	41,880,482	24,739,111	667,357,807
Total Assets	$ 42,316,432	$ 46,450,221	$ 166,092,309	$ 129,406,941	$ 78,638,694	$ 18,590,906	$ 127,307,944	$ 44,522,365	$ 67,121,188	$ 32,646,641	$ 87,919,787	$ 63,115,882	$ 105,465,040	$ 1,009,594,350
DEFERRED OUTFLOWS OF RESOURCES														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 263,569,327	$ 263,569,327
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	265,432,838	265,432,838
Total Deferred Outflows of Resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 529,002,165	$ 529,002,165
LIABILITIES														
Current Liabilities														
Accounts payable	$ 166,438	$ 514,628	$ 317,504	$ 506,913	$ 268,780	$ 181,322	$ 275,100	$ 380,026	$ 221,411	$ 229,717	$ 224,343	$ 414,333	$ 9,674,294	$ 13,374,810
Subscription liabilities	9,322	13,116	24,174	16,523	20,188	9,644	25,589	7,008	17,359	7,458	13,437	15,045	4,300,273	4,479,137
Leases payable	7,476	330,182	655,429	51,254	50,071	4,811	530,467	25,664	5,493	16,207	26,527	11,685	42,763	1,758,027
Accrued expenses - salary and fringe benefits	1,423,562	2,960,498	4,326,328	3,303,887	3,897,895	1,905,271	4,151,564	1,179,592	3,604,918	1,367,831	2,494,340	2,589,063	4,376,374	37,581,122
Accrued compensated absences	173,382	245,637	370,354	279,312	315,472	185,782	414,367	118,200	362,068	125,876	233,763	261,685	1,834,351	4,920,248
Unearned tuition and grant revenue	805,184	3,682,164	5,001,730	3,139,143	3,386,050	1,963,466	4,856,215	1,048,463	2,917,683	1,009,349	1,542,815	2,632,834	6,801,092	38,786,188
Agency and loan fund liabilities	25,552	120,951	441,955	237,832	357,328	186,316	516,349	72,733	409,800	112,900	151,611	89,624	-	2,722,950
Note payable	-	-	-	-	-	-	-	-	-	-	-	-	2,161,448	2,161,448
Other liabilities	51,757	28,057	323,496	67,204	100,876	94,816	161,402	26,615	124,319	29,567	28,151	100,278	414,101	1,550,638
Total Current Liabilities	2,662,674	7,895,231	11,460,971	7,602,068	8,396,660	4,531,428	10,931,051	2,858,300	7,663,051	2,898,904	4,714,986	6,114,546	29,604,696	107,334,568
Non-current Liabilities														
Subscription liabilities	9,871	13,887	25,596	17,495	21,375	10,211	27,093	7,420	18,380	7,897	14,227	15,929	9,056,652	9,246,034
Leases payable	8,109	409,486	6,031,302	114,474	127,807	6,166	1,209,574	15,497	20,450	18,391	72,854	14,994	64,506	8,113,610
Note payable	-	-	-	-	-	-	-	-	-	-	-	-	12,941,000	12,941,000
Accrued compensated absences	1,131,225	1,602,644	2,416,358	1,822,359	2,058,284	1,212,124	2,703,519	771,188	2,362,298	821,270	1,525,174	1,707,353	11,968,137	32,101,932
Pension liability, net	-	-	-	-	-	-	-	-	-	-	-	-	650,968,360	650,968,360
Other post employment benefits liability net	-	-	-	-	-	-	-	-	-	-	-	-	749,814,376	749,814,376
Total Non-current Liabilities	1,149,205	2,026,018	8,473,256	1,954,328	2,207,465	1,228,502	3,940,186	794,105	2,401,128	847,557	1,612,255	1,738,276	1,434,813,031	1,463,185,312
Total Liabilities	$ 3,811,879	$ 9,921,249	$ 19,934,227	$ 9,556,396	$ 10,604,126	$ 5,759,930	$ 14,871,237	$ 3,652,405	$ 10,064,179	$ 3,746,462	$ 6,327,241	$ 7,852,822	$ 1,464,417,727	$ 1,570,519,880
DEFERRED INFLOWS OF RESOURCES														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 249,194,110	$ 249,194,110
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	499,505,136	499,505,136
Deferred lease inflows	52,007	-	-	-	-	-	-	-	-	-	-	-	-	52,007
Total Deferred Inflows of Resources	$ 52,007	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 748,699,246	$ 748,751,253
NET POSITION														
Net investment in capital assets	$ 30,722,405	$ 34,040,415	$ 136,404,975	$ 97,906,708	$ 45,285,799	$ 8,354,568	$ 83,961,149	$ 39,292,074	$ 38,573,099	$ 16,611,749	$ 59,481,718	$ 41,821,449	$ 4,932,938	$ 637,389,044
Restricted														
Nonexpendable	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Expendable	1,797,424	5,617,629	324,438	1,854,235	381,432	(127,002)	880,014	567,214	4,524,677	696,567	226,592	20,747	31,682,153	48,446,120
Unrestricted	5,932,717	(3,129,073)	9,428,669	20,069,602	22,367,338	4,603,410	27,595,544	1,010,672	13,959,233	11,591,864	21,884,236	13,420,864	(1,615,264,859)	(1,466,529,782)
Total Net Position	$ 38,452,546	$ 36,528,972	$ 146,158,082	$ 119,850,545	$ 68,034,568	$ 12,830,976	$ 112,436,707	$ 40,869,960	$ 57,057,009	$ 28,900,180	$ 81,592,546	$ 55,263,060	$ (1,578,649,768)	$ (780,674,618)

Connecticut Community Colleges
Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
OPERATING REVENUES														
Student tuition and fees	$ 6,212,592	$ 9,655,702	$ 21,815,438	$ 12,299,707	$ 15,776,139	$ 8,392,939	$ 18,996,513	$ 4,062,119	$ 16,893,142	$ 4,782,713	$ 13,806,516	$ 13,660,450	$ 109,843	$ 146,463,814
Less: Scholarship discounts and allowances	(3,840,580)	(5,811,005)	(12,948,432)	(7,782,926)	(9,296,947)	(4,348,835)	(11,361,595)	(2,907,771)	(8,067,130)	(2,935,764)	(7,933,817)	(8,595,568)	-	(85,830,371)
Net student tuition and fees	2,372,011	3,844,697	8,867,006	4,516,781	6,479,192	4,044,104	7,634,919	1,154,348	8,826,012	1,846,949	5,872,699	5,064,882	109,843	60,633,443
Federal grants and contracts	332,408	1,738,536	1,403,151	1,453,528	1,393,353	780,001	4,166,052	1,355,599	1,510,717	214,896	1,055,771	1,954,600	2,605,402	19,964,013
State and local grants and contracts	1,263,048	1,149,119	4,158,658	2,249,345	3,368,620	1,742,028	4,435,764	1,147,909	1,840,835	1,118,070	2,509,808	2,666,235	934,973	28,584,411
Nongovernment grants and contracts	7,388	615,827	(1,954)	121,704	250,851	27,196	182,519	186,326	1,558,678	529,210	277,059	79,738	28,696	3,863,238
Auxiliary revenues	-	-	115,443	-	73,932	-	-	-	-	-	206,014	-	-	395,389
Other operating revenues	167,868	273,414	684,501	506,883	288,568	64,330	306,151	32,386	332,327	82,489	938,747	424,050	34,351	4,136,065
Total Operating Revenues	4,142,723	7,621,592	15,226,805	8,848,241	11,854,516	6,657,658	16,725,404	3,876,568	14,068,569	3,791,614	10,860,098	10,189,505	3,713,265	117,576,560
OPERATING EXPENSES														
Salaries and wages	11,084,992	18,888,523	30,663,597	20,708,063	24,123,465	12,581,805	31,638,941	9,387,072	23,923,704	9,164,081	18,238,439	18,154,853	55,643,597	284,201,131
Fringe benefits	7,643,871	13,088,617	18,717,121	13,810,782	16,848,752	7,564,194	21,930,231	5,848,620	13,193,032	6,178,334	11,137,671	10,964,662	(94,994,604)	51,931,283
Professional services and fees	162,638	407,310	675,582	369,719	340,470	207,589	798,615	99,887	522,530	113,068	312,022	240,649	5,485,528	9,735,607
Educational services and support	437,330	767,469	640,822	784,282	1,063,225	926,322	1,278,374	997,799	1,291,722	357,378	593,750	1,110,030	5,355,351	15,603,853
Travel expenses	76,113	92,740	265,385	124,939	172,010	78,045	107,156	184,578	119,018	67,107	93,852	171,295	242,255	1,794,493
Operation of facilities	1,456,062	2,751,452	4,565,130	4,467,953	1,787,754	1,549,827	2,388,266	901,857	4,101,166	993,438	2,689,779	1,721,498	631,885	30,006,068
Other operating supplies and expenses	487,104	611,539	991,647	1,845,662	767,017	937,975	1,439,391	414,862	1,075,281	860,767	1,522,538	558,704	7,696,474	19,208,961
Scholarship aid, net	874,121	1,905,854	5,006,266	3,239,396	2,965,926	1,086,245	3,295,014	754,626	3,009,902	933,865	1,902,771	2,409,073	267,461	27,650,522
Depreciation expense	2,105,794	1,979,907	4,900,879	4,247,742	2,527,207	602,767	3,649,790	1,698,828	1,886,166	907,084	2,864,007	1,621,514	573,204	29,564,890
Amortization expense	19,138	340,323	770,582	81,372	67,845	17,263	555,029	32,279	21,712	22,632	40,086	24,899	4,254,993	6,248,151
Total Operating Expenses	24,347,164	40,833,735	67,197,010	49,679,910	50,663,670	25,552,032	67,080,806	20,320,407	49,144,233	19,597,754	39,394,916	36,977,178	(14,843,856)	475,944,959
Operating Gain (Loss)	(20,204,440)	(33,212,143)	(51,970,205)	(40,831,669)	(38,809,155)	(18,894,374)	(50,355,402)	(16,443,840)	(35,075,663)	(15,806,139)	(28,534,818)	(26,787,672)	18,557,121	(358,368,399)
NONOPERATING REVENUES (EXPENSES)														
State appropriation - general fund	15,335,190	24,427,012	35,216,981	26,295,126	32,285,643	14,180,673	40,816,888	10,560,529	24,263,968	11,349,862	21,858,833	20,688,904	80,070,700	357,350,308
State appropriation - bond fund	366,186	998,805	166,167	314,235	566,825	399,519	438,033	610,766	204,817	1,209,165	444,808	267,473	11,702,650	17,689,448
Pell grant revenue	2,350,161	4,988,761	9,893,423	6,089,405	5,974,720	2,543,335	8,040,943	1,681,469	6,112,288	1,936,514	4,862,990	5,675,293	-	60,149,300
Federal non-operating grant revenue	7,653	1,076,740	5,957,746	4,666,134	87,573	233,251	4,238,240	839,133	2,036,386	972,698	4,258,679	1,398,071	1,303,627	27,075,931
Federal non-operating pass-through grant revenue	2,639,594	3,886,284	10,635,685	5,045,478	7,186,596	3,834,581	7,997,116	2,050,244	6,787,716	2,054,012	5,431,780	5,663,836	6,247,276	69,460,200
Other non-operating revenue (expense), net	158,163	-	-	597,799	896,092	5,512	829,450	80,627	435,988	382,484	605,162	226,446	1,912,577	6,130,300
Student reengagement expense	440	-	(523,099)	19,223	711	(2,929)	-	-	532	-	-	3,853	-	(501,269)
Interest expense	(1,521)	(29,711)	(241,969)	(7,833)	(8,207)	(1,359)	(64,929)	(2,362)	(2,743)	(2,163)	(4,548)	(2,408)	(756,696)	(1,126,451)
Net Nonoperating Revenues	20,855,866	35,347,892	61,104,936	43,019,567	46,989,952	21,192,582	62,295,741	15,820,405	39,838,951	17,902,570	37,457,704	33,921,468	100,480,135	536,227,768
Increase Before Other Changes	651,426	2,135,750	9,134,731	2,187,898	8,180,797	2,298,208	11,940,339	(623,434)	4,763,288	2,096,430	8,922,886	7,133,796	119,037,255	177,859,369
OTHER CHANGES IN NET POSITION														
Capital and other additions (deductions)	287,601	427,530	70,953	870,038	1,277,700	1,041,803	1,485,624	24,030	258,627	258,479	550,939	3,228,020	(10,578,004)	(796,658)
Loss on disposal of assets	-	(1,149)	(1,075,086)	(3,546)	-	-	-	-	(4,621)	(19,369)	(164)	-	(708,363)	(1,812,299)
Interagency transfers	(670,186)	(1,208,027)	(2,841,534)	(1,972,373)	(2,294,663)	(1,047,449)	(2,593,330)	(540,904)	(2,252,613)	(577,361)	(1,609,652)	(1,640,734)	19,248,824	-
Total Other Changes in Net Position	(382,585)	(781,646)	(3,845,667)	(1,105,880)	(1,016,963)	(5,646)	(1,107,705)	(516,874)	(1,998,607)	(338,251)	(1,058,876)	1,587,286	7,962,457	(2,608,957)
Increase (Decrease) in Net Position	268,841	1,354,104	5,289,064	1,082,018	7,163,834	2,292,562	10,832,634	(1,140,308)	2,764,680	1,758,180	7,864,010	8,721,082	126,999,712	175,250,412
NET POSITION														
Net Position, Beginning of Year	38,183,705	$ 35,174,868	$ 140,869,018	$ 118,768,527	$ 60,870,734	$ 10,538,414	$ 101,604,073	$ 42,010,268	$ 54,292,329	$ 27,142,000	$ 73,728,536	$ 46,541,978	$ (1,705,649,480)	$ (955,925,030)
Net Position, End of Year	$ 38,452,546	$ 36,528,972	$ 146,158,082	$ 119,850,545	$ 68,034,568	$ 12,830,976	$ 112,436,707	$ 40,869,960	$ 57,057,009	$ 28,900,180	$ 81,592,546	$ 55,263,060	$ (1,578,649,768)	$ (780,674,618)

1. Basis of Presentation of Supplemental Information

The supplementary schedules are presented to provide information from the stand-alone books and records of the colleges and system office. The supplementary schedules exclude certain eliminating entries necessary to prepare the consolidated financial statements of the CCC. The supplementary schedules also do not include the impact of the adoption of GASB Statement No. 68, *Pensions*, or GASB Statement No. 75, O*ther Post-employment Benefits*, on the individual colleges as reported in the financial statements of the CCC because the liability has not been allocated to the colleges but rather is reflected only at the CCC system level in the basic financial statements.

Charter Oak State College

Annual Comprehensive Financial Report

for the year ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

CSCU

Charter Oak
STATE COLLEGE

A Higher Degree of Online Learning

As part of the Connecticut State Colleges & Universities ("CSCU") system, Charter Oak State College, the state's only public, online, degree-granting institution, provides affordable, diverse and alternative opportunities for adults to earn undergraduate and graduate degrees and certificates. The College's mission is to validate learning acquired through traditional and non-traditional experiences, including its own courses. The college rigorously upholds standards of high quality and seeks to inspire adults with the self-enrichment potential of non-traditional higher education.

Members of the Board of Regents for Higher Education (Between 7/1/2022 and 6/30/2023)

- Thirteen members: nine appointed by the Governor; four appointed by legislative leaders
- Two students chosen by their peers (Chair and Vice Chair of Student Advisory Committee)
- Seven non-voting, ex-officio members:
  - Four CT commissioners appointed by the Governor from the Departments of Public Health, Education, Economic and Community Development, and Labor
  - CT Chief Workforce Officer
  - Chair and Vice Chair of the Faculty Advisory Committee

REGENTS AS OF 6/30/23

(One legislative vacancy)

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Richard J. Balducci *
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Dr. Manisha Juthani – Commissioner CT Dept. of Public Health
Kelli-Marie Vallieres – CT Chief Workforce Officer

Charter Oak State College
185 Main Street
New Britain, CT 06051

Ed Klonoski, President

Connecticut State Colleges & Universities
61 Woodland Street
Hartford, CT 06105

Terrence Chang, Chancellor

	Page
Management Discussion & Analysis (unaudited)	
Introduction	1
Using the Financial Statements	1
Financial Highlights	1
Condensed Statements of Net Position	2
Condensed Statements of Revenues, Expenses and Changes in Net Position	5
Condensed Statements of Cash Flows	9
Economic Outlook	10
Report of Independent Certified Public Accountants	11
Financial Statements	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Net Position	15
Statement of Cash Flows	16
Statement of Financial Position and Activities – Component Unit	17
Notes to Financial Statements	18
Required Supplementary Information (unaudited)	
Schedule of Net Pension Liability and Related Ratios	36
Schedule of Pension Contributions	36
Notes to Required Supplementary Pension Information	37
Schedule of Net OPEB Liability and Related Ratios	38
Schedule of OPEB Contributions	38
Notes to Required Supplementary OPEB Information	39

Introduction

Management Discussion & Analysis provides an overview of the financial position and activities of the Charter Oak State College ("COSC" or "Combining Unit") and its component unit for the fiscal year ended June 30, 2023, along with certain comparative information for the prior fiscal year ended June 30, 2022. This discussion has been prepared by and is the responsibility of management, and should be read in conjunction with the financial statements and footnote disclosures which follow this section.

The Board of Regents for Higher Education was established by the Connecticut General Assembly in 2011 (via Public Act 11-48 as amended by Public Act 11-61) bringing together the governance structure for the four Connecticut State Universities, twelve Community Colleges (known as CT State Community College effective July 1, 2023) and COSC, effective July 1, 2011. The Board of Regents for Higher Education is authorized under the provisions of this public act to "serve as the Board of Trustees" for the Universities and Colleges.

COSC's role is to serve both residents of Connecticut and nonresidents with a variety of credit aggregation mechanisms, credit for prior learning, testing, and the acceptance of a high level of transfer credits to assist adults to complete their college degrees. This role evolved in 1998 with the introduction of online courses to complete degrees. COSC, which is the State's online college, was authorized by Section 28, 10a-143 (c) of the CT general statutes. It offers four General Studies degrees: Associate of Arts, Associate of Science, Bachelor of Arts, and Bachelor of Science. In addition, COSC offers Master's Degrees and certificate programs.

Courses are offered in three semesters during the year by COSC; fall, spring, and summer. The fall and spring semesters offer courses in three-time formats: 15 weeks, two eight-week, and three five-week offerings. In the summer, two eight-week and two five-week offerings are available. Students are accepted into a program during three time periods throughout the year; fall, spring, and summer.

Using The Financial Statements

COSC's financial report includes the following financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of COSC as a whole. As required by GASB Statements No. 34 and 35, a condensed comparative analysis of fiscal year 2023 to prior reporting periods is included. Full financial statements and footnotes for fiscal year 2023 are also presented, both for the COSC primary institution, as well as for certain other organizations that have a significant related party relationship with COSC (the "component unit").

The COSC Foundation is the only component unit of COSC. The Foundation is a legally independent, tax-exempt non-profit organization separate from college control, founded to foster and promote the growth, progress and general welfare of the College and to solicit, receive and administer donations for such purposes.

Financial Highlights

COSC had total assets of $20.5 million, deferred outflows of $13.2 million, liabilities of $47.2 million, deferred inflows of $17.1 million and a total net position balance of ($30.5) million as of June 30, 2023. Of this amount, ($38.8) million is classified as unrestricted net position which increased as compared to 2022. The negative balance in unrestricted net position is a result of the pension and other post-employment benefit liabilities, as discussed further within this report.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were $7.6 million, down 9% as compared to the previous year. Operating expenses were $17.2 million, a 19% decrease from the previous year, resulting in an operating loss of $9.5 million during the year ended June 30, 2023. Net non-operating revenues and other changes were $19.8 million, up 67% compared with prior year. State of Connecticut general fund appropriations were also up 16% within fiscal 2023 at $10.0 million.

Cash and cash equivalents were $11.7 million at June 30, 2023, including $0.7 million of cash equivalents restricted for use in the form of specific programmatic expenditures or other governing agreements. Total current assets were $12.9 million as of June 30, 2023 compared to $12.4 million in the prior year. Liabilities decreased from $59.6 million to $47.2 million attributable to a combined decrease in current and non-current liabilities. The majority of the liability is composed of the net pension and other post-employment benefit liabilities. These large liabilities represent long-term obligations that are paid by the State of Connecticut and not COSC individually. The remaining long-term liability represents the long-term portion of the accrued value of vacation and sick time benefits earned by employees which must be paid out when they retire or otherwise terminate service in the future, net of the estimated amounts to be paid out in the upcoming year.

Statements of Net Position

The Statements of Net Position presents the overall financial position of COSC at the end of the fiscal year and includes all assets and liabilities of COSC, including capital assets net of depreciation.

Condensed Statements of Net Position as of June 30
(in thousands)

	2023	2022	% Change
ASSETS			
Current assets	$ 12,942	$ 12,403	4%
Non-current assets	7,567	1,287	488%
Total assets	20,509	13,690	50%
DEFERRED OUTFLOWS OF RESOURCES	13,248	15,221	-13%
LIABILITIES			
Current liabilities	2,908	3,192	-9%
Noncurrent liabilities	44,255	56,404	-22%
Total liabilities	47,163	59,596	-21%
DEFERRED INFLOWS OF RESOURCES	17,149	10,095	70%
NET POSITION			
Invested in capital assets	7,567	1,287	488%
Restricted-expendable	742	743	0%
Unrestricted	(38,864)	(42,810)	-9%
Total net position	(30,555)	(40,780)	25%

Current assets consist of cash, cash equivalents, accounts receivable and prepaid assets. The 4% increase in current assets from the previous year is largely attributable to an increase in cash and accounts receivable driven by increased state appropriation revenue. Investment of cash is handled by the State of Connecticut Treasurer's Office, which invests cash balances in a Short-Term Investment Fund ("STIF") on behalf of State agencies. COSC does not carry any other separate investments.

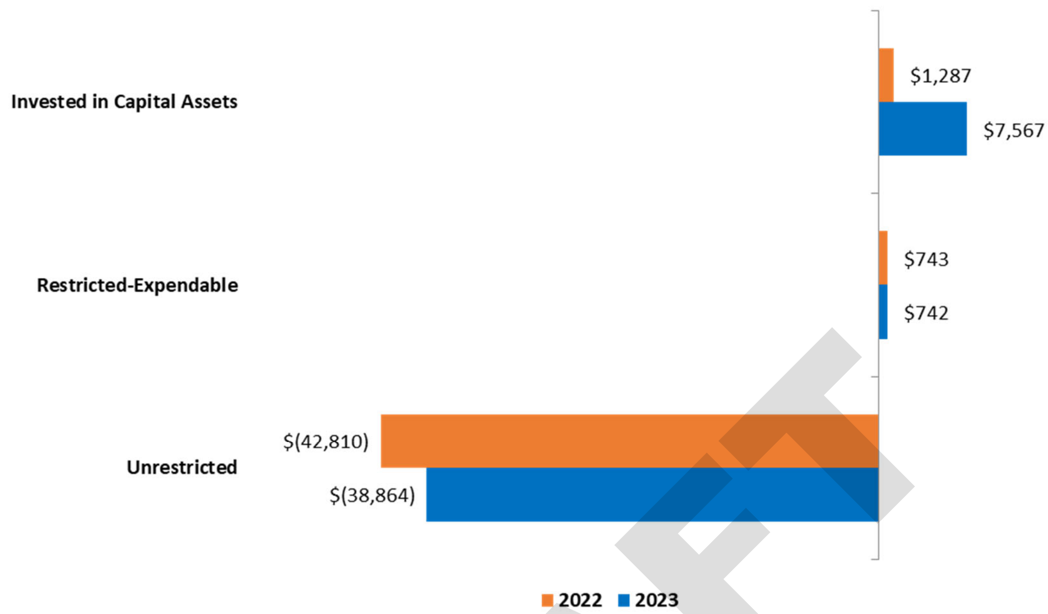
Non-current assets increased by a significant percentage from $1.3 million at June 30, 2022, to $7.6 million at June 30, 2023. This increase was due to the construction of the College's new headquarters which was recorded as part of construction in progress as of year end. Net capital assets account for the total amount of non-current assets. Accumulated depreciation was consistent between June 30, 2023 and 2022 as capital assets in service were relatively unchanged.

Current liabilities consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total current liabilities were $2.9 million at the end of fiscal year 2023, representing a $0.3 million decrease from fiscal year 2022. The most significant current liability was unearned revenue which increased year over year due to changes in the timing of the summer semester. Additional current liabilities include accounts payable, accrued payroll, accrued compensated absences (sick and vacation time benefits) and subscription liabilities that will be paid within the coming year.

Non-current liabilities consist of $19.5 million in pension liability, $23.8 million in other post-employment benefit liabilities and long-term accrued compensated absences ("ACA") of $0.9 million– to be paid out to terminating employees over time in the future beyond one year. Total non-current liabilities decreased by 22% in 2023 due to decreases in retirement benefit allocations from the State of Connecticut. These long-term liabilities however exceed the assets of COSC, and causes the unrestricted net position balance to be negative. In practice, however, the ACA liability represents the total payout should 100% of the employees resign immediately while the pension and other post-employment benefit liabilities reflect the allocation of a share of the State of Connecticut's unfunded pension and OPEB liabilities that are not ultimately paid by the College. In lieu of COSC paying directly for pension and post retirement benefits, The State of Connecticut settles these balances through the Comptroller's office and charges COSC an annual fee based on a percentage of salary which is included as personnel service costs within the income statement.

The total *net position* balance improved in the current year as a result of including the construction in progress balance which was fully funded by the State of Connecticut and resulted in a $7.6 million net asset balance associated with capital assets. COSC does not carry capital debt. Bonding and debt repayment are the responsibility of the State of Connecticut and are not reflected in COSC's financial statements. Unrestricted net position also improved in the current year as a result of both the net pension and net OPEB liabilities decreasing.

COSC NET POSITION (in thousands)

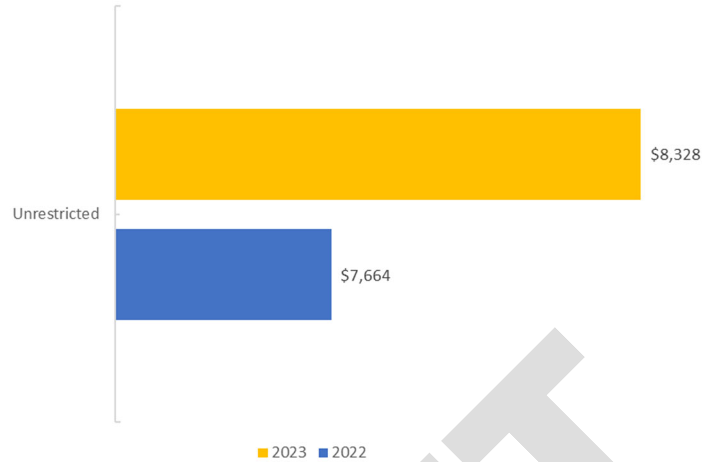


Restricted-Expendable net position represents primarily bond fund appropriation balances at June 30, 2023 and unexpended funds held for certain minor grant program activities. There were no significant changes in restricted-expendable net position year over year.

Unrestricted net position ("UNP") is a negative balance with the recognition of the pension liability and other post-employment benefit liability. Excluding the pension and other post-employment benefit liabilities, UNP increased by $0.6 million to $8.3 million during fiscal year 2023. The increase was due to increased appropriations from the State of Connecticut. The table below illustrates the fluctuations in aggregate COSC UNP (in millions) over the past several years:

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
UNP Excluding Pension and OPEB Liability	$0.8	$0.9	$3.5	$6.0	$6.9	$7.7	$8.3
UNP Adjusted for Pension Liability:	($7.4)	($8.9)	($8.7)	($9.0)	($11.0)	($11.7)	($8.8)
UNP Adjusted for Pension & OPEB Liability:	($34.3)	($36.0)	($36.0)	($37.6)	($41.5)	($42.8)	($38.8)

COSC's UNRESTRICTED NET POSITION EXCLUDING PENSION & OPEB LIABILITIES
(in thousands)



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents COSC's results of operations, as well as the non-operating revenues and expenses. Total *operating revenues* for fiscal year 2023 were $7.6 million, down 9% from $8.4 million in fiscal year 2022. *Student tuition and fees* of $11.2 million represent the largest portion of operating revenue on a gross basis and were stable as compared to fiscal year 2022 but are additionally offset by student financial aid and waivers. This resulted in net tuition and fee revenue of $6.7 million in fiscal year 2023 as compared to $7.6 million in fiscal year 2022 as government funding in the current year provided more scholarships and fellowships that are not considered operating revenue.

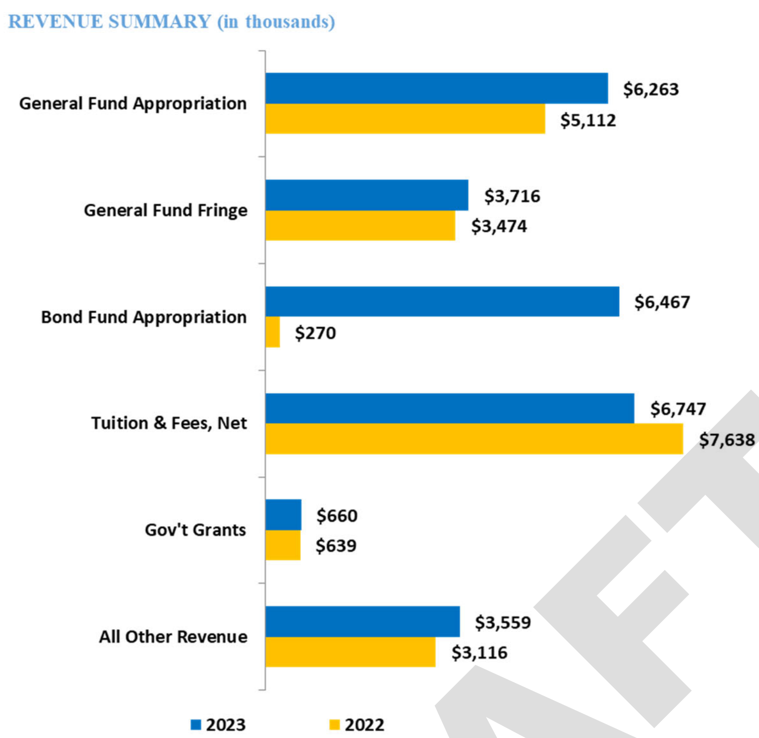
Condensed Combined Statements of Revenues, Expenses and Changes in Net Position for the Year Ended June 30 (in thousands)

	2023	2022	% Change
OPERATING REVENUES			
Tuition and fees, net	6,747	7,638	-12%
Government grants and contracts	660	639	3%
Additional operating revenues	241	114	111%
Total operating revenues	7,648	8,391	-9%
OPERATING EXPENSES			
Expenses before depreciation	16,886	21,035	-20%
Depreciation	300	292	3%
Total operating expenses	17,186	21,327	-19%
Operating loss	(9,538)	(12,936)	26%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund *	9,978	8,586	16%
State appropriations - capital appropriations	6,467	270	100%
Pell Grants	2,716	2,266	20%
Other non-operating revenues (expenses), net	602	736	-18%
Net non-operating revenues	19,763	11,858	67%
NET POSTION			
Change in net position	10,225	(1,078)	1049%
Net position, beginning of year	(40,780)	(39,702)	-3%
Net position, end of year	$ (30,555)	$ (40,780)	25%

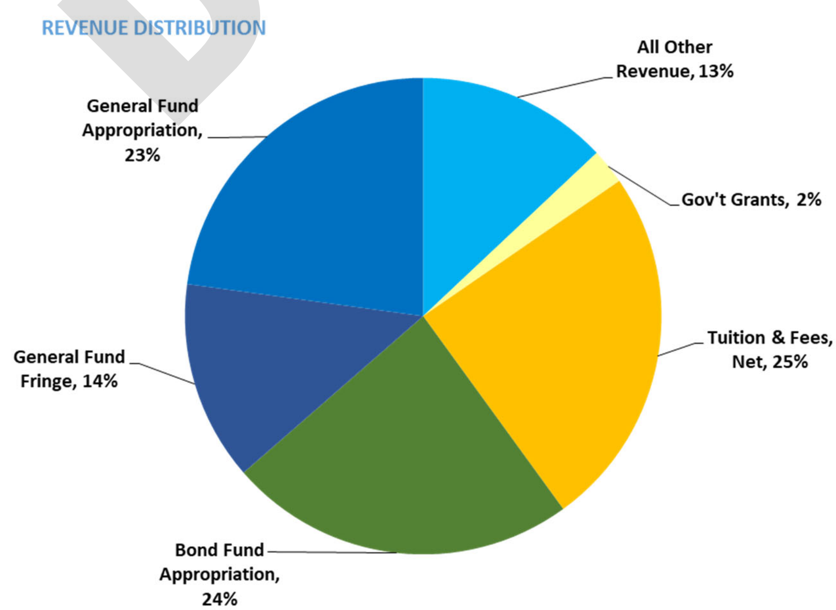
* Including non-cash fringe benefit expenditures

COSC recorded an operating loss of $9.5 million during the year ended June 30, 2023. The primary contributing factor of operating losses is that State appropriations and Pell Grant revenue are classified as *non-operating revenues* under GASB 35 although the expenditures of these resources on personnel, non-capital equipment, depreciation and scholarships are an operating expense. In the current fiscal year, greater amounts of student aid were considered non-operating when compared with the prior fiscal year.

Government grant revenues are comprised of the federally funded Supplemental Education Opportunity Grant ("SEOG") and the Adult Education grants together with other state government grants which fund various program-related activities which remained consistent between years. *Additional operating revenues* were up $0.1 million from 2022 due to strategic initiatives related to non-governmental grants and miscellaneous operating income.

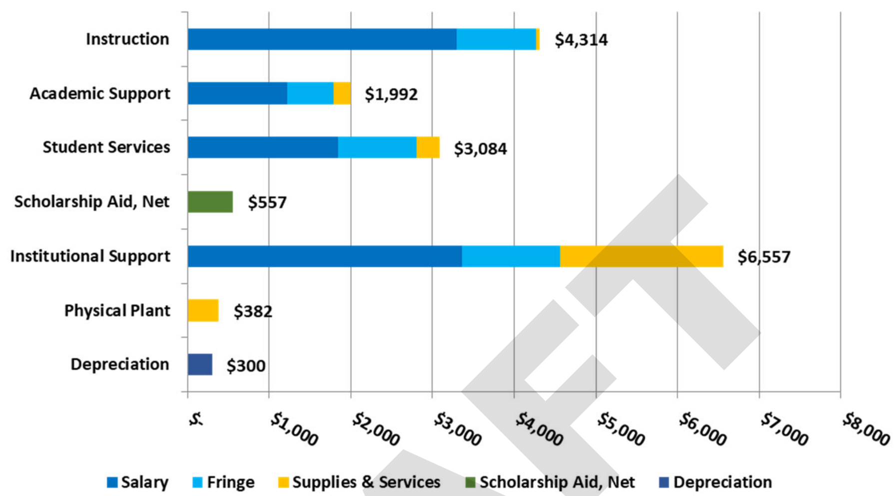


The State general fund appropriation for salaries and associated State of Connecticut reimbursements to cover fringe benefit increased by 14% in 2023. COSC received bond fund appropriations of $6.5 million as compared to $0.3 in 2022 for the construction of the College's new headquarters. Other revenue activity in fiscal year 2023 consisted of Pell grant revenue and income earned on cash balances invested by the State treasurer's office.



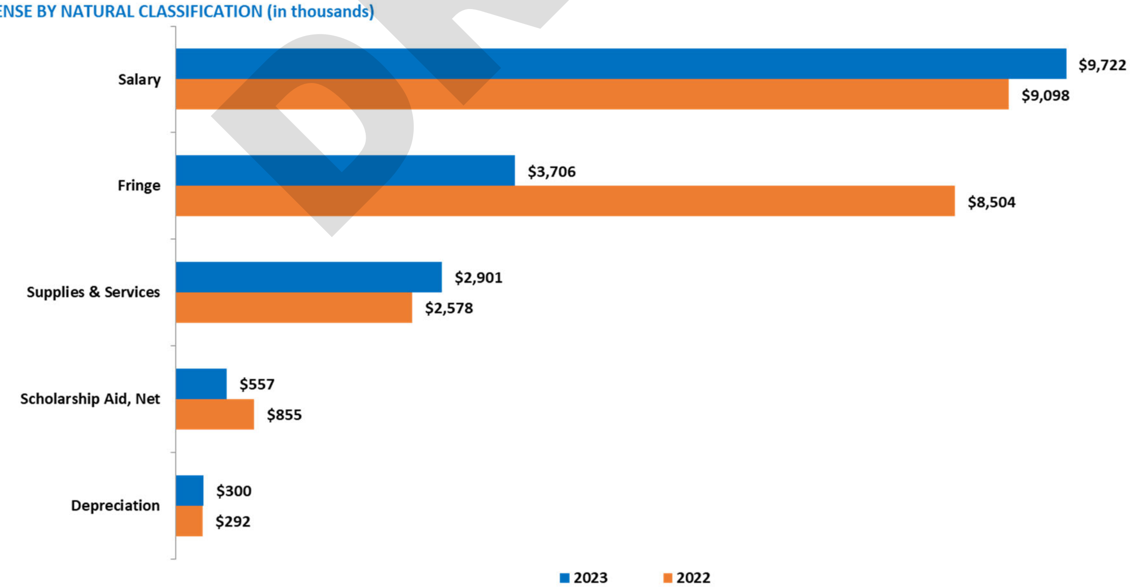
Total operating expenses for fiscal year 2023 were $17 million. This reflects an operating expense decrease of 19% from $21.3 million in fiscal year 2022. The decrease in fiscal year 2023 reflects an overall decrease in pension and other post-retirement benefits recorded as fringe expenditures.

2023 OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION (in thousands)



Supplies and services include expenditures for non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and other related costs, and all other non-personnel costs of operating the college.

EXPENSE BY NATURAL CLASSIFICATION (in thousands)



CSCU

Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $7.5 million and receipts from grants and contracts of $0.8 million, which is down $0.2 million compared to prior year. Cash is also received from other miscellaneous activities such as testing, educational services and Connecticut Credit Assessment Program (CCAP). The largest operating cash outflows include salaries paid to employees of $14.0 million, up 18% from prior year driven by the fact that fiscal year 2023 had an additional payroll check date. Operating cash outflows also include vendor payments of $2.8 million, consistent with prior year. Payments to students of $0.6 million for financial aid refunds and federal grants was down year over year due to the sunset of direct to student pandemic related aid. Net cash used in operating activities increased 28% in fiscal year 2023 when compared to fiscal year 2022, reflecting greater personnel costs due to compensation and benefits issued in line with COSC's local employee bargaining unit in addition to the additional payroll cycle. The State of Connecticut also directly covered a portion of the cost of fringe benefits for employees valued at $3.6 million, representing a non-cash transaction for COSC.

Non capital financing cash flows are derived from State appropriations and federal aid for students. Non capital financing cash flows increased 13% in fiscal year 2023 due to increase state appropriations in addition to increased Pell grant revenue.

Capital and related financing cash flows are derived from capital appropriations from the state. Cash provided by *investing activities* represents amounts of interest income earned on operating fund cash balances invested by the State treasurer on behalf of COSC and distributed quarterly which increased year over year due to increased return rates from the State's short term investment pool. The increase in cash coupled with increasing federal interest rates caused the College's interest income to grow materially between years.

Condensed Combined Statements of Cash Flows
Year Ended June 30
(in thousands)

	2023	2022	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (8,958)	$ (7,022)	28%
Noncapital financing activities	9,154	8,085	13%
Capital and related financing activities	(10)	270	100%
Investing activities	432	30	1340%
Net change in cash and cash equivalents	618	1,363	-55%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	11,128	9,765	14%
Cash and cash equivalents, end of year	$ 11,746	$ 11,128	6%

Enrollment Table

COSC State College will confront significant challenges and opportunities in the years ahead similar to other higher education institutions and State of Connecticut agencies. The following table illustrates the Integrated Postsecondary Education Data System ("IPEDS") unduplicated headcount and full-time equivalent ("FTE") student attendance at COSC over the past ten year period:

Year Ended June 30	Unduplicated Headcount	% Change	FTE	% Change
2023	2,367	3.5%	1,008	6.1%
2022	2,286	-1.1%	950	-3.26%
2021	2,312	-1.6%	982	0.5%
2020	2,350	0.6%	977	7.1%
2019	2,337	3.0%	912	3.9%
2018	2,270	-4.8%	878	-5.2%
2017	2,384	-4.9%	926	-2.5%
2016	2,507	-14.0%	950	-11.2%
2015	2,915	17.1%	1070	18.1%
2014	2,489	-4.0%	906	-1.2%
2013	2,592	-1.7%	917	4.0%
2012	2,637	-	882	-

Economic Outlook

For the 2022-2023 academic year, the College experienced enrollment growth with increases in both Pell and institutional aid awarded directly to students, reducing operating income. The College continues to remain focused on balancing future affordable tuition rate structures with the financial needs of the College. There has been a notable shift in the higher education environment towards distance learning and COSC expects to benefit from such market interest in the upcoming year. Enrollment however will scale only with the number of programs offered and as a result the College is looking to exponentially increase the number of programs offered ahead of its previous schedule.

As expected, students outside of Charter Oak's traditional in-state geographic location have noted the College's out of state tuition rate presents financial barriers for enrollment. The College will be moving forward with removing any out of state tuition differentials with students being charged a uniform rate. It is expected that the decrease in revenue associated with the current out of state cohort will be offset with additional enrollment.

Additional Information

This financial report is designed to provide a general overview of COSC's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to Michael Moriarty, Vice President for Administration & Chief Financial Officer (860-515-3760).

Hold for Independent Auditors Report

Hold for Independent Auditors Report

Hold for Independent Auditors Report

		2023
Assets		
Current assets:		
Cash and cash equivalents	$	11,745,609
Accounts receivable, net		620,965
Other current assets		575,029
Total current assets		12,941,603
Noncurrent assets:		
Capital assets, net of depreciation and amortization		7,567,055
Total noncurrent assets		7,567,055
Total assets		20,508,658
Deferred outflows of resources:		
Deferred pension		8,038,556
Deferred other post-employment benefits		5,209,179
Total deferred outflows of resources		13,247,735
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities		318,148
Accrued payroll		588,792
Unearned tuition revenues		1,234,781
Subscription liabilities		52,790
Accrued employee compensated absences		713,517
Total current liabilities		2,908,028
Noncurrent liabilities		
Subscription liabilities		54,801
Accrued employee compensated absences		909,195
Net pension liability		19,496,839
Net other post-employment benefit liability		23,793,931
Total noncurrent liabilities		44,254,766
Total liabilities		47,162,794
Deferred inflows of resources:		
Deferred pension		5,681,655
Deferred other post-employment benefits		11,467,434
Total deferred inflows of resources		17,149,089
Net Assets		
Invested in capital assets		7,567,055
Restricted expendable		742,025
Unrestricted		(38,864,570)
Total net position (deficit)	$	(30,555,490)

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

		2023
Operating revenues:		
Student tuition and fees	$	11,204,913
Less: scholarships and fellowships		(4,458,144)
Net tuition and fees		6,746,769
Federal grants and contracts		359,281
State and local grants and contracts		301,184
Nongovernmental grants and contracts		145,600
Other operating revenue		94,998
Total operating revenues		7,647,832
Operating expenses:		
Personnel services and fees		13,429,349
Professional services and fees		308,396
Travel expenses		136,387
Operation and maintenance of plant		381,793
Student aid		556,772
Other operating expenses		2,074,468
Depreciation and amortization		299,616
Total operating expenses		17,186,781
Net operating income (loss)		(9,538,949)
Nonoperating revenues (expenses):		
State appropriations		9,978,357
Investment income		431,665
Interest expense		(4,805)
Other nonoperating revenues		5,834
Federal emergency grant revenue		170,706
Pell grants		2,715,991
Net nonoperating revenues		13,297,748
Increase (decrease) in net position before capital appropriations		3,758,799
Capital appropriations		6,465,706
Increase (decrease) in net position		10,224,505
Net position:		
Net assets - beginning of year		(40,779,995)
Net assets - end of year	$	(30,555,490)

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

		2023
Cash flows from operating activities		
Tuition and fees	$	7,520,064
Grants and contracts		806,065
Payments to employees		(14,010,898)
Payments to suppliers and vendors		(2,811,787)
Payments to students		(556,772)
Other operating receipts		94,998
Net cash used in operating activities		(8,958,330)
Cash flows from non-capital financing activities		
State appropriations		6,262,835
Pell grants		2,715,991
Federal emergency grant revenue		170,706
Other		5,126
Net cash provided by non-capital financing activities		9,154,658
Cash flows from capital financing activities		
Capital appropriations		6,465,706
Cash paid for right of use assets		(195,276)
Purchases of capital assets		(6,280,897)
Net cash provided by capital financing activities		(10,467)
Cash flows from investing activities		
Interest on cash held by the State		431,665
Net increase (decrease) in cash and equivalents		617,526
Cash and equivalents, beginning of year		11,128,083
Cash and equivalents, end of year		11,745,609
Reconciliation of net operating loss to net cash used in operating activities		
Net operating loss		(9,538,949)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation and amortization		299,616
Fringe benefits provided by the state		3,715,522
Changes in assets and liabilities:		
Accounts receivable		(121,418)
Other current assets		200,118
Accounts payable		162,100
Accrued payroll		(816,976)
Accrued employee compensation and benefits		(197,541)
Unearned tuition revenues		621,755
Net pension obligation		(2,177,055)
Net other post-employment benefit obligation		(1,105,502)
Net cash used for operating activities	$	(8,958,330)
Non-cash transaction		
Fringe benefits provided by the state	$	3,715,522

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

Charter Oak State College

Statement of Financial Position and Activities – Component Unit

As of and for the year ended June 30, 2023

Statement of Financial Position

Assets	
Cash and cash equivalents	$ 39,820
Investments	2,577,541
Other assets	24,853
Total assets	2,642,214
Liabilities	
Accounts payable	-
Total liabilities	-
Net assets	
Without donor restrictions	599,312
With donor restrictions	2,042,902
Total liabilities and net assets	$ 2,642,214

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 26,906	$ 306,812	$ 333,718
Contributed wages	55,048	-	55,048
Investment return, net	60,470	201,953	262,423
Special events	45,620	-	45,620
Net assets released from restrictions:	335,133	(335,133)	-
Total revenues and support	523,177	173,632	696,809
Expenses			
Program	352,873	-	352,873
Management and general	52,435	-	52,435
Fundraising	76,041	-	76,041
Total expenses	481,349	-	481,349
Change in net assets	41,828	173,632	215,460
Net position			
Net assets - beginning of year	557,484	1,869,270	2,426,754
Net assets - end of year	$ 599,312	$ 2,042,902	$ 2,642,214

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

CSCU

1. Summary of Significant Accounting Policies

Organization

The Connecticut State Colleges and Universities System ("CSCU") was established by the State of Connecticut (the "State") in 2011 via Public Act 11-48 as amended by Public Act 11-61. This brought together the governance structure for the Connecticut State University System ("CSUS"), the Connecticut State College System ("CCC" now known as CT State Community College) and Charter Oak State College ("COSC" or "College") under the Board of Regents for Higher Education. The financial statements presented herein represent only the financial activities of COSC. Separate financial statements are issued for CSUS and CCC.

CSCU consists of seventeen separate institutions including four state universities, twelve community colleges and COSC. The CSCU system offers associate degrees, baccalaureate, graduate and certificate programs, applied doctoral degree programs in education as well as short-term certificates and individual coursework in both credit and noncredit programs.

Basis of Presentation

The financial statements for COSC have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Government Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. These financial statements include the statements of COSC and a discretely presented component unit.

COSC's financial statements include three statements: the statements of net position, revenues, expenses, and changes in net position, and cash flows.

- The statement of net position presents information on all COSC's assets, liabilities, deferred outflows and inflows, and net position.
- The statement of revenues, expenses and changes in net position presents information showing how the COSC's net position changed during the fiscal years presented. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in these statements for items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).
- The statement of cash flows is presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to COSC in support of their programs. Although COSC does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds, and invests, is restricted to the activities of COSC by the donors**.** Since these restricted resources held by the Foundation can only be used by, or for the benefit of, COSC, the Foundation is considered a component unit of COSC.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards, which includes guidelines for Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's separately audited financial information for purposes of inclusion in COSC's financial statements herein.

Net Position
Resources are classified for reporting purposes into the following three net position categories:

- **Invested in Capital Assets**
  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted Expendable**
  Net position whose use by COSC is subject to externally imposed stipulations that can be fulfilled by actions of COSC pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted**
  Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the Board of Regents ("BOR") or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic initiatives, and capital programs.

The Statement of Activities of the component unit presents net assets with and without donor restrictions consistent with the presentation required under ASU 2016-14 and the reporting framework applicable to the component unit.

Classification of Assets and Liabilities
COSC presents short-term and long-term assets and liabilities in the statement of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from June 30. Cash and cash equivalents and investments presented as short-term in the statement of net position include balances with a maturity of one year or less from June 30.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, and petty cash. The STIF, stated at market value, is held on behalf of COSC by the State Treasurer and has original maturities of three months or less (see Note 2).

Allowance for Doubtful Accounts
Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Fair Value of Financial Instruments
Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable and accounts payable.

Investment in Capital Assets
Capital assets are stated at historical cost. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life, which range from 5 to 40 years. Land, capitalized collections, and construction in progress are not depreciated. Title to all assets, whether purchased, constructed or donated, is held physically by the State of Connecticut.

Right-of-Use ("ROU") assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. ROU subscription assets are recognized at the agreement's commencement date and represent the College's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. Amortization for ROU intangible assets are computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset.

Accrued Compensated Absences ("ACA")
Employees earn the right to be compensated during absences for vacation leave, sick leave and related fringe benefits. The accompanying statement of net position reflect the accrual for the amounts earned as of year-end.

Pension & Other Post Employment Obligations
COSC records pension and other post-employment obligations equal to the net pension for its portion of the State's defined benefit and retiree health plans. These net liabilities are measured as the total pension and health liability, less the amount of the respective plan's fiduciary net position. The total liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Because there are other state entities participating in the plans, the net liability recorded by COSC is based on an allocation of the total net liability, as determined by an independent actuary.

Pension and other post-employment benefit expenses are recognized for benefits earned during the period, interest on the unfunded liability, and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows of resources and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Unearned Tuition Revenues
Unearned tuition revenues consist primarily of tuition and fees that have been collected as of June 30, but are applicable to classes held thereafter. COSC recognizes revenue entirely for a class once 60% of the class has been completed, a threshold consistent with the earned period identified by the Department of Education for the return of Title IV funds.

CSCU

Tuition and Fees Revenue
Student tuition and fees revenue is recognized in the period earned. Student tuition and fee revenue is presented net of scholarships, waivers and allowances in accordance with GASB Statement No. 35. Student aid for scholarships recorded in the statement of revenues, expenses and changes in net position includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees is reflected as a scholarship allowance.

Operating Activities
Operating activities as reported on the statement of revenue, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of COSC expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, Pell grants, federal emergency grant, and investment income.

Income Taxes
COSC is a component unit of the State of Connecticut and is exempt from federal and state income taxes under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. COSC qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the "Code").

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes at June 30 and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences, pension and other post-employment benefit liabilities, estimated lives of capital assets and the allowances for doubtful accounts. Actual results could differ from those estimates.

Subscription Liabilities
Subscription liabilities represent the College's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the Subscription-Based Information Technology Arrangements ("SBITA") commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

GASB Pronouncements Effective in the Current Fiscal Year

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations. This standard was adopted in fiscal year 2023 and had no material impact as a result of the adoption.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This standard was adopted in fiscal year 2023 and had no material impact as a result of the adoption.

In May 2020, GASB released statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement requires a government to establish an intangible subscription based asset and corresponding liability. This standard was adopted in fiscal year 2023 as described in the corresponding notes to financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus*. The objectives of this Statements are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This standard was adopted in fiscal year 2023 and had no material impact as a result of the adoption.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This standard was adopted in fiscal year 2023 and had no material impact as a result of the adoption.

GASB Pronouncements Effective in the Future Years

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Other Significant Transactions

In June 2023, the Connecticut General Assembly passed a State budget for the 2024 and 2025 biennium. The new budget changes the way fringe benefits are paid for by the institutions of higher education in the State. Under this model, COSC's employee retirement benefit costs will be paid for directly by the State's Comptroller's Office for all pay checks dated subsequent to June 30, 2023. All non-retirement benefit and fringe costs will be paid for by COSC directly. This change in methodology impacts accrued payroll liabilities and accrued employee compensated abscences calculated as of June 30, 2023.

Subsequent Events

In accordance with generally accepted accounting principles, COSC has evaluated subsequent events for the period after June 30, 2023, through December 19, 2023, the date the financial statements were issued, noting no material events.

2. Cash and Cash Equivalents

Cash and cash equivalents are invested in the State of Connecticut Treasurer's STIF, a combined investment pool of high quality, short-term money market instruments. COSC may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet the participants daily cash flow requirements. The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution.

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2023 was 5.15%. Investments are pooled by the State and separate accounting is maintained as to the amounts allocable to the various funds and programs.

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. COSC is only invested in the State of Connecticut Treasurer's STIF, which is a combined investment pool of high quality, short-term money market instruments. There is low risk to these types of investments.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. The majority of COSC's total cash, cash equivalents and investments were invested in the STIF and the State's pooled, interest credit program accounts as of June 30, 2023.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. There is no significant exposure to interest rate risk as cash and cash equivalents are held in STIF which is comprised of short-term money market instruments.

CSCU

3. Accounts Receivable

Accounts receivable consist of the following at June 30:

		2023
Student accounts receivable	$	780,744
Other receivables		174,387
Gross accounts receivable		955,131
Less: allowance for doubtful accounts		(334,166)
Accounts receivable, net	$	620,965

4. Capital Assets

Capital Asset activity for the year ended June 30, 2023 is as follows:

	Estimated life (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not depreciated:					
Art		$ 15,000	$ -	$ -	$ 15,000
Capital assets, depreciable:					
Buildings and improvements	10-40	2,508,961	-	-	2,508,961
Furnishings and equipment	5	2,048,867	-	(181,190)	1,867,677
Software	5	432,976	-	-	432,976
Subscription assets	Life of contract	-	298,770	-	298,770
Total depreciable assets		4,990,804	298,770	(181,190)	5,108,384
Total capital assets		5,005,804	298,770	(181,190)	5,123,384
Less: accumulated depreciation and amortization:					
Buildings and Improvements		1,551,612	58,002	-	1,609,614
Furnishings and equipment		1,770,662	135,925	(181,190)	1,725,397
Software		396,526	36,449	-	432,975
Subscription assets		-	69,240	-	69,240
Total accumulated depreciation and amortization		3,718,800	299,616	(181,190)	3,837,226
Construction in progress		-	6,280,897	-	6,280,897
Capital assets, net		1,287,004	6,280,051	-	7,567,055

5. Accrued Compensated Absences

Accrued compensated absences at June 30, 2023 consist of:

	Current	Non Current	Total
Vacation	$ 612,756	$ 720,156	$ 1,332,912
Sick	100,761	189,039	289,800
	$ 713,517	$ 909,195	$ 1,622,712

Activity for accrued compensated absences for the year ended June 30, includes:

Balance as of June 30, 2022	$ 1,820,253
Additions during the fiscal year	531,394
Benefits paid to employees during the fiscal year	(728,935)
Balance as of June 30, 2023	1,622,712

These accruals represent estimated amounts earned by all eligible employees through June 30, 2023. The ACA will be settled over several years and are not expected to have a significant impact on the future annual cash flows of COSC. The current portion of compensated absences is estimated based on recent past history and employee retirement eligibility.

6. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. There were no transfers made during fiscal year 2023.

Accrued salaries and related fringe benefit costs for CSCU employees within COSC include balances related to the retirement portion of fringe benefits that will be paid for State of Connecticut Comptroller's Office and represent a related party balance.

The accompanying statement of net position includes balances among related parties. Cash and Cash equivalents are additionally held by the State Treasurer on behalf of the College.

Included in personnel services and fees are amounts paid by COSC to CSCU that represent allocations for system office leadership personnel and shared services for human resources and payroll.

7. Commitments, Contingencies and Leases

COSC makes expenditures in connection with restricted government grants and contracts which are subject to final audit by government agencies. COSC is of the opinion that the amount of disallowances, if any, sustained through such audits would not materially affect the financial position of COSC.

CSCU is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot presently be determined, management is of the opinion that eventual liability, if any, will not have a material effect on COSC's financial position.

COSC may have outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2023. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances as of June 30, 2023 were not material.

8. Unearned Revenue

Unearned revenues for the year ended June 30, 2023 amounted to $1,234,781 and represent tuition and fees that have been collected as of June 30 but are applicable to classes held thereafter.

9. Pension Plans

Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of COSC employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of a single employer defined benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in agreements between the state and the State Employee Bargaining Agent Coalition("SEBAC") as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or the Teachers Retirement System ("TRS") depending on several factors.

Employees hired after July 1, 2011 but before July 31, 2017 were eligible to participate in Tier III or the Hybrid Plan, the 2 primary SERS plan options available (some employees are eligible to elect TRS). The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of Connecticut and SEBAC, provides a retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a 5% employer match and 4% interest in lieu of a defined benefit.

Employees hired after July 1, 2017 are eligible to participate in Tier IV as a result of the 2017 SEBAC agreement. The SERS Tier IV plan is comprised of both a traditional Defined Benefit component and a new Defined Contribution component. The Tier IV Defined Benefit component provides a pre-defined monthly retirement income for life, with the amount being affected by years of service, retirement age, and the member's final average earnings for members that satisfy the Tier IV minimum age and service eligibility requirements. The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions both set equal to 1%, as well as investment gains or losses. Each Tier IV member will have an account with the third party administrator of the State of Connecticut Alternate Retirement Program ("ARP"). COSC makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut.

Alternatively, employees may choose to participate in ARP which is a defined contribution plan managed by Prudential. Under this arrangement, plan participants contribute 5.5% of their pay and the State contributes 7.5% to individual participants' investment accounts managed by Prudential. COSC pays a fringe benefit charge to the State which includes the 7.5% employer contribution, employee health benefits and an administrative charge. The aforementioned 2011 SEBAC agreement provides COSC employees who were both hired before July 1, 2011 and participating in ARP with a one-time irrevocable option through December 31, 2018 of electing to transfer their membership from ARP to the SERS Tier II/IIA or Hybrid Plan and purchasing credit in the plan for their prior services at full actuarial cost.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining.

Tier I Plan B regular and Plan B Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base, respectively, plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively. Tier IV employees contribute 5% of their salary (8% for hybrid and hazardous duty members) plus 1% into the defined contribution component.

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The rate was 67% for SERS in the fiscal year ended June 30, 2023 resulting in a contribution of $2.5 million on behalf of COSC, equal to the required contribution that year.

Net Pension Liability

COSC's net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2023 was measured and valued as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of that date. COSC's proportion of the net pension liability was based on a projection of COSC's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, COSC's proportion was 0.1% as of June 30, 2023.

All SERS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to COSC is calculated separately. The net pension liability for COSC as of June 30, 2023 for SERS was $19.5 million. COSC has no net pension liability associated with the TRS due to COSC's proportional size to the overall plan.

Actuarial Assumptions for SERS:
The total pension liability for the 2022 measurement year was determined using the following actuarial assumptions, applied to all periods:

Inflation	*2.5%*
Salary increases including inflation	*3% - 11.5%*
Investment rate of return, net of expense, including inflation	*6.9%*

Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale. The actuarial assumptions used in the June 30, 2022 valuation (which was the basis for recording the June 30, 2023 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2020.

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 rates of return by the target asset allocation percentage. The best estimates of geometric rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the 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 Net Pension Liability to Changes in Discount Rate
The following presents the current-period net pension liability of COSC calculated using the current-period discount rate assumption of 6.9% for SERS, 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 (5.9%)	*Current Discount (6.9%)*	*1% Increase (7.9%)*
$23,796,067	*$19,500,797*	*$15,920,916*

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan

For the year ended June 30, 2022, COSC recognized pension expense of $(2,273,368). A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to COSC that will be recognized in pension expense during the next five years is as follows:

Fiscal Year Ending June 30,	SERS	TRS	Total
2024	$ 387,177	$ 21,412	$ 408,589
2025	139,064	19,851	158,915
2026	(272,909)	16,819	(256,090)
2027	(362,863)	12,885	(349,978)
2028	(160,173)	8,951	(151,222)
Thereafter	-	2,624	2,624
Total	$ (269,704)	$ 82,542	$ (187,162)

10. Other Post-Employment Benefits

The State of Connecticut provides post-retirement health care and life insurance benefits to eligible COSC employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also 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 in a formula based on the number of years of State service that the retiree had at the time of retirement. The State finances the cost of post-retirement health care and life insurance benefits

There is a single State sponsored defined benefit OPEB plan open to CSCU employees, the State Employee OPEB Plan ("SEOPEBP"). The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the State Employee OPEB Plan. The membership of the commission is composed of the State

Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions.

Plan Description
SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of CSCU who are receiving benefits from any State-sponsored retirement system. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Funding Policy
The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100% by the State on a pay-as-you-go basis through an annual appropriation in the General fund outside of COSC. COSC contributes and helps fund the annual appropriation based upon a designated fringe rate established by the State.

Investments
The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the State's Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. The best estimates of rates of return for each major asset class as of the 2022 measurement date 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 International Stock Fund	11%	6.4%
Emerging Markets International Stock Fund	9%	8.6%
Core Fixed Income	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%	

Net OPEB Liability
COSC's net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2023 was measured and valued as of June 30, 2022 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. COSC's proportion of the net OPEB liability was based on a projection of COSC's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2022 COSC's proportion was 0.15%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately. The net OPEB liability for COSC as of June 30, 2023 for SEOPEBP was $23,793,932.

Actuarial Assumptions:
The OPEB liability was determined using the following actuarial assumptions, applied to all periods:

Inflation	2.5%
Payroll growth rate	3%
Salary increases	3% to 11.5% varying by years of service/plan
Discount rate	3.90%
Healthcare cost trend rates:	
Medical	6% graded to 4.5% over 6 years
Prescription drug	3%
Dental and Part B	4.5%
Administrative expense	3%

Mortality Rates	
Pre-Retirement:	Pub-2010 General, Above-Median, Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Healthy Annuitant:	Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Disabled Annuitant:	Pub-2010 General, Disabled Retiree Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Contingent Annuitant:	Pub-2010 General, Above-Median, Contingent Annuitant Headcount-weighted Mortality Table projected generationally using Scale MP-2020

The projection of cash flows used to determine the discount was performed in accordance with GASB pronouncements.

The following presents the current period net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate utilized:

Discount rate sensitivity:

1% Decrease (2.90%)	Current Discount (3.90%)	1% Increase (4.90%)
$27,819,629	$23,793,932	$20,537,735

Healthcare cost trend rate sensitivity:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$20,085,638	$23,793,932	$28,501,304

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, COSC recognized OPEB expense of $(1,158,472). A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to COSC that will be recognized in pension expense during the next five years is as follows:

Fiscal Years Ending June 30,		OPEB
2024	$	(1,241,561)
2025		(2,033,688)
2026		(2,649,959)
2027		(1,499,441)
2028		(221,976)
Thereafter		-
Total	$	(7,646,625)

11. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Salary	Fringe	Supplies & Services	Scholarship Aid, Net	Depreciation	Total
Depreciation	$ -	$ -	$ -	$ -	$ 299,616	$ 299,616
Physical Plant	-	-	381,793	-	-	381,793
Institutional Support	3,356,910	1,206,860	1,993,372	-	-	6,557,142
Scholarship Aid, Net	-	-	-	556,772	-	556,772
Student Services	1,843,389	966,491	274,772	-	-	3,084,652
Academic Support	1,225,690	560,069	205,746	-	-	1,991,505
Instruction	3,296,460	973,481	45,364	-	-	4,315,305
Total operating expenses	$ 9,722,449	$ 3,706,901	$ 2,901,047	$ 556,772	$ 299,616	$ 17,186,785

CSCU

12. Bonds Payable

The State of Connecticut, through acts of its legislature, provides funding for certain major plant facilities of COSC. The State obtains its funds for these construction projects from general obligation bonds which it issues from time to time. The State is responsible for all repayments of the bonds in accordance with bond indentures. Debt service on bonds issued by the State to finance educational and general facilities is funded by the General fund of the State, which is in the custody of the State Treasurer. These bonds do not require repayment by COSC and, accordingly, the State's debt obligation attributable to COSC educational and general facilities is not reported as COSC debt.

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2023 (in thousands):

	SERS	TRS	OPEB	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 2,078	$ -	$ 366	$ -	$ 2,444
Changes of assumptions or other inputs	-	-	2,680	-	2,680
Net difference between projected and actual earnings on pension plan investments	873	-	222	-	1,095
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,461	83	554	-	$ 3,098
Employer contributions after measurement date	2,482	62	1,388	-	3,932
Total	**$ 7,894**	**$ 145**	**$ 5,210**	**$ -**	**$ 13,249**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ -	$ 732	$ -	$ 732
Changes of assumptions or other inputs	27	-	10,251	-	10,278
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,655	-	484	-	6,139
Total	**$ 5,682**	**$ -**	**$ 11,467**	**$ -**	**$ 17,149**

14. Subscription-Based Information Technology Arrangements

The College entered into various SBITAs that convey the College control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that changes from time to time, use of the IT asset, or changes in index rates. The College recognized a total of $74,045 as expenses from these variable payments for the year ended June 30, 2023.

Long-term liability activity for the year ended June 30, 2023, is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within one year
$ -	$296,970	$(189,379)	$107,591	$52,790

The principal and interest expense for the next five years and beyond are projected below for the subscription obligations:

Fiscal Year	**Principal**	**Interest**	**Total**
2024	$52,790	$5,540	$58,330
2025	11,562	2,713	14,275
2026	12,914	2,141	15,055
2027	14,375	1,501	15,876
2028	15,950	792	16,742
Thereafter	-	-	-
Total Requirements	107,591		
Less Current	$(52,790)		
Non-Current	$54,801		

REQUIRED SUPPLEMENTARY INFORMATION

CSCU

Schedule of Net Pension Liability and Related Ratios
State Employee Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COSC's proportion of the net pension liability	0.09%	0.12%	0.11%	0.11%	0.10%	0.10%	0.07%	0.06%	0.06%	0.05%
COSC's proportionate share of the net pension liability	$ 19,497	$ 25,776	$ 25,358	$ 24,013	$ 21,201	$ 20,753	$ 15,610	$ 10,043	$ 9,130	$ 7,870
COSC's covered payroll	$ 3,349	$ 4,664	$ 3,926	$ 3,880	$ 3,351	$ 3,793	$ 2,529	$ 2,199	$ 1,988	$ 1,592
COSC's proportionate share of the net pension liability as a percentage of its covered payroll	582%	553%	646%	619%	633%	563%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	44.55%	44.55%	35.84%	36.79%	36.25%	36.25%	31.69%	39.23%	39.54%	Unavailable1

[1] Until a full 10-year trend is compiled, COSC is presenting only information for years for which information is available.

State Employee Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,519	$ 2,166	$ 1,728	$ 1,661	$ 1,441	$ 1,519	$ 1,021	$ 834	$ 727	$ 503
Contributions in relation to the contractually required contribution	(2,519)	(2,166)	(1,728)	(1,661)	(1,441)	(1,519)	(1,021)	(834)	(723)	(502)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 1
COSC's covered payroll	$ 3,349	$ 4,664	$ 3,926	$ 3,880	$ 3,351	$ 3,793	$ 2,529	$ 2,199	$ 1,988	$ 1,592
Contributions as a percentage of covered payroll	75.24%	46.45%	44.01%	42.81%	42.10%	40.05%	40.36%	37.91%	36.38%	31.54%

[1] Until a full 10-year trend is compiled, COSC is presenting only information for years for which information is available.

1. **Changes in Benefit Terms for State Employee Retirement System Plan**

   For the June 30, 2022 valuation, there were no changes of benefit terms or assumptions.

Schedule of Net Other Post Employment Benefits Liability and Related Ratios

Last 10 Fiscal Years [1]

	2023	2022	2021	2020	2019	2018	2017
COSC's proportion of the net OPEB liability	0.15%	0.15%	0.15%	0.16%	0.15%	0.12%	0.13%
COSC's proportionate share of the net OPEB liability	$ 23,793,932	$ 29,824,661	$ 36,142,123	$ 32,666,738	$ 25,570,473	$ 25,846,053	$ 27,927,904
COSC's covered-employee payroll	$ 5,770,603	$ 5,573,514	$ 5,750,894	$ 5,716,228	$ 5,739,353	$ 6,053,317	$ 6,171,250
COSC's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	412%	535%	628%	571%	446%	427%	453%
Plan Fiduciary net position as a percentage of the total OPEB liability	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

[1] Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.

Schedule of Contributions
Other Post Employment Benefits

Last 10 Fiscal Years [1]

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,301,799	$ 1,325,821	$ 1,331,438	$ 1,189,231	$ 1,187,694	$ 1,000,421	$ 985,748
Contributions in relation to the contractually required contribution	(1,301,799)	(1,325,821)	(1,331,438)	(1,189,231)	(1,187,694)	(1,000,421)	(985,748)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,770,603	$ 5,573,514	$ 5,750,894	$ 5,716,228	$ 5,739,353	$ 6,053,317	$ 6,171,250
Contributions as a percentage of covered employee payroll	23%	24%	23%	21%	21%	16.53%	15.97%

[1] Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.

CSCU

1. Changes in Assumptions for State Employee OPEB Plan

For the June 30, 2022 valuation, there were no changes of benefit terms, and the following assumptions were updated:

- The discount rate was updated in accordance with GASB Statement No. 75 to 4.90% as of June 30, 2022.

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures - Cash Basis and Independent Auditor's Report

June 30, 2023

Connecticut State Colleges and Universities System

Index

	Page
Independent Auditor's Report	2
Financial Statements	
Schedule of CSCU 2020 Construction Expenditures - Cash Basis	4
Notes to the Schedule of CSCU 2020 Construction Expenditures - Cash Basis	5

Independent Auditor's Report

To the Board of Regents and Audit Committee
Connecticut State Colleges and Universities System
Hartford, Connecticut

Opinion

We have audited the expenditures paid during the year ended June 30, 2023 as reported in the Schedule of CSCU 2020 Construction Expenditures - Cash Basis (the "Schedule") of the Connecticut State Colleges and Universities System (the "CSCU System") and the related notes to the Schedule.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the construction expenditures related to CSCU 2020 construction projects of the CSCU System specifically identified by management that were paid during the year ended June 30, 2023 in conformity with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the construction expenditures section of our report. We are required to be independent of the Connecticut State Colleges and Universities System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We have not audited the expenditures paid during the period from July 1, 2008 through June 30, 2018, and, accordingly, we express no opinion or other assurance with respect to these amounts. Annual expenditures for prior years through June 30, 2018 were previously audited by other auditors dated October 16, 2018 with an unmodified opinion. Our opinion on cash paid for construction expenditures for the year ended June 30, 2023 is not modified with respect to this item.

We draw attention to Note 1 of the schedule, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this Schedule in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 schedule.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the schedule, 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 schedule.

- 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 Connecticut State Colleges and Universities System'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 Schedule.

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.

Restriction on Use

Our report is intended solely for the information and use of the Board of Regents, the Audit Committee, and management of the Connecticut State Colleges and Universities System, and is not intended to be and should not be used by anyone other than these specified parties.

Hartford, Connecticut
Report Date

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures - Cash Basis
June 30, 2023

	Approved budget as of June 30, 2023	Expenditures paid in the year ended June 30, 2023	Recommended adjustments	Adjusted expenditures paid in the year ended June 30, 2023	Expenditures paid during the period from July 1, 2018 through June 30, 2022	Expenditures paid during the period from July 1, 2008 through June 30, 2018	Total adjusted expenditures through June 30, 2023
Eastern Connecticut State University							
Fine Arts Instructional Center (design and construction)	$ 85,461,643	$ 415	$ -	$ 415	$ 812,316	$ 80,842,310	$ 81,655,041
Goddard Hall Renovations	32,951,000	40,408	-	40,408	15,463,168	13,741,187	29,244,763
Code Compliance/Infrastructure	15,433,505	1,499,769	-	1,499,769	4,531,534	15,914,698	21,946,001
Athletic Support Building	1,777,153	-	-	-	-	1,918,873	1,918,873
Outdoor Track - Phase II	1,629,152	-	-	-	-	1,637,648	1,637,648
New Warehouse	1,886,660	-	-	-	-	1,860,007	1,860,007
Western Connecticut State University							
Fine Arts Instructional Center	84,226,596	-	-	-	282,265	83,178,467	83,460,732
Higgins Hall Renovations	34,576,000	734,331	-	734,331	36,303,898	2,199,128	39,237,357
Code Compliance/Infrastructure	17,734,734	(1,337)	-	(1,337)	8,232,195	14,160,124	22,390,982
Alt Improvement	-	-	-	-	6,100	-	6,100
Newbury Hall Wellness Center Additions	-	1,335,930	-	1,335,930	-	-	1,335,930
University Police Department Building	6,445,000	-	-	-	8,589	5,917,041	5,925,630
Central Connecticut State University							
Willard & DiLoreto Hall	61,085,000	-	-	-	25,679,131	33,740,430	59,419,561
Kaiser Hall Bubble Renovations	25,385,809	283,248	-	283,248	18,427,721	4,395,711	23,106,680
Barnard Hall Additions and Renovations	22,973,045	122,834	-	122,834	21,544,128	1,364,061	23,031,023
New Engineering Building	62,700,000	3,438,638	-	3,438,638	52,904,922	3,313,863	59,657,423
Code Compliance/Infrastructure Improvements	24,364,321	1,756,263	-	1,756,263	5,554,299	25,771,596	33,082,158
New Classroom Office Building	29,042,113	-	-	-	-	29,109,582	29,109,582
New Maintenance/Salt Shed Facility	2,259,157	-	-	-	-	2,233,317	2,233,317
Burritt Library Design & Expansion/Renovation	16,500,000	604,864	-	604,864	2,460,530	-	3,065,394
Southern Connecticut State University							
New Academic Building	72,115,000	6,462	-	6,462	252,679	69,283,846	69,542,987
Health and Human Services Building	76,507,344	5,392,996	-	5,392,996	58,245,542	1,173,084	64,811,622
School of Business	52,476,933	23,267,284	-	23,267,284	20,135,583	-	43,402,867
Code Compliance/Infrastructure Improvements	25,899,406	595,242	-	595,242	3,043,124	28,765,832	32,404,198
Buley Library	17,436,817	-	-	-	-	17,436,816	17,436,816
Asnuntuck Community College							
New Manufacturing Center	25,500,000	-	-	-	2,642,814	20,809,260	23,452,074
Various Community Colleges							
Code Compliance/Infrastructure Improvement	48,557,000	802,405	-	802,405	6,754,516	19,369,023	26,925,944
Connecticut State University Systems Office							
System-wide Telecom Infrastructure Upgrades	18,415,000	22,478	-	22,478	1,933,323	16,289,396	18,245,197
Consolidation Updated	20,000,000	-	-	-	8,437	17,555,587	17,564,024
CSUS/CCC Master Plan	3,000,000	-	-	-	21,701	3,217,583	3,239,284
System-Wide New & Replacement Equipment Program	103,239,000	1,853,751	-	1,853,751	13,057,691	84,675,622	99,587,064
Land and Property	10,250,190	-	-	-	-	3,755,088	3,755,088
Professional Fees	-	-	-	-	-	226,890	226,890
CSUS Auxiliary Funded Alterations/Improvements	53,672,422	2,120,799	-	2,120,799	6,065,348	28,195,348	36,381,495
Supplemental Project Funding	16,000,000	-	-	-	-	-	-
	$ 1,069,500,000	$ 43,876,780	$ -	$ 43,876,780	$ 304,371,554	$ 632,051,418	$ 980,299,752

The accompanying notes are an integral part of this Schedule.

Notes to the Schedule of CSCU 2020 Construction Expenditures - Cash Basis
June 30, 2023

Note 1 - Presentation

Presentation

The Connecticut State Colleges and Universities System (the "CSCU System") is a comprehensive institution of higher education and is a major enterprise fund of the State of Connecticut. The Connecticut State University System Infrastructure Act authorized the issuance of up to $950,000,000 in general obligation bonds over a ten-year period beginning in the year ended June 30, 2009. Effective July 1, 2014, The Connecticut State University Infrastructure Act (CSUS 2020) was repealed and renamed as The Board of Regents for Higher Education Infrastructure Act ("CSCU 2020"). The act was amended to include the regional community-technical colleges and Charter Oak State College and authorized additional issuance of general obligation bonds in the amount of $80,000,000 during the year ended June 30, 2015 and $23,500,000 during the year ended June 30, 2016. The proceeds from the bonds fund capital improvements for all four universities (Eastern Connecticut State University, Central Connecticut State University, Western Connecticut State University and Southern Connecticut State University), regional community-technical colleges and Charter Oak State College along with improvements made to the Central Office of the System.

The Schedule has been prepared by System management to comply with Connecticut General Statutes Section 10a-91h requiring independent auditors to annually conduct an audit of any project of CSCU 2020 as defined in subdivision (4) of Section 10a-91c. The purpose of the legislation is to provide assurance that invoices, expenditures, cost allocations and other appropriate documentation reconcile to project costs and are in conformance with project budgets, cost allocations agreements and applicable contracts. The audit is required to be submitted to the Governor and the General Assembly in accordance with Section 11-4a.

The CSCU System has prepared the Schedule of CSCU 2020 Construction Expenditures (the "Schedule") on the cash basis of accounting rather than under the accrual basis method in accordance with accounting principles generally accepted in the United States of America. As such, expenditures are recognized when cash is disbursed rather than when the related obligation is incurred.

The Schedule does not include expenditures paid for or incurred by the Department of Public Safety ("DPS"). DPS directly pays for the costs associated with Building Code and Fire Code inspections of threshold buildings. Threshold buildings are defined by Connecticut State Statute §29-276b as, "(1) having four stories, (2) sixty feet in height, (3) with a clear span of one hundred fifty feet in width, (4) containing one hundred fifty thousand square feet of total gross floor area, or (5) with an occupancy of one thousand persons". The CSCU System provides funding through its operating funds for the necessary costs of the DPS for the inspection of nonthreshold buildings that are part of CSCU 2020. Because these expenditures paid by DPS are not paid with CSCU 2020 bond funds, the expenditures are not included in the Schedule.

Note 2 - Summary of significant accounting policies

Use of estimates

Management uses estimates and assumptions in preparing the Schedule in accordance with the cash basis of accounting. Those estimates and assumptions affect the reported amounts of project costs and disclosure of contingent project costs. Actual results could vary from the estimates used.

Connecticut State Colleges and Universities System

Notes to the Schedule of CSCU 2020 Construction Expenditures - Cash Basis
June 30, 2023

Approved budget
The approved budget amounts are the revised budgeted amounts for the entire contract approved by the Department of Construction Services ("DCS") on CSCU 2020 projects. The breakdown by category is provided by CSCU System management and approved by the DCS.

Expenditures paid in the year ended June 30, 2023
Expenditures paid in the year ended June 30, 2023 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2023.

Recommended adjustments
Recommended adjustments represent the net value of costs reviewed that either lacked sufficient supporting documentation or represented errors.

Adjusted expenditures paid in the year ended June 30, 2023
Adjusted expenditures paid in the year ended June 30, 2023 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2023 plus (or minus) the recommended adjustments.

Expenditures paid during the period from July 1, 2018 through June 30, 2022
Expenditures paid during the period from July 1, 2018 through June 30, 2022 represent expenditures that were paid on CSCU 2020 projects during the period from July 1, 2018 through June 30, 2022.

Expenditures paid during the period from July 1, 2008 through June 30, 2018
Expenditures paid during the period from July 1, 2008 through June 30, 2018 represent expenditures that were paid on CSCU 2020 projects from inception of the projects through June 30, 2018.

Total adjusted expenditures through June 30, 2023
Total adjusted expenditures through June 30, 2023 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2023.

Subsequent events
In preparing the Schedule, management has evaluated subsequent events through Report Date, which represents the date the Schedule was available to be issued.

Note 3 - Construction expenditures

Construction expenditures include all general contractor and subcontractor costs, and certain indirect costs related to project performance that can be attributed to specific projects. Indirect costs not specifically allocable to contracts and general and administrative costs are not included in construction expenditures.