CSCU **Board of Regents**

AGENDA
Audit Committee
Thursday, January 20, 2022 @ 10:00 a.m.
Conducted Via Remote Participation

Meeting will stream live at: http://youtu.be/otDE8n1A_Vo

1. Call to Order and Declaration of Quorum

2. Approval of Previous Audit Meeting Minutes – July 13, 2021..... 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 - B. Barnes/M. Cruanes/M. Moriarty
     - Report by Grant Thornton - C. Esten, Partner
       a. Required Communications..... Page 39
       b. Draft Connecticut State Universities - June 30, 2021 Financial Statements..... Page 73
       c. Draft Connecticut Community Colleges - June 30, 2021 Financial Statements.. Page 136
       d. Draft Charter Oak State College - June 30, 2021 Financial Statements ..... Page 201
     - CSCU 2020 Draft Audit Report - CohnReznick (C. Kurth, Partner) ..... Page 243

   - Audit Policy and Procedures for CT State Community College ..... Page 256

4. Adjournment

Audit Committee members
Elease Wright, Chair
Aviva Budd
Rick Porth

CSCU Board of Regents

Audit Committee
Tuesday, July 13, 2021 @ 10:00 a.m.
Conducted Via Remote Participation
https://www.youtube.com/watch?v=RjH-amp7ho4

Meeting Minutes

AUDIT COMMITTEE MEMBERS	PARTICIPATING REMOTELY
Elease Wright, Chair	Yes
Aviva Budd	Yes
JoAnn Ryan	Yes

CSCU STAFF PRESENT:
Ben Barnes, Chief Financial Officer
Melinda Cruanes, Controller
Pam Heleen, Recorder/Assoc. Director of Board Affairs

GUESTS:
Carolyn Kurth, CohnReznick
Claire Esten, Matt McCormick, Chris Bradford, Audit Interns - Grant Thornton

1. CALL TO ORDER

With a quorum present, Chair Wright called the meeting to order at 10:01 a.m.

2. APPROVAL OF DECEMBER 16, 2020 AUDIT MEETING MINUTES

With a motion from Regent Ryan and a second from Regent Budd, the motion was approved by unanimous voice vote.

3. DISCUSSION ITEMS

A. <u>Management Update - Melinda Cruanes</u>

- Year-end processing is going very well for colleges, universities, and Charter Oak.
- A new Director of Accounting for the Colleges has been hired and has been assisting with the year-end and post-closing process.
- The accounting team has been very busy with the complexities of all the COVID-related funding sources and are confident in the timeliness of financials this year.
- The accounting team has been in contact with Foundation management teams for those audits that were delayed last year; they are confident that audited statements will be timely.
- The Magnet School at Manchester, Great Path Academy, will no longer be required to be presented as a component unit in the College's financial statements.

- Overview of some of the GASB 84 and 87 changes that will be coming to the financial statements:
  - GASB 84 will be implemented this year and GASB 87 will be implemented for Fiscal 22
  - GASB 84 - Fiduciary Activities will require the presentation of the activity of custodial accounts, (i.e., student activity funds) on the face of the statements and in a statement of fiduciary net position and changes in fiduciary net position.
  - GASB 87 will require that all leases be recorded on the balance sheet as there is no longer a distinction between operating and capital leases. This will take some time to implement; data and information is being compiled to ensure compliance with this standard next year.

B. <u>APA Audit Update – Ben Barnes</u>

- CFO Barnes provided an update on the audit reports for the colleges and universities conducted by the Auditors of Public Accounts (APA) office:
  - Many Community College findings in the draft report were COVID-related. Staff was unavailable on-site to assist with information gathering. They are working to provide the necessary data to remove the findings.
  - Compensation of college employees for work done on behalf of their Foundation has been identified by the Auditors as an item for review. Staff has identified an Attorney General opinion that permits these arrangements where the foundations are conducting fundraising or other key services under an agreement with the institution; staff is reviewing relationships with each foundation.
  - Findings in HR/Payroll management on campuses (i.e., advertising for positions) are being addressed through the implementation of Shared Services. Procedures will now be consistent across the system.
  - Dual employment issues and a failure to have a written agreement were cited. HR Shared Services is working to establish formality and clarification of issues.

  Generally, organizational changes for the CT State Community College provide opportunities for consistent information, procedures, and transactions.

C. <u>2020 Bond Audit – Carolyn Kurth/CohnReznick</u>

- There was no formal report.
- Field work has just begun, is totally remote, and is progressing according the agreed upon timeline.

D. <u>Audit Planning Presentation – Grant Thornton</u>

- Claire Esten, Matt McCormick, and Chris Bradford of Grant Thornton provided an Audit Planning update. Their presentation (attached) focused on:
  - timeline and scope (pg. 2)
  - significant risks and other areas of focus (pg. 3 – 4)
  - technology support and cybersecurity (pg. 5)
  - coordination with Foundations (pg. 6)
  - GASB 87 – Leases (pg. 11 - 12)
  - trends in higher education (pg. 14)

4. ADJOURNMENT

On a motion by Regent Budd, seconded by Regent Ryan, the meeting adjourned at 10:53 a.m.

Grant Thornton

PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

2021 Annual Audit Planning Presentation

Connecticut State Colleges and Universities

July 2021

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

Your GT Team

Claire Esten
Audit Partner

Matt McCormack
Audit Manager

Chris Bradford
Audit Senior Associate

Audit timeline & scope

April 2021	Client continuance	• Client continuance • Conduct internal client service planning meeting, including coordination with audit support teams (IT, tax, actuarial)
May/June/July 2021	Planning	• Meet with management to confirm expectations and discuss business risks • Issue engagement letter • Discuss scope of work and timetable as well as identify current year audit issues • Initial Audit Committee communications
May/June 2021	Preliminary risk assessment procedures	• Develop an audit plan that addresses risk areas • Update understanding of internal control environment • Coordinate planning with management and develop work calendar
June / July 2021	Interim fieldwork	• Perform walkthroughs of business processes and controls • Perform selective substantive testing on interim balances
September 2021-December 2021	Final fieldwork	• Perform year-end fieldwork procedures • Meet with management to discuss results, including review of draft financial statements, misstatements (if any) and completeness/accuracy of disclosures • Present results to the Audit Committee
Report issuance date	Deliverables	• Financial Statements • Listing of unrecorded misstatements and omitted disclosures (if any)

Significant risks and other areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Area of focus	Procedures
Tuition revenue, auxiliary revenue, and related receivables/deferred revenue (Significant Risk)	• Obtain an understanding of internal controls over student tuition and fees, including the awarding of federal and institutional aid. • Perform reasonableness test on tuition and fees revenue amounts. • Perform detailed testing of a sample of transactions, agreeing to source documentation. • Perform deferred revenue testing to determine proper cut-off.
Grant revenue and accounts receivable	• Test a selection of grant receivable and grant deferred revenue balances. • Perform detailed transaction testing over grant revenue (with a focus on HEERF revenues in FY21)
Adoption of GASB 84- Fiduciary Activities	• Discuss potential activities that may meet the criteria of a “fiduciary activity” • Review accounts/activities to determine if exemptions apply • For any activities that meet the criteria, test management’s accounting and disclosures related to fiduciary activities to ensure compliance with new requirements

Significant risks and other areas of focus, continued

Area of focus	Procedures
Net Pension and OPEB Liabilities (and related deferred inflows/outflows and pension/OPEB expense)	• Review management's methodology and journal entries to record pension/OPEB liability and related accounting. • Review the reports issued by the Auditors of Public Accounts • Perform testing over the census data used by the actuary
State Appropriations	• Reconcile amounts to the GL, including confirmation of certain amounts with the State.
Capital Assets	• Test a rollforward of capital asset balances. • Test additions on a sample basis (if material)
Cash and cash equivalents	• Confirm all material cash balances, and reconcile confirmed balances to the GL
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 the University 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.

Technology support as part of the audit process

An important component of our audit approach is to understand how IT is used and deployed in supporting business operations and producing financial reports. Our technology specialists place particular emphasis on the risks relating to the use of technology and its associated controls, processes and practices.

Our general controls review evaluates the design of controls that mitigate risk in areas such as organization and operations, protection of physical assets, application systems development and maintenance, access controls and computer operations.

Use of the work of other auditors

Component	Response
Foundations	Each of the Foundation 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 Liability	Management engages the State Auditor of Connecticut to perform the audit of the valuation prepared by independent actuaries as part of recording the Net Pension Liability and related deferred inflows/outflows and pension expense. Grant Thornton assesses the qualifications of the APA and takes responsibility for their work.

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Appendix

1) GASB technical updates
2) Higher education industry trends
3) Grant Thornton thought leadership
4) Ethicspoint

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Technical updates - GASB

Selected pronouncements effective for the year ending June 30, 2021 or subsequent periods - GASB

Title	Effective date	Effective for CSCU
GASB 84 – Fiduciary Activities	Periods beginning after December 15, 2019**	FY21
GASB 87– Leases	Periods beginning after June 15, 2021**	FY22
GASB 89 – Accounting for Interest Cost Incurred before the end of a Construction Period	Periods beginning after December 15, 2020**	FY22
GASB 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61	Periods beginning after December 15, 2019**	FY21
GASB 91 – Conduit Debt Obligations	Periods beginning after December 15, 2021**	FY23
GASB 92 – Omnibus 2020	Periods beginning after June 15, 2021*	FY22

* Effective dates vary by topic.

** Reflective of effective date deferrals under GASB 95.

GASB Statement 84, *Fiduciary Activities*

Summary	Potential impact

• Guidance addresses the following:
  • The categorization of fiduciary activities for financial reporting
  • How fiduciary activities are to be reported
  • When liabilities to beneficiaries must be disclosed
• Types of fiduciary funds that must be reported include the following:
  • Pension (and other employee benefit) trust funds
  • Investment trust funds
  • Private-purpose trust funds
  • Custodial funds
• A government controls the assets of an activity if it holds the assets or "has the ability to direct the use, exchange or employment of the assets in a manner that provides benefits to the specified or intended recipients"
• Fiduciary activities must be disclosed in the basic financial statements of the government entity and a statement of fiduciary net position and changes in fiduciary net position should be presented (unless the period of custody is less than three months).
• Effective for periods beginning after December 15, 2019.
	Universities often will agree to act as a fiduciary for certain third-party organizations that might be somehow affiliated to the university (such as student clubs, alumni clubs, or other such organizations). Under this new requirement, the University must report the fiduciary activity on its financial statements, where it may not have done so in the past. Management should identify which fiduciary activities it is engaged in to inventory the relationships which may need to be reported. Management may want to consider changing the terms of the relationships such that they are not subject to reporting on the financial statements of the University when the requirement becomes effective.

GASB Statement 87, *Leases*

Summary

- The GASB issued guidance which resembles the FASB guidance on leases
- To determine whether a lease exists, a government should assess whether it has both:
  1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
  2) The right to determine the nature and manner of use of the underlying asset as specified in the contract
- For Lessees:
  - In general, all leases will be reported on the statement of net position (the distinction between operating and capital leases is no longer relevant) as a "right of use" intangible asset and a corresponding lease liability within long term debt
  - On the statement of changes, rent expense will be replaced by amortization expense of the right-of-use asset as well as interest expense on the lease liability (thus accelerating expenses in the beginning years of the lease term)
  - There is an exemption for short term leases (those with a term of 12 months or less, including extension options) as well as leases that transfer ownership at the end of the term
  - Disclosures regarding matters such as total leased assets by major class of underlying assets and related accumulated amortization (in total), principal and interest payments for each of the five subsequent fiscal years and in five year increments thereafter and commitments under leases before a lease commencement period, among other items

GASB Statement 87, *Leases (continued)*

Summary, continued	Potential Impact

• For Lessors:
  • Record a lease receivable and a deferred inflow of resources equal to the present value of future lease payments (which should generally equal the amount recorded as a liability by the lessee), and also continue to report the leased asset
  • The receivable will be reduce as cash is received, the asset will be depreciated (generally) and the deferred inflow will be recognized over the lease term
  • Disclosures include matters such as general description of leasing arrangements, total amount of inflows of resources, and those related to variable payments, residual guarantees, etc., and the existence, terms and conditions of options by the lessee to terminate the lease or abate payments in certain circumstances, among other disclosures
• Effective for periods beginning after June 15, 2021, with early adoption encouraged. Existing leases will be adjusted based on the remaining lease payments as of the beginning of the period of adoption or beginning of any earlier periods restated (for example, for June 30 year ends, adoption is June 15, 2022 so the beginning period is July 1, 2021).
	• For those universities which use operating leases to finance certain capital activities, this standard could have a significant impact on the financial statements of the University upon adoption. Management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing leases that will be subject to the new accounting and disclosures.

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Higher Education industry updates

Moody's revised 2021* outlook for the Higher Education sector went from "negative" to "stable"

"Improved revenue prospects over the coming 12-18 months"

- Potential return to campus in Fall 2021, bolstering not only tuition and fee revenue, but auxiliary revenue as well
- Federal funding boost
- Steadier outlook for state funding
- Strong investment returns

Possible return to negative outlook if:

- Public health crisis continues
- A deterioration in macroeconomic conditions that threaten state funding and higher education affordability
- Material decline in financial markets

Not all universities will benefit equally; sector continues to face long-term demographic changes and shifts in consumer preferences

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* Outlook as of March 2021

Global credit themes affecting Higher Education

Moody's

Uneven recovery

- State support will vary across the country as states grapple with their own budget issues
- Larger universities with a national draw will fare better than smaller, more regional colleges
- Consumer confidence and the pace of economic recovery will affect where a student attends college

Policy challenges

- Federal higher education policy will be increasingly important over the next several years
- Affordability and accountability will remain in the spotlight at both the state and national levels
- Federal funding priority shifts may limit federally sponsored research growth

Rising debt burdens

- Universities will continue to use a variety of balance sheet tools to mitigate mounting deficits
- The largest universities have moved-up borrowing to take advantage of low interest rates
- Rise in taxable borrowing will likely continue, giving universities greater financial flexibility

Global credit themes affecting Higher Education

Moody's

Digital transformation

- Pandemic has accelerated use of technology in education; students will demand more digital engagement
- Confidence in a university's digital infrastructure will factor into student choices
- Universities will have to embrace shift toward online teaching to remain competitive

Environmental impact

- Sustainability will continue to play a key role in campus infrastructure and investment
- Wildfires, hurricanes and flooding continue to cause financial and operational disruption for some

Social trends

- Debate over value offered by higher education will continue
- Universities will focus on offering programs with strong employment outcomes at affordable prices
- Pricing scrutiny means universities may not be able to offset lower state support with tuition increases

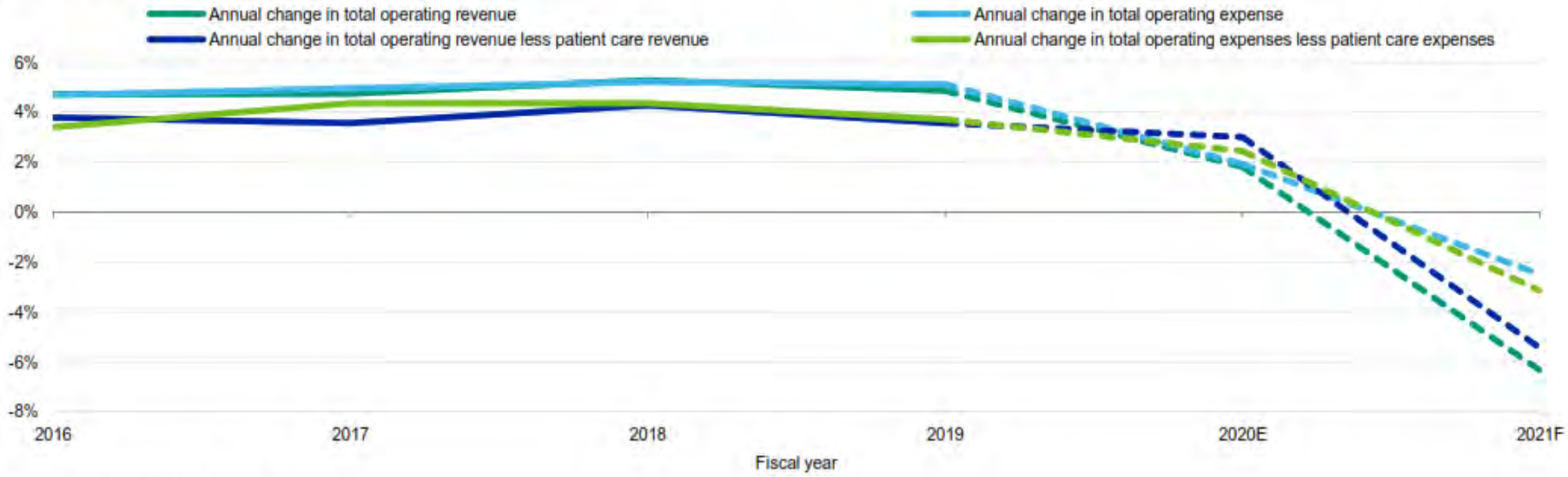
Operating revenue declines

MOODY'S

Exhibit 1

Revenue will decline in fiscal 2021 with potential for a recovery in the second half of the year

Revenue and expense change with and without patient care



E reflects estimate and F reflects forecast

Source: Moody's Investors Service

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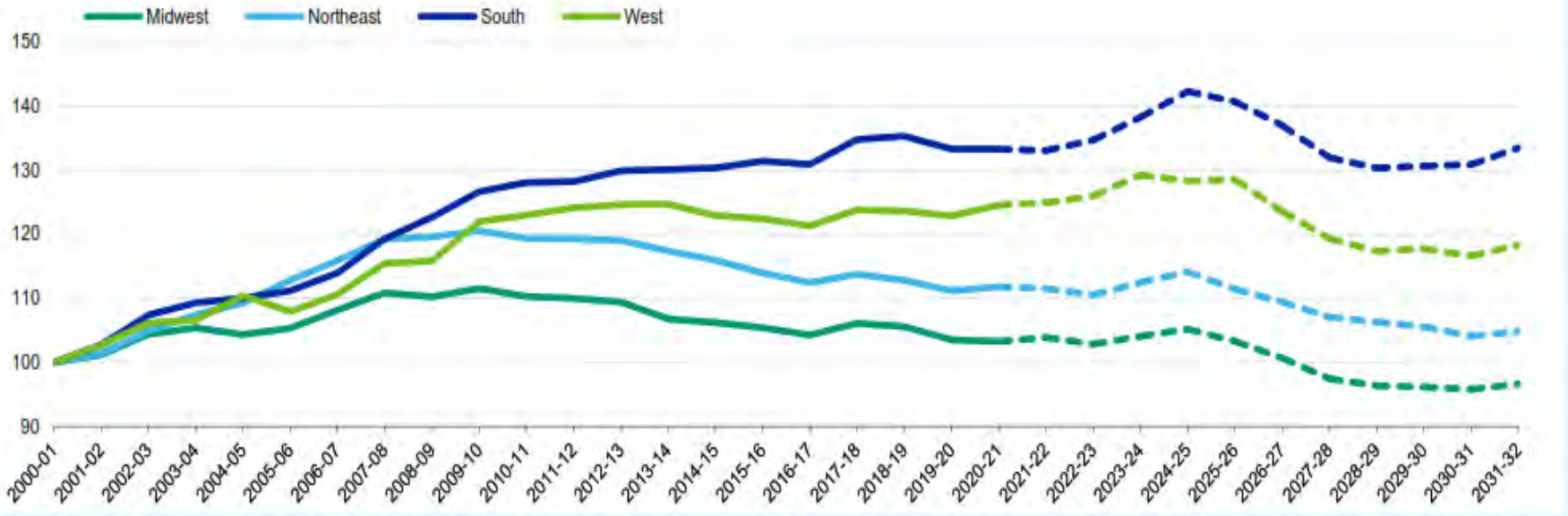
Enrollment projections remain stagnant

Moody's

Exhibit 6

Enrollment for traditional-age students will be stagnant over the next decade, particularly in the Midwest and Northeast

% change in enrollment growth indexed to academic year 2000-01



Source: Western Interstate Commission for Higher Education

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S&P's 2021* outlook for the Higher Education sector also remains "negative"

S&P Global Ratings

"Many schools were having difficulty meeting enrollment and revenue targets pre-COVID; the pandemic has exacerbated those pressures, and has forced a fundamental shift in business models for all."

Uneven economic recovery

Varied state responses to the virus and disparate economic conditions.

COVID containment

Successful vaccination is critical for in-person resumption; competition for students is increasing.

State revenue pressure

Material state funding cuts or deferrals could challenge operations further.

Federal stimulus

Timing and magnitude of additional federal support is critical.

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* Outlook as of January 2021

S&P Outlook Factors, continued

S&P Global Ratings

"Limited flexibility in financial operations, enrollment, resources or student draw will most likely weaken credit profiles in 2021 and beyond"

Operating margins and liquidity

Revenue loss and expenses related to COVID-19 will likely yield weaker margins and make cash flow a greater priority.

Event risk

Increasing cybersecurity breaches, social unrest, scandals, can cause disruptions.

Financial flexibility

Strong balance sheets and access to liquidity continue to support many credits.

Growing credit quality bifurcation

Challenges facing the industry are not impacting all schools equally.

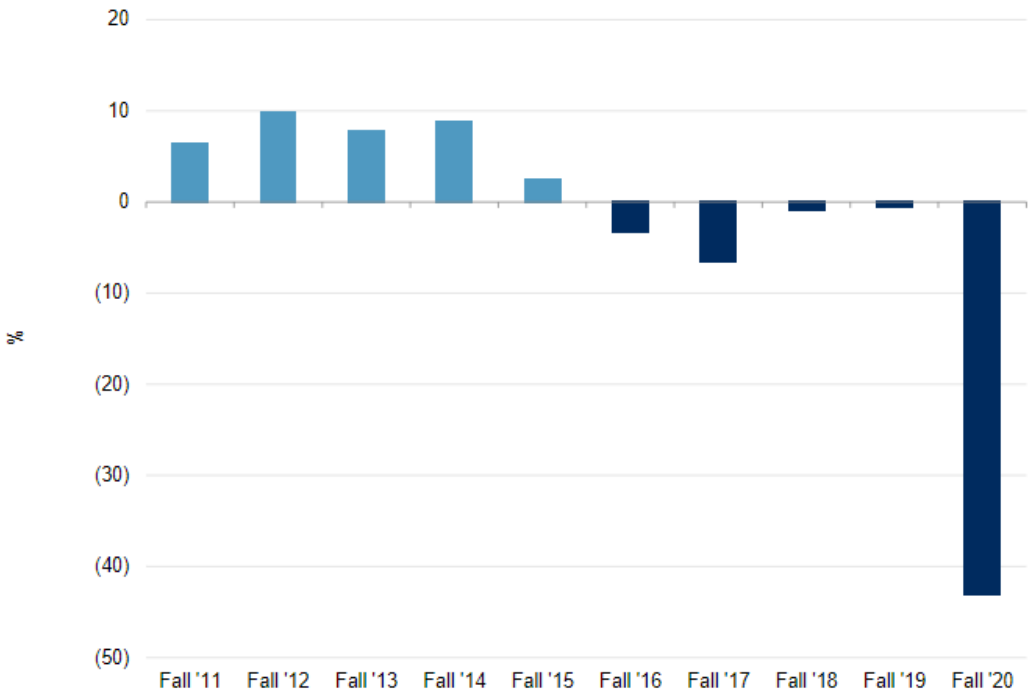
Major decrease in international enrollment

- Multi-year trend in declines of net international students enrolled in the U.S.
- Massive 43% decline in new international students for Fall '20
- One positive would be to see changes to federal visa regulations that increase international enrollment
- International increases could then potentially help offset domestic decreases

S&P Global Ratings

Chart 6

Percent Change In New International Students Enrolled In The U.S.



Source: 2020 Open Doors Report on International Educational Exchange

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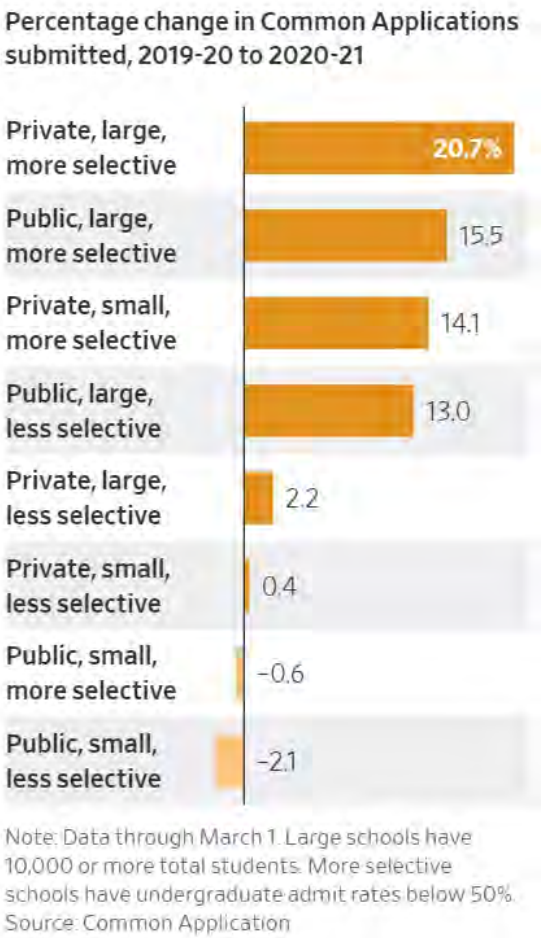
Fall 2021-> Major increase in U.S. student applications submitted

- Common Applications reports an increase of 11% nationwide
- The shift by many schools to not requiring standardized test scores is a major factor driving the increase
- Increases are concentrated in the Ivies and other elite privates (for example, as of March 1, 2021, Harvard reports an increase of 42%, SUNY reports a decrease of 17%)

Source: WSJ

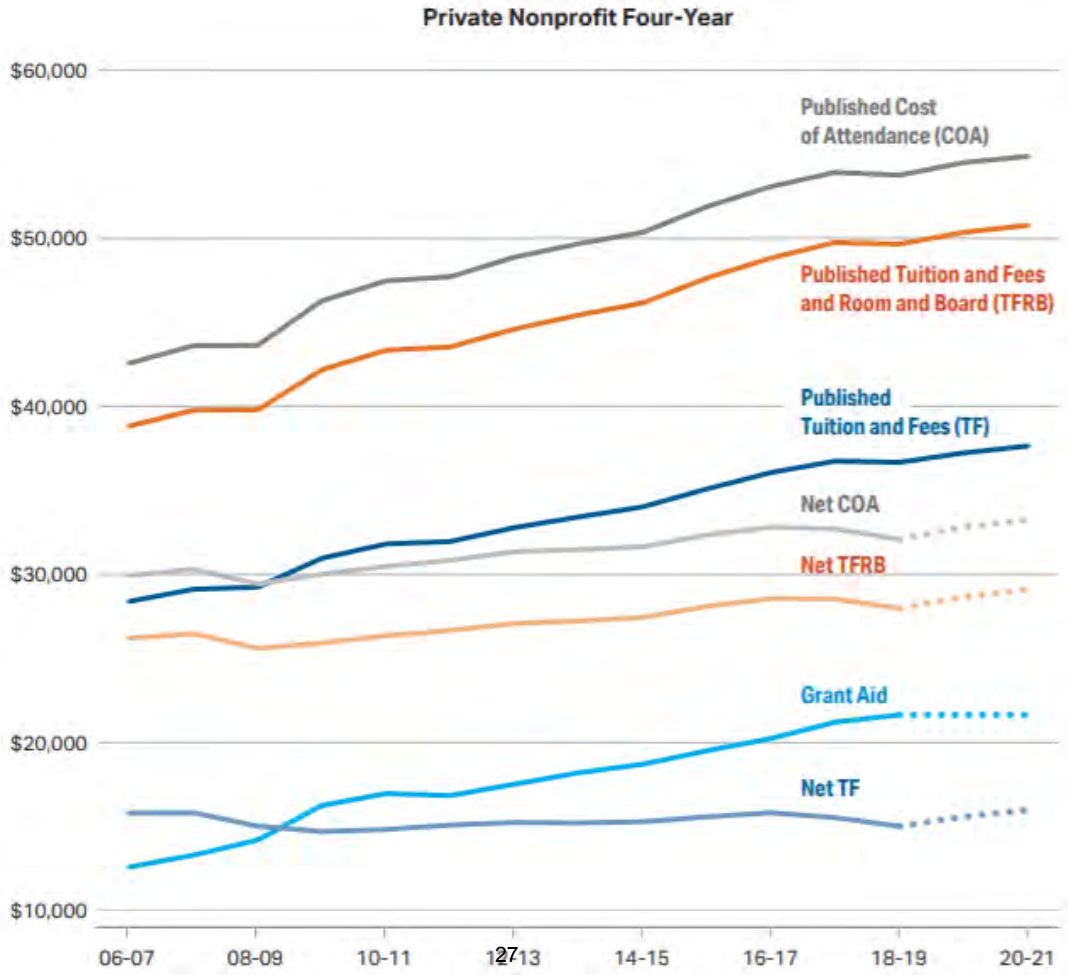


Washington Update

- Unprecedented federal relief for Higher Education due to COVID19
  - April 2020-> HEERF $14B
  - December 2020-> CRRSAA (“HEERF round 2”) $23B
  - March 2021-> ARA nearly $40B
    - At least half will be spent on emergency grants to students
    - Allocation formula similar to formula used for CRRSAA
    - Stated allowable uses are similar to CRRSAA, with two new requirements- institutions must use a portion of their allocation to:
      1) implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and
      2) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances.
- Higher Education topics expected to be addressed during the Biden Administration
  - Higher Education Act Reauthorization
  - Title IX
  - DACA
  - Comprehensive immigration reform

Trends in pricing

Average Published and Net Prices in 2020 Dollars, Full-Time Undergraduate Students at **Private Nonprofit** Four-Year Institutions, 2006-07 to 2020-21



Source: The College Board, Trends in College Pricing 2020

CollegeBoard

While published prices show large increases, net tuition and fees continue to show small increases.

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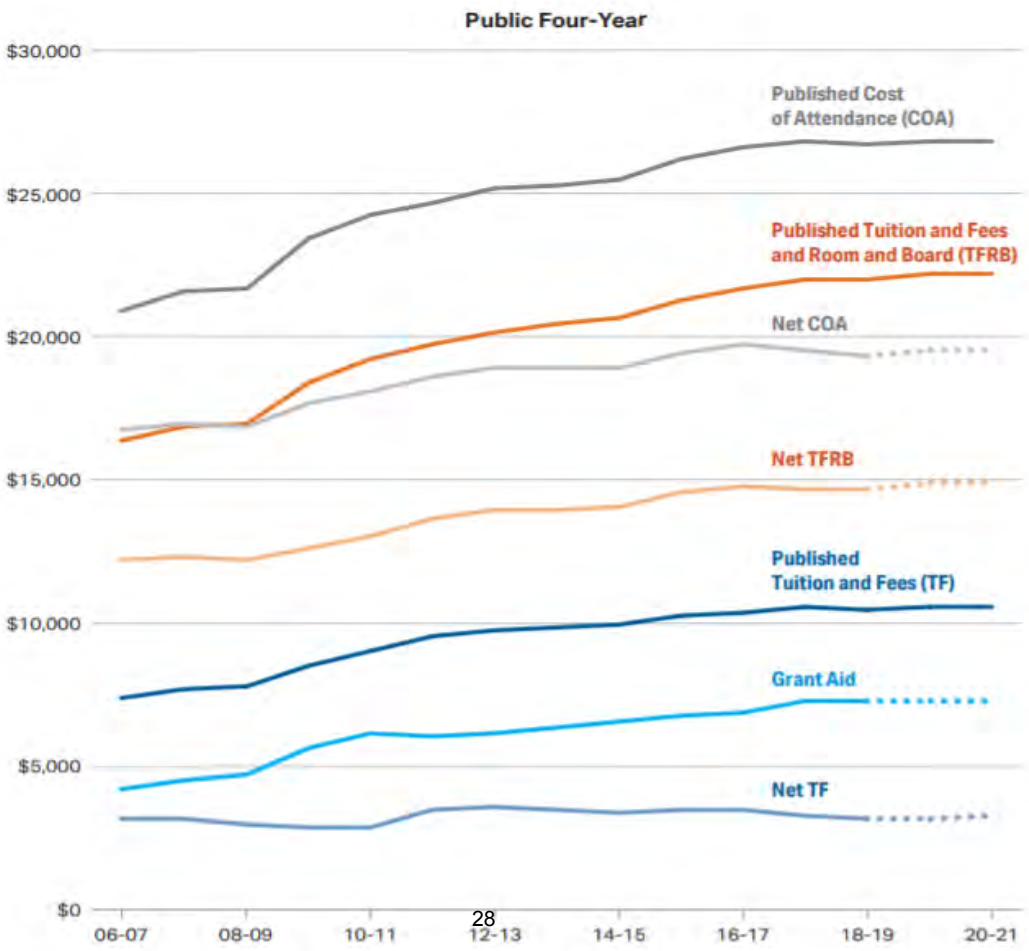
Trends in pricing

Average Published and Net Prices in 2020 Dollars, Full-Time Undergraduate Students at **Public** Four-Year Institutions, 2006-07 to 2020-21



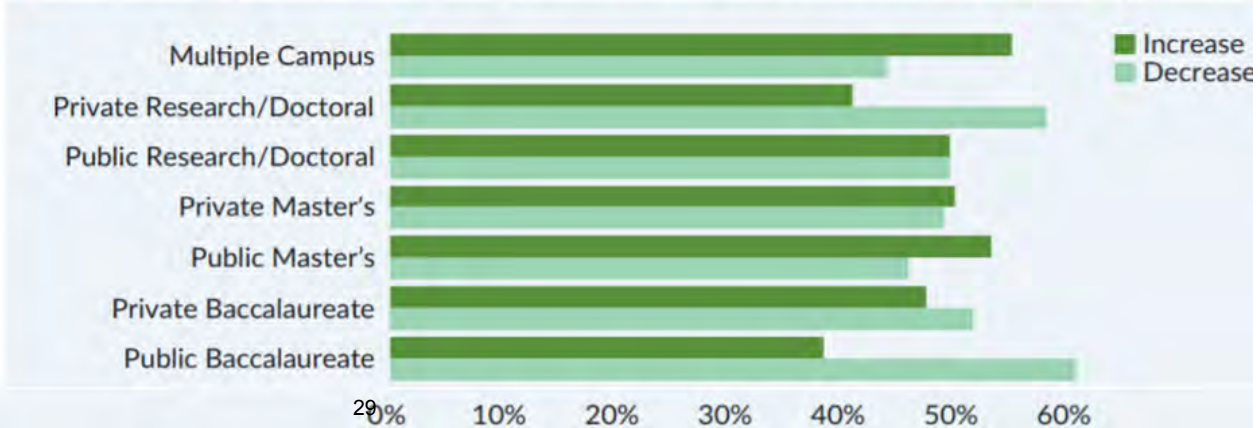
Source: The College Board, Trends in College Pricing 2020

While published prices show large increases, net tuition and fees show small increases.

Donor giving to higher education experienced a slight increase from 2019

- Fiscal 2020 giving increased 3.6% from 2019 (excluding a $1.8 billion gift to Johns Hopkins University in fiscal 2019)
- Fiscal 2020 saw MacKenzie Scott donate over $860 million to nonprofits, with individual donations of up to $50 million to 35+ colleges and universities, including many historically black colleges and universities including:
  - Borough of Manhattan Community College and Lehman College (City University of New York)
  - Texas A&M International University
  - Clark Atlanta University
  - Howard University
  - Prairie View A&M University
  - North Carolina A&T State
  - Morgan State University
  - Norfolk State University
  - Santa Fe College

Figure 9: Percentage of Institutions Reporting Increased and Decreased Charitable Gift Receipts by Type, 2020



SOURCE: Case.org Voluntary Support of Education Key Findings, 2019-20

Endowment spending up 4% from FY2019

- Institutions spent $23.3 billion from endowments, up 4% from FY2019
- 70% of institutions increased endowment spending; an average increase of about $3.3 million
- Endowments' average effective annual spending rate in FY2020 was 4.59%, up from 4.36% in FY2019

48%
of spending dollars support
Student Financial Aid

17%
of spending dollars support
Academic Programs

11%
of spending dollars support
Faculty Positions

7%
of spending dollars support
Campus Operations

Source: 2020 NACUBO – TIAA Study of Endowments

Diversity in asset manager selection

- Small minority (6%) of survey respondents report their institution has a formal policy addressing diversity and inclusion related to investment manager selection.
- Leading the way are those institutions with the largest ($1B) endowments (15% responded in the affirmative)

University has a diversity and inclusion policy for investment manager selection

	Total Institutions	Over $1 Billion	$501 Million - $1 Billion	$251 Million - $500 Million	$101 Million - $250 Million	$51 Million - $100 Million	$25 Million - $50 Million	Under $25 Million
Total Institutions	705	111	80	83	171	134	82	44
Responded Institutions	642	80	73	78	161	125	81	44
Yes	5.76%	15.00%	4.11%	8.97%	5.59%	4.80%	0.00%	0.00%
No	73.36%	71.25%	80.82%	71.79%	72.67%	72.80%	67.90%	81.82%
Uncertain	20.87%	13.75%	15.07%	19.23%	21.74%	22.40%	32.10%	18.18%

Source: 2020 NACUBO – TIAA Study of Endowments

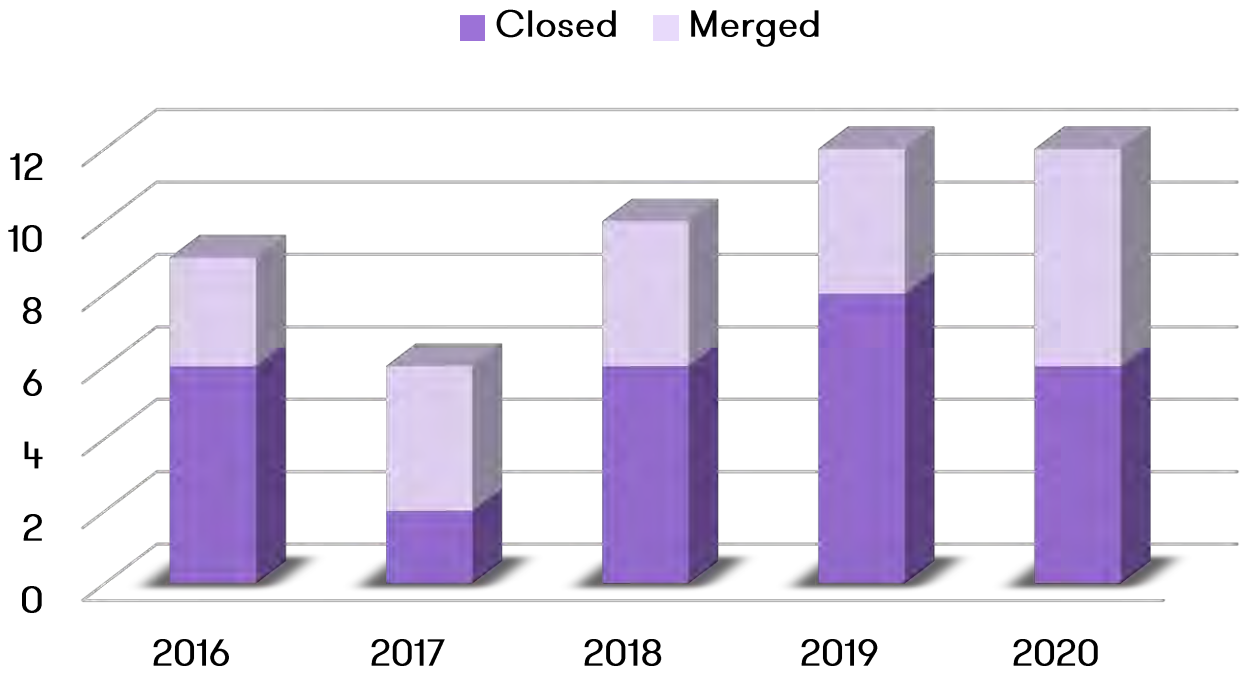
2021 Top IT Issues in Higher Education

EDUCAUSE

RESTORE	EVOLVE	TRANSFORM
#1. Cost Management Reducing institutional costs and increasing workforce effciency	**#1. Student Success** Advancing student support services to help students attain academic and career goals	**#1. Institutional Culture** Contributing to a culture of transformation
#2. Online Learning Strengthening online and hybrid education	**#2. Equitable Access to Education** Providing technologies, support, and policies for diverse users	**#2. Technology Alignment** Identifying and applying sustainable digital strategies and innovations
#3. Financial Health Revising budget models and IT governance	**#3. Online Learning** Progressing from emergency remote teaching to online learning	**#3. Technology Strategy** Developing an enterprise architecture that keeps pace with strategic change
#4. Affordability & Digital Equity Providing increased support for students' technology needs and enabling technology availability	**#4. Information Security** Developing a cybersecurity operations strategy	**#4. Enrollment & Recruitment** Exploring and implementing creative holistic recruitment solutions
#5. Information Security Providing information security leadership	**#5. Financial Health** Partnering to develop new funding sources	**#5. Cost Management** Focusing on digital transformation

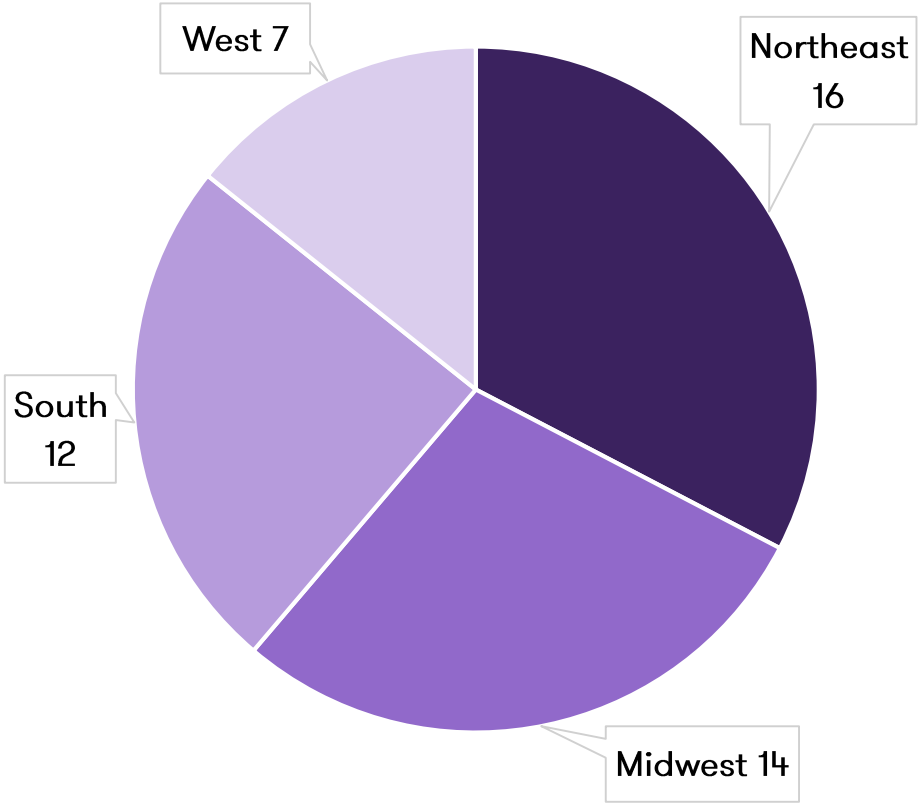
SOURCE: Educause "Top IT Issues, 2021: Emerging from the Pandemic"

Closed or merged 2016-2020



- 49 closings and mergers 2016-2020
- Moody's projects closures and mergers to continue to accelerate

Closed or merged in 2016-2020 by region



2020 Closings

- Holy Family College (WI)
- Urbana University (OH)
- Nebraska Christian College (NE)
- MacMurray College (IL)
- Concordia University – Portland (OR)
- Pacific Northwest College of Art (OR)

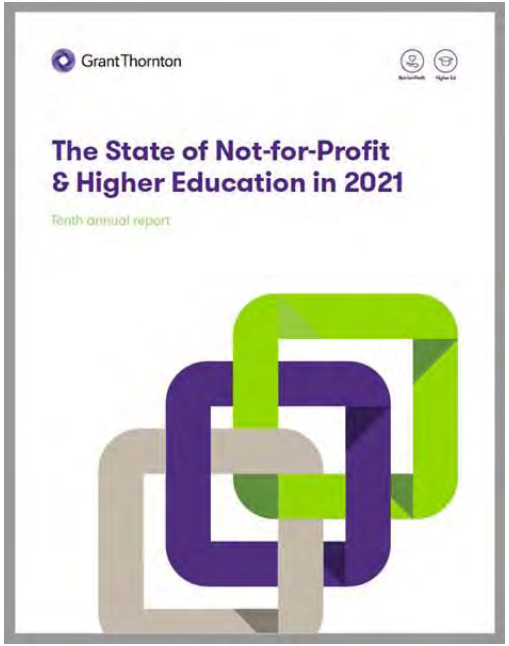
2020 Mergers:

- Wesley College (MA)
- School of Architecture at Taliesin (AZ)
- Pine Manor College (MA)
- Robert Morris University (IL)
- Watkins College of Art (TN)
- Martin Methodist College (TN)

Guidance on important emerging developments and challenges

Articles in our 2021 report:

- Navigating the IRS during COVID
- The case for agility in times of turmoil
- Cultural transformation in higher education
- Something old, something new, something borrowed, and something blue
- Social media trends and strategies in the digital age
- New challenges, new solutions: Innovative funding in the private foundation space
- Tomorrow's working world: Envisioning remote work after COVID
- Driving value creation for nonprofit stakeholders
- Budgeting transformation in higher education
- Caution ahead: The future for higher education administrators, students and faculty
- Is online program management right for your institution?



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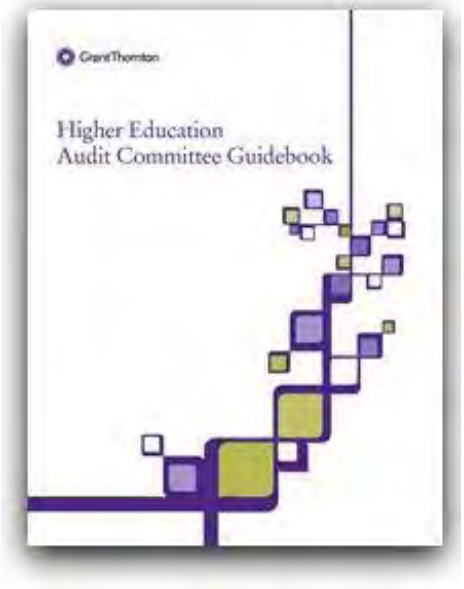
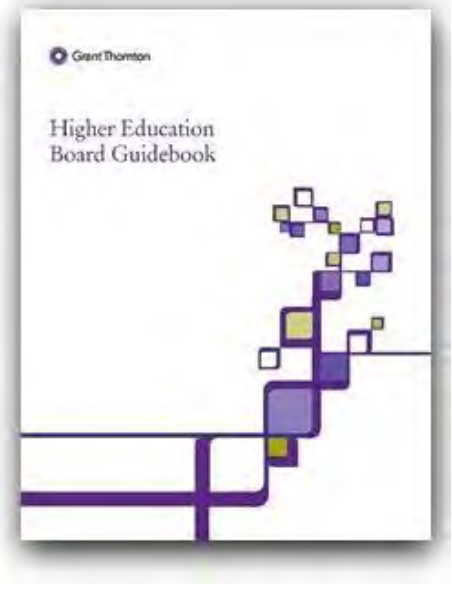
to be notified of its release

Additional resources





www.grantthornton.com/industries/NFP

2021 Webcast series

Each year, leaders from Grant Thornton LLP's Not-for-Profit and Higher Education Practices provide learning opportunities through our webcast series. These sessions cover a wide variety of trending topics and regulatory updates relevant to not-for-profit and higher education management and trustees. We welcome you to visit grantthornton.com/nfp "Upcoming webcasts and events" for more information on upcoming webcasts or to access past webcasts, which are archived for one year.

FEB 17 — Attracting diverse candidates to board and senior leadership positions

MAR 24 — State of the not-for-profit and higher education sectors

MAY 19 — The future of ERM in not-for-profit organizations

AUG 11 — Nonprofit accounting, regulatory and Uniform Guidance update

NOV 17 — Applying a customer lens to measure your nonprofit's performance

All webcasts are from 1:00-2:30 p.m. CT.

Registration link: https://www.grantthornton.com/events/NFP/2021/NFP-Webcast-Series-2021.aspx

Commitment to promote ethical and professional excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link can be accessed from our external website or through this link:

https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.

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PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

FY21 Annual Audit Required communications

Connecticut State Colleges and Universities

January 20, 2022

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

Significant risks

The following provides an overview of the audit response to the significant risks previously communicated to you. Our audits were executed in accordance with the plan as communicated to this committee in July 2021 with no significant deviations other than those disclosed within the following pages.

Significant risk	Procedures & 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) • Gain understanding of the allowance methodology and, policy(ies) governing additional charges or other steps taken (e.g., cannot register) for lack of payment of student account. • Assess management's analysis of allowances for doubtful accounts for reasonableness, consistency with methodology and accuracy of inputs (only at COSC). **A reclassification of bad debt expense from expense to a reduction of revenue was identified in FY21 at CCC ($2.2m) and CSUS ($1.7m). No other exceptions noted.**

Significant risks (continued)

Significant risk	Procedures and 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**

Other areas of focus

Area of focus	Procedures and results
Grant revenues	• Performed detailed transaction testing of revenue recognized in the current year • Tested a selection of grant receivable and deferred revenue balances **No exceptions noted**
Net position	• Tested net asset proof to ensure proper classification between net asset categories **In connection with the FY21 close process, management identified an error in the calculation of net investment in plant, restricted expendable and unrestricted net position. This error was also reported in FY20 and prior. Management corrected the error in the comparative FY21/FY20 financial statements and disclosed the nature and impact of the error. Grant Thornton did not modify our opinion with regard to this correction of an error. Refer to a discussion of the control finding reported as a result of this error on pages 10-11.**
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 **There is one unrecorded adjustment related to depreciation expense that should have been recorded in a prior year at CCC, as well as a management-identified unrecorded adjustment to depreciation expense at COSC. Refer to slide 8 for details.**
Debt	• Confirmed amounts outstanding • Tested management's analysis of the current year bond refunding to ensure proper accounting • Ensured reasonableness of depreciation expense **No exceptions noted**

Other areas of focus (continued)

Area of focus	Procedures and results
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 **No exceptions noted**
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**
Cash and cash equivalents	• Confirmed material balances and tested reconciliations to the GL **An error in the COSC cash balance was identified and corrected. Refer to slide 8.**
Adoption of GASB 84 – *Fiduciary Activities*	• Reviewed management's analysis of the impact of adoption • Ensured completeness and accuracy of disclosures within the financial statements **No exceptions noted**

Other areas of focus (continued)

Area of focus	Results
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 other than those noted on slide 8 related to depreciation expense at CCC and COSC.**
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**

Summary of Adjustments

Entity	Corrected Misstatements	Uncorrected Misstatements	Disclosure Adjustments	Omitted Disclosures
CSUS	Yes – see pg. 8 for details	Yes – see pg. 8 for details	None noted	None noted
CCC	None noted	Yes – see pg. 8 for details	None noted	None noted
COSC	Yes – see pg. 8 for details	Yes – see pg. 8 for details	None noted	None noted

Summary of Adjustments (cont.)

Entity	Nature of Adjustment	Commentary
CSUS	Corrected & Uncorrected	• Management recorded an entry to reduce net investment in capital assets and increase restricted expendable and unrestricted net position by $116.7 million in FY20. No impact on total net position or "bottom line" • $1.7 million of bad debt expense should be recorded as a reduction of tuition and fee revenue rather than as an expense. There was no impact to the "bottom line" as a result of this reclassification and therefore it was not recorded.
CCC	Uncorrected	• During the FY21 close process, management identified certain CIP projects that were completed and placed in service in prior years. As a result, depreciation expense in prior years was understated. Management recorded a catch-up adjustment in FY21 of $5.8M (increasing depreciation expense). The uncorrected entry is a decrease to FY21 opening net position to remove it from the FY21 statement of changes in revenues, expenses and net position. • $2.2 million of bad debt expense should be recorded as a reduction of tuition and fee revenue rather than as an expense. There was no impact to the "bottom line" as a result of this reclassification and therefore it was not recorded.
COSC	Corrected & Uncorrected	• During the FY21 audit, a $450k adjustment to increase cash was identified and recorded by management. • Management identified a difference in depreciation expense of $113k between the Entity's books and the State's subledger. Due to immateriality, management booked to the State's amount, resulting in an understatement of depreciation expense.

Internal control matters

Responsibility

We are responsible for obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. Control deficiencies that are of a lesser magnitude than a significant deficiency will be communicated to management.

Internal control matters (continued)

Definitions

The objective of the audit was to report on the financial statements as a whole and not to provide assurance on internal control over financial reporting.

Control deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis

Significant deficiency

A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the entity's financial reporting.

Material weakness

A deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Entity's annual or interim financial statements will not be prevented or detected on a timely basis.

Internal control matters (continued)

Significant deficiency

Our consideration of internal control was not designed to identify all deficiencies in internal control that, individually or in combination, might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the following identified control deficiency to be a significant deficiency.

Description of significant deficiency	Recommendations
CSUS – adjustment to FY20 financial statements related to net position classifications During the FY21 annual financial statement close process, management identified adjustments that were necessary to accurately present the components of net position (i.e., net investment in plant, restricted expendable and unrestricted net position). The historical calculations and related accounting did not conform to GAAP, and management review controls did not identify this improper application in a timely manner (although it was management who identified the error, it was after the FY20 and prior years financial statements had been issued).	We recommend that management implement additional account reconciliation and review controls to prove out the net position balances. A net asset proof schedule should be prepared in connection with the annual close process. This proof schedule should be reviewed by someone other than the preparer.

Quality of accounting practices

Accounting policies	Other than the adoption of GASB 84, there were no significant changes during the period. The impact of the adoption of GASB 84 (Fiduciary Activities) was not significant.
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
Disclosures	Disclosures within the financial statements are materially complete and accurate. There was disclosure of the correction of an error in the financial statements of the Universities.
Other related matters	None noted.

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
Other information in documents containing audited financial statements

Appendix

Technical updates - GASB

GASB Statement 87, *Leases*

Summary

- The GASB issued guidance which resembles the FASB guidance on leases
- To determine whether a lease exists, a government should assess whether it has both:
  1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
  2) The right to determine the nature and manner of use of the underlying asset as specified in the contract
- For Lessees:
  1) In general, all leases will be reported on the statement of net position (the distinction between operating and capital leases is no longer relevant) as a "right of use" intangible asset and a corresponding lease liability within long term debt
  2) On the statement of changes, rent expense will be replaced by amortization expense of the right-of-use asset as well as interest expense on the lease liability (thus accelerating expenses in the beginning years of the lease term)
  3) There is an exemption for short term leases (those with a term of 12 months or less, including extension options) as well as leases that transfer ownership at the end of the term
  4) Disclosures regarding matters such as total leased assets by major class of underlying assets and related accumulated amortization (in total), principal and interest payments for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under leases before a lease commencement period, among other items
- Effective in FY22 for CSUS, CCC and COSC. Management is actively assessing the impact of adoption.

GASB Statement 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*

Summary	Potential Impact

• This Statement improves financial reporting by providing users with more relevant information about capital assets and the cost of borrowing and enhancing comparability of information for both governmental activities and business-type activities.
• Financial statements prepared using the economic resources measurement focus:
  • Interest cost should be recognized as an expense in the period incurred.
• Financial statements prepared using the current financial resources measurement focus:
  • Interest cost should be recognized as an expenditure consistent with governmental fund accounting principles.
• Effective in FY22 for CSUS, CCC and COSC. Management is actively assessing the impact of adoption.
	• Universities may have varying amounts of interest incurred during periods of significant construction. With the implementation of this new guidance, complex calculations of interest to be capitalized will no longer be required, thus simplifying accounting requirements. The new accounting accelerates the expense impact for the construction period, which should be considered when preparing budgets for future periods.

Industry updates

Current higher education environment

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.

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

The propensity of donors to give endured (and grew).

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.

We believe institutions will always operate best as a community of in-person students and faculty learning and collaborating in immersive campus environments. These changing times require that institutions be introspective to ensure they are adapting to the evolving expectations of stakeholders.

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.

S&P's 2021* outlook for the Higher Education sector remains "negative"

S&P Global Ratings

"'Back To School' Will Take On New Meaning This Fall"

- COVID-19 led to unprecedented drops in college and university enrollment numbers
- However, impact varied widely with public universities faring better than private universities in general in fall 2020 and spring 2021
- Freshman classes decreased 2.7% overall at private universities as the most selective schools admitted fewer freshman year over year to keep acceptance rates very competitive
- Institutions anticipate that increased rate of vaccinations will reduce the spread of COVID-19 and ultimately help enrollments going forward
- Gaps in credit quality between higher rated and lower rated institutions continues to expand

*** Outlook as of May 2021**

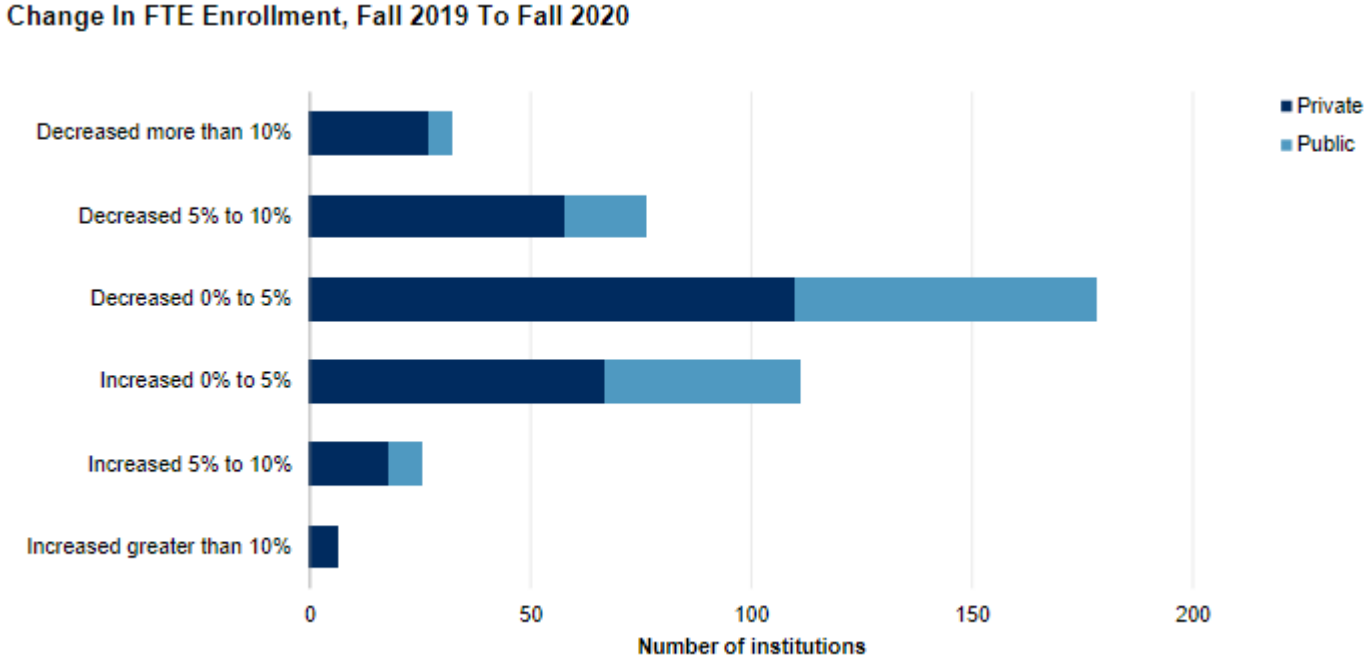
S&P Outlook Factors, continued

S&P Global Ratings

"Limited flexibility in financial operations, enrollment, resources or student draw will most likely weaken credit profiles in 2021 and beyond"

Over two-thirds of institutions experienced a decline in enrollment in Fall 2020 (68% of rated private institutions and 64% of public universities).

However, only 32 schools (27 private universities and 5 public universities) experienced very material enrollment declines (defined as 10% or greater).



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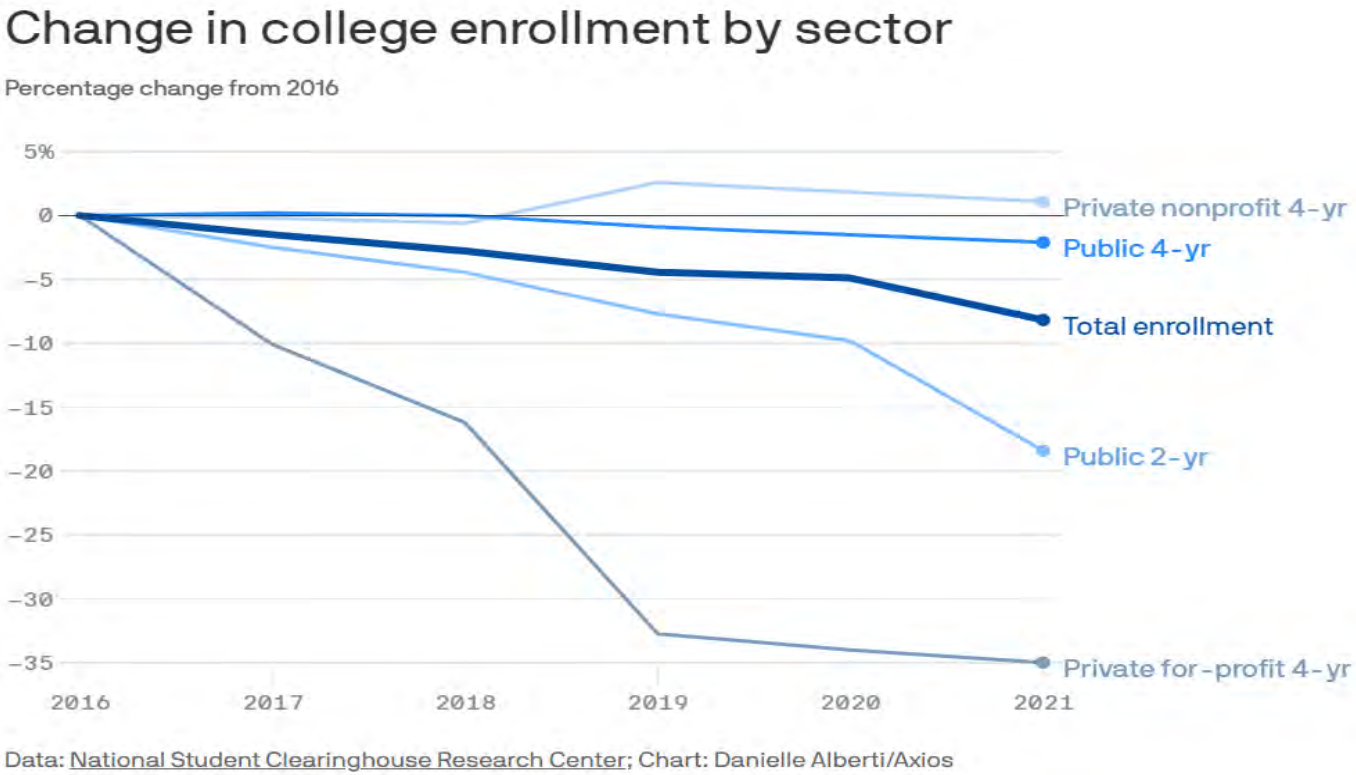
Enrollment Changes – by sector

While total enrollment has decreased by 8% since 2016, the biggest impact has been felt by public 2-year and for-profit private 4-year institutions



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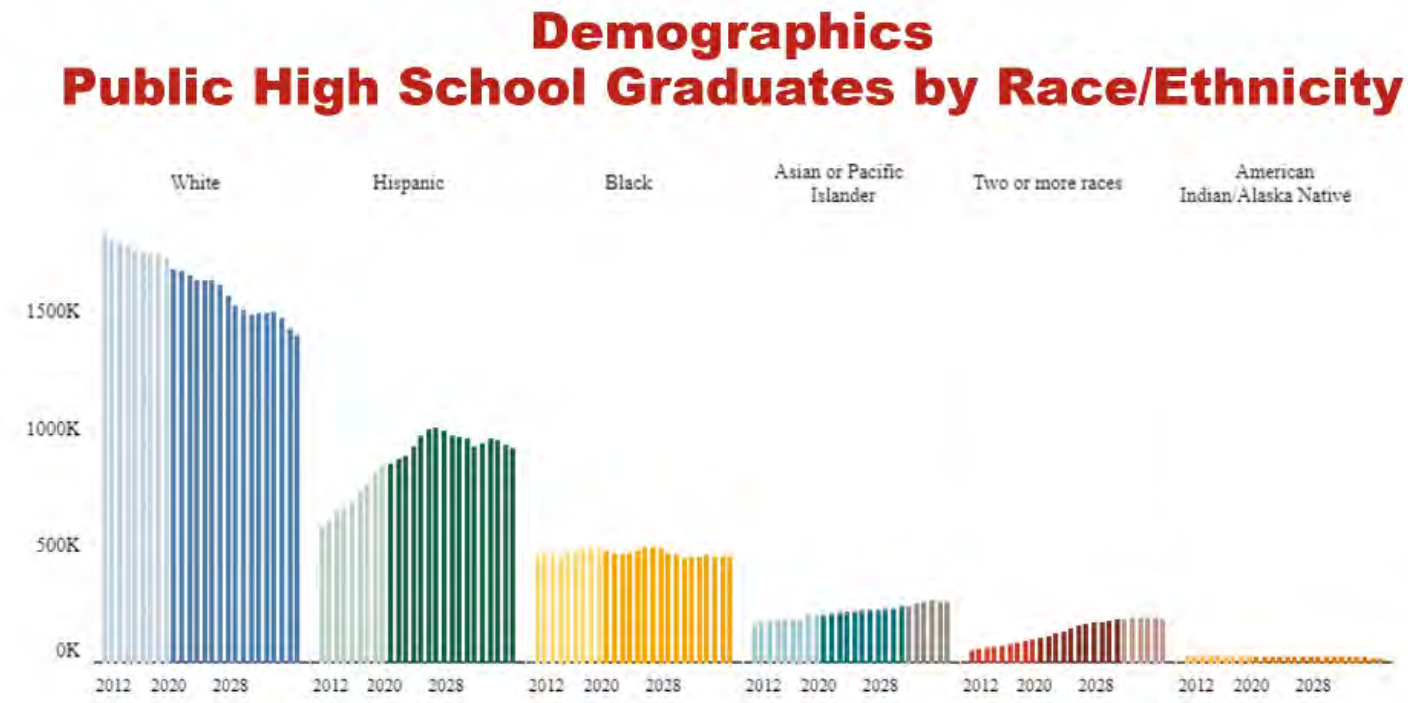
Enrollment Changes – by high school demographics

Total high school graduates continues to decline and as shown via the racial demographics small increases in Hispanic graduates will not offset the large declines in white high school graduates with projections shown through 2036

Pale columns are actuals, darker columns are projections.



Source: Western Interstate Commission for Higher Education, Knocking at the Door, 10th edition.

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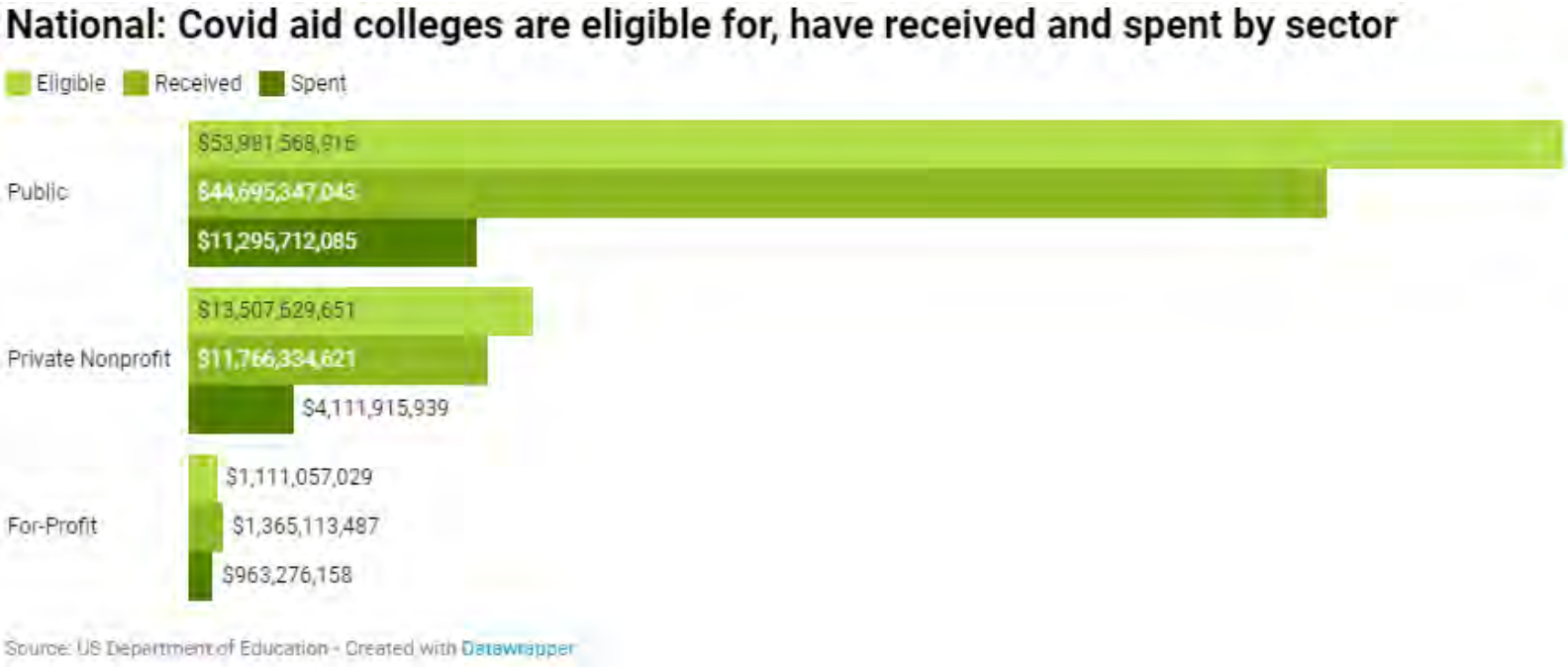
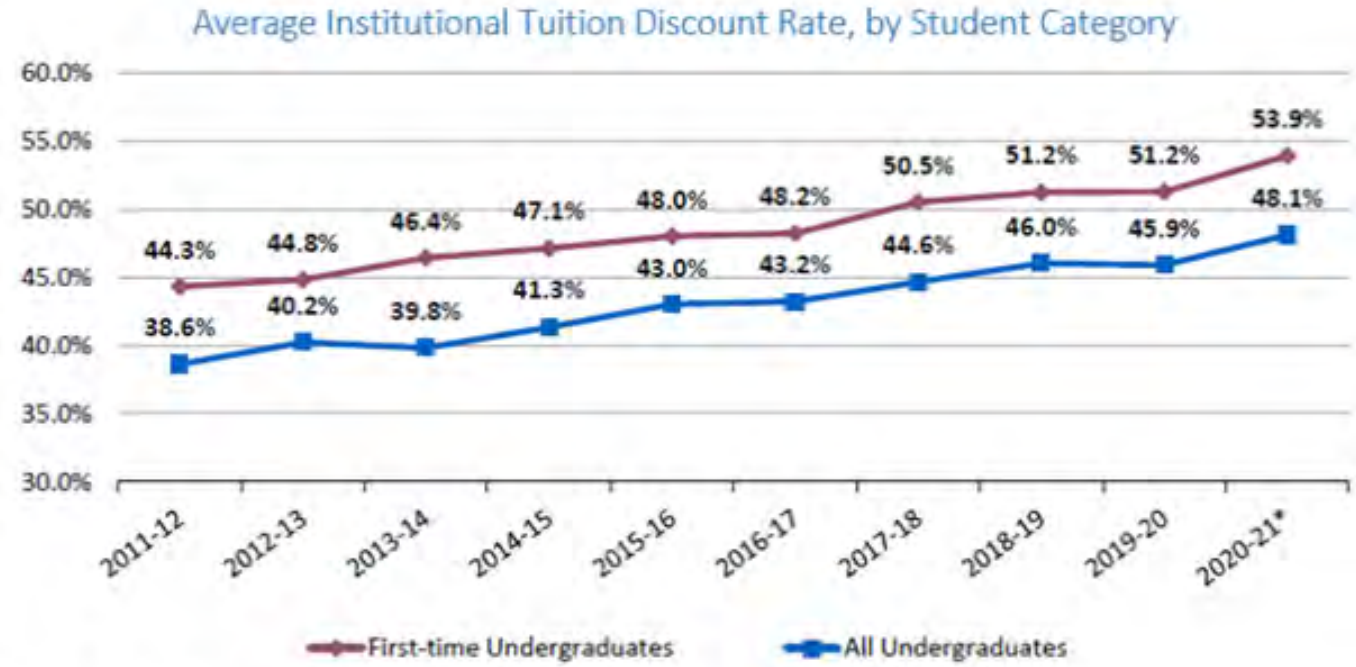
Washington Update

Approximately $69 billion of COVID relief funding has gone mostly to public colleges and universities, though vast amounts of funding have also gone to private non-profit and for-profit schools ($11 billion and $1.3 billion, respectively).



Trends in tuition discounting

Discount rates continue their steady climb to record highs projected for 2020-21



Source: NACUBO Tuition Discounting Study, data as of May 2021.
*Preliminary estimates.

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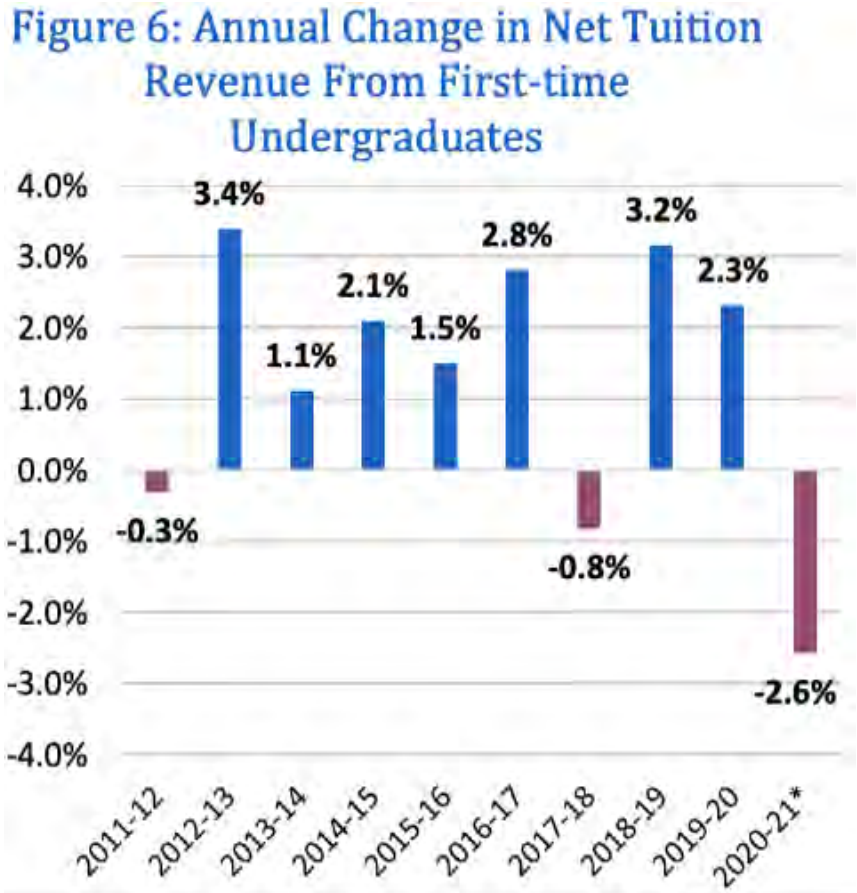
Trends in net tuition

2020-2021 preliminarily estimates show 2.6% decrease in net tuition revenue from first-time undergraduates.

This is the largest decline over the past 10 years and 7 of the past 10 years have shown net tuition increases.

The 2020-2021 decrease represents a combination of lower enrollment and higher discounting.



Source: NACUBO Tuition Discounting Study, data as of May 2021. *Preliminary estimates.

What presidents are saying:

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

Over five years…

82%

All institutions "agree" or "strongly agree"

80%

Public universities "agree" or "strongly agree"

83%

Nonprofit private colleges "agree" or "strongly agree"

Over ten years…

79%

All institutions "agree" or "strongly agree"

77%

Public universities "agree" or "strongly agree"

82%

Nonprofit private colleges "agree" or "strongly agree"

This most recent survey was completed in **March 2021**

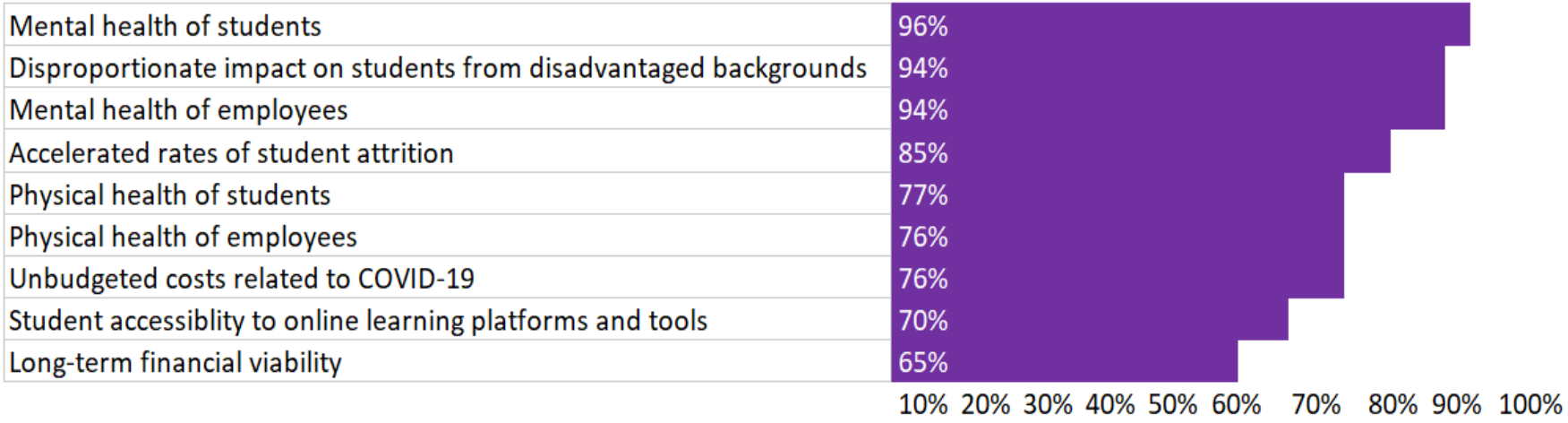
How would you rate your current level of concern related to the following issues in regard to COVID-19 (% reflects those responding “very concerned” + “somewhat concerned”)

INSIDE HIGHER ED

2021 Survey of

College and University Presidents

A STUDY BY *INSIDE HIGHER ED* AND HANOVER RESEARCH



- The top 3 concerns of President’s surveyed, and 5 of the top 6, relate to wellbeing of students and employees.
- Still over 65% surveyed are “somewhat” to “very” concerned about long-term financial viability

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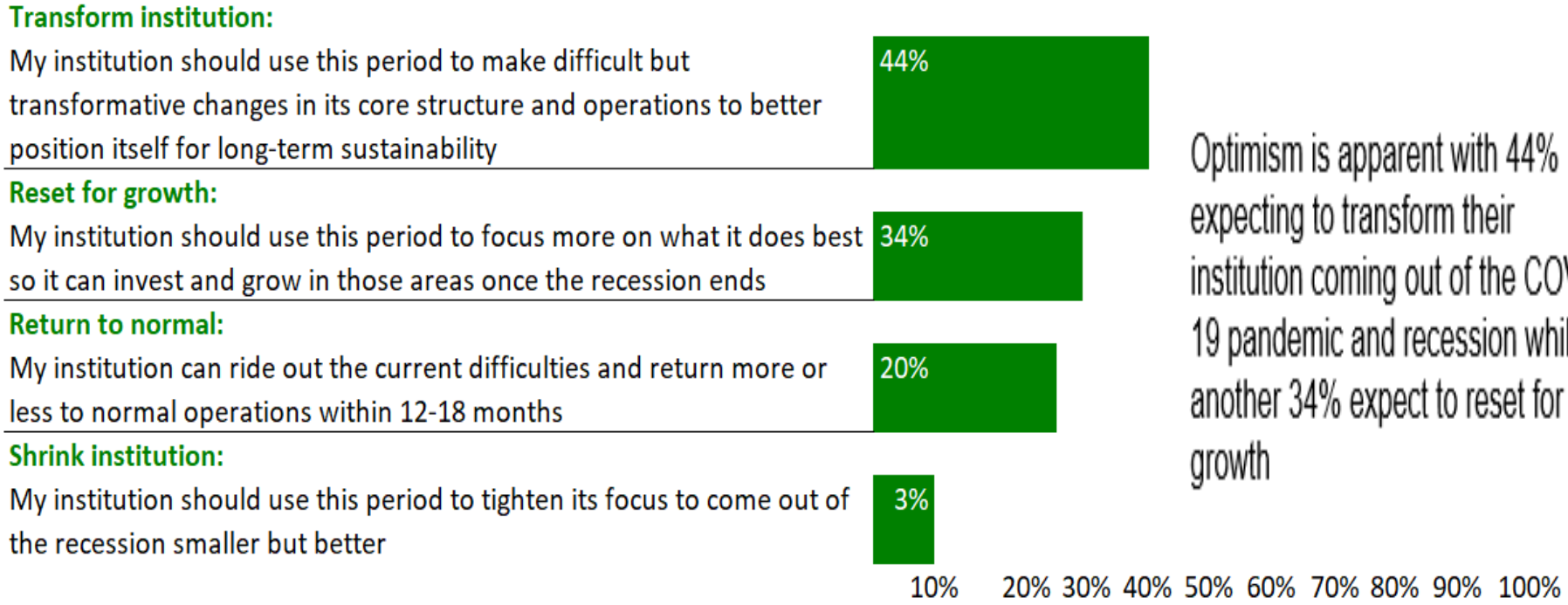
Which of the following outcomes most closely reflect your view of how your institution will respond to the COVID19 pandemic and economic recession?

INSIDE HIGHER ED

2021 Survey of

College and University Presidents

A STUDY BY *INSIDE HIGHER ED* AND HANOVER RESEARCH



Optimism is apparent with 44% expecting to transform their institution coming out of the COVID-19 pandemic and recession while another 34% expect to reset for growth

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What chief business officers say overall:

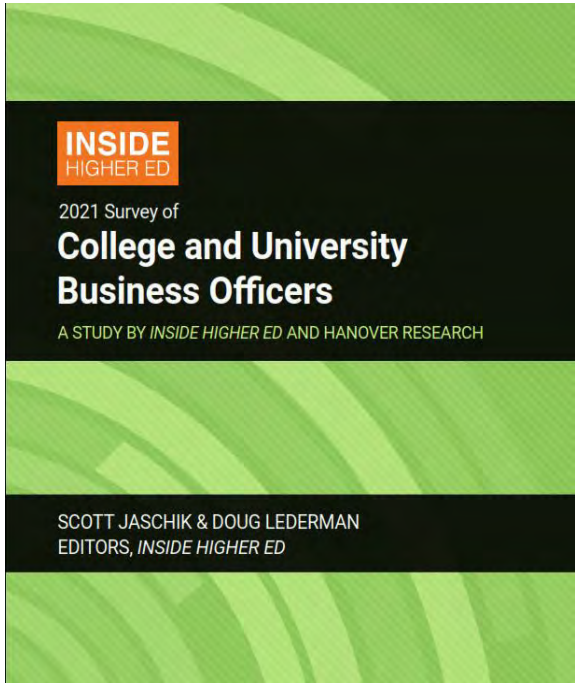
"Confident my institution will be financially **stable over ten years**"

73%
in 2021

53%
in 2020

50%
in 2019

Confidence has increased with a growing split between public (79%) and private (68%) with private baccalaureate colleges having the least ten year confidence at 65% while public doctoral is the highest at 88%.



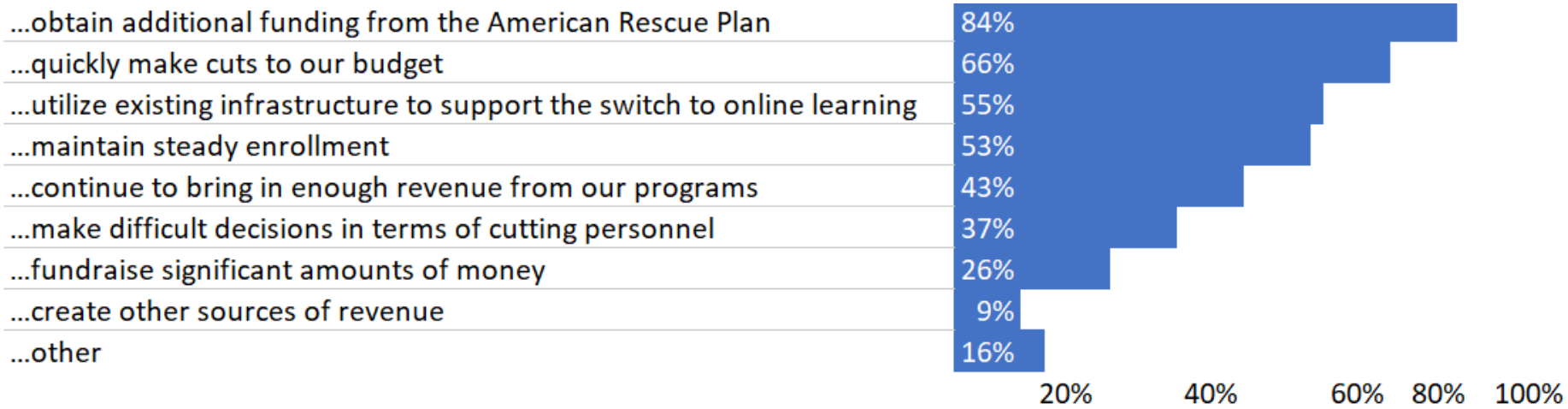
This most recent survey was completed in **July 2021**

What chief business officers say overall:

INSIDE HIGHER ED
2021 Survey of
College and University Business Officers

Why do you feel that your institution is in better financial shape now than it was a year ago?

My institution is in better financial shape now than a year ago because it was able to….



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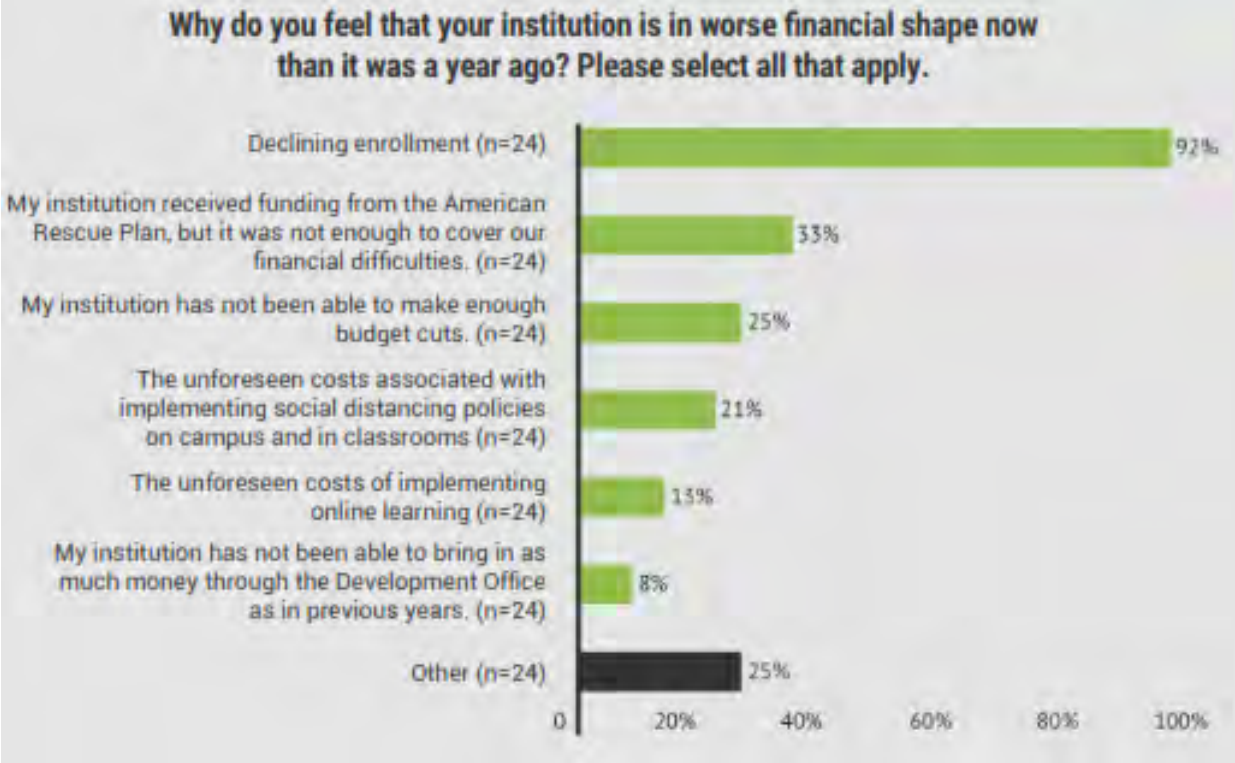
What chief business officers say overall:

INSIDE HIGHER ED
2021 Survey of
College and University Business Officers



Note only 26% of respondents who disagreed that their institution is in better financial shape received this question to respond to.

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Top campus challenges

Survey of over 700 campus stakeholders[71] administered by AAC&U in Fall 2020

Top strategic priorities

Improving student retention and completion	59%
Improving campus diversity, equity and inclusion	57%
Fostering a sense of belonging and inclusion on campus	36%
Increasing faculty diversity	34%
Expanding civic engagement/community-based learning	30%
Implementing and scaling high-impact practices	28%
Preparing students for long-term career success	26%
Implementing online learning technologies	26%
Ensuring equity in student outcomes	22%
Addressing campus climate issues	21%
Supporting student well-being	21%
Using assessment to improve teaching, learning and student success	21%
Fostering global learning	20%
Promoting effective teaching with technology	19%
Reforming general education	14%
Expanding faculty/professional development opportunities	13%
Integrating the liberal arts with STEM disciplines	7%
Reforming undergraduate STEM education	4%

Survey of over 700 campus stakeholders administered by AAC&U in Fall 2020

2021 Financial Statements

INCLUDING

Required Supplementary Information

Additional Supplemental Information

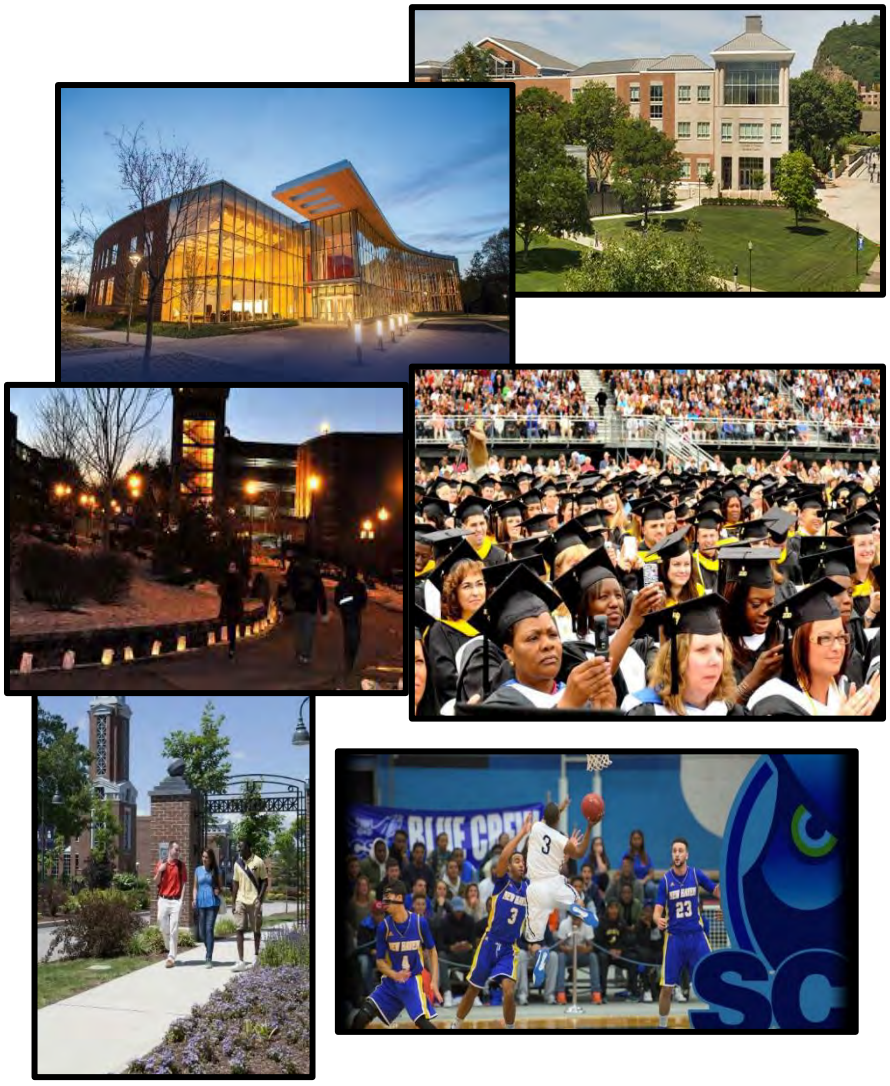
June 30, 2021

CSCU

Connecticut State Universities

Connecticut State Universities Mission Statement

As part of the Connecticut State Colleges & Universities (CSCU) system, the four Connecticut State Universities offer exemplary and affordable undergraduate and graduate instruction leading to degrees in the liberal arts, sciences, fine arts, applied fields, and professional disciplines. They advance and extend knowledge, research, learning and culture while preparing students to enter the workforce and to contribute to the civic life of Connecticut's communities. Through a variety of living and learning environments, the Universities ensure access and diversity to meet the needs of a broad range of students. They support an atmosphere of inter-campus learning, the exploration of technological and global influences and the application of knowledge to promote economic growth and social justice.



Members of the Board of Regents for Higher Education (Between 7/1/20 and 6/30/21)

- 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)
- Six 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
  - Chair and Vice Chair of the Faculty Advisory Committee

REGENTS AS OF 6/30/21

(Four vacancies: two legislative appointees and two Student Regent vacancies.)

Matt Fleury, Chair
Merle W. Harris, Vice Chair
Richard J. Balducci
Aviva D. Budd
Naomi K. Cohen
Felice Gray-Kemp
Holly Howery
David R. Jimenez
JoAnn Ryan
Ari Santiago
Elease E. Wright

EX-OFFICIO, NON-VOTING MEMBERS

David Blitz – Chair of the Faculty Advisory Committee
Colena Sesanker – Vice Chair of the Faculty Advisory Committee
Kurt Westby – Commissioner of the CT Department of Labor
Charlene Russell-Tucker – Acting Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Deidre Gifford – Acting Commissioner CT Dept. of Public Health

Former Board members (who served between 7/1/20 – 6/30/21)
Monica Maldonado, SAC, Chair
Elena Ruiz, Vice Chair of Student Advisory Committee
Dr. Miguel A. Cardona – (Former) Commissioner of the State Department of Education

Connecticut State Universities

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

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

Southern Connecticut State University (SCSU)
501 Crescent Street
New Haven, CT 06515
Dr. Joseph Bertolino, President

Western Connecticut State University (WCSU)
181 White Street
Danbury, CT 06810
Dr. John B. Clark, President

System Office, Connecticut State Colleges & Universities (CSCU)
61 Woodland Street, Hartford, CT06105
Mark E. Ojakian, CSCU President (Until December 31, 2020)
Terrence Cheng, CSCU President (Beginning July 2, 2021)

CSCU

Introduction

Management's Discussion and Analysis provides an overview of the financial position and results of activities of the Connecticut State University System ("CSUS" or "System") and its component units for the fiscal year ended June 30, 2021 and 2020. 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 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 29,874 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, 2021.

The CSUS is composed of four Universities 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.

Using the Financial Statements

CSUS'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 the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2021 and 2020 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.

Financial Highlights

At June 30, 2021, total assets of the System were $1,825.2 million, an increase of $29.5 million or 1.6% over the prior year, primarily due to an increase in accounts receivable, net of $15.5 million and an increase in investment in plant, net of $25.3 million, offset by a decrease in investments of $21.7 million.

Condensed Statements of Net Position
June 30, 2021 and 2020
(in millions)

	2021	2020	% Change
ASSETS			
Current assets	$ 389.6	$ 387.7	0.5%
Non-current assets:			
Capital assets, net	1,255.8	1,230.6	2.1%
Other	179.8	177.4	1.4%
Total assets	1,825.2	1,795.7	1.6%
DEFERRED OUTFLOWS OF RESOURCES	682.7	699.3	(2.4%)
LIABILITIES			
Current liabilities	158.1	150.9	4.8%
Non-current liabilities	2,934.9	2,822.6	4.0%
Total liabilities	3,093.0	2,973.5	4.0%
DEFERRED INFLOWS OF RESOURCES	170.4	138.8	22.8%
NET POSITION *			
Net investment in capital assets	1,002.7	976.5	2.7%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	117.6	133.7	(11.9%)
Unrestricted	(1,876.2)	(1,728.0)	(8.6%)
Total net position	(755.4)	(617.3)	(22.4%)

* During fiscal year 2021, management identified a correction of an error related to presentation of certain restricted expendable and unrestricted net assets which were reported as net investment in capital assets, resulting in a reclassification of $116.8 million for fiscal year 2020. Refer to Note 1 of the financial statements for additional details.

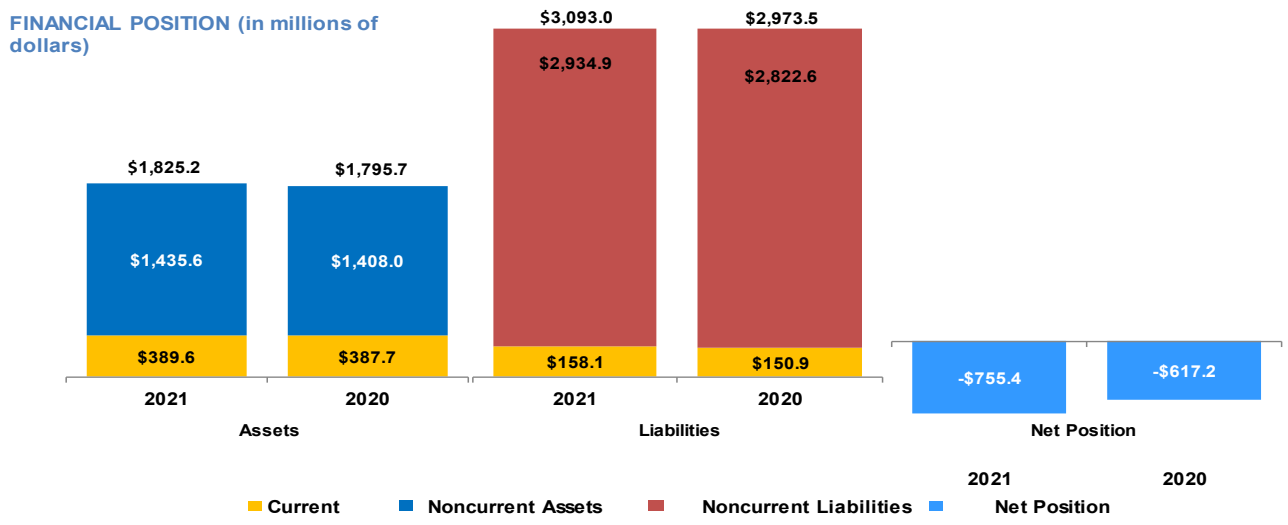
Total liabilities at June 30, 2021 of $3,093.0 million increased by $119.5 million, which is largely due to the pension and other post-employment benefits liabilities, which increased by $130.4 million due to changes in valuation assumptions reflecting known changes to the Medicare Advantage plan rates and a lowering of the discount rate. Bonds payable decreased by $18.7 million.

At June 30, 2021 total net position, which represents the residual interest in the System's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was ($755.4) million, a decrease of $138.1 million or 22.4% over fiscal year 2020. This decrease was primarily due to a decrease in deferred outflows related to the pension and an increase in deferred inflows related to the pension and OPEB. Without reflecting the pension and other post-employment benefit liabilities, the total unrestricted net position would be $160.2 million and $125.8 million, respectively, as of June 30, 2021 and 2020, which is a $13.0 million increase year over year. The increase in unrestricted net position is largely due to federal grant funding relating to the COVID-19 pandemic.

Statements 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 and liabilities of the Connecticut State University System, including capital assets net of depreciation.

Current assets at June 30, 2021 of $389.6 million increased by $1.9 million or 0.5% primarily due to the decrease in investments of $20.4 million offset by an increase in accounts receivable of $14.9 million and an increase in Due from the State of $7.1 million. The decrease in investments is primarily driven by $29.7 million in debt service payments and $16.0 million in Construction Fund projects payments offset by $26.5 million in transfers from Debt Service - STIF account. The increase in accounts receivable is mainly due to grants receivable for federal grant funding related to the COVID-19 pandemic.



Total non-current assets at June 30, 2021, of $1,435.6 million increased by $27.6 million primarily due to an increase in capital assets, net, of $25.3 million. See Net Investment in Capital Assets section for more information.

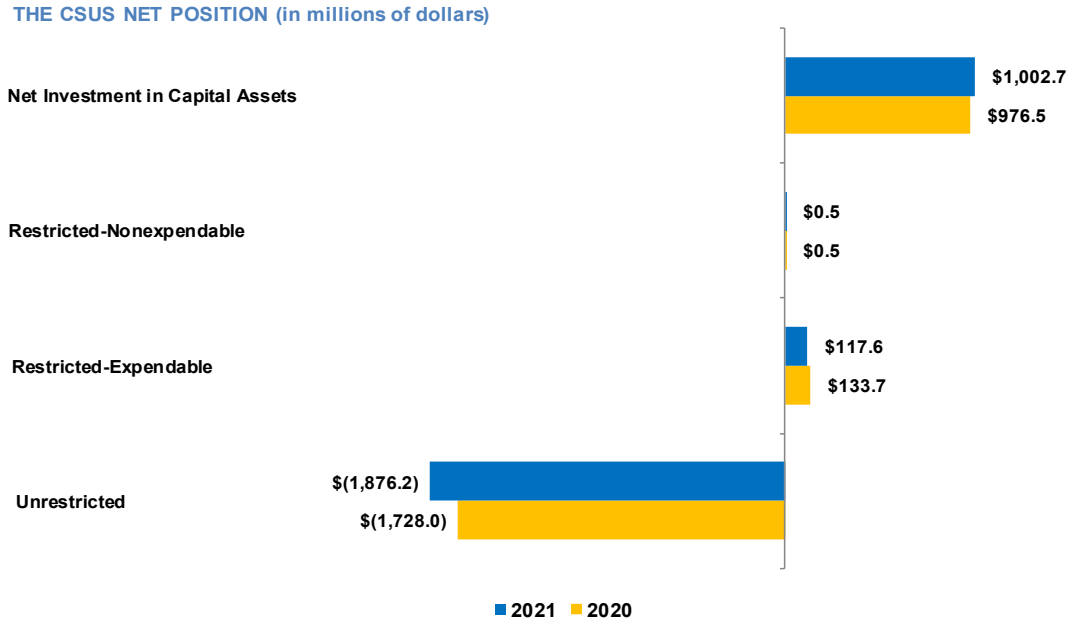
Current liabilities at June 30, 2021 of $158.1 million increased by $7.2 million or 4.8% due to an increase in accrued salaries and benefits payable of $4.0 million from bargaining unit raises and an increase in unearned tuition, fees and grant revenue of $3.9 million offset by a decrease in accounts payable of $3.2 million which is due to timing.

Non-current liabilities at June 30, 2021 of $2,934.9 million increased by $112.3 million. This is mainly due to a decrease in bonds payable of $19.4 million offset by an increase in pension liability, net of $25.9 million and an increase in OPEB, net of $104.4 million. Bonds payable decreased due to $100.3 million in additions with the issuance of Series R-1 and R-2 offset by the refunding of Series I and partial refunding of portions

of Series J, M, and N of $119.0 in total retirements. 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.

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 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 liability and OPEB, unrestricted net position increased $13.0 million from 2020 to 2021. The increase in unrestricted net position is largely due the CSUs recouping lost revenue and other COVID-related expenses from the Higher Education Emergency Relief Fund

(HEERF). UNP adjusted for net pension liability beginning in FY 2015 and net OPEB liability beginning in FY 2017 is as follows:

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
UNP Adjusted:	$ 115.1	$ 136.8	$ 143.1	$ 143.5	$ 148.5	$ 125.8	$ 160.2
UNP: *	$ (370.5)	$ (361.6)	$ (1,411.9)	$ (1,462.7)	$ (1,531.0)	$ (1,728.0)	$ (1,876.2)

* During fiscal year 2021, management identified a correction of an error related to presentation of certain restricted expendable and unrestricted net assets which were reported as net investment in capital assets, resulting in a $7.1 million increase in UNP for fiscal year 2020. Refer to Note 1 of the financial statements for additional details.

At fiscal year end June 30, 2021, the System had a net investment in capital assets of $2,293.1 million, an increase of $84.1 million or 3.8% over fiscal year end 2020. This increase was primarily due to the increase in buildings and improvements placed in service and construction in progress.

Net Investment in Capital Assets
June 30, 2021 and 2020
(in millions)

	2021	2020	% Change current year
Land	$ 19.9	$ 19.9	0.0%
Buildings & improvements	1,872.5	1,838.7	1.8%
Land improvements	109.2	107.2	1.9%
Furniture, fixtures & equipment	146.6	147.5	(0.6%)
Library books and materials	24.4	25.8	(5.4%)
Construction in progress	120.5	69.9	72.4%
Total investment in capital assets	2,293.1	2,209.0	3.8%
Less accumulated depreciation	1,037.3	978.4	6.0%
Investment in capital assets, net	$ 1,255.8	$ 1,230.6	2.0%

In November 2007, Governor Rell signed Public Act 07-7, “An Act Authorizing and Adjusting Bonds of the State for Capital Improvements and Transportation Infrastructure Improvements and Concerning the Connecticut State University Infrastructure Act” which authorized $80 million for CSUS capital projects. The total amount of allocations to CSUS between 1997 and 2017 were $710.7 million.

Public Act 07-7 also established a $950 million, 10-year program to support the financing of acquisition, construction, reconstruction, improvement and equipping of the facilities, structures, and related systems at the four Connecticut State Universities. This program, known as “CSCU 2020”, provided the CSU’s with additional flexibility in the allocation of bond funds with allotments approved annually by the Governor. The program was extended into funding year 2021 with a total allotment of $1,069.5 million as of June 30, 2021. To date, the System has received $1,069.5 million of the $1,069.5 million program total. Fiscal year 2021 is the final year of the CSCU 2020 program with all funding received to date. No other new fiscal year 2021 bond funds are legislatively authorized.

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-sixth year of its long-range capital plan for the renovation and

development of auxiliary service facilities. During fiscal year 2021, Series R-1 and R-2 Connecticut Health and Educational Facilities Authority ("CHEFA") bond funds totaling $99.7 million have been issued. Series R-1 and R-2 resulted in the refunding of Series I and partial refunding of portions of Series J, M, and N. Total construction funds allotted from the Connecticut Health and Educational Facilities Authority ("CHEFA") revenue bond issues A - R is $644.6 million.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present CSUS' results of operations, as well as the non-operating revenues and expenses.

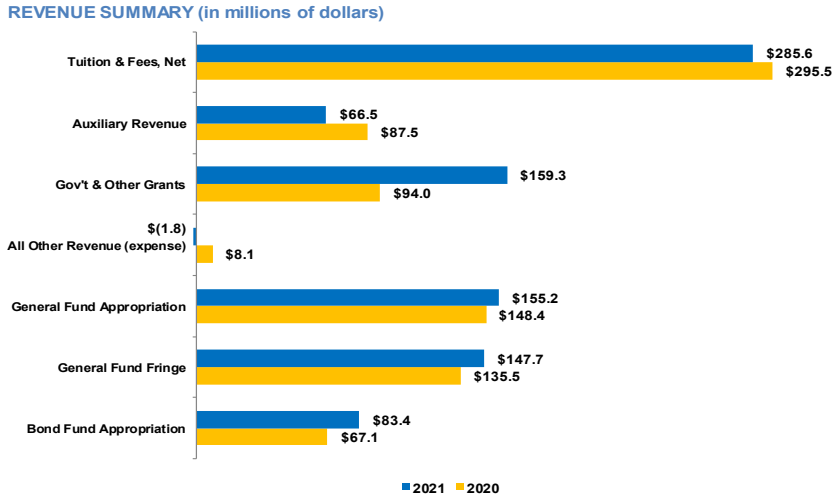
Condensed Statements of Revenues, Expenses and Changes in Net Position
June 30, 2021 and 2020
(in millions)

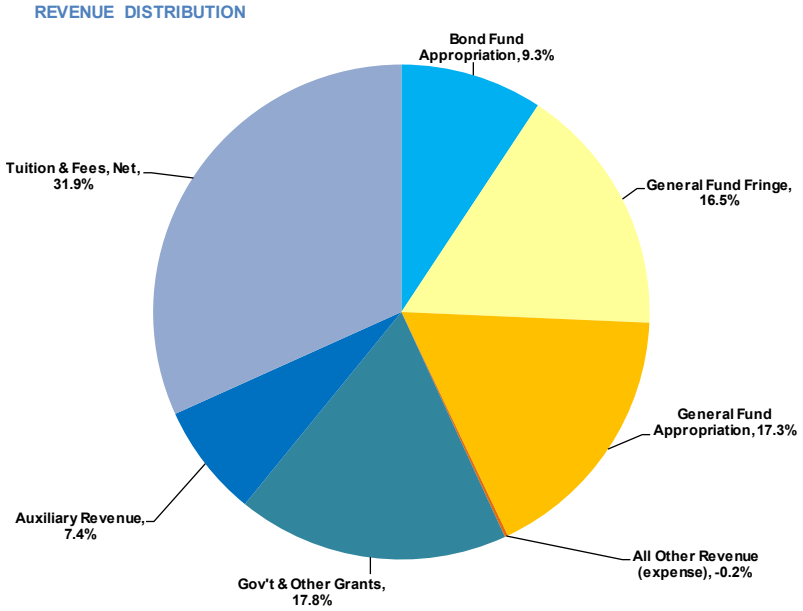
	2021	2020	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 285.6	$ 295.5	(3.3%)
Auxiliary revenues	66.5	87.5	(24.0%)
Grants and indirect cost recoveries	30.5	28.0	9.0%
Other	3.1	8.4	(62.9%)
Total operating revenues	385.7	419.3	(8.0%)
OPERATING EXPENSES			
Expenses before depreciation and amortization	968.3	964.4	0.4%
Depreciation and amortization	65.7	67.1	(2.1%)
Total operating expenses	1,034.0	1,031.6	0.2%
Operating loss	(648.3)	(612.3)	(5.9%)
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	302.9	283.9	6.7%
State appropriations - bond fund	83.4	67.1	24.2%
Pell grant revenue	41.8	45.1	(7.3%)
Federal emergency grant revenue	87.0	20.9	315.8%
Investment income	1.0	7.9	(87.4%)
Other	(5.9)	(8.2)	28.1%
Total non-operating revenues (expenses)	510.2	416.7	22.4%
NET POSITION			
Change in net position	(138.1)	(195.6)	29.4%
Net position, beginning of year	(617.3)	(421.7)	(46.4%)
Net position, end of year	$ (755.4)	$ (617.3)	(22.4%)

Total *operating revenues* for fiscal year 2021 were $385.7 million after the reduction for scholarship allowances, a decrease of 8.0% from $419.3 million in fiscal year 2020. *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 $56.0 million, resulting in net tuition and fee revenue of $285.6 million. On a gross basis, fiscal year

2021 tuition revenues decreased by 3.2% from the previous year, or $11.1 million due to the decline in enrollment resulting from the coronavirus pandemic. These revenues reflect a FTE credit enrollment decrease of 5.8% in fiscal year 2021. Auxiliary revenues, which are mainly driven by room and board fees, decreased by 24.0% due to the decline in students staying on campus during the pandemic.

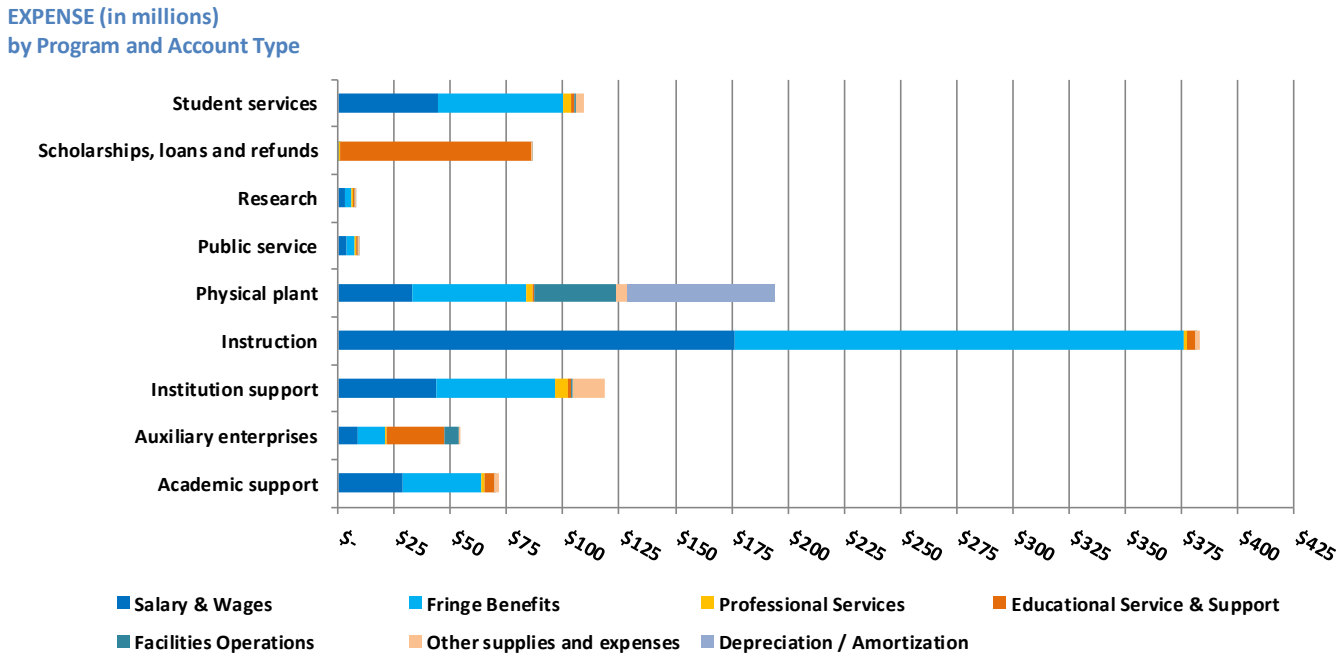
In fiscal year 2021, state appropriations of $386.3 million, representing 42.8% of the System's total net revenues, were $35.3 million or 10.1% higher than fiscal year 2020. State appropriations are received for both operating and capital purposes. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. In fiscal year 2021, 52.9% of the System's salary and fringe benefit costs were funded from State appropriations. This compares to 50.3% in fiscal year 2020. Federal emergency grant revenues are mainly from HEERF and Coronavirus Relief Fund (CRF) grants awarded to the CSUS. Total emergency grant revenue increased by $66.1 million and was spent on student financial awards, lost revenue, and other expenses associated with the coronvarus pandemic. See Note 1 for more information on the HEERF grant award. Investment income decreased by $6.9 million due to the decline in interest rates.

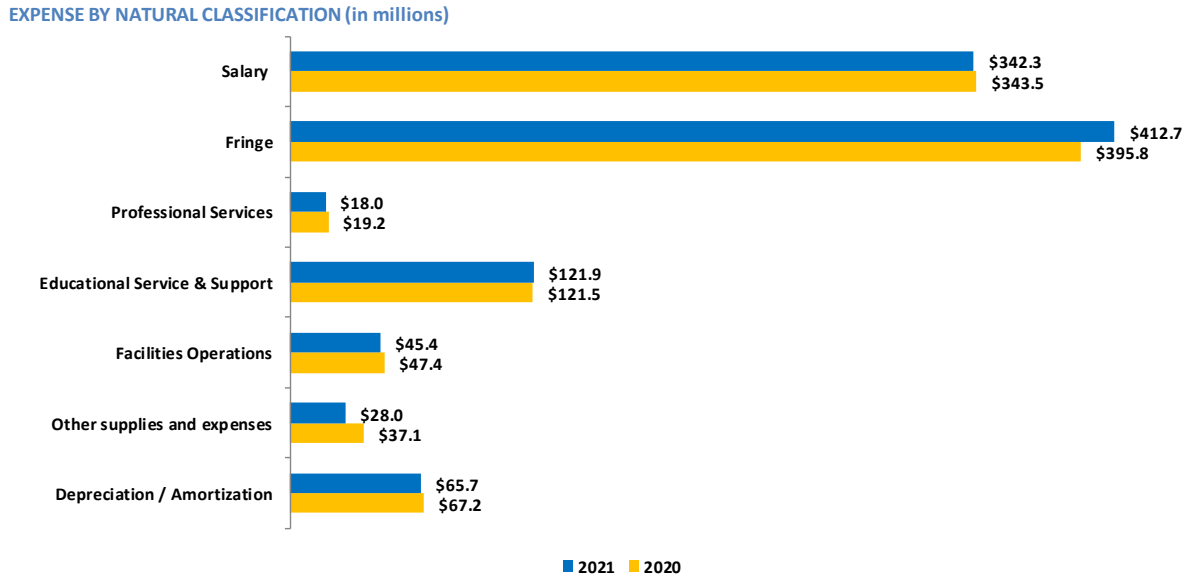




In fiscal 2021, total *operating expenses* less depreciation and amortization of $968.3 million increased by $3.8 million or 0.4% from the prior fiscal year. There was an overall decrease in operating expenses such as travel, operations of facilities, supplies and expenses, and professional service fees due to the effects of the pandemic and the transition to remote teaching, remote learning, and remote work. The decline in many operating expenses was offset by a $16.9 million increase in fringe benefits related to pension and OPEB which caused total operating expenses to remain relatively flat.

Note 11 to the financial statements details operating expenses by function. The following graph illustrates operating expenses by program & account type for the year ended June 30, 2021:





Statements of Cash Flows

The statements of cash flows present the significant sources and uses of cash. The System's net change in cash and cash equivalents at June 30, 2021 increased $2.8 million or 0.8%. This small increase was primarily driven by a $63.9 million increase in nonoperating grants and revenue receipts and a $17.9 million increase in state appropriation receipts, which were partially offset by a $55.9 million decrease in cash from operating activities, a $12.4 million increase in payments for capital assets, and a $7.3 million decrease in investment income receipts due to lower interest rates. The additional $63.9 million in nonperating grants and revenue was the result of increased federal emergency grant revenues in 2021 that were mainly from HEERF and CRF. The major components of the $55.9 million decrease in cash flows from operating activities were a $19.8 million decrease in auxiliary receipts due to pandemic resulting in less students living on campus, a $16.7 million increase in payments for salaries and benefits, and a $7.3 million decrease in operating grants and contracts.

Condensed Statement of Cash Flows
June 30, 2021 and 2020
(in millions)

	2021	2020	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (407.2)	$ (351.3)	(15.9%)
Non-capital financing activities	433.7	351.5	23.4%
Capital & related financing activities	(46.5)	(34.6)	(34.4%)
Investing activities	22.8	22.3	2.2%
Net change in cash and cash equivalents	2.8	(12.1)	123.1%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	345.7	357.8	(3.4%)
Cash and cash equivalents, end of year	$ 348.5	$ 345.7	0.8%

Economic Outlook

While the national and state economies have improved as the severity of the pandemic recedes, the disruption to public higher education – and specifically to CSCU – has worsened and threatens to persist beyond the expiration of federal pandemic relief.

The State of Connecticut has shown strong economic and fiscal conditions during 2021, including reduced unemployment claims, strong growth in withholding taxes, and job growth. This strong labor market is one driver of inflation that the US has experienced starting in the fall of 2021, and it will also exacerbate skill mismatches between Connecticut employers and job seekers. CSCU institutions are uniquely well positioned to help ensure that employers can continue to find qualified workers to support their growth. At the same time the state is well positioned to support CSCU in this effort.

Unfortunately, the same labor force conditions that are driving overall economic success, including strong wage increases for low-skilled labor, tend to reduce enrollment at public regional universities and community colleges that make up CSCU. Overall enrollment is down nearly 20% below pre-pandemic levels in both of those sectors nationally and in Connecticut. The corresponding drop in tuition and fee revenue is likely to take years to recover and creates short-term fiscal challenges that the System and the State of Connecticut will need to resolve.

Fortunately, federal assistance through the Higher Education Emergency Relief Fund and the State-directed Coronavirus Relief Fund have made up for lost revenue during the first two years of the pandemic, while also supporting unusual costs related to the pandemic, especially testing.

CSCU will continue to face fiscal headwinds as the state's economy and labor market enjoy strong recovery. This challenge is mitigated by the extraordinary opportunities to partner with public and private sector entities to meet growing workforce and social equity challenges in a fast-growing economy.

The following table indicates historical enrollment of undergraduate and graduate students for the 2016-2017 through 2020-2021 academic years. Also indicated is full-time equivalent student enrollment. Enrollment this fiscal year has declined by 5.9% compared to 3.0% for previous fiscal year,which followed a few years of relatively flat enrollment.

Fall Headcount Enrollment and Full Time Equivalent								
Year Ending June 30	Undergraduate	% Change	Graduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2021	25,148	-6.14%	4,726	-1.34%	29,874	-5.41%	24,735	-5.88%
2020	26,792	-3.31%	4,790	-4.45%	31,582	-3.48%	26,280	-3.03%
2019	27,709	0.17%	5,013	-6.68%	32,722	-0.94%	27,101	-0.73%
2018	27,661	-0.69%	5,372	0.71%	33,033	-0.46%	27,301	0.14%
2017	27,853	-2.04%	5,334	2.34%	33,187	-1.36%	27,263	-0.75%

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, Connecticut State Colleges & Universities (860-723-0251). University specific questions may also be directed to the Vice President for Finance at each individual University.

Hold for Independent Auditors Report

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CSCU

	2021	2020
Assets		
Current assets		
Cash and cash equivalents (Notes 2 and 6)	$ 206,266,476	$ 206,682,716
Investments (Note 2)	85,680,030	106,039,932
Accounts receivable, net (Note 3)	27,637,462	12,740,050
Due from the State of Connecticut (Note 6)	62,476,253	55,381,257
Prepaid expenses and other current assets	7,531,309	6,819,679
Total current assets	389,591,530	387,663,634
Noncurrent assets		
Cash and cash equivalents (Notes 2 and 6)	142,220,512	139,059,549
Investments (Note 2)	33,165,374	34,517,743
Accounts receivable, net (Note 3)	4,253,489	3,697,799
Other assets	132,948	183,292
Investment in capital assets, net of accumulated depreciation (Note 4)	1,255,839,175	1,230,558,300
Total noncurrent assets	1,435,611,498	1,408,016,683
Total assets	$ 1,825,203,028	$ 1,795,680,317
Deferred outflows of resources		
Deferred pension (Note 13)	$ 277,875,100	$ 331,267,755
Deferred other post employment benefits (Note 13)	399,794,623	367,238,214
Deferred loss on bond refunding (Note 13)	5,065,016	842,046
Total deferred outflows of resources	$ 682,734,739	$ 699,348,015

CSCU

	2021	2020
Liabilities		
Current liabilities		
Accounts payable	$ 14,402,716	$ 17,573,799
Accrued salaries and benefits	77,870,806	73,919,436
Accrued compensated absences (Note 5)	6,244,655	5,316,466
Due to the State of Connecticut	343,524	746,318
Unearned tuition, fees and grant revenue (Note 10)	26,584,742	22,662,269
Bonds payable (Note 12)	19,060,000	18,345,000
Accrued bond interest payable	1,794,813	2,314,059
Other liabilities	3,372,421	3,281,311
Depository accounts	8,389,029	6,719,975
Total current liabilities	158,062,706	150,878,633
Noncurrent liabilities		
Accrued compensated absences (Note 5)	70,963,333	68,428,599
Bonds payable (Note 12)	315,541,933	334,986,976
Federal loan program advances	3,138,445	5,462,757
Deferred compensation	343,240	317,915
Other noncurrent liabilities	1,152,571	-
Pension liability, net (Note 8)	1,100,362,493	1,074,431,967
Other post employment benefits, net (Note 9)	1,443,409,037	1,338,986,646
Total noncurrent liabilities	2,934,911,052	2,822,614,860
Total liabilities	$ 3,092,973,758	$ 2,973,493,493
Deferred inflows of resources		
Deferred pension (Note 13)	$ 30,059,852	$ 23,621,531
Deferred other post employment benefits (Note 13)	140,331,043	115,194,745
Total deferred inflows of resources	$ 170,390,895	$ 138,816,276
Net Position		
Net investment in capital assets	$ 1,002,711,339	$ 976,551,439
Restricted		
Nonexpendable	538,076	467,116
Expendable	117,609,013	133,664,203
Unrestricted	(1,876,285,314)	(1,727,964,195)
Total net position	$ (755,426,886)	$ (617,281,437)

CSCU

	2021	2020
Assets		
Cash and cash equivalents	$ 4,947,246	$ 7,656,077
Investments	187,954,244	150,043,565
Contributions and other receivables	4,883,527	4,710,531
Prepaid expenses and other assets	461,724	432,331
Beneficial interest in trusts	777,524	642,758
Investment in plant, net	3,744,406	3,788,092
Total assets	$ 202,768,671	$ 167,273,354
Liabilities		
Accounts payable and accrued expenses	1,067,450	1,165,923
Other liabilities	594,919	417,760
Total liabilities	1,662,369	1,583,683
Net Assets		
Without donor restrictions	9,628,871	7,774,068
With donor restrictions	191,477,431	157,915,603
Total net assets	201,106,302	165,689,671
Total liabilities and net assets	$ 202,768,671	$ 167,273,354

CSCU

	2021	2020
Operating revenues		
Tuition and fees		
Tuition and fees (Note 1)	$ 341,601,749	$ 352,716,298
Less		
Scholarships allowance	(37,261,901)	(36,412,517)
Waivers	(18,719,270)	(20,826,328)
Tuition and fees, net of scholarship allowances and waivers	285,620,578	295,477,453
Federal grants and contracts	11,310,907	8,701,180
State and local grants and contracts	11,492,053	11,635,511
Nongovernment grants and contracts	7,063,353	6,869,900
Indirect cost recoveries	649,042	766,028
Auxiliary revenues (Note 1)	66,476,526	87,471,363
Other operating revenues	3,077,513	8,359,015
Total operating revenues	385,689,972	419,280,450
Operating expenses (Note 11)		
Salaries and wages	342,265,416	343,466,114
Fringe benefits	412,710,588	395,780,745
Professional services and fees	17,982,136	19,202,627
Educational services and support	121,933,383	121,492,594
Travel expenses	1,068,701	4,907,325
Operation of facilities	45,439,639	47,402,613
Other operating supplies and expenses	26,891,571	32,190,063
Depreciation expense	65,667,260	67,152,130
Amortization expense	38,341	37,887
Total operating expenses	1,033,997,035	1,031,632,098
Operating loss	(648,307,063)	(612,351,648)
Nonoperating revenues (expenses)		
State appropriations	302,916,543	283,884,100
Pell grant revenue	41,811,345	45,078,419
Federal emergency grant revenue	86,988,869	20,921,780
Gifts	3,637,245	3,648,396
Investment income	987,009	7,928,517
Interest expense	(8,725,538)	(11,670,523)
Other nonoperating revenues (expenses), net	(619,750)	1,415,597
Net nonoperating revenues (expenses)	426,995,723	351,206,286
Loss before other changes in net position	(221,311,340)	(261,145,362)
Other changes in net position		
State appropriations restricted for capital purposes	83,425,566	67,124,021
Loss on disposal of capital assets	(259,675)	(1,604,663)
Other changes in net position	83,165,891	65,519,358
Change in net position	(138,145,449)	(195,626,004)
Net position at beginning of year	(617,281,437)	(421,655,433)
Net position at end of year	$ (755,426,886)	$ (617,281,437)

CSCU

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains and other support				
Contributions	$ 4,047,519	$ 7,983,720	$ 12,031,239	$ 14,675,058
Program income	34,530	166,553	201,083	188,168
Investment income, net	1,769,706	35,506,454	37,276,160	2,149,315
Other income (loss)	576,917	(474,768)	102,149	83,096
Loss on disposal of asset	-		-	-
Net assets released from restrictions	9,620,131	(9,620,131)	-	-
Total revenues, gains and other support	16,048,803	33,561,828	49,610,631	17,095,637
Operating expenses				
Program services	10,795,855	-	10,795,855	12,149,318
Management and general	1,799,372	-	1,799,372	1,433,623
Fundraising	1,598,773	-	1,598,773	1,548,545
Total operating expenses	14,194,000	-	14,194,000	15,131,486
Change in net assets	1,854,803	33,561,828	35,416,631	1,964,151
Net assets				
Beginning of year	7,774,068	157,915,603	165,689,671	163,725,520
End of year	$ 9,628,871	$ 191,477,431	$ 201,106,302	$ 165,689,671

CSCU

	2021	2020
Cash flows from operating activities		
Tuition and fees	$ 282,441,670	$ 291,077,192
Grants and contracts	21,897,478	29,229,363
Auxiliary revenues	66,901,760	86,687,164
Other operating revenues	4,452,664	12,997,460
Payments to employees for salaries and benefits	(564,389,956)	(547,718,642)
Payments to suppliers	(4,510,983)	(3,756,684)
Professional services and fees	(17,923,311)	(19,202,627)
Educational services and support	(121,933,383)	(121,492,786)
Travel expenses	(1,068,701)	(4,907,325)
Operation of facilities	(48,928,083)	(49,913,592)
Other operating supplies and expenses	(24,123,497)	(24,322,239)
Net cash used in operating activities	(407,184,342)	(351,322,716)
Cash flows from noncapital financing activities		
State appropriations	301,871,579	283,551,363
Gifts for other than capital purposes	3,637,245	3,648,395
Nonoperating grants and revenue other	128,155,542	64,284,113
Net cash provided by noncapital financing activities	433,664,366	351,483,871
Cash flows from investing activities		
Proceeds from sales and maturities of investments	49,339,610	49,069,490
Purchases of investments	(27,662,707)	(35,234,896)
Interest and dividends received on investments	1,116,401	8,483,564
Net cash provided by investing activities	22,793,304	22,318,158
Cash flows from capital and related financing activities		
Cash paid for capital assets	(90,857,479)	(78,468,180)
State capital appropriations received	77,246,143	77,636,522
Proceeds from refunding of bonds	100,317,660	-
Repayments of capital debt	(18,345,000)	(19,520,000)
Interest paid on capital debt	(11,371,756)	(14,212,603)
Payments to refunded bond escrow agent	(102,433,598)	-
Bond issuance payments	(1,084,575)	-
Net cash provided by capital and related financing activities	(46,528,605)	(34,564,261)
Net increase in cash and cash equivalents	2,744,723	(12,084,948)
Cash and cash equivalents, beginning of year	345,742,265	357,827,213
Cash and cash equivalents, end of year	$ 348,486,988	$ 345,742,265

CSCU

	2021	2020
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (648,307,063)	$ (612,351,648)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	65,667,260	67,152,130
Amortization	38,341	37,887
Changes in assets and liabilities:		
Receivables	(15,761,324)	(31,273)
Prepaid expenses and other	(698,097)	2,119,692
Accounts payable	(3,852,681)	(1,580,588)
Accrued salaries and benefits	3,951,369	12,970,695
Other liabilities	18,887	(58,948)
Due to/from the State of Connecticut	(392,811)	(4,078,808)
Unearned tuition, fees and grant revenues	4,230,694	(74,805)
Deferred compensation	25,325	29,558
Depository accounts	1,669,052	1,562,329
Accrued compensated absences	3,462,924	8,641,663
Pension Liability	25,930,526	167,426,397
Other post employment benefits	104,422,391	377,213,924
Changes in deferred outflows	20,836,246	(378,550,557)
Changes in deferred inflows	31,574,619	8,249,636
Net cash used in operating activities	$ (407,184,342)	$ (351,322,716)
Noncash financing activity		
Fixed assets included in accounts payable	$ 5,504,580	$ 5,740,571
Reconciliation of cash and cash equivalents to the combined statements of net position		
Cash and cash equivalents classified as current assets	$ 206,266,476	$ 206,682,716
Cash and cash equivalents classified as noncurrent assets	142,220,512	139,059,549
	$ 348,486,988	$ 345,742,265

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 (primarily 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 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. 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.

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

Correction of an Error
In 2021, management identified an error relating to the classification of net assets primarily related to the classification of unspent bond proceeds. As a result, the net assets of fiscal year 2020 have been adjusted. Management determined the error was not material to the fiscal year 2020 financial statements.

A summary of the net effects of this error on the fiscal year 2020 financial statements follows:

	June 30, 2020, as previously reported	Adjustments to net position	June 30, 2020, as adjusted
Net investment in capital assets	$ 1,093,326,197	$ (116,774,758)	$ 976,551,439
Restricted			
Nonexpendable	467,116	-	467,116
Expendable	24,026,020	109,638,183	133,664,203
Unrestricted	(1,735,100,770)	7,136,575	(1,727,964,195)
Total net position	$ (617,281,437)	$ -	$ (617,281,437)

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 and investments presented as short-term in the statements of net position include balances with a maturity of one year or less from the reporting date. Long-term cash and cash equivalents and investments include balances with a maturity of greater than one year from the reporting date 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, 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, Net
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. Construction period interest costs in excess of earnings associated with related unspent debt proceeds are capitalized as a component of the fixed asset. 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 & 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 years ended June 30, 2021 and 2020.

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

Interest Capitalization

Interest expense incurred during the construction of capital assets is capitalized, if material, net of interest income earned on related debt proceeds. CSUS incurred net interest expense of $10.1 million and $10.7 million in the fiscal years ended June 30, 2021 and 2020, respectively. Interest capitalized for the fiscal years ended June 30, 2021 and 2020 totaled $0.5 million and $0.6 million, respectively. The cumulative capitalized interest was $28.6 million and $28.1 million as of June 30, 2021 and 2020, respectively, and is being amortized over 35 years. The cumulative capitalized interest net of amortization was $20.6 million and $20.9 million as of June 30, 2021 and 2020, respectively. Amortization of capitalized interest for each of the years ended June 30, 2021 and 2020 was $0.8 million.

Accrued Compensated Absences (ACA)

Employees earn the right to be compensated during absences for vacation leave, sick leave and related fringe benefits. The accompanying statements 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 CSUS were awarded a total of $148.2 million from the Higher Education Emergency Relief Fund (HEERF) to address the unprecedented COVID-19 challenges. Of that total award, $84.5 million is the institutional portion of the award and $63.7 million is the student portion of the award. The CSUs disbursed $15.7 million of Emergency Financial Aid Grants to students under the student portion of the grant, and spent $35.7 million of the institutional portion of the grant during fiscal year 2021. The remaining balances from the HEERF funds will be drawn down and spent in 2022.

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 2021
In January 2017, GASB released Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods

beginning after December 15, 2019, with earlier application encouraged. This standard was adopted in fiscal year 2021 and there was no impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

In June 2017, GASB released Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged.

In June 2018, GASB released Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged.

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.

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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.

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.

In June 2020 GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absences of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board. The requirement of this Statement is effective for reporting periods beginning after June 15, 2021.

Management has not completed its review of the requirements of these statements and their applicability.

Subsequent Events

In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2021, through DATE OF REPORT, the date the financial statements were issued and no items needing to be reported were noted.

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 rates at June 30, 2021 and 2020 were 0.10% and 0.25% respectively.

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

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 348,486,988	$ 348,846,988	$ 345,742,265	$ 345,742,265
U.S. Mutual Funds-Governmental	104,280,106	104,280,106	125,992,378	125,992,378
Guaranteed Investment Contracts	14,565,298	14,565,298	14,565,297	14,565,297
	$ 467,332,392	$ 467,692,392	$ 486,299,940	$ 486,299,940

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, 2021 and 2020.

Custodial Credit Risk – At June 30, 2021 and 2020, the carrying amount of CSUS's bank deposits was $5.1 million and $4.9 million as compared to bank balances of $8.2 million and $7.5 million respectively. The difference between the carrying amount and bank balances was primarily caused by outstanding checks and deposits in transit. Of such bank balances, $7.4 million and $6.7 million was uninsured and uncollateralized and therefore subject to custodial credit risk as of June 30, 2021 and 2020 respectively.

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. 73% and 70% 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, 2021 and 2020 respectively.

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, 2021					
U.S. Government obligations	$ 104,280,106	$ 104,280,106	$ -	$ -	$ -
Guaranteed Investment Contracts	14,565,298	-	14,565,290	5	3
	$ 118,845,404	$ 104,280,106	$ 14,565,290	$ 5	$ 3
June 30, 2020					
U.S. Government obligations	$ 125,992,378	$ 125,992,378	$ -	$ -	$ -
Guaranteed Investment Contracts	14,565,298	-	14,565,288	1	9
	$ 140,557,676	$ 125,992,378	$ 14,565,288	$ 1	$ 9

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, 2021 and 2020 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:

	2021	2020
Student accounts receivable	$ 17,810,854	$ 15,694,398
Student loans receivable	7,413,003	8,390,727
Grants receivable	18,022,814	3,775,913
Miscellaneous receivables	364,584	583,527
	43,611,255	28,444,565
Less allowance for doubtful accounts	(11,720,304)	(12,006,716)
Net accounts receivable	$ 31,890,951	$ 16,437,849

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2021 and 2020. 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 $1.8 million and $3.5 million as of both June 30, 2021 and 2020, respectively. 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.

CSCU

4. Capital Assets

Capital assets for the Universities consist of the following at June 30, 2021 and 2020:

	Balance June 30, 2019	Additions	Retirements and Transfers	Balance June 30, 2020	Additions	Retirements and Transfers	Balance June 30, 2021
Capital assets not being depreciated							
Land	$ 19,926,269	$ -	$ -	$ 19,926,269	$ 24,409	$ -	$ 19,950,678
Capitalized collections	8,908,910	47,000	(225,665)	8,730,245	109,020	-	8,839,265
Construction in progress	97,580,442	54,119,956	(81,815,768)	69,884,630	81,493,168	(30,851,433)	120,526,365
Total capital assets not being depreciated	$ 126,415,621	$ 54,166,956	$ (82,041,433)	$ 98,541,144	$ 81,626,597	$ (30,851,433)	$ 149,316,308
Other capital assets:							
Land improvements	$ 105,830,501	$ 2,259,581	$ (841,106)	$ 107,248,976	$ 1,959,944	$ -	$ 109,208,920
Buildings and building improvements	1,746,105,629	95,702,661	(3,110,894)	1,838,697,396	33,989,839	(202,123)	1,872,485,112
Furniture, fixtures and equipment	148,661,345	3,981,524	(5,105,052)	147,537,817	4,339,924	(5,261,382)	146,616,359
Library materials	17,731,276	168,556	(935,165)	16,964,667	152,986	(1,578,889)	15,538,764
Total other capital assets	2,018,328,751	102,112,322	(9,992,217)	2,110,448,856	40,442,693	(7,042,394)	2,143,849,155
Less accumulated depreciation for:							
Land improvements	(71,774,881)	(3,992,319)	609,906	(75,157,294)	(3,854,974)	-	(79,012,268)
Buildings and building improvements	(725,098,525)	(52,627,924)	2,195,092	(775,531,357)	(52,759,518)	145,887	(828,144,988)
Furniture, fixtures and equipment	(111,906,128)	(9,608,037)	4,864,458	(116,649,707)	(8,185,687)	5,047,897	(119,787,497)
Library materials	(11,104,074)	(923,850)	934,582	(11,093,342)	(867,081)	1,578,888	(10,381,535)
Total accumulated depreciation	(919,883,608)	(67,152,130)	8,604,038	(978,431,700)	(65,667,260)	6,772,672	(1,037,326,288)
Other capital assets, net	$ 1,098,445,143	$ 34,960,192	$ (1,388,179)	$ 1,132,017,156	$ (25,224,567)	$ (269,722)	$ 1,106,522,867
Capital asset summary:							
Capital assets not being depreciated	$ 126,415,621	$ 54,166,956	$ (82,041,433)	$ 98,541,144	$ 81,626,597	$ (30,851,433)	$ 149,316,308
Other capital assets, at cost	2,018,328,751	102,112,322	(9,992,217)	2,110,448,856	40,442,693	(7,042,394)	2,143,849,155
Total cost of capital assets	2,144,744,372	156,279,278	(92,033,650)	2,208,990,000	122,069,290	(37,893,827)	2,293,165,463
Less accumulated depreciation	(919,883,608)	(67,152,130)	8,604,038	(978,431,700)	(65,667,260)	6,772,672	(1,037,326,288)
Capital assets, net	$ 1,224,860,764	$ 89,127,148	$ (83,429,612)	$ 1,230,558,300	$ 56,402,030	$ (31,121,155)	$ 1,255,839,175

5. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

	2021	2020
Accrued vacation	$ 30,217,065	$ 28,801,409
Accrued sick leave	26,652,511	26,105,970
Other accrued fringe benefits	20,338,412	18,837,686
	77,207,988	73,745,065
Less: current portion	6,244,655	5,316,466
Noncurrent portion	$ 70,963,333	$ 68,428,599

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

Balance as of June 30, 2019	$ 64,956,173
Additions in fiscal year 2020	14,417,055
Benefits paid to participants in fiscal year 2020	(5,628,163)
Balance as of June 30, 2020	$ 73,745,065
Additions in fiscal year 2021	9,141,910
Benefits paid to participants in fiscal year 2021	(5,678,987)
Balance as of June 30, 2021	$ 77,207,988

These accruals represent estimated amounts earned by all eligible employees through June 30, 2021 and 2020. 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.

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. CSUS made no transfers to the State of Connecticut during fiscal years 2021 and 2020.

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:

	2021	2020
Receivable for accrued salaries, interest and fringe benefits to be paid by State of Connecticut General Fund	$ 39,144,231	$ 36,301,453
State appropriations for capital projects	23,332,022	19,079,804
	$ 62,476,253	$ 55,381,257

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

	2021	2020
Cash balances held with the State of Connecticut on behalf of the CSUS	$ 252,656,953	$ 252,947,884
Amounts invested in the State of Connecticut Short-Term Investment Fund (STIF)	90,754,993	87,871,563
	$ 343,411,946	$ 340,819,447

7. 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:

	2021	2020
System Office	3,331,984	6,102,334
Central Connecticut State University	7,405,968	2,829,839
Eastern Connecticut State University	1,920,190	1,713,436
Southern Connecticut State University	5,952,908	2,639,703
Western Connecticut State University	1,983,247	4,645,485
	$ 20,594,297	$ 17,930,797

8. 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 31, 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 $73.5 million and $1.6 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2021, equal to 100% and 115%, respectively, of the required contributions that year. The State contributed $72.1 million and $1.9

million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2020, equal to 100% and 77%, 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, 2021 and 2020 was measured and valued as of June 30, 2020 and 2019, respectively 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 TRS plan, the CSUS's proportion was 0.11% and 0.19% as of June 30, 2021 and 2020, respectively. For the SERS plan, the CSUS's proportion was 4.55% and 4.57% as of June 30,2021 and 2020, respectively.

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, 2021 for SERS and TRS was $1,078.8 million and $21.6 million, respectively. The net pension liability for the CSUS as of June 30, 2020 for SERS and TRS was $1,042.3 million and $32.1 million, respectively.

Actuarial Assumptions for SERS:

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

Measurement Year	**2020**	**2019**
Inflation	2.50%	2.50%
Salary increases including inflation	3.50% to 19.50%	3.50% to 19.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%	6.90%

Mortality rates were based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females.

The actuarial assumptions used in the June 30, 2020 valuation (which was the basis for recording the June 30, 2021 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation (which was the basis for recording the June 30, 2020 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2019.

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 2020 and 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.6%
Developed Market International Stock Fund	11%	6.0%
Emerging Markets International Stock Fund	9%	7.9%
Core Fixed Income	16%	2.1%
Inflation Linked Bond Fund	5%	1.1%
Emerging Market Debt Fund	5%	2.7%
High Yield Bond Fund	6%	4.0%
Real Estate Fund	10%	4.5%
Private Equity	10%	7.3%
Alternative Investments	7%	2.9%
Liquidity Fund	1%	0.4%
	100%	

Actuarial Assumptions for TRS:

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

Measurement Year	2020	2019
Inflation	2.50%	2.50%
Salary increases including inflation	3.00% to 6.50%	3.25% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%	6.90%

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-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 PubT-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 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2020 and 2019 measurement years. 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 2020 and 2019 measurement years, respectively. 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	$ 1,281,651,610	$ 1,078,763,292	$ 909,202,535
TRS	27,013,567	21,598,562	17,102,996

The following table presents the June 30, 2019 measurement date 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	$ 1,244,792,451	$ 1,042,307,443	$ 873,402,450
TRS	40,071,419	32,123,860	25,442,342

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

For the years ended June 30, 2021 and 2020, the CSUS recognized pension expense of $85.8 million and $97.2 million, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 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 is as follows (in thousands):

Fiscal Year Ending June 30,	SERS	TRS	Total
2021	$ 64,789,902	$ 1,263,259	$ 66,053,161
2022	33,680,072	1,362,987	35,043,059
2023	35,317,306	1,133,118	36,450,424
2024	21,962,540	(58,627)	21,903,913
2025	473,531	(1,086,823)	(613,292)
Thereafter	-	(547,121)	(547,121)

9. 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, 2021 and 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.6%
Developed Market International Stock Fund	11%	6.0%
Emerging Markets International Stock Fund	9%	7.9%
Core Fixed Income	16%	2.1%
Inflation Linked Bond Fund	5%	1.1%
Emerging Market Debt Fund	5%	2.7%
High Yield Bond Fund	6%	4.0%
Real Estate Fund	10%	4.5%
Private Equity	10%	7.3%
Alternative Investments	7%	2.9%
Liquidity Fund	1%	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, 2021 of $1,443.4 million was measured and valued as of June 30, 2020 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The net OPEB liability recorded in the financial statements as of June 30, 2020 of $1,339.0 million was measured and valued as of June 30, 2019 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, 2021 and 2020 the System's proportion was 6.13% and 6.47%, respectively. 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, 2020 and 2019, using the following actuarial assumptions:

Measurement Year	**2020**
Payroll growth rate	3.50%
Salary increases	3.25% to 4.50% varying by years of service and retirement system
Discount rate	2.38%
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%

Measurement Year	**2019**
Payroll growth rate	3.50%
Salary increases	3.25% to 19.50% varying by years of service and retirement system
Discount rate	3.58%
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:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 60% for males and 55% for females
Healthy Annuitant:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 100% for males and 95% for females
Disabled Annuitant:	RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females

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, 2020:

Discount rate comparison:	1% Decrease (1.38%)	Current Discount (2.38%)	1% Increase (3.38%)
Net OPEB Liability	$ 1,697,867,781	$ 1,443,409,039	$ 1,238,854,421

Health care trend rate comparision:	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	$ 1,210,048,210	$ 1,443,409,039	$ 1,743,507,186

For measurement date of June 30, 2019:

Discount rate comparison:	1% Decrease (2.58%)	Current Discount (3.58%)	1% Increase (4.58%)
Net OPEB Liability	$ 1,558,371,578	$ 1,338,986,646	$ 1,160,895,577

Health care trend rate comparision:	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	$ 1,147,843,319	$ 1,338,986,646	$ 1,580,245,043

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

For the year ended June 30, 2021 and 2020, the CSUS recognized OPEB expense of $97.0 million and $76.9 million, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 is disclosed in Note 13. 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 is as follows:

Fiscal Years Ending June		OPEB
2022	$	50,667,810
2023		57,018,219
2024		69,938,630
2025		26,294,817
2026		2,525,852
Thereafter	$	-

10. Unearned Tuition, Fees and Grant Revenue

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

	2021	2020
Unearned tuition and fees	$ 21,335,220	$ 18,210,948
Grants and contracts	5,139,405	4,388,287
Other	110,117	63,034
	$ 26,584,742	$ 22,662,269

CSCU

11. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Year ended June 30, 2021 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	$ 29,073,068	$ 34,569,828	$ 1,654,572	$ 4,068,698	$ 192,951	$ 215,013	$ 1,980,840	$ -	$ -	$ 71,754,970
Auxiliary enterprises	8,985,422	11,978,315	988,901	25,269,738	10,291	6,307,764	686,818	-	-	54,227,249
Institution support	43,692,271	52,523,135	6,123,021	1,124,923	108,343	1,052,096	14,223,262	-	-	118,847,051
Instruction	176,114,610	199,720,848	1,531,573	3,301,263	87,183	380,425	1,821,147	-	-	382,957,049
Physical plant	32,770,074	51,051,750	2,565,473	678,281	13,829	36,593,642	4,828,775	65,667,260	38,341	194,207,425
Public service	3,685,780	3,804,643	879,831	247,240	78,144	29,828	305,686	-	-	9,031,152
Research	2,985,400	3,037,960	726,221	300,215	46,092	43,730	489,231	-	-	7,628,849
Scholarships, loans and refunds	429,824	155,108	185,446	85,314,785	173	30,375	146,063	-	-	86,261,774
Student services	44,528,967	55,869,001	3,327,098	1,628,240	531,695	786,766	2,409,749	-	-	109,081,516
Total expenses	$ 342,265,416	$ 412,710,588	$ 17,982,136	$ 121,933,383	$ 1,068,701	$ 45,439,639	$ 26,891,571	$ 65,667,260	$ 38,341	$ 1,033,997,035

	Year ended June 30, 2020 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	$ 28,700,045	$ 32,626,368	$ 2,064,918	$ 4,268,682	$ 1,152,100	$ 190,629	$ 2,408,059	$ -	$ -	$ 71,410,801
Auxiliary enterprises	9,746,940	11,801,711	1,192,205	25,476,933	148,326	7,039,262	784,792	-	-	56,190,169
Institution support	43,135,277	50,745,134	6,569,203	1,037,743	518,352	727,223	17,693,432	-	-	120,426,364
Instruction	175,515,508	189,135,871	1,564,582	2,667,995	454,857	1,263,814	1,116,530	-	-	371,719,157
Physical plant	33,266,857	51,202,278	1,696,365	800,076	96,731	37,128,243	6,100,961	67,152,130	37,887	197,481,528
Public service	3,881,654	3,753,188	1,032,332	472,449	382,950	233,021	434,468	-	-	10,190,062
Research	3,274,629	3,152,454	629,780	334,641	319,303	46,815	533,514	-	-	8,291,136
Scholarships, loans and refunds	486,459	173,377	1,256,110	84,238,076	9,048	4,304	140,524	-	-	86,307,898
Student services	45,458,745	53,190,364	3,197,132	2,195,999	1,825,658	769,302	2,977,783	-	-	109,614,983
Total expenses	$ 343,466,114	$ 395,780,745	$ 19,202,627	$ 121,492,594	$ 4,907,325	$ 47,402,613	$ 32,190,063	$ 67,152,130	$ 37,887	$ 1,031,632,098

12. Bonds, Notes Payable and Capital Lease Obligations

The State of Connecticut, through acts of its legislature, provides funding for certain major plant facilities at CSCU. 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 CSCU and, accordingly, the State's debt obligation attributable to CSCU's educational and general facilities is not reported as CSCU debt in the accompanying financial statements.

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

CHEFA Series	Issue Date	Issuance Amount	Mature in Fiscal Years:	Interest Rates:	Outstanding Principal 2021	Outstanding Principal 2020
I	4/18/2007	$ 62,760,000	2008 - 2021	3.00% - 5.25%	$ -	$ 15,160,000
J	6/22/2011	27,035,000	2013 - 2022	2.00% - 4.00%	1,270,000	18,205,000
L	4/4/2012	49,040,000	2013 - 2030	2.50% - 4.00%	45,500,000	45,515,000
M	1/10/2013	34,060,000	2014 - 2022	3.00% - 5.00%	3,130,000	25,800,000
N	10/23/2013	80,340,000	2015 - 2026	4.10% - 5.00%	18,925,000	63,875,000
O	9/16/2014	21,240,000	2015 - 2031	2.00% - 4.00%	16,770,000	16,790,000
P-1	9/13/2016	55,030,000	2018 - 2037	2.50% - 5.00%	47,660,000	49,640,000
P-2	9/13/2016	19,530,000	2018 - 2036	2.50% - 5.00%	5,080,000	5,080,000
Q-1	5/10/2019	71,260,000	2021 - 2040	3.00% - 5.00%	69,045,000	71,260,000
Q-2	5/10/2019	20,845,000	2021 - 2032	5.00% - 5.00%	12,680,000	20,845,000
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%	85,110,000	-
					$ 319,810,000	$ 332,170,000

In connection with the fiscal year 2021 refunding of Series I and refunding of 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 has been removed from the statement of net positions as of June 30, 2021. The $15.2 million that was refunded for Series I was redeemed prior to the maturity date on May 27, 2021 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The outstanding amount of the portions refunded for Series J, M and N totaled $78.6 million as of June 30, 2021. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4.3 million. The difference, which is recorded as a deferred loss on bond refunding, is being charged to interest expense over the remaining lives of Series I, J, M and N, before the refunding. As a result of the defeasance, CSUS reduced its aggregate debt service payments by $11.5 million and achieved an economic gain (the difference between the present value of the old and new debt service payments) of $10.1 million.

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
2022	$ 19,060,000	$ 10,256,661
2023	21,065,000	9,361,285
2024	21,730,000	8,509,275
2025	21,370,000	7,707,979
2026	22,175,000	6,879,896
2027-2031	106,545,000	24,146,366
2032-2036	84,935,000	8,270,486
2037-2040	22,930,000	1,262,194
	$ 319,810,000	$ 76,394,142

Long-term liabilities activity for the year ended June 30, 2021 and 2020 was as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Bonds payable	$ 332,170,000	$ 99,750,000	$ (112,110,000)	$ 319,810,000
Premium on bonds payable	22,514,454	725,186	(7,744,816)	15,494,824
Discount on bonds payable	(1,352,478)	(157,526)	807,113	(702,891)
Total bonds payable	$ 353,331,976	100,317,660	$ (119,047,703)	$ 334,601,933

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Bonds payable	$ 351,690,000		$ (19,520,000)	$ 332,170,000
Premium on bonds payable	25,584,719		(3,070,265)	22,514,454
Discount on bonds payable	(1,524,043)		171,565	(1,352,478)
Total bonds payable	$ 375,750,676	-	$ (22,418,700)	$ 353,331,976

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2021 and 2020:

As of June 30, 2021	SERS	TRS	OPEB	Debt Refunding	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 58,222,795	$ -	$ -	$ -	$ 58,222,795
Changes of assumptions or other inputs	28,734,630	4,718,915	239,591,307	-	273,044,852
Net difference between projected and actual earnings on pension plan investements	18,182,992	887,538	2,846,206	-	21,916,736
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,800,606	5,802,517	104,377,180	-	181,980,303
Employer contributions after measurement date	87,693,785	1,831,321	-	-	89,525,106
Loss on bond refunding	-	-	-	5,065,016	5,065,016
Total	**$ 264,634,808**	**$ 13,240,291**	**$ 346,814,693**	**$ 5,065,016**	**$ 629,754,808**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ 648,604	$ 33,317,424	$ -	$ 33,966,028
Changes of assumptions or other inputs	-	-	28,029,875	-	28,029,875
Net difference between projected and actual earnings on pension plan investements	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,717,674	8,693,574	79,022,064	-	108,433,312
Total	**$ 20,717,674**	**$ 9,342,178**	**$ 140,369,363**	**$ -**	**$ 170,429,215**

As of June 30, 2020	SERS	TRS	OPEB	Debt Refunding	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 70,816,198	$ -	$ -	$ -	$ 70,816,198
Changes of assumptions or other inputs	68,418,762	7,873,592	178,870,945	-	255,163,299
Net difference between projected and actual earnings on pension plan investments	-	533,544	-	-	533,544
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,785,007	7,741,045	135,193,590	-	243,719,642
Employer contributions after measurement date	73,503,269	1,596,338	53,173,679	-	128,273,286
Loss on bond refunding	-	-	-	842,046	842,046
Total	**$ 313,523,236**	**$ 17,744,519**	**$ 367,238,214**	**$ 842,046**	**$ 699,348,015**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ 800,429	$ 33,788,936	$ -	$ 34,589,365
Changes of assumptions or other inputs	-	-	44,308,283	-	44,308,283
Net difference between projected and actual earnings on pension plan investments	2,480,091	-	290,514	-	2,770,605
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,263,919	1,077,092	36,807,012	-	57,148,023
Total	**$ 21,744,010**	**$ 1,877,521**	**$ 115,194,745**	**$ -**	**$ 138,816,276**

CSCU

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	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	$ 1,078,763,292	$ 1,042,307,443	$ 882,364,851	$ 876,023,924	$ 972,052,721	$ 653,585,476	$ 577,889,607	$ 516,857,599
System's covered payroll	$ 205,686,655	$ 196,237,881	$ 175,778,524	$ 144,700,282	$ 152,194,773	$ 154,782,123	$ 140,369,452	$ 119,305,259
System's proportionate share of the net pension liability as a percentage of its covered payroll	524%	531%	502%	605%	639%	422%	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A [1]

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	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	$ 21,598,562	$ 32,123,860	$ 24,769,362	$ 12,309,255	$ 12,986,359	$ 10,523,910	$ 9,727,277	$ 10,728,942
State's proportionate share of the net pension liability associated with the System	$ 21,612,130	$ 27,059,919	$ 24,769,425	$ 12,986,445	$ 12,986,447	$ 10,523,916	$ 9,714,654	N/A [1]
Total	$ 43,210,692	$ 59,183,779	$ 49,538,787	$ 25,295,700	$ 25,972,806	$ 21,047,826	$ 19,441,931	$ 10,728,942
System's covered payroll	$ 5,330,522	$ 5,075,252	$ 4,728,567	$ 3,652,263	$ 4,127,906	$ 3,930,206	$ 3,813,448	$ 3,063,073
System's proportionate share of the net pension liability as a percentage of its covered payroll	405%	633%	524%	337%	315%	268%	255%	350%
Plan Fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A [1]

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

CSCU

Schedule of Net Other Post Employment Benefits Liability and Related Ratios

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	$ 1,443,409,039	$ 1,338,986,646	$ 967,345,901	$ 996,032,245	$1,021,241,708
System's covered payroll	$ 229,673,610	$ 234,304,156	$ 246,718,621	$ 251,238,643	$ 260,590,503
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	6.13%	5.47%	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.

CSCU

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 73,503,269	$ 72,114,688	$ 59,187,070	$ 64,638,177	$ 64,086,201	$ 54,526,224	$ 45,788,758	$ 33,007,798
Contributions in relation to the contractually required contribution	(73,503,269)	(72,114,688)	(58,713,574)	(64,121,072)	(63,573,511)	(54,253,593)	(45,788,758)	(32,974,790)
Contribution deficiency (excess)	$ -	$ -	$ 473,496	$ 517,105	$ 512,690	$ 272,631	$ -	$ 33,008
System's covered payroll	$ 205,686,655	$ 196,237,881	$ 175,778,524	$ 144,700,282	$ 152,194,773	$ 154,782,123	$ 140,369,452	$ 119,305,259
Contributions as a percentage of covered payroll	35.74%	36.75%	33.40%	44.31%	41.77%	35.05%	32.62%	27.64%

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,386,231	2,431,612	2,393,909	922,727	$ 889,376	$ 943,917	$ 909,799
Contributions in relation to the contractually required contribution	(1,596,338)	(1,860,654)	(1,234,134)	(569,543)	(1,323,934)	(1,516,991)	(1,343,282)
Contribution deficiency (excess)	$ (210,107)	$ 570,958	$ 1,159,775	$ 353,184	$ (434,558)	$ (573,074)	$ (433,483)
System's covered payroll	$ 5,330,522	$ 5,075,252	$ 4,728,567	$ 3,652,263	$ 4,127,906	$ 3,930,206	$ 3,813,448
Contributions as a percentage of covered payroll	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.

CSCU

Other Post Employment Benefits

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017
Contractually required contribution	53,173,679	48,745,744	44,676,991	38,553,325	36,046,001
Contributions in relation to the contractually required contribution	(53,173,679)	(48,745,744)	(44,676,991)	(38,553,325)	(36,046,001)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
System's covered payroll	$ 229,673,610	$ 234,304,156	$ 246,718,621	$ 251,238,643	$ 260,590,503
Contributions as a percentage of covered employee payroll	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. Changes in Benefit Terms

Pension Plans

Changes of benefit terms:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes of assumptions:
For measurement year 2020:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%
- Rates of withdrawl, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience

For measurement year 2019:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

State Employee OPEB Plan

Changes of benefit terms: none
Changes of assumptions:

- The discount rate was updated in accordance with GASB Statement No. 75 to 2.38% as of June 30, 2020 and 3.58% as of June 30, 2019.
- The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022..

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Assets								
Current assets:								
Cash and cash equivalents	$ 69,959,676	$ 33,046,653	$ 56,605,825	$ 20,305,007	$ 26,349,315	$ -	$ 206,266,476	$ 206,682,716
Investments	-	-	-	-	85,680,030	-	85,680,030	106,039,932
Accounts receivable, net	14,069,385	6,983,417	4,163,798	2,420,862	-	-	27,637,462	12,740,050
Due from the State of Connecticut	23,985,709	9,757,472	16,923,184	8,444,016	3,365,872	-	62,476,253	55,381,257
Due from SO and Universities	1,784,395	1,245,605	605,418	244,448	367,048	(4,246,914)	-	-
Prepaid expenses and other current assets	3,744,532	726,319	1,716,815	118,531	1,225,112	-	7,531,309	6,819,679
Total current assets	113,543,697	51,759,466	80,015,040	31,532,864	116,987,377	(4,246,914)	389,591,530	387,663,634
Noncurrent assets:								
Cash and cash equivalents	13,715,169	16,130,734	27,326,897	953,267	84,094,445	-	142,220,512	139,059,549
Investments	-	-		-	33,165,374	-	33,165,374	34,517,743
Accounts receivable, net	924,936	324,303	1,456,108	1,548,142	-	-	4,253,489	3,697,799
Other assets	-	-	120,948	12,000	-	-	132,948	183,292
Investment in capital assets	655,565,354	516,912,036	642,784,707	436,699,609	41,203,757	-	2,293,165,463	2,208,990,000
Accumulated depreciation	(282,346,736)	(206,389,934)	(326,431,189)	(204,313,788)	(17,844,641)	-	(1,037,326,288)	(978,431,700)
Investment in capital assets, net of accumulated depreciation	373,218,618	310,522,102	316,353,518	232,385,821	23,359,116	-	1,255,839,175	1,230,558,300
Total noncurrent assets	387,858,723	326,977,139	345,257,471	234,899,230	140,618,935	-	1,435,611,498	1,408,016,683
Total assets	$ 501,402,420	$ 378,736,605	$ 425,272,511	$ 266,432,094	$ 257,606,312	$ (4,246,914)	$ 1,825,203,028	$ 1,795,680,317
Deferred outflows of resources:								
Deferred pension	$ -	$ -	$ -	$ -	$ 277,875,100	$ -	$ 277,875,100	331,267,755
Deferred other post employment benefits	-	-	-	-	399,794,623	-	399,794,623	367,238,214
Deferred loss on bond refunding	-	-	-	-	5,065,016	-	5,065,016	842,046
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 682,734,739	$ -	$ 682,734,739	$ 699,348,015

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Liabilities								
Current liabilities:								
Accounts payable	$ 7,092,617	$ 2,419,059	$ 2,817,259	$ 1,567,802	$ 505,979	$ -	$ 14,402,716	$ 17,573,799
Accrued salaries and benefits	26,388,074	13,116,285	25,333,760	12,500,117	532,570	-	77,870,806	73,919,436
Accrued compensated absences	2,024,005	890,910	1,793,333	1,381,675	154,732	-	6,244,655	5,316,466
Due to the State of Connecticut	14,306	167	329,051	-	-	-	343,524	746,318
Due to SO and Universities	308,224	58,824	-	-	3,879,866	(4,246,914)	-	-
Unearned tuition,fees and grant revenue	12,163,392	2,634,108	8,635,045	3,132,765	19,432	-	26,584,742	22,662,269
Bonds payable	-	-	-	-	19,060,000	-	19,060,000	18,345,000
Accrued bond interest payable	-	-	-	-	1,794,813	-	1,794,813	2,314,059
Other liabilities	330,378	17,512	2,577,719	213,843	232,969	-	3,372,421	3,281,311
Depository accounts	2,466,583	1,377,632	3,960,015	585,129	(330)	-	8,389,029	6,719,975
Total current liabilities	50,787,579	20,514,497	45,446,182	19,381,331	26,180,031	(4,246,914)	158,062,706	150,878,633
Noncurrent liabilities:								
Accrued compensated absences	22,014,057	12,924,877	21,578,922	12,796,802	1,648,675	-	70,963,333	68,428,599
Bonds payable	-	-	-	-	315,541,933	-	315,541,933	334,986,976
Federal loan program advances	809,515	754,533	493,441	1,080,956	-	-	3,138,445	5,462,757
Deferred compensation	-	-	-	-	343,240	-	343,240	317,915
Other noncurrent liabilities	-	-	1,152,571	-	-	-	1,152,571	-
Pension liability, net	-	-	-	-	1,100,362,493	-	1,100,362,493	1,074,431,967
Other post employment benefits, net	-	-	-	-	1,443,409,037	-	1,443,409,037	1,338,986,646
Total noncurrent liabilities	22,823,572	13,679,410	23,224,934	13,877,758	2,861,305,378	-	2,934,911,052	2,822,614,860
Total liabilities	$ 73,611,151	$ 34,193,907	$ 68,671,116	$ 33,259,089	$ 2,887,485,409	$ (4,246,914)	$ 3,092,973,758	$ 2,973,493,493
Deferred inflows of resources:								
Deferred pension	$ -	$ -	$ -	$ -	$ 30,059,852	$ -	$ 30,059,852	23,621,531
Deferred other post employment benefits	-	-	-	-	140,331,043	-	140,331,043	115,194,745
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ 170,390,895	$ -	$ 170,390,895	$ 138,816,276
Net Position								
Net investment in capital assets	$ 373,216,995	$ 310,445,374	$ 316,353,518	$ 232,385,821	$ (229,690,369)	$ -	$ 1,002,711,339	$ 976,551,439
Restricted:								
Nonexpendable	-	60,000	70,960	407,116	-	-	538,076	467,116
Expendable	10,021,633	2,908,176	6,772,356	2,654,426	95,252,422	-	117,609,013	133,664,203
Unrestricted	44,552,641	31,129,148	33,404,561	(2,274,358)	(1,983,097,306)	-	(1,876,285,314)	(1,727,964,195)
Total net position	$ 427,791,269	$ 344,542,698	$ 356,601,395	$ 233,173,005	$ (2,117,535,253)	$ -	$ (755,426,886)	$ (617,281,437)

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Operating revenues:								
Tuition and fees:								
Tuition and fees, gross	$ 117,155,535	$ 51,293,206	$ 115,913,941	$ 57,239,067	$ -	$ -	$ 341,601,749	$ 352,716,298
Less:								
Scholarships allowance	(10,889,079)	(11,867,158)	(9,422,464)	(5,083,200)	-	-	(37,261,901)	(36,412,517)
Waivers	(4,875,503)	(2,113,357)	(10,250,402)	(1,480,008)	-	-	(18,719,270)	(20,826,328)
Tuition and fees, net of scholarship allowances and waivers	101,390,953	37,312,691	96,241,075	50,675,859	-	-	285,620,578	295,477,453
Federal grants and contracts	4,400,151	971,250	3,898,422	2,041,084	-	-	11,310,907	8,701,180
State and local grants and contracts	3,981,976	1,252,810	4,334,086	1,923,181	-	-	11,492,053	11,635,511
Nongovernment grants and contracts	1,804,229	758,806	4,442,967	57,351	-	-	7,063,353	6,869,900
Indirect cost recoveries	298,902	83,561	240,629	25,950	-	-	649,042	766,028
Auxiliary revenues	13,349,032	22,795,490	17,117,877	13,211,127	3,000	-	66,476,526	87,471,363
Other operating revenues	985,506	600,682	661,311	830,014	-	-	3,077,513	8,359,015
Total operating revenues	126,210,749	63,775,290	126,936,367	68,764,566	3,000	-	385,689,972	419,280,450
Operating expenses:								
Salaries and wages	104,289,845	59,090,563	112,866,302	61,838,951	4,179,755	-	342,265,416	343,466,114
Fringe benefits	70,693,373	41,752,018	73,595,561	41,063,257	185,606,379	-	412,710,588	395,780,745
Professional services and fees	4,660,238	2,694,515	6,386,129	2,977,694	1,263,560	-	17,982,136	19,202,627
Educational services and support	40,711,537	16,374,243	42,235,108	22,018,882	593,613	-	121,933,383	121,492,594
Travel expenses	551,963	191,940	190,561	90,662	43,575	-	1,068,701	4,907,325
Operation of facilities	21,673,397	7,257,446	9,433,578	6,961,210	114,008	-	45,439,639	47,402,613
Other operating supplies and expenses	7,852,105	3,465,236	6,396,854	4,648,741	4,528,635	-	26,891,571	32,190,063
Depreciation expense	15,874,706	16,286,681	20,131,664	12,562,346	811,863	-	65,667,260	67,152,130
Amortization expense	-	-	36,810	1,531	-	-	38,341	37,887
Total operating expenses	266,307,164	147,112,642	271,272,567	152,163,274	197,141,388	-	1,033,997,035	1,031,632,098
Operating loss	$ (140,096,415)	$ (83,337,352)	$(144,336,200)	$ (83,398,708)	$ (197,138,388)	$ -	$ (648,307,063)	$ (612,351,648)

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Nonoperating revenues (expenses)								
State appropriations	$ 93,952,185	$ 57,752,719	$ 88,769,807	$ 54,423,997	$ 8,017,835	$ -	$ 302,916,543	$ 283,884,100
Pell grant revenue	13,519,411	6,208,717	15,035,858	7,047,359	-	-	41,811,345	45,078,419
Federal emergency grant revenue	30,127,053	16,321,644	27,897,043	12,150,423	492,706	-	86,988,869	20,921,780
Gifts	2,835,406	542,206	256,419	3,214	-	-	3,637,245	3,648,396
Investment income	84,069	49,317	85,283	22,481	745,859	-	987,009	7,928,517
Interest expense	-	-	-	-	(8,725,538)	-	(8,725,538)	(11,670,523)
Capital projects financed by SO	11,130,659	1,320,470	1,572,518	1,687,971	(15,711,618)	-	-	-
Other nonoperating revenues (expenses), net	238,757	1,558	(69,069)	68,579	(859,575)	-	(619,750)	1,415,597
Net nonoperating revenues (expenses)	151,887,540	82,196,631	133,547,859	75,404,024	(16,040,331)	-	426,995,723	351,206,286
Loss before other changes in net position	11,791,125	(1,140,721)	(10,788,341)	(7,994,684)	(213,178,719)	-	(221,311,340)	(261,145,362)
Other changes in net position								
State appropriations restricted for capital purposes	41,254,769	2,178,215	35,738,646	3,740,336	513,600	-	83,425,566	67,124,021
Loss on disposal of capital assets	(169,442)	(70,458)	(12,614)	(7,161)	-	-	(259,675)	(1,604,663)
Interagency transfers	(11,750,102)	(7,285,958)	(9,486,661)	(6,417,545)	34,940,266	-	-	-
Other changes in net position	29,335,225	(5,178,201)	26,239,371	(2,684,370)	35,453,866	-	83,165,891	65,519,358
Change in net position	41,126,350	(6,318,922)	15,451,030	(10,679,054)	(177,724,853)	-	(138,145,449)	(195,626,004)
Net position at beginning of year	386,664,919	350,861,620	341,150,365	243,852,059	(1,939,810,400)	-	(617,281,437)	(421,655,433)
Net position at end of year	$427,791,269	$344,542,698	$356,601,395	$233,173,005	(2,117,535,253)	$ -	$ (755,426,886)	$ (617,281,437)

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Cash flows from operating activities:								
Tuition and fees	$ 101,737,692	$ 32,796,801	$ 97,791,013	$ 50,116,164	$ -	$ -	$ 282,441,670	$ 291,077,192
Grants and contracts	5,522,459	2,982,866	9,532,912	3,859,241	-	-	21,897,478	29,229,363
Auxiliary revenues	14,381,848	23,026,846	16,559,008	12,931,058	3,000	-	66,901,760	86,687,164
Other operating revenues	1,619,548	1,119,243	1,003,140	710,733	-	-	4,452,664	12,997,460
Payments to employees for salaries and benefits	(174,007,684)	(98,964,061)	(182,649,323)	(101,296,969)	(7,471,919)	-	(564,389,956)	(547,718,642)
Payments to suppliers	(1,569,971)	(478,731)	(750,401)	(1,046,845)	(665,035)	-	(4,510,983)	(3,756,684)
Professional services and fees	(4,660,237)	(2,635,691)	(6,386,129)	(2,977,694)	(1,263,560)	-	(17,923,311)	(19,202,627)
Educational services and support	(40,711,537)	(16,374,243)	(42,235,108)	(22,018,882)	(593,613)	-	(121,933,383)	(121,492,786)
Travel expenses	(551,963)	(191,940)	(190,561)	(90,662)	(43,575)	-	(1,068,701)	(4,907,325)
Operation of facilities	(21,673,396)	(10,745,842)	(9,433,578)	(6,961,210)	(114,057)	-	(48,928,083)	(49,913,592)
Other operating supplies and expenses	(8,190,165)	452,527	(7,128,433)	(4,336,939)	(4,920,487)	-	(24,123,497)	(24,322,239)
Net cash used in operating activities	(128,103,406)	(69,012,225)	(123,887,460)	(71,112,005)	(15,069,246)	-	(407,184,342)	(351,322,716)
Cash flows from noncapital financing activities:								
State appropriations	93,014,644	57,210,424	88,123,762	55,621,069	7,901,680	-	301,871,579	283,551,363
Gifts for other than capital purposes	2,835,406	542,206	256,419	3,214	-	-	3,637,245	3,648,395
Nonoperating grants and revenue other	43,351,232	22,317,095	42,863,833	18,905,676	717,706	-	128,155,542	64,284,113
Interagency transfers	(11,750,102)	(7,285,958)	(9,486,660)	(6,417,546)	34,940,266	-	-	-
Net cash provided by noncapital financing activities	$ 127,451,180	$ 72,783,767	$ 121,757,354	$ 68,112,413	$ 43,559,652	$ -	$ 433,664,366	$ 351,483,871
Cash flows from investing activities:								
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 49,339,610	$ -	49,339,610	$ 49,069,490
Purchases of investments	-	-	-	-	(27,662,707)	-	(27,662,707)	(35,234,896)
Interest and dividends received on investments	84,069	49,318	183,581	22,482	776,951	-	1,116,401	8,483,564
Net cash provided by investing activities	84,069	49,318	183,581	22,482	22,453,854	-	22,793,304	22,318,158
Cash flows from capital and related financing activities:								
Cash paid for capital assets	(43,964,308)	(5,823,411)	(35,977,422)	(5,092,338)	-	-	(90,857,479)	(78,468,180)
Capital projects financed by SO	9,735,905	2,450,131	1,768,072	2,034,063	(15,988,171)	-	-	-
State capital appropriations received	35,246,770	2,178,215	33,702,838	3,740,336	2,377,984	-	77,246,143	77,636,522
Proceeds from refunding of bonds	-	-	-	-	100,317,660	-	100,317,660	-
Repayments of capital debt	-	-	-	-	(18,345,000)	-	(18,345,000)	(19,520,000)
Interest paid on capital debt	-	-	-	-	(11,371,756)	-	(11,371,756)	(14,212,603)
Payments to refunded bond escrow agent	-	-	-	-	(102,433,598)	-	(102,433,598)	-
Bond issuance payments	-	-	-	-	(1,084,575)	-	(1,084,575)	-
Net cash provided by (used in) capital and related financing activities	1,018,367	(1,195,065)	(506,512)	682,061	(46,527,456)	-	(46,528,605)	(34,564,261)
Net increase (decrease) in cash and cash equivale	450,210	2,625,795	(2,453,037)	(2,295,049)	4,416,804	-	2,744,723	(12,084,948)
Cash and cash equivalents, beginning of year	83,224,635	46,551,592	86,385,759	23,553,323	106,026,956	-	345,742,265	357,827,213
Cash and cash equivalents, end of year	$ 83,674,845	$ 49,177,387	$ 83,932,722	$ 21,258,274	$ 110,443,760	$ -	$ 348,486,988	$ 345,742,465

CSCU

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Reconciliation of operating loss to net cash used in operating activities:								
Operating loss	$ (140,096,415)	$ (83,337,352)	$ (144,336,200)	$ (83,398,708)	$ (197,138,388)	$ -	$ (648,307,063)	$ (612,351,648)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	15,874,706	16,286,681	20,131,664	12,562,346	811,863	-	65,667,260	67,152,130
Amortization	-	-	36,810	1,531	-	-	38,341	37,887
Changes in assets and liabilities:								
Receivables	(8,761,489)	(4,925,586)	(1,155,018)	(919,231)	-	-	(15,761,324)	(31,273)
Prepaid expenses and other	(680,528)	61,659	(395,935)	(67,824)	384,531	-	(698,097)	2,119,692
Accounts payable	(1,320,404)	(77,009)	(515,573)	(506,277)	(1,433,418)	-	(3,852,681)	(1,580,588)
Accrued salaries and benefits	516,228	771,070	1,805,102	811,229	47,740	-	3,951,369	12,970,695
Other liabilities	8,858	(34,015)	204,985	(160,941)	-	-	18,887	(58,948)
Due to/from State of Connecticut	-	167	13,882	-	(406,860)	-	(392,811)	(4,078,808)
Due to/from Universities	49	-	-	-	(49)	-	-	-
Unearned tuition, fees and grant revenues	5,330,467	765,023	(1,499,752)	(365,044)	-	-	4,230,694	(74,805)
Deferred compensation	-	-	-	-	25,325	-	25,325	29,558
Depository accounts	565,817	369,853	604,477	136,905	(8,000)	-	1,669,052	1,562,329
Accrued compensated absences	459,305	1,107,284	1,218,098	794,009	(115,772)	-	3,462,924	8,641,663
Pension liability	-	-	-	-	25,930,526	-	25,930,526	167,426,397
Other post employment benefits	-	-	-	-	104,422,391	-	104,422,391	377,213,924
Changes in deferred outflows	-	-	-	-	20,836,246	-	20,836,246	(378,550,557)
Changes in deferred inflows	-	-	-	-	31,574,619	-	31,574,619	8,249,636
Net cash used in operating activities	$ (128,103,406)	$ (69,012,225)	$ (123,887,460)	$ (71,112,005)	$ (15,069,246)	$ -	$ (407,184,342)	$ (351,322,716)
Noncash investing, noncapital financing and capital and related financing transactions:								
Fixed assets included in accounts payable	$ 2,763,906	$ 1,696,067	$ 793,146	$ 251,461	$ -	$ -	$ 5,504,580	$ 5,740,571
Reconciliation of cash and cash equivalents to the combined statements of net assets:								
Cash and cash equivalents classified as current assets	$ 69,959,676	$ 33,046,653	$ 56,605,825	$ 20,305,007	$ 26,349,315	$ -	$ 206,266,476	$ 206,682,716
Cash and cash equivalents classified as noncurrent assets	13,715,169	16,130,734	27,326,897	953,267	84,094,445	-	142,220,512	139,059,549
	$ 83,674,845	$ 49,177,387	$ 83,932,722	$ 21,258,274	$ 110,443,760	$ -	$ 348,486,988	$ 345,742,265

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.

2021 Financial Statements

INCLUDING

Required Supplementary Information

Additional Supplemental Information

June 30, 2021

CSCU

Connecticut Community College

Connecticut Community Colleges Mission Statement

As part of the Connecticut State Colleges & Universities (CSCU) system, the twelve Connecticut Community Colleges share a mission to make excellent higher education and lifelong learning affordable and accessible. Through unique and comprehensive degree and certificate programs, non-credit life-long learning opportunities and job skills training programs, they advance student aspirations to earn career-oriented degrees and certificates and to pursue their further education. The Colleges nurture student learning and success to transform students and equip them to contribute to the economic, intellectual, civic, cultural and social well-being of their communities. In doing so, the Colleges support the state, its businesses and other enterprises and its citizens with a skilled, well-trained and educated workforce.

Members of the Board of Regents for Higher Education (Between 7/1/20 and 6/30/21)

- 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)
- Six 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
  - Chair and Vice Chair of the Faculty Advisory Committee

REGENTS AS OF 6/30/21

(Four vacancies: two legislative appointees and two Student Regent vacancies.)

Matt Fleury, Chair
Merle W. Harris, Vice Chair
Richard J. Balducci
Aviva D. Budd
Naomi K. Cohen
Felice Gray-Kemp
Holly Howery
David R. Jimenez
JoAnn Ryan
Ari Santiago
Elease E. Wright

EX-OFFICIO, NON-VOTING MEMBERS

David Blitz – Chair of the Faculty Advisory Committee
Colena Sesanker – Vice Chair of the Faculty Advisory Committee
Kurt Westby – Commissioner of the CT Department of Labor
Charlene Russell-Tucker – Acting Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Deidre Gifford – Acting Commissioner CT Dept. of Public Health

Former Board members (who served between 7/1/20 – 6/30/21)
Monica Maldonado, SAC, Chair
Elena Ruiz, Vice Chair of Student Advisory Committee
Dr. Miguel A. Cardona – (Former) Commissioner of the State Department of Education

Connecticut Community College Presidents/CEOs 7/1/2020 through 6/30/2021

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
Dr. William (Terry) Brown, 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
Dr. Steven Minkler, Campus CEO

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

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. Rose Ellis, 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 & Universities (CSCU)
61 Woodland Street, Hartford, CT 06105
Mark E. Ojakian, CSCU President (Until December 31, 2020)
Terrence Cheng, CSCU President (Beginning July 2, 2021)

Introduction

Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Connecticut Community Colleges ("CCC" or "The System") and its component units for the fiscal year ended June 30, 2021. 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 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 is a state-wide system of twelve regional community colleges. During the fall 2020 semester, 45,905 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 26,418. During calendar year 2020, approximately 13,665 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 2,800 full time employees at June 30, 2021.

The CCC system is composed of twelve institutions 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 serve 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.

Using the Financial Statements

The CCC financial report includes the following financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement 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 the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2021 and 2020 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") for fiscal year 2021 and 2020 and the Great Path Academy ("GPA"), a magnet high school at Manchester Community College ("MCC") for fiscal year 2020. Magnet high schools which are operating on CCC campuses are legally separate, tax-exempt non-profit organizations. Each magnet school established is evaluated for inclusion within the System financial statements as a component unit. The Great Path Academy at MCC met the criteria for inclusion as a component unit in the financial statements of CCC in fiscal 2020 and is discretely presented and identified in a single column on the face of the CCC financial statements. Effective July 1, 2020, GPA no longer meets the criteria for inclusion as a component unit in the financial students and therefore only fiscal year 2020 is presented. 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 the majority 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.

Financial Highlights

The Connecticut Community Colleges had total assets of $877.2 million, liabilities of $2.2 billion, and a total net position balance of ($968.2) million at June 30, 2021. Of the total net position balance, ($1.7) billion is classified as unrestricted net position, a $112.1 million decrease from 2020. The large negative balance in unrestricted net position is a result of the adoption of GASB 68 (Pensions) in fiscal year 2015 and GASB 75 (Other Post-Employment Benefits) 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). The offset to the net pension and OPEB liabilities was a reduction in unrestricted net position as further discussed below.

Cash and cash equivalents were $130.8 million at June 30, 2021, including $12.5 million of cash equivalents in the form of unspent State bond appropriations administered by the CCC, and $16.1 million of unspent State bond appropriations administered by the Department of Administrative Services (DAS) on behalf of the System. Total current assets were $196.9 million at June 30, 2021, an increase of $20.8 million. The current ratio identifies the amount of resources available to meet current obligations. This ratio of unrestricted current assets of $166.3 million to unrestricted current liabilities of $68.9 million is 2.4:1 in 2021, and was 2.1:1 in 2020. The current ratio reflects a financial position sufficient to provide short-term liquidity. However, as the State continues to address the effects of the coronavirus pandemic, management will continue to carefully monitor liquidity metrics. Non-current liabilities increased $47.3 million from $2.09 billion at June 30, 2020 to $2.13 billion at June 30, 2021. This significant liability includes $917.1 million for the CCC allocation of the state pension plan obligation, $1.2 billion for the CCC allocation of the state's OPEB obligation and $38.1 million for the long-term portion of the accrued value of benefits, other than pension and OPEB, 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).

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were $117.0 million, a 6.5% decrease from the previous year. The decrease of tuition and fees, net of 15.6% was offset by an increase in grants and contracts of 22.5%. The decline in tuition and fees is directly related to the decline in enrollment because tuition and fees remained flat for the year. The average decline

in enrollment for Fall 2020 through Spring 2021 semesters was approximately 14.1% due to the ongoing effects of the coronavirus pandemic. Operating expenses were $721.7 million, an increase of 4.4% from the previous year, resulting in an operating loss of $604.7 million during the year ended June 30, 2021. Net non-operating revenues and expenses and other changes were $463.5 million, up 13.4% from the previous year, which was primarily the result of approximately $68.8 million in directly awarded Federal emergency grant revenue, which the System received from the Higher Education Emergency Relief Fund (HEERF), $12.3 million in federal pass-through grants from COVID-related funding sources (HEERF, Coronavirus Relief Fund (CRF), and Governor's Emergency Education Relief Fund (GEERF)), and an increase in appropriations of $29.9 million. Also during fiscal 2021, the CCC discharged outstanding student receivables as an allowable lost revenue expense (student reengagement expense) under the HEERF programs, which totaled $16.6 million. Overall the CCC experienced a decrease in net position of $143.3 million during fiscal year 2021.

Statement of Net Position

The Statement of Net Position presents the overall financial position of the System at the end of the fiscal year, and includes all assets and liabilities of the Connecticut Community Colleges, including capital assets net of accumulated depreciation. The change in Net Position is one indicator of whether the overall financial condition of CCC has improved or worsened during the year.

Condensed Statements of Net Position
June 30, 2021 and 2020
(in thousands)

	2021	2020	% Change
ASSETS			
Current assets	$ 196,915	$ 176,139	11.8%
Non-current assets	680,263	707,232	-3.8%
Total assets	877,178	883,371	-0.7%
DEFERRED OUTFLOWS OF RESOURCES	537,890	558,096	-3.6%
LIABILITIES			
Current liabilities	72,711	71,098	2.3%
Non-current liabilities	2,133,325	2,086,073	2.3%
Total liabilities	2,206,036	2,157,171	2.3%
DEFERRED INFLOWS OF RESOURCES	177,224	109,161	62.4%
NET POSITION			
Invested in capital assets	679,901	706,804	-3.8%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	31,411	35,724	-12.1%
Unrestricted	(1,679,524)	(1,567,414)	-7.2%
Total net position	$ (968,192)	$ (824,866)	-17.4%

Current assets consist of cash and cash equivalents and accounts receivable. The $20.8 million increase in current assets from the previous year is attributable to a $23.1 million increase in grants receivable, which is largely due from HEERF. The increase in grants receivable is offset somewhat by a $15.2 million decrease in student accounts receivable due to the CCC discharging $16.6 million in outstanding student receivables as an allowable lost revenue

expense under the HEERF programs. Cash and cash equivalents increased by $5.8 million which fluctuate as sizeable building projects are funded and then expended over a period of two to three years. 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. The CCC do not carry any other separate investments.

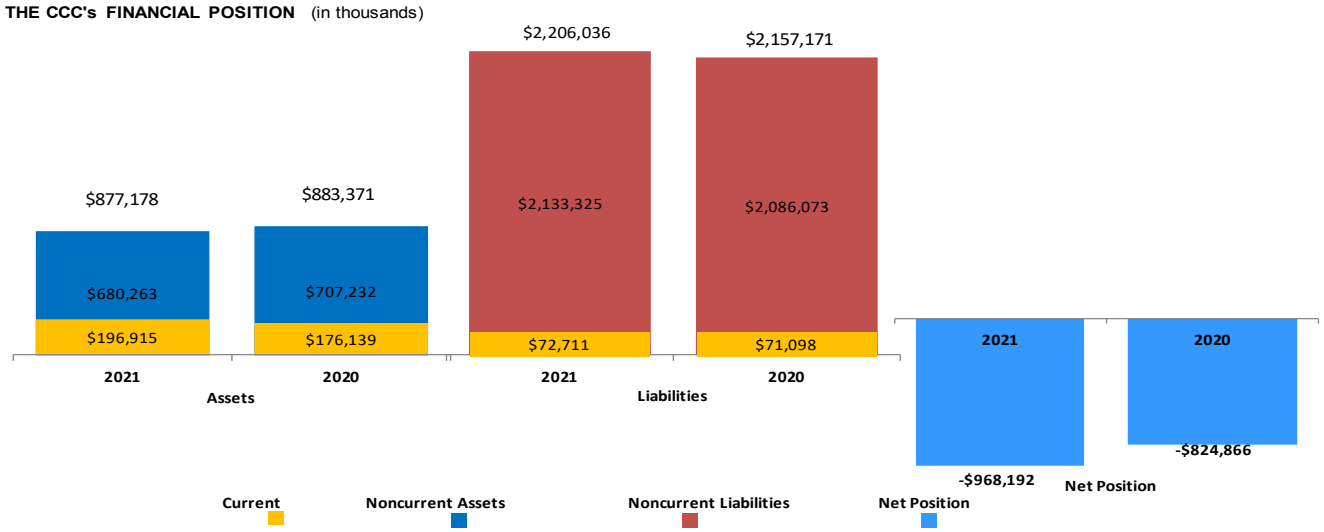
Non-current assets decreased 3.8% from $707.2 million at June 30, 2020, to $680.3 million at June 30, 2021. Net capital assets account for all but $0.4 million of non-current assets, which represents student loan receivables. At June 30, 2021, capital assets in service totaled $1.1 billion, offset by $458.7 million in accumulated depreciation. There were $8.3 million in additions to Construction in Progress, including $4.1 million in Norwalk renovation and additions, $2.3 million in Naugatuck Valley renovations, and various other site improvements across the colleges. Completed projects were $81.9 million, including Northwestern's Joyner building ($27.5 million), Housatonic's Lafayette building addition and renovation ($34.2 million), Naugatuck Valley site improvements ($7.6 million), and Housatonic parking garage repairs ($3.3 million), and other various projects.

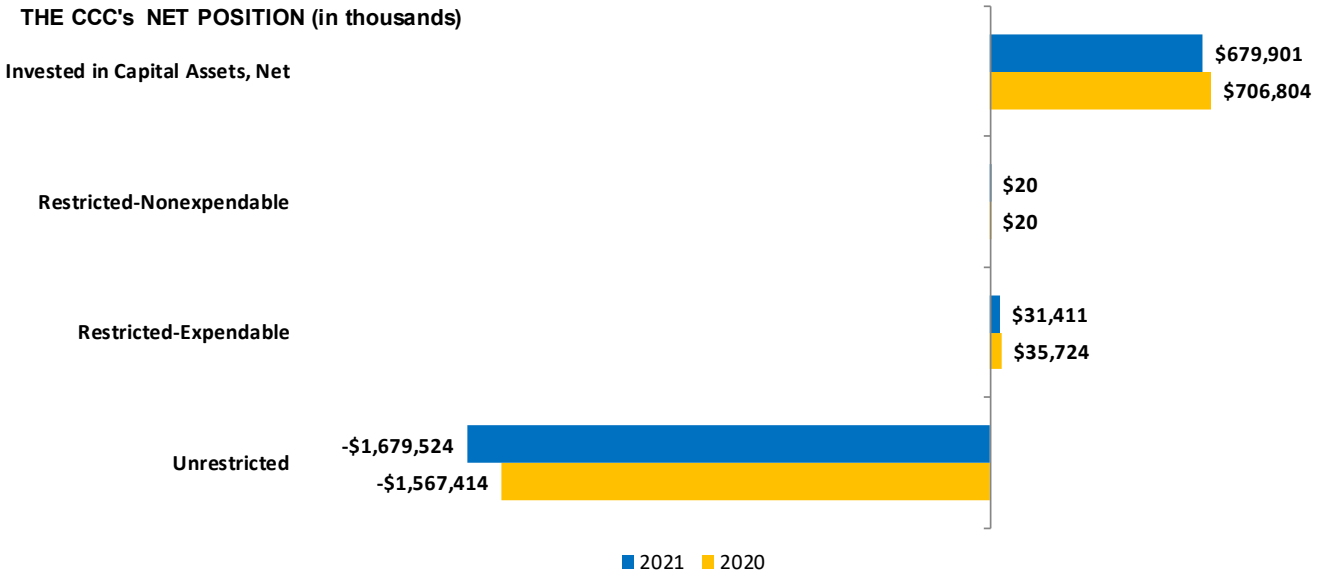
Current liabilities consist primarily of accrued payroll and related benefits of $46.6 million and unearned tuition, fees and grant revenue of $12.9 million, primarily collected in advance for late-summer and fall 2021 academic terms. Additional significant current liabilities include vendor accounts payable of $5.1 million, $3.9 million for the estimated value of accrued compensated absences that will be paid within the coming year to employees who terminate or retire, and $2.9 million in agency and loan fund liabilities.

Non-current liabilities consist almost exclusively of $917.1 million in pension liability, $1.2 billion in OPEB liability and $38.1 million of long-term accrued compensated absences ("ACA") to be paid out to terminating employees over time in the future beyond one year. *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 $3.8 million while the OPEB liability increased significantly by $50.0 million due to changes in valuation assumptions reflecting known changes to the Medicare Advantage plan rates and a lowering of the discount rate.

Total liabilities were $2.2 billion at the end of fiscal year 2021, a 2.3% increase from fiscal year 2020 due to the aforementioned increase in OPEB liability. The total ACA liability of $42.1 million (long-term and current), pension liability of $917.1 million and OPEB liability of $1.2 billion, represents approximately twelve times the existing unrestricted current assets that are available to pay for these previously earned employee benefits, and causes the reported unrestricted net position balance to be negative. In practice, however, much of these payouts are funded through current-year revenues rather than through existing net position.

Deferred inflows and outflows 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.





The *total net position* includes $679.9 million *Invested in capital assets* net of depreciation. The Connecticut Community Colleges do not carry any capital debt, as property acquisitions, facility construction and major renovations are financed by capital appropriations made to one or more of the CCC. Bonding and debt repayment are the responsibility of the State of Connecticut and are not reflected in the CCC financial statements. The Connecticut Community Colleges continue to implement a long-range capital plan to provide for new and renovated campus facilities necessary to meet academic program needs.

The CCC have a minimal level of *Restricted-Nonexpendable* net position 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, 2021 ($11.0 million in funds managed by the CCC and $16.0 million for projects managed by DAS), funds held in restricted accounts pending distribution under the terms of the Board's collective bargaining agreement with its professional unions, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet

expended. 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 $22.4 million to $55.0 million during fiscal year 2021. The table below illustrates the fluctuations in aggregate CCC UNP over the past six years adjusted for net pension liability beginning in fiscal year 2015 and net OPEB liability beginning in fiscal year 2017:

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
UNP Adjusted	$ 25.7	$ 37.7	$ 45.7	$ 44.9	$ 39.9	$ 32.6	$ 55.0
UNP	$ (475.9)	$ (466.0)	$ (1,374.8)	$ (1,366.8)	$ (1,567.4)	$(1,567.4)	$ (1,679.5)

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the CCC results of operations, as well as the non-operating revenues and expenses.

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 78,232	$ 92,690	-15.6%
Grants and contracts	35,318	28,831	22.5%
Other revenues	3,483	3,645	-4.4%
Total operating revenues	117,033	125,166	-6.5%
OPERATING EXPENSES			
Expenses before depreciation	684,620	661,298	3.5%
Depreciation	37,110	30,156	23.1%
Total operating expenses	721,730	691,455	4.4%
Operating loss	(604,697)	(566,288)	6.8%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	330,863	300,940	9.9%
State appropriations - bond fund	9,565	22,412	-57.3%
Pell grant revenue	58,539	75,036	-22.0%
Federal non-operating grant revenue	68,806	9,201	647.8%
Federal non-operating pass-through grant revenue	12,292	-	N/A
Student reengagement expense	(16,583)	-	N/A
Other non-operating revenue, net	60	1,213	-95.1%
Total non-operating revenues	463,542	408,802	13.4%
OTHER CHANGES IN NET POSITION			
Other deductions	(2,171)	-	N/A
Total other changes in net position	(2,171)	-	N/A
NET POSITION			
Change in net position	(143,326)	(157,487)	9.0%
Net position, beginning of year	(824,866)	(667,379)	-23.6%
Net position, end of year	$ (968,192)	$ (824,866)	-17.4%

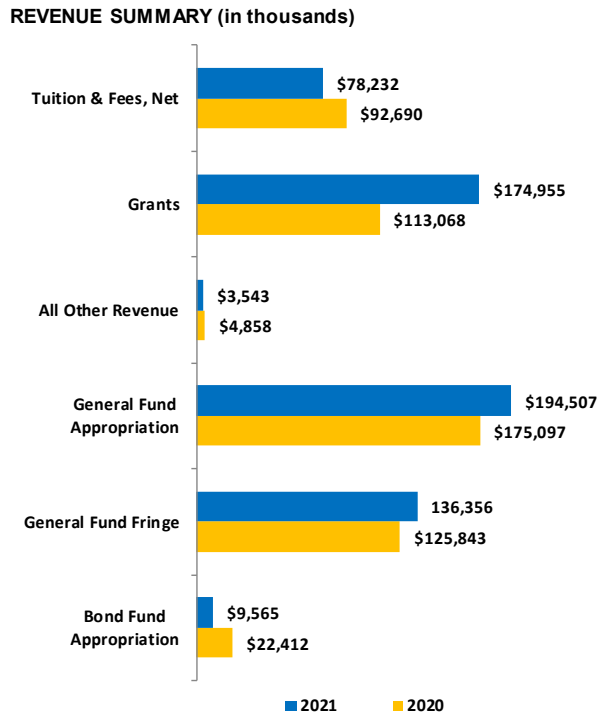
Total *operating revenues* for fiscal year 2021 were $117.0 million after the reduction for scholarship allowances, a decrease of 6.5% from $125.2 million in fiscal year 2020. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis, but are offset by student financial aid and waivers resulting in net tuition and

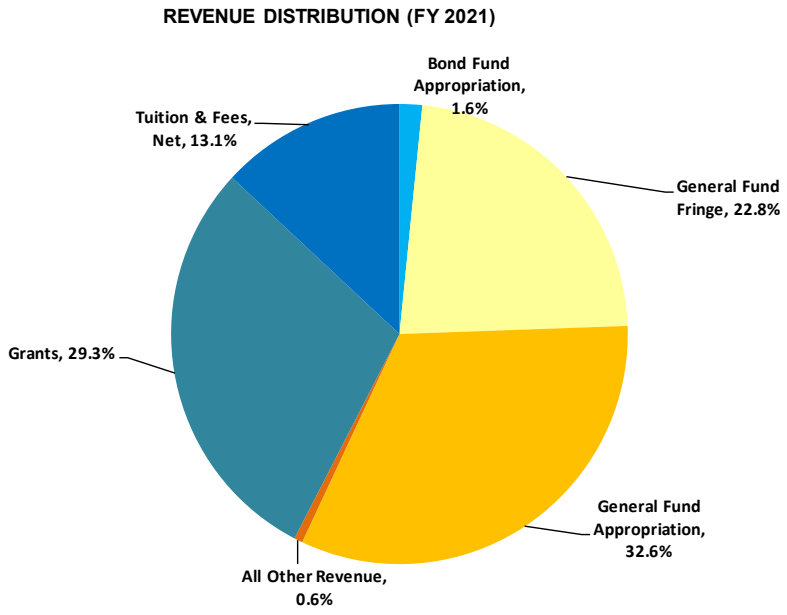
fee revenue of $78.2 million. This differs from budgetary practices, which recognize revenues on a gross basis without offset for scholarship allowances. On a gross basis, fiscal year 2021 tuition revenues decreased by 14.3% from the previous year, or $25.3 million due to the decline in enrollment resulting from the coronavirus pandemic. These revenues reflect an FTE credit enrollment decrease of 14.1% in fiscal year 2021.

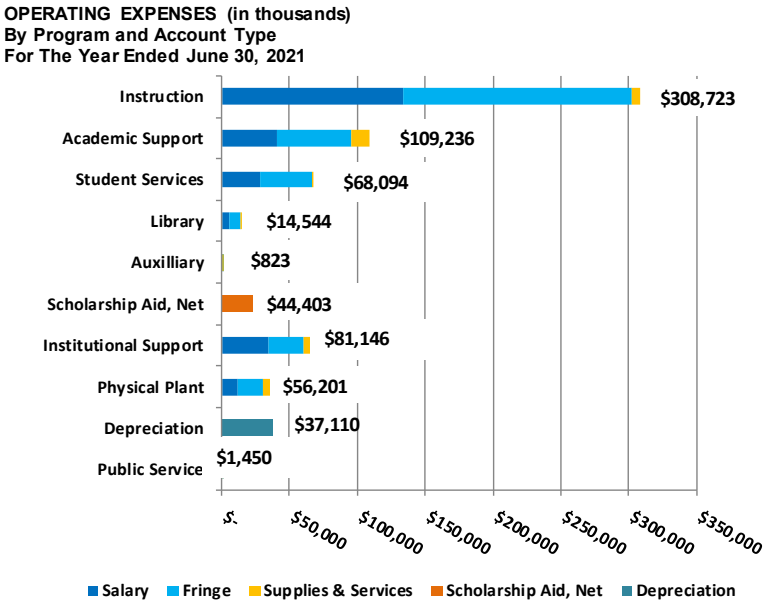
Total operating expenses for fiscal year 2021 were $721.7 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects an increase of $30.3 million or 4.4% from fiscal 2020. Salaries and wages remained relatively flat, with a $3.0 million, or 1.2% increase overall. The $8.2 million increase in fringe benefits in fiscal year 2021 is mainly a result of the $8.6 million increase in the OPEB fringe expense, from $64.3 million in fiscal year 2020 to $72.9 million in fiscal 2021. In addition, operating expenses include $44.4 million in net scholarship aid expense provided to students, $37.1 million in depreciation expense and $71.3 million for all other service and supply costs. 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 increased by $6.2 million, mainly due to technology and other expenses funded by various COVID-related grants for pandemic-related supplies and non-capital equipment. Depreciation expense increased by $7.0 million mainly due to the catch-up recording of depreciation for construction in progress projects that were substantially complete in prior years but not capitalized until fiscal year 2021 (see Note 1).

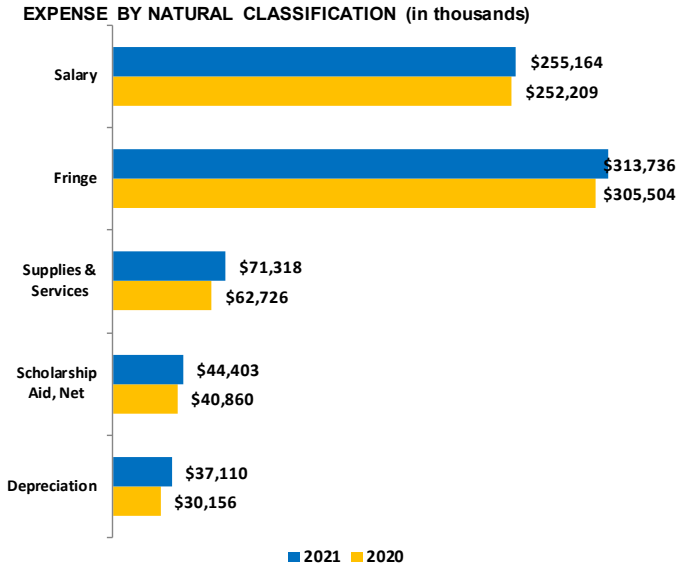
The Connecticut Community Colleges recorded an operating loss of $604.7 million during the year ended June 30, 2021. This results primarily from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues*, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be operating expenses.

Nonoperating revenue and expenses includes certain federal grants including HEERF, CRF, and GEERF 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 general fund appropriation for salaries increased to $194.5 million and the associated revenues to cover fringe benefit costs increased to $136.4 million, a total increase of $29.9 million. Bond fund appropriation revenues decreased from $22.4 million in 2020 to $9.6 million in 2021. The $9.6 million in bond fund appropriations in fiscal year 2021 was for System administered projects, repairs, and equipment. The System-administered dollars funded a variety of small projects and IT initiatives. Total directly awarded HEERF grant expense during fiscal year 2021 was $68.8 million and indirectly awarded federal grants was $12.3 million. Pell grant revenue declined by $16.5 million due to the decline in overall enrollment. This year, the CCC discharged $16.6 million in unpaid student receivables as an allowable lost revenue expense under the HEERF programs, shown as student reengagement expense. *Other changes in net position* is a reduction of available projects funds held by, and administered by, DAS on behalf of the CCC.


REVENUE SUMMARY (in thousands)
Tuition & Fees, Net
$78,232
$92,690
Grants
$174,955
$113,068
All Other Revenue
$3,543
$4,858
General Fund Appropriation
$194,507
$175,097
General Fund Fringe
136,356
$125,843
Bond Fund Appropriation
$9,565
$22,412
2021
2020


REVENUE DISTRIBUTION (FY 2021)
Bond Fund Appropriation, 1.6%
Tuition & Fees, Net, 13.1%
General Fund Fringe, 22.8%
Grants, 29.3%
General Fund Appropriation, 32.6%
All Other Revenue, 0.6%


OPERATING EXPENSES (in thousands)
By Program and Account Type
For The Year Ended June 30, 2021
Instruction
$308,723
Academic Support
$109,236
Student Services
$68,094
Library
$14,544
Auxilliary
$823
Scholarship Aid, Net
$44,403
Institutional Support
$81,146
Physical Plant
$56,201
Depreciation
$37,110
Public Service
$1,450
$-
$50,000
$100,000
$150,000
$200,000
$250,000
$300,000
$350,000
Salary
Fringe
Supplies & Services
Scholarship Aid, Net
Depreciation


EXPENSE BY NATURAL CLASSIFICATION (in thousands)
Salary
$255,164
$252,209
Fringe
$313,736
$305,504
Supplies & Services
$71,318
$62,726
Scholarship Aid, Net
$44,403
$40,860
Depreciation
$37,110
$30,156
2021
2020

Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash.

Condensed Statements of Cash Flows
Year Ended June 30, 2021 and 2020
(in thousands)

	2021	2020	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (445,321)	$ (408,336)	9.1%
Noncapital financing activities	460,048	399,040	-15.3%
Capital and related financing activities	(9,302)	(4,673)	99.0%
Investing activities	415	1,942	-78.6%
Net change in cash and cash equivalents	5,840	(12,028)	148.5%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	124,984	137,012	-8.8%
Cash and cash equivalents, end of year	$ 130,824	$ 124,984	4.7%

Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $72.9 million, down $14.1 million from 2020, and receipts from government grants and contracts of $26.1 million, up $2.1 million from 2020. 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 $252.3 million, which is up 1.6% from 2020, fringe benefits paid on behalf of employees of $176.6 million, up 5.7% from 2020, vendor payments of $77.4 million, up 8.5% from 2020 and payments to students of $50.6 million, up 18.1% from 2020. Payments to students includes financial aid grants and loans (in excess of the amounts applied to tuition and fee charges), student work study or other employment, and tuition and fee refunds. The increase this year is due to the HEERF Student Grants, which totaled $10.5 million in 2021. Overall, net cash used by operating activities increased 9.1% during fiscal year 2021.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were $334.2 million, including general fund appropriations to cover salaries and related fringe benefits, and 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 Federal COVID-related grants of $118.6 million, private gift receipts of $2.0 million and Federal Family Education Loan Program (FFELP) receipts of $5.3 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 2021, capital financing net cash inflows of $3.8 million reflected the receipt of bond appropriations. The amount spent on college facility projects administered by DAS was $5.6 million, and $7.5 million for capital asset initiatives at the colleges and System office.

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") decreased from $1.9 million in fiscal year 2020 to $0.4 million in fiscal year 2021 due to the decline in interest rates.

Economic Outlook

While the national and state economies have improved as the severity of the pandemic recedes, the disruption to public higher education – and specifically to CSCU – has worsened and threatens to persist beyond the expiration of federal pandemic relief.

The State of Connecticut has shown strong economic and fiscal conditions during 2021, including reduced unemployment claims, strong growth in withholding taxes, and job growth. This strong labor market is one driver of inflation that the US has experienced starting in the fall of 2021, and it will also exacerbate skill mismatches between Connecticut employers and job seekers. CSCU institutions are uniquely well positioned to help ensure that employers can continue to find qualified workers to support their growth. At the same time the state is well positioned to support CSCU in this effort.

Unfortunately, the same labor force conditions that are driving overall economic success, including strong wage increases for low-skilled labor, tend to reduce enrollment at public regional universities and community colleges that make up CSCU. Overall enrollment is down nearly 20% below pre-pandemic levels in both of those sectors nationally and in Connecticut. The corresponding drop in tuition and fee revenue is likely to take years to recover and creates short-term fiscal challenges that the System and the State of Connecticut will need to resolve.

Fortunately, federal assistance through the Higher Education Emergency Relief Fund and the State-directed Coronavirus Relief Fund have made up for lost revenue during the first two years of the pandemic, while also supporting unusual costs related to the pandemic, especially testing.

CSCU will continue to face fiscal headwinds as the state's economy and labor market enjoy strong recovery. This challenge is mitigated by the extraordinary opportunities to partner with public and private sector entities to meet growing workforce and social equity challenges in a fast-growing economy.

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, Connecticut State Colleges & Universities (860-723-0251). College-specific questions may also be directed to the Dean of Administration and/or Director of Finance at each individual college.

Hold for Independent Auditor’s Report

Hold for Independent Auditor’s Report

Hold for Independent Auditor’s Report

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 130,823,954	$ 124,984,361
Accounts receivable, due from the State	35,403,536	33,608,127
Accounts receivable other, net	30,534,521	17,218,964
Prepaid expenses and other current assets	153,011	327,526
Total current assets	196,915,022	176,138,978
Non-current assets		
Investment in plant	1,138,597,405	1,129,852,592
Accumulated depreciation	(458,696,386)	(423,048,898)
Investment in plant, net of accumulated depreciation	679,901,019	706,803,694
Student loans, net	362,395	428,307
Total non-current assets	680,263,414	707,232,001
Total assets	$ 877,178,436	$ 883,370,979
Deferred outflows of resources		
Deferred pension	$ 222,986,296	$ 265,264,534
Deferred other post employment benefits	314,903,354	292,831,066
Total deferred outflows of resources	$ 537,889,650	$ 558,095,600
Liabilities		
Current liabilities		
Accounts payable	$ 5,069,154	$ 5,075,780
Accrued expenses - salary and fringe benefits	46,566,566	43,738,441
Accrued compensated absences - current portion	3,937,063	3,282,959
Unearned tuition and grant revenue	12,901,090	15,020,483
Retainage	116,935	495,701
Agency and loan fund liabilities	2,944,889	2,464,589
Other liabilities	1,175,408	1,020,046
Total current liabilities	72,711,105	71,097,999
Non-current liabilities		
Pension liability, net	917,110,893	920,928,258
Other post employment benefits liability net	1,178,083,367	1,128,067,973
Accrued compensated absences - long term portion	38,131,062	37,077,217
Total non-current liabilities	2,133,325,322	2,086,073,448
Total liabilities	$ 2,206,036,427	$ 2,157,171,447
Deferred inflows of resources		
Deferred pension	$ 41,878,430	$ 18,776,641
Deferred other post employment benefits	135,345,284	90,384,212
Total deferred inflows of resources	$ 177,223,714	$ 109,160,853
Net position		
Invested in capital assets, net	$ 679,901,019	$ 706,803,694
Restricted		
Nonexpendable	20,000	20,000
Expendable	31,410,823	35,724,382
Unrestricted	(1,679,523,898)	(1,567,413,797)
Total net position	$ (968,192,056)	$ (824,865,721)

		2020
Assets		
Current assets		
Cash and cash equivalents	$	2,733,185
Accounts receviable, due from the State		15,078
Total current assets		2,748,263
Non-current assets		
Investment in plant		32,322,939
Accumulated depreciation		(9,663,222)
Investment in plant, net of accumulated depreciation		22,659,717
Total assets	$	25,407,980
Liabilities		
Current liabilities		
Accounts payable	$	358,345
Accrued expenses - salary and fringe benefits		50,517
Accrued compensated absences - current portion		4,796
Total current liabilities		413,658
Non-current liabilities		
Accrued compensated absences - long term portion		53,060
Total non-current liabilities		53,060
Total liabilities	$	466,718
Net position		
Invested in capital assets, net	$	22,659,717
Unrestricted		2,281,545
Total net position	$	24,941,262

	2021	2020
Assets		
Cash and cash equivalents	$ 8,211,661	$ 5,913,534
Accounts receivable, net	25,712	34,300
Contributions receivable, net	280,329	435,510
Prepaid expenses and other assets	48,306	56,388
Investments	73,584,508	64,345,522
Total assets	$ 82,150,516	$ 70,785,254
Liabilities		
Accounts payable and accrued expenses	$ 808,539	$ 731,199
Grants payable	1,101,107	1,292,042
Annuities payable	33,708	35,521
Scholarships payable	57,103	88,642
Other liabilities	60,485	110,000
Total liabilities	2,060,942	2,257,404
Net Assets		
Without donor restrictions	17,320,834	15,151,705
With donor restrictions	62,768,740	53,376,145
Total net assets	80,089,574	68,527,850
Total liabilities and net assets	$ 82,150,516	$ 70,785,254

	2021	2020
Operating revenues		
Student tuition and fees	$ 151,153,976	$ 176,460,816
Less: Scholarship discounts and allowances	(72,922,008)	(83,771,167)
Net tuition and fees	78,231,968	92,689,649
Federal grants and contracts	19,030,247	12,114,800
State and local grants and contracts	10,584,351	11,901,055
Nongovernment grants and contracts	5,703,257	4,815,529
Auxiliary revenues	72,971	415,126
Other operating revenues	3,410,818	3,230,081
Total operating revenues	117,033,610	125,166,240
Operating expenses		
Salaries and wages	255,163,763	252,209,342
Fringe benefits	313,735,661	305,503,637
Professional services and fees	8,220,917	9,491,192
Educational services and support	14,251,017	8,705,604
Travel expenses	862,769	2,075,633
Operation of facilities	26,478,307	27,102,684
Other operating supplies and expenses	21,510,128	15,350,696
Scholarship aid, net	44,397,532	40,859,546
Depreciation expense	37,110,482	30,156,387
Total operating expenses	721,730,579	691,454,721
Operating loss	(604,696,968)	(566,288,481)
Nonoperating revenues and expenses		
State appropriation - general fund	330,862,935	300,940,479
State appropriation - bond fund	9,564,781	22,411,768
Pell grant revenue	58,538,443	75,035,663
Federal non-operating grant revenue	68,806,217	9,201,051
Federal non-operating pass-through grant revenue	12,291,923	-
Other non-operating revenue, net	59,993	1,212,724
Student reengagement expense	(16,582,530)	-
Total nonoperating revenues (expenses), net	463,541,764	408,801,686
Loss before other changes in net position	(141,155,205)	(157,486,795)
Other changes in net position		
Other deductions	(2,171,130)	-
Total other changes in net position	(2,171,130)	-
Change in net position	(143,326,335)	(157,486,795)
Net position, beginning of year	(824,865,721)	(667,378,926)
Net position, end of year	$ (968,192,056)	$ (824,865,721)

	2021	2020
Operating revenues		
Student tuition and fees	$ 151,153,976	$ 176,460,816
Less: Scholarship discounts and allowances	(72,922,008)	(83,771,167)
Net tuition and fees	78,231,968	92,689,649
Federal grants and contracts	19,030,247	12,114,800
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Loss before other changes in net position	(141,155,205)	(157,486,795)
Other changes in net position		
Other deductions	(2,171,130)	-
Total other changes in net position	(2,171,130)	-
Change in net position	(143,326,335)	(157,486,795)
Net position, beginning of year	(824,865,721)	(667,378,926)
Net position, end of year	$ (968,192,056)	$ (824,865,721)

		2020
Operating revenues		
Federal grants and contracts	$	3,382,700
Other operating revenues		1,042,951
Total operating revenues		4,425,651
Operating expenses		
Salaries and wages		2,795,407
Fringe benefits		1,123,929
Other operating supplies and expenses		369,806
Depreciation expense		830,701
Total operating expenses		5,119,843
Operating loss		(694,192)
Nonoperating revenues		
State appropriation - general fund		615,815
Total nonoperating revenues		615,815
Change in net position		(78,377)
Net position, beginning of year		25,019,639
Net position, end of year	$	24,941,262

	2021	2020
Revenue		
Gifts and grants	$ 6,380,013	$ 8,811,273
Events and activities	668,697	682,950
Investment return, net	12,916,155	4,735,920
Total revenue	19,964,864	14,230,143
Expenses		
Program services	$ 3,483,085	$ 3,849,313
Scholarships, awards, and financial aid	2,426,730	2,762,361
Fundraising events	636,646	793,094
Management and general	992,181	1,105,185
College advancement	864,499	1,028,082
Total expenses	8,403,141	9,538,035
Change in net assets	11,561,724	4,692,108
Net assets at beginning of year	$ 68,527,850	$ 63,835,742
Net assets at end of year	$ 80,089,574	$ 68,527,850

	2021	2020
Cash flows from operating activities		
Student tuition and fees	$ 72,863,294	$ 87,000,100
Government grants and contracts	26,055,905	23,944,104
Private grants and contracts	3,242,698	3,773,307
Sales and services of educational departments	445,238	618,474
Payments to employees	(252,260,332)	(248,378,963)
Payments for fringe benefits	(176,617,356)	(167,165,887)
Payments to students	(50,649,969)	(42,895,744)
Payments to vendors	(77,359,713)	(71,268,694)
Payments by Department of Construction Services (DCS)	-	(20,000)
Other receipts, net	8,959,376	6,057,287
Net cash used in operating activities	(445,320,860)	(408,336,017)
Cash flows from investing activities		
Interest income	414,647	1,941,785
Net cash provided by investing activities	414,647	1,941,785
Cash flows from capital and related financing activities		
State appropriations	3,793,743	17,253,418
Payments by Department of Construction Services (DCS)	(5,547,320)	(8,625,104)
Purchase of capital assets	(7,548,843)	(13,301,782)
Net cash used in capital and related financing activities	(9,302,420)	(4,673,468)
Cash flows from noncapital financing activities		
State appropriations	334,169,233	302,011,130
Nonoperating federal grants	118,617,467	85,516,937
Private gifts	2,000,945	1,835,084
Federal Family Education Loan Program (FFELP)	5,260,581	9,676,540
Net cash provided by noncapital financing activities	460,048,226	399,039,691
Net increase (decrease) in cash and cash equivalents	5,839,594	(12,028,009)
Cash and cash equivalents at beginning of year	$ 124,984,361	$ 137,012,369
Cash and cash equivalents at end of year	$ 130,823,954	$ 124,984,361
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (604,696,968)	$ (566,288,481)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	37,110,482	30,156,387
Loss on disposal of capital assets, net	53,991	766,403
Operating application of FFELP receipts	(5,260,581)	(9,676,540)
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,315,936)	(3,203,125)
Prepaid expenses and other assets	174,515	29,885
Accrued compensation and other	4,536,075	4,797,596
Pension liability, net	(3,817,365)	125,165,989
Other post-employment benefits liability	50,015,394	298,272,646
Accounts payable and other liabilities	2,256,424	627,266
Unearned tuition, fees and grant revenue	(645,702)	24,013
Changes in deferred outflows and inflows of resources:		
Deferred pension outflows	42,278,238	(48,796,029)
Deferred other post-employment benefits outflows	(22,072,288)	(247,013,171)
Deferred pension inflows	23,101,789	(6,318,727)
Deferred other post-employment benefits inflows	44,961,072	13,119,871
Net cash used in operating activities	$ (445,320,860)	$ (408,336,017)

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 ("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.

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 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 present 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 present 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" and the "magnet high school") 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 the magnet high school and not the related Foundations. 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.

Great Path Academy is an inter-district magnet high school located on the Manchester Community College campus. For fiscal year 2020, GPA is discretely presented and identified in a single column as a component unit on the face of the CCC statement of net position and statement of revenues, expenses and changes in net position. Effective July 1, 2020, GPA no longer meets the criteria of a component unit. The CCC do not consider other magnet high schools to be component units of CCC primary institutions, because they are legally separate entities from the CCC and they are separately managed and accounted for.

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

- **Invested in Capital Assets, Net**
  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation. 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, 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 Plant
Capital assets of the primary institutions and magnet school 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 & 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.

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 the 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. The CCC have disbursed $19.6 million and $9.1 million of the Emergency Financial Aid Grants to students during fiscal year 2021 and 2020, respectively. This amount is included in student aid expenses and is shown in non-operating revenue. During fiscal year 2021, the CCC spent $48.9 million of the institutional portion under the grant, including $29.4 million for reimbursement of lost revenue, $16.5 million for discharging of student debt, and $3.0 million for other pandemic-related expenses. During October 2021, the CCC disbursed additional student awards totaling $16.7 million. The remaining balances from the HEERF funds will be drawn down and spent in 2022.

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 2021
In January 2017, GASB released Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged. This standard was adopted in fiscal year 2021 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years
In June 2017, GASB released Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 in accordance with GASB 95, with earlier application encouraged.

In June 2018, GASB released Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged.

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.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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.

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.

In June 2020 GASB issued Statement No. 97, Cert*ain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absences of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board. The requirement of this Statement is effective for reporting periods beginning after June 15, 2021.

Management has not completed its review of the requirements of these statements and their applicability.

Correction of Immaterial Errors
In 2021, the CCC recorded certain adjustments to correct immaterial errors not previously reported in fiscal year 2018 through 2020 related to completed construction projects. The net impact on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2021 was a $6.5 million decrease in net position for depreciation expense and accumulated depreciation.

Reclassifications
Certain amounts in Footnote 3 Accounts Receivable Other, Net have been reclassified to conform to the current year's presentation. There was no effect on net position.

Subsequent Events
In accordance with generally accepted accounting principles, CCC has evaluated subsequent events for the period after June 30, 2021, through DATE OF REPORT, the date the financial statements were issued and no items needing to be reported were noted

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.

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, 2021 and 2020 was 0.03% and 0.35%, respectively.

Cash and cash equivalents at June 30 are as follows:

	2021	2020
Cash	$ 102,201,249	$ 89,637,172
Cash equivalents	28,622,705	35,347,195
Cash and cash equivalents	$ 130,823,954	$ 124,984,367

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, 2021 and 2020.

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:

	2021	2020
Tuition and fees	$ 1,737,473	$ 16,961,614
Less: allowance for doubtful accounts	(1,603,326)	(7,993,559)
Student tuition and fee receivables, net	134,147	8,968,055
Third-party contracts	1,423,434	1,877,690
Government and private grants and contracts	29,037,868	5,947,343
Other receivables	869,346	2,283,711
Subtotal	31,330,648	10,108,743
Less: allowance for doubtful accounts	(930,274)	(1,857,834)
Other receivables, net	30,400,374	8,250,909
Accounts receivable other, net	$ 30,534,521	$ 17,218,964

4. Capital Assets

Capital assets consist of the following at June 30:

	Balance at June 30, 2020	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2021
Land and land/site improvements	$ 31,113,855	$ 115,006	$ (78,076)	$ 12,317,534	$ 43,468,319
Building and building improvements	901,294,907	582,830	(1,392,855)	68,910,921	969,395,803
Furniture and equipment	92,200,776	2,596,485	(729,812)	670,869	94,738,318
Library books	3,795,309	192,529	(848,330)	-	3,139,508
Software	289,711	-	-	-	289,711
	1,028,694,558	3,486,850	(3,049,073)	81,899,324	1,111,031,659
Less: accumulated depreciation	(423,048,898)	(37,110,482)	1,462,994	-	(458,696,386)
	605,645,660	(33,623,632)	(1,586,079)	81,899,324	652,335,273
Construction in progress	101,158,034	8,307,036	-	(81,899,324)	27,565,746
Capital assets, net	$ 706,803,694	$ (25,316,596)	$ (1,586,079)	$ -	$ 679,901,019

	Balance at June 30, 2019	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2020
Land and land/site improvements	$ 30,929,230	$ 2,869,084	$ (2,684,459)	$ -	$ 31,113,855
Building and building improvements	899,198,629	2,985,790	(1,782,722)	893,210	901,294,907
Furniture and equipment	92,756,451	3,633,878	(4,429,024)	239,471	92,200,776
Library books	5,061,121	155,615	(1,421,427)	-	3,795,309
Software	283,871	26,160	(20,320)	-	289,711
	1,028,229,302	9,670,527	(10,337,953)	1,132,681	1,028,694,558
Less: accumulated depreciation	(399,026,754)	(30,156,387)	6,134,244	-	(423,048,898)
	629,202,548	(20,485,860)	(4,203,709)	1,132,681	605,645,660
Construction in progress	88,858,747	13,431,968	-	(1,132,681)	101,158,034
Capital assets, net	$ 718,061,295	$ (7,053,892)	$ (4,203,709)	$ -	$ 706,803,694

5. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

	2021	2020
Accrued vacation	$ 19,541,534	$ 17,882,981
Accrued sick leave	9,516,356	10,547,368
Other accrued fringe benefits	13,010,236	11,929,827
Total accrued compensated absences	42,068,126	40,360,176
Less: current portion	(3,937,063)	(3,282,959)
Accrued compensated absences - non-current portion	$ 38,131,062	$ 37,077,217

Activity for compensated absences as of June 30 includes:

Balance as of June 30, 2019	$ 38,700,158
Additions in 2020	4,663,726
Benefits paid to participants in 2020	(3,003,708)
Balance as of June 30, 2020	$ 40,360,176
Additions in 2021	6,181,833
Benefits paid to participants in 2021	(4,473,883)
Balance as of June 30, 2021	$ 42,068,126

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.

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 the State's General Fund. The CCC made no transfers to the State during fiscal year 2021 or 2020.

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

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

Amounts due from the State for the year ended June 30 are as follows:

	2021	2020
Receivable for accrued salaries, interest and fringe benefits to be paid by State General Fund	$ 35,403,536	$ 33,608,127

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

	2021	2020
Cash balances held with the State on behalf of the CCC	$ 102,203,775	$ 89,639,692

7. Commitments, Contingencies and Leases

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:

	2021	2020
Asnuntuck Community College	$ 565,465	$ 5,917,989
Capital Community College	576,067	1,029,442
Gateway Community College	1,221,636	205,197
Housatonic Community College	738,944	1,487,341
Manchester Community College	902,588	1,016,843
Middlesex Community College	482,010	494,354
Naugatuck Valley Community College	928,033	764,010
Northwestern Connecticut Community College	333,661	806,677
Norwalk Community College	2,682,101	892,887
Quinebaug Valley Community College	153,344	1,228,679
System Office	16,228,137	654,018
Three Rivers Community College	647,244	343,245
Tunxis Community College	903,395	472,059
	$ 26,362,625	$ 15,312,740

The CCC are party to one non-cancellable operating 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 11 years.

Future minimum lease payments, all due over the next five fiscal years and thereafter under all existing operating lease contracts (cancellable and non-cancellable), are as follows:

Year ending June 30	
2022	$ 1,787,876
2023	1,747,878
2024	1,754,952
2025	1,754,952
2026	1,430,952
Thereafter	5,453,763
	$ 13,930,373

Rental and lease expense was $3.1 million and $3.2 million for the years ended June 30, 2021 and 2020, respectively.

8. Unearned Tuition, Fees and Grant Revenue

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

	2021	2020
Unearned tuition and fees	$ 4,235,799	$ 4,862,714
Grants and contracts	8,264,796	9,738,119
Unapplied payments and other	400,495	419,651
Total unearned tuition and grant revenue	$ 12,901,090	$ 15,020,483

9. 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 $61.0 million and $1.6 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2021, equal to 100.0% and 120%, respectively, of the required contributions that year. The State contributed $61.5 million and $2.0 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2020, equal to 100.0% and 79.2%, 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, 2021 and 2020 was measured and valued as of June 30, 2020 and 2019, respectively 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 TRS plan, the CCC System's proportion was 0.11% and 0.19% as of June 30, 2021 and 2020, respectively. For the SERS plan, the CCC System's proportion was 3.78% and 3.89% as of June 30, 2021 and 2020, respectively.

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, 2021 for SERS and TRS was $895.8 million and $21.3 million, respectively. The net pension liability for the CCC System as of June 30, 2020 for SERS and TRS was $888.2 million and $32.7 million, respectively.

Actuarial Assumptions for SERS:

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

Measurement Year	**2020**	**2019**
Inflation	2.50%	2.50%
Salary increases including inflation	3.50% to 19.50%	3.50% to 19.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%	6.90%

Mortality rates were based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females.

The actuarial assumptions used in the June 30, 2020 valuation (which was the basis for recording the June 30, 2021 financial statement liabilities) were based on the results of the

actuarial experience study as of June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation (which was the basis for recording the June 30, 2020 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2019.

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 2020 and 2019 measurement dates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	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	2020	2019
Inflation	2.50%	2.50%
Salary increases including inflation	3.25% to 6.50%	3.25% to 6.50%
Investment rate of return net of pension plan	6.90%	6.90%

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-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 PubT-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 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity - US Equity	20.0%	8.1%
Public Equity - International Developed Equity	11.0%	8.5%
Public Equity - Emerging Markets Equity	9.0%	10.4%
Fixed Income - Core Fixed Income	16.0%	4.6%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%
Fixed Income - High Yield	6.0%	6.5%
Fixed Income - Emerging Market Debt	5.0%	5.2%
Private Equity	10.0%	9.8%
Real Estate	10.0%	7.0%
Alternative Investments - Real Assets	4.0%	8.2%
Alternative Investments - Hedge Funds	3.0%	5.4%
Liquidity Fund	1.0%	2.9%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2020 and 2019 measurement years. 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 2020 and 2019 measurement years. 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	$ 1,064,310,628	$ 895,827,874	$ 755,021,031
TRS	26,687,345	21,337,732	16,896,456

The following table presents the June 30, 2019 measurement date 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	$ 1,060,711,199	$ 888,169,892	$ 744,242,753
TRS	40,862,160	32,757,768	25,944,401

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

For the year ended June 30, 2021 and 2020, the CCC System recognized pension expense of $60.2 and $66.0 million for SERS and $1.3 and $4.1 million for TRS, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 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
2022	$ 45,499,167	$ 1,106,402	$ 46,605,569
2023	24,317,613	1,203,218	25,520,831
2024	24,834,884	1,133,968	25,968,852
2025	13,213,239	(126,431)	13,086,808
2026	(1,393,000)	(1,182,160)	(2,575,160)
Thereafter	-	(586,223)	(586,223)
Total	$ 106,471,903	$ 1,548,774	$ 108,020,677

10. 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, 2021 and 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.6%
Developed Market International Stock Fund	11%	6.0%
Emerging Markets International Stock Fund	9%	7.9%
Core Fixed Income	16%	2.1%
Inflation Linked Bond Fund	5%	1.1%
Emerging Market Debt Fund	5%	2.7%
High Yield Bond Fund	6%	4.0%
Real Estate Fund	10%	4.5%
Private Equity	10%	7.3%
Alternative Investments	7%	2.9%
Liquidity Fund	1%	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, 2021 of $1.2 billion was measured and valued as of June 30, 2020 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The net OPEB liability recorded in the financial statements as of June 30, 2020 of $1.1 billion was measured and valued as of June 30, 2019 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, 2021 and 2020, the System's proportion was 5.0% and 5.5%, respectively. 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, 2020 and 2019, using the following actuarial assumptions:

Measurement Year	2020
Payroll growth rate	3.50%
Salary increases	3.25% to 4.50% varying by years of service and retirement system
Discount rate	2.38%
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%

Measurement Year	2019
Payroll growth rate	3.50%
Salary increases	3.25% to 19.50% varying by years of service and retirement system
Discount rate	3.58%
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:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 60% for males and 55% for females
Healthy Annuitant:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 100% for males and 95% for females
Disabled Annuitant:	RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females

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, 2020:

Discount rate comparison:

	1% Decrease in Discount Rate (1.38%)	Current Discount Rate (2.38%)	1% Increase in Discount Rate (3.38%)
Net OPEB Liability	$ 1,385,767,823	$ 1,178,083,372	$ 1,011,129,730

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 987,618,643	$ 1,178,083,372	$ 1,423,017,848

For measurement date of June 30, 2019:

Discount rate comparison:

	1% Decrease in Discount Rate (2.58%)	Current Discount Rate (3.58%)	1% Increase in Discount Rate (4.58%)
Net OPEB Liability	$ 1,312,895,145	$ 1,128,067,973	$ 978,030,010

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 967,033,757	$ 1,128,067,973	$ 1,331,323,079

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

For the year ended June 30, 2021 and 2020, the CCC System recognized OPEB expense of $72.9 million and $64.3 million, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 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
2022	$ 33,757,364
2023	39,660,133
2024	48,999,209
2025	14,540,887
2026	688,839
Thereafter	-
Total	$ 137,646,432

11. Natural Classification with Functional Classification

The operating expenses by functional classification for the years ended June 30, 2021 and 2020 are summarized as follows:

Year Ended June 30, 2021

	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 expense	Total operating expenses
Academic support	$ 41,224,371	$ 54,362,839	$ 1,375,789	$ 5,859,795	$ 601,680	$ 1,894,547	$ 3,917,325	$ -	$ -	$ 109,236,346
Auxilliary enterprises	97,628	88,284	5,000	628,343	135	3,567	-	-	-	822,956
Institutional support	34,027,238	26,397,047	4,951,623	516,304	64,462	(311,115)	15,500,446	-	-	81,146,005
Instruction	133,538,737	168,528,498	546,149	5,056,566	105,527	183,488	764,398	-	-	308,723,363
Library	6,058,710	7,434,410	261,856	640,790	4,606	5,471	137,862	-	-	14,543,706
Physical plant	11,438,007	18,942,606	592,905	47,230	32,009	24,626,584	521,572	-	37,110,482	93,311,396
Public service	193,975	293,030	120,427	417,525	3,601	340	421,094	-	-	1,449,992
Scholarship aid	-	-	5,000	-	-	600	-	44,397,532	-	44,403,132
Student services	28,585,097	37,688,946	362,168	1,084,464	50,750	74,824	247,432	-	-	68,093,681
	$ 255,163,763	$ 313,735,661	$ 8,220,917	$ 14,251,017	$ 862,769	$ 26,478,307	$ 21,510,128	$ 44,397,532	$ 37,110,482	$ 721,730,579

	Year Ended June 30, 2020									
	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 expense	Total operating expenses
Academic support	$ 39,463,760	$ 52,213,107	$ 2,120,077	$ 2,424,739	$ 1,423,134	$ 1,002,998	$ 4,328,879	$ -	$ -	$ 102,976,694
Auxilliary enterprises	128,468	85,137	126,922	-	-	22,032	101,848	-	-	464,408
Institutional support	32,625,614	35,381,368	4,824,018	518,953	272,509	377,161	9,118,235	-	-	83,117,860
Instruction	135,246,525	155,898,283	613,401	4,175,280	204,597	308,233	322,416	-	-	296,768,735
Library	5,991,941	7,215,141	328,545	614,586	6,156	11,688	127,200	-	-	14,295,257
Physical plant	11,679,903	18,879,480	984,535	15,720	22,371	25,300,523	937,139	-	30,156,387	87,976,058
Public service	219,865	274,427	43,542	171,625	6,542	5,283	133,210	-	-	854,493
Scholarship aid	-	-	-	-	-	-	-	40,859,546	-	40,859,546
Student services	26,853,266	35,556,694	450,151	784,700	140,324	74,765	281,769	-	-	64,141,669
	$ 252,209,342	$ 305,503,637	$ 9,491,192	$ 8,705,604	$ 2,075,633	$ 27,102,684	$ 15,350,696	$ 40,859,546	$ 30,156,387	$ 691,454,720

12. Bonds 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.

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2021 and 2020:

As of June 30, 2021	SERS	TRS	OPEB	Total
DEFERRED OUTFLOWS OF RESOURCES				
Difference between expected and actual experience	$ 48,349,443	$ -	$ -	$ 48,349,443
Changes of assumptions or other inputs	23,861,845	4,661,928	195,549,927	224,073,700
Net difference between projected and actual earnings on pension plan investements	15,099,542	876,820	2,323,021	18,299,383
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,941,802	7,107,730	75,118,771	132,168,303
Employer contributions after measurement date	71,276,495	1,810,692	41,911,635	114,998,822
Total	**$ 208,529,127**	**$ 14,457,170**	**$ 314,903,354**	**$ 537,889,650**
DEFERRED INFLOWS OF RESOURCES				
Difference between expected and actual experience	$ -	$ 640,771	$ 27,193,056	$ 27,833,827
Changes of assumptions or other inputs	-	-	22,877,457	22,877,457
Net difference between projected and actual earnings on pension plan investements	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,780,726	10,456,933	85,274,771	126,512,430
Total	**$ 30,780,726**	**$ 11,097,704**	**$ 135,345,284**	**$ 177,223,714**

As of June 30, 2020	SERS	TRS	OPEB	Total
DEFERRED OUTFLOWS OF RESOURCES				
Difference between expected and actual experience	$ 60,343,823	$ -	$ -	$ 60,343,823
Changes of assumptions or other inputs	58,300,923	8,028,965	150,694,994	217,024,882
Net difference between projected and actual earnings on pension plan investements	-	544,071	-	544,071
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,450,317	8,915,392	98,736,714	174,102,423
Employer contributions after measurement date	61,038,647	1,642,396	43,399,359	106,080,402
Total	**$ 246,133,710**	**$ 19,130,824**	**$ 292,831,067**	**$ 558,095,601**
DEFERRED INFLOWS OF RESOURCES				
Difference between expected and actual experience	$ -	$ 816,224	$ 28,466,466	$ 29,282,690
Changes of assumptions or other inputs	-	-	37,361,074	37,361,074
Net difference between projected and actual earnings on pension plan investments	2,113,332	-	244,752	2,358,084
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,658,879	2,188,306	24,311,820	40,159,005
Total	**$ 15,772,211**	**$ 3,004,530**	**$ 90,384,112**	**$ 109,160,853**

REQUIRED SUPPLEMENTARY INFORMATION

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

(in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	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	$ 895,828	$ 888,170	$ 770,504	$ 747,249	$ 829,328	$ 594,978	$ 540,627	$ 537,772
CCC System's covered payroll	$ 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	646%	619%	633%	547%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A [1]

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

(in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	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	$ 21,338	$ 32,758	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,109	$ 12,253
State's proportionate share of the net pension liability associated with the System	$ 21,351	$ 32,758	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,094	N/A [1]
Total	$ 42,689	$ 65,516	$ 50,516	$ 24,260	$ 25,596	$ 24,036	$ 22,203	$ 12,253
CCC System's covered payroll	$ 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	399%	589%	384%	342%	361%	278%	265%	306%
Plan Fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A [1]

Other Post Employment Benefits

Last 10 Fiscal Years [1]

(in thousands)

	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	5.00%	5.45%	4.81%	3.90%	4.03%
System's proportionate share of the net OPEB liability	1,178,083	1,128,068	834,514	841,978	869,279
System's covered payroll	187,455	197,396	194,412	200,796	206,023
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	628%	571%	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	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.

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

(in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	61,039	61,450	$ 51,270	$ 55,136	$ 54,676	$ 49,636	$ 42,837	$ 34,343
Contributions in relation to the contractually required contribution	(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	$ 138,687	$ 139,212	$ 121,796	$ 136,569	$ 136,569	$ 130,285	$ 117,737	$ 108,775
Contributions as a percentage of covered payroll	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)

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,370	$ 2,480	$ 2,441	$ 909	$ 876	$ 1,078	$ 1,039
Contributions in relation to the contractually required contribution	(1,642)	(1,963)	(1,296)	(551)	(1,613)	(1,970)	(1,927)
Contribution deficiency (excess)	$ (273)	$ 517	$ 1,145	$ 358	$ (737)	$ (892)	$ (888)
CCC System's covered payroll	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197
Contributions as a percentage of covered payroll	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)

	2021	2020	2019	2018	2017
Contractually required contribution	43,399	41,067	38,542	32,590	30,682
Contributions in relation to the contractually required contribution	(43,399)	(41,067)	(38,542)	(32,590)	(30,682)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
CCC System's covered payroll	$ 187,455	$ 197,396	$ 194,412	$ 200,796	$ 206,023
Contributions as a percentage of covered payroll	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. Supplementary Information

Pension Plans

Changes of benefit terms:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes of assumptions:
For measurement year 2020:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%
- Decrease payroll growth assumption from 3.25% to 3.00%
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

For measurement year 2019:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

State Employee OPEB Plan

Changes of benefit terms: none
Changes of assumptions:

- The discount rate was updated in accordance with GASB Statement No. 75 to 2.38% as of June 30, 2020 and 3.58% as of June 30, 2019
- The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

SUPPLEMENTARY SCHEDULES

	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	$ 4,340,753	$ (957,505)	$ 866,471	$ 15,429,088	$ 13,444,159	$ 4,613,944	$ 15,592,397	$ 2,178,635	$ 15,810,664	$ 9,211,337	$ 12,314,620	$ 5,333,273	$ 32,646,118	$ 130,823,954
Accounts receivable, due from the State	1,362,026	2,739,928	3,771,471	2,779,499	4,241,072	1,686,452	4,452,123	1,203,245	3,280,416	1,220,772	2,296,254	2,223,175	4,147,103	35,403,536
Accounts receivable other, net	2,444,350	3,510,960	3,617,649	3,666,664	3,689,295	1,406,625	2,919,615	567,967	2,705,903	959,520	1,400,094	3,045,042	600,837	30,534,521
Prepaid expenses and other current assets	360	1,162	2,149	1,346	26,438	17,294	7,804	888	750	820	5,020	3,103	85,876	153,011
Total current assets	8,147,490	5,294,546	8,257,739	21,876,596	21,400,964	7,724,315	22,971,940	3,950,736	21,797,732	11,392,448	16,015,988	10,604,593	37,479,934	196,915,022
Non-current assets														
Investment in plant	48,577,617	74,198,761	198,738,728	152,628,731	114,191,025	23,049,718	171,735,386	62,549,675	76,693,516	29,775,682	100,639,736	63,965,172	21,853,659	1,138,597,405
Accumulated depreciation	(13,597,544)	(36,916,465)	(52,552,759)	(47,243,051)	(65,573,242)	(15,105,392)	(83,665,775)	(19,889,322)	(32,231,779)	(12,611,888)	(36,433,787)	(23,980,796)	(18,894,586)	(458,696,386)
Investment in plant, net of accumulated depreciation	34,980,073	37,282,296	146,185,969	105,385,680	48,617,783	7,944,326	88,069,611	42,660,353	44,461,737	17,163,794	64,205,949	39,984,376	2,959,073	679,901,019
Student loans, net	307,900	-	2,396	(6,996)	-	(6,025)	(400)	8	-	-	-	65,512	-	362,395
Total non-current assets	35,287,973	37,282,296	146,188,365	105,378,684	48,617,783	7,938,301	88,069,211	42,660,361	44,461,737	17,163,794	64,205,949	40,049,887	2,959,073	680,263,414
Total assets	$ 43,435,463	$ 42,576,842	$ 154,446,104	$ 127,255,280	$ 70,018,747	$ 15,662,616	$ 111,041,151	$ 46,611,097	$ 66,259,469	$ 28,556,242	$ 80,221,937	$ 50,654,480	$ 40,439,007	$ 877,178,436
Deferred outflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 222,986,296	$ 222,986,296
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	314,903,354	314,903,354
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 537,889,650	$ 537,889,650
Liabilities														
Current liabilities														
Accounts payable	$ 50,466	$ 76,189	$ 33,960	$ 1,089,487	$ 250,282	$ 287,663	$ 232,759	$ 59,075	$ 616,756	$ 91,923	$ 177,505	$ 194,274	$ 1,908,816	$ 5,069,154
Accrued expenses - salary and fringe benefits	1,919,886	3,503,935	5,422,639	3,759,012	5,072,513	2,453,871	5,705,302	1,388,186	4,889,631	1,493,352	3,266,347	3,294,485	4,397,408	46,566,566
Accrued compensated absences - current portion	157,413	243,691	359,094	204,923	318,402	160,838	358,681	125,614	280,205	103,271	208,498	273,996	1,142,438	3,937,063
Unearned tuition and grant revenue	198,531	1,370,319	665,598	1,073,189	1,584,651	778,932	1,402,523	133,150	1,077,499	308,289	594,142	890,344	2,823,922	12,901,090
Retainage	-	-	-	-	-	-	100,278	-	16,656	-	-	-	-	116,935
Agency and loan fund liabilities	59,981	153,792	355,115	210,517	345,168	234,957	532,299	83,367	423,350	90,473	210,346	202,552	42,972	2,944,889
Other liabilities	26,440	105,989	315,893	79,171	137,185	58,948	86,869	24,984	122,495	21,317	107,211	82,262	6,644	1,175,408
Total current liabilities	2,412,718	5,453,915	7,152,298	6,416,299	7,708,200	3,975,207	8,418,711	1,814,376	7,426,593	2,108,625	4,564,049	4,937,913	10,322,200	72,711,105
Non-current liabilities														
Pension liability, net	-	-	-	-	-	-	-	-	-	-	-	-	917,110,893	917,110,893
Other post employment benefits liability net	-	-	-	-	-	-	-	-	-	-	-	-	1,178,083,367	1,178,083,367
Accrued compensated absences - long term portion	1,536,269	2,421,349	3,553,459	2,100,644	3,178,879	1,614,929	3,602,751	1,242,983	2,840,099	1,060,855	2,116,138	2,681,044	10,181,663	38,131,062
Total non-current liabilities	1,536,269	2,421,349	3,553,459	2,100,644	3,178,879	1,614,929	3,602,751	1,242,983	2,840,099	1,060,855	2,116,138	2,681,044	2,105,375,923	2,133,325,322
Total liabilities	$ 3,948,987	$ 7,875,264	$ 10,705,756	$ 8,516,943	$ 10,887,080	$ 5,590,136	$ 12,021,462	$ 3,057,360	$ 10,266,692	$ 3,169,481	$ 6,680,187	$ 7,618,957	$ 2,115,698,123	$ 2,206,036,427
Deferred inflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,878,430	$ 41,878,430
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	135,345,284	135,345,284
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 177,223,714	$ 177,223,714
Net position														
Invested in capital assets, net	$ 34,980,073	$ 37,282,296	$ 146,185,969	$ 105,385,680	$ 48,617,783	$ 7,944,326	$ 88,069,611	$ 42,660,353	$ 44,461,737	$ 17,163,794	$ 64,205,949	$ 39,984,376	$ 2,959,073	$ 679,901,019
Restricted														
Nonexpendable	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Expendable	2,082,348	5,375,044	302,329	1,887,646	82,476	401,283	1,852,175	848,191	4,947,715	415,708	(10,039)	385,951	12,839,996	31,410,823
Unrestricted	2,424,055	(7,955,762)	(2,747,950)	11,445,011	10,431,409	1,726,871	9,097,903	45,193	6,583,326	7,807,260	9,345,840	2,665,197	(1,730,392,249)	(1,679,523,898)
Total net position	$ 39,486,476	$ 34,701,578	$ 143,740,348	$ 118,738,338	$ 59,131,667	$ 10,072,480	$ 99,019,689	$ 43,553,737	$ 55,992,777	$ 25,386,761	$ 73,541,750	$ 43,035,524	$ (1,714,593,181)	$ (968,192,056)

	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	$ 4,201,551	$ 1,263,801	$ 578,409	$ 14,453,230	$ 10,778,360	$ 4,981,720	$ 13,798,708	$ 2,799,649	$ 14,609,235	$ 9,411,835	$ 10,715,646	$ 3,022,112	$ 34,370,104	$ 124,984,361
Accounts receivable, due from the State	1,315,167	2,777,953	3,885,436	2,856,389	4,281,610	1,849,188	4,523,657	1,334,744	3,116,965	1,279,639	2,378,586	2,354,703	1,654,090	33,608,127
Accounts receivable other, net	980,451	2,007,180	1,727,195	2,001,658	1,435,645	741,992	2,129,849	359,524	738,208	524,589	1,318,982	2,193,104	1,060,588	17,218,964
Prepaid expenses and other current assets	1,073	1,445	1,714	19,113	13,851	12,385	7,149	2,000	2,684	260	1,023	6,990	257,839	327,526
Total current assets	6,498,242	6,050,379	6,192,755	19,330,390	16,509,466	7,585,284	20,459,363	4,495,917	18,467,093	11,216,322	14,414,237	7,576,909	37,342,620	176,138,978
Non-current assets														
Investment in plant	47,816,917	73,680,486	198,620,309	151,587,351	113,925,914	22,147,637	169,125,298	62,539,838	74,998,940	29,591,138	100,104,274	63,837,176	21,877,314	1,129,852,592
Accumulated depreciation	(11,586,553)	(35,064,110)	(47,353,371)	(39,501,747)	(62,662,447)	(14,593,728)	(79,185,214)	(16,533,680)	(30,485,948)	(11,760,040)	(33,672,507)	(22,520,979)	(18,128,573)	(423,048,898)
Investment in plant, net of accumulated depreciation	36,230,364	38,616,376	151,266,938	112,085,603	51,263,467	7,553,910	89,940,083	46,006,158	44,512,992	17,831,098	66,431,767	41,316,197	3,748,741	706,803,694
Student loans, net	112,216	-	8,093	(1,206)	-	(6,647)	-	-	32,519	-	(32,526)	315,858	-	428,307
Total non-current assets	36,342,580	38,616,376	151,275,031	112,084,397	51,263,467	7,547,263	89,940,083	46,006,158	44,545,511	17,831,098	66,399,241	41,632,055	3,748,741	707,232,001
Total assets	$ 42,840,822	$ 44,666,756	$ 157,467,786	$ 131,414,787	$ 67,772,933	$ 15,132,547	$ 110,399,447	$ 50,502,074	$ 63,012,604	$ 29,047,420	$ 80,813,478	$ 49,208,964	$ 41,091,361	$ 883,370,979
Deferred outflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 265,264,534	$ 265,264,534
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	292,831,066	292,831,066
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 558,095,600	$ 558,095,600
Liabilities														
Current liabilities														
Accounts payable	$ 47,524	$ 142,888	$ 413,712	$ 498,466	$ 260,482	$ 18,512	$ 160,804	$ 45,424	$ 250,340	$ 24,824	$ 121,546	$ 433,812	$ 2,657,446	$ 5,075,780
Accrued expenses - salary and fringe benefits	1,791,736	3,573,489	5,523,215	3,774,994	5,302,475	2,378,176	5,532,408	1,519,088	4,431,817	1,472,989	3,297,772	3,279,147	1,861,137	43,738,441
Accrued compensated absences - current portion	146,754	247,663	340,486	241,812	313,889	167,937	370,561	131,497	305,102	116,524	225,223	267,154	408,359	3,282,959
Unearned tuition and grant revenue	218,265	2,254,702	793,842	931,390	1,394,332	1,815,628	1,240,300	151,371	1,371,780	276,123	625,546	710,031	3,237,174	15,020,483
Retainage	-	-	-	-	-	-	495,701	-	-	-	-	-	-	495,701
Agency and loan fund liabilities	54,725	129,283	340,088	120,201	275,643	228,857	403,408	64,466	371,586	72,057	195,116	209,158	-	2,464,589
Other liabilities	36,000	110,873	149,486	78,846	132,082	60,216	81,256	11,041	123,491	12,021	137,765	86,969	-	1,020,046
Total current liabilities	2,295,005	6,458,898	7,560,829	5,645,708	7,678,904	4,669,324	8,284,438	1,922,887	6,854,117	1,974,538	4,602,968	4,986,271	8,164,115	71,097,999
Non-current liabilities														
Pension liability, net	-	-	-	-	-	-	-	-	-	-	-	-	920,928,258	920,928,258
Other post employment benefits liability net	-	-	-	-	-	-	-	-	-	-	-	-	1,128,067,973	1,128,067,973
Accrued compensated absences - long term portion	1,645,242	2,789,490	3,857,659	2,737,027	3,560,656	1,901,522	4,203,389	1,470,105	3,461,441	1,329,573	2,560,926	2,984,808	4,575,379	37,077,217
Total non-current liabilities	1,645,242	2,789,490	3,857,659	2,737,027	3,560,656	1,901,522	4,203,389	1,470,105	3,461,441	1,329,573	2,560,926	2,984,808	2,053,571,610	2,086,073,448
Total liabilities	$ 3,940,246	$ 9,248,387	$ 11,418,488	$ 8,382,734	$ 11,239,560	$ 6,570,846	$ 12,487,827	$ 3,392,992	$ 10,315,558	$ 3,304,111	$ 7,163,894	$ 7,971,079	$ 2,061,735,725	$ 2,157,171,447
Deferred inflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,776,641	$ 18,776,641
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	90,384,212	90,384,212
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109,160,853	$ 109,160,853
Net position														
Invested in capital assets, net	$ 36,230,364	$ 38,616,376	$ 151,266,938	$ 112,085,603	$ 51,263,467	$ 7,553,909	$ 89,940,083	$ 46,006,158	$ 44,512,992	$ 17,831,098	$ 66,431,767	$ 41,316,197	$ 3,748,741	$ 706,803,694
Restricted														
Nonexpendable	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Expendable	2,105,087	5,438,987	279,585	1,981,362	176,517	441,712	3,546,376	1,648,007	5,841,282	678,511	161,541	587,276	12,838,138	35,724,382
Unrestricted	565,125	(8,636,995)	(5,497,226)	8,945,087	5,093,390	566,080	4,425,160	(545,083)	2,342,771	7,233,700	7,056,276	(665,588)	(1,588,296,494)	(1,567,413,797)
Total net position	$ 38,900,576	$ 35,418,368	$ 146,049,297	$ 123,032,053	$ 56,533,373	$ 8,561,701	$ 97,911,620	$ 47,109,082	$ 52,697,046	$ 25,743,309	$ 73,649,584	$ 41,237,885	$ (1,571,709,616)	$ (824,865,721)

	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	$ 5,696,876	$ 10,183,068	$ 23,104,714	$ 13,672,128	$ 17,165,470	$ 8,650,742	$ 19,889,381	$ 4,402,543	$ 17,752,165	$ 4,439,651	$ 12,668,060	$ 13,408,161	$ 121,017	$ 151,153,976
Less: Scholarship discounts and allowances	(2,271,581)	(5,512,528)	(11,388,794)	(7,269,089)	(7,979,216)	(3,440,521)	(9,602,086)	(2,400,502)	(7,524,135)	(2,408,729)	(6,502,519)	(6,622,308)	-	(72,922,008)
Net tuition and fees	3,425,295	4,670,541	11,715,921	6,403,040	9,186,254	5,210,220	10,287,295	2,002,041	10,228,030	2,030,922	6,165,541	6,785,852	121,017	78,231,968
Federal grants and contracts	764,191	1,567,425	1,161,909	1,231,362	1,484,179	879,338	3,930,985	686,101	1,638,979	175,139	887,383	1,656,011	2,967,243	19,030,247
State and local grants and contracts	257,447	783,151	2,284,938	1,105,459	1,076,324	412,598	1,676,673	206,658	917,918	334,395	668,733	786,734	73,324	10,584,351
Nongovernment grants and contracts	265,791	434,680	51,925	249,196	111,469	18,871	150,605	591,480	2,110,743	399,037	484,538	63,021	771,901	5,703,257
Auxiliary revenues	-	-	72,731	-	-	-	-	-	-	-	240	-	-	72,971
Other operating revenues	122,650	173,852	749,892	376,362	171,597	94,758	358,684	15,760	498,450	30,832	373,952	155,121	288,907	3,410,818
Total operating revenues	4,835,374	7,629,649	16,037,315	9,365,419	12,029,823	6,615,785	16,404,243	3,502,040	15,394,120	2,970,325	8,580,386	9,446,740	4,222,392	117,033,610
Operating expenses														
Salaries and wages	10,680,860	18,849,520	31,376,190	21,329,798	26,195,021	12,759,762	31,461,727	8,748,541	24,611,360	8,380,941	18,249,545	18,637,834	23,882,662	255,163,763
Fringe benefits	7,850,990	14,139,020	21,533,022	15,259,593	19,388,447	8,875,428	23,254,609	6,195,804	15,020,777	6,038,034	12,252,052	12,998,582	150,929,304	313,735,661
Professional services and fees	407,996	284,386	799,765	553,143	409,803	348,404	592,006	180,796	456,382	282,108	251,300	508,599	3,146,229	8,220,917
Educational services and support	402,160	646,499	847,750	535,114	1,333,911	1,068,426	922,813	289,596	773,370	661,843	724,908	1,205,711	4,838,916	14,251,017
Travel expenses	25,963	81,451	109,096	91,614	114,161	49,903	52,376	26,612	101,359	7,844	94,459	62,894	45,039	862,769
Operation of facilities	1,034,801	2,283,681	4,872,606	3,802,296	1,495,566	1,183,323	2,499,249	733,433	4,078,595	623,331	1,695,542	1,871,073	304,810	26,478,307
Other operating supplies and expenses	398,585	397,906	1,034,903	531,262	817,497	604,265	1,843,417	135,066	1,107,177	312,681	456,877	525,768	13,344,725	21,510,128
Scholarship aid, net	1,583,400	2,956,910	6,427,160	4,910,122	4,686,521	1,888,846	6,142,252	986,126	5,532,193	1,580,811	3,491,063	3,762,884	449,244	44,397,532
Depreciation expense	2,048,816	1,909,601	5,274,442	8,043,675	3,026,826	683,903	4,636,019	3,410,511	1,819,867	1,030,195	2,905,281	1,556,483	764,863	37,110,482
Total operating expenses	24,433,572	41,548,973	72,274,934	55,056,618	57,467,753	27,462,260	71,404,467	20,706,485	53,501,080	18,917,789	40,121,027	41,129,829	197,705,793	721,730,579
Operating loss	(19,598,198)	(33,919,324)	(56,237,619)	(45,691,199)	(45,437,930)	(20,846,474)	(55,000,224)	(17,204,445)	(38,106,960)	(15,947,464)	(31,540,641)	(31,683,089)	(193,483,401)	(604,696,968)
Nonoperating revenues and expenses														
State appropriation - general fund	15,032,898	23,908,799	39,304,073	28,467,199	35,025,855	16,304,366	40,165,829	12,166,539	28,867,799	12,083,198	23,112,141	23,639,789	32,784,451	330,862,935
State appropriation - bond fund	115,615	274,243	18,291	57,149	237,016	335,374	1,345,041	204,773	27,576	361,225	324,079	192,437	6,071,963	9,564,781
Pell grant revenue	1,680,446	4,575,656	9,426,160	6,832,086	5,862,002	2,659,101	7,914,760	1,595,329	6,082,240	1,835,973	4,909,038	5,165,651	-	58,538,443
Federal non-operating grant revenue	3,556,458	5,725,625	8,914,787	7,180,153	9,784,658	3,110,692	9,207,618	1,125,094	7,963,507	1,958,853	3,960,300	6,318,472	-	68,806,217
Federal non-operating pass-through grant revenue	101,024	(25,171)	548,010	402,350	560,786	91,722	328,781	58,923	254,784	24,721	197,223	90,335	9,658,437	12,291,923
Other non-operating revenue, net	388	-	-	10,495	10,144	2,539	7,579	1,319	6,872	8,094	8,050	427	4,086	59,993
Student reengagement expense	(814,824)	(1,510,928)	(2,953,093)	(1,714,671)	(2,255,225)	(890,158)	(2,238,323)	(361,505)	(976,145)	(564,915)	(720,343)	(1,582,399)	-	(16,582,530)
Total nonoperating revenues (expenses), net	19,672,004	32,948,225	55,258,228	41,234,761	49,225,236	21,613,635	56,731,283	14,790,472	42,226,634	15,707,149	31,790,487	33,824,712	48,518,937	463,541,764
Loss before other changes in net position	73,806	(971,099)	(979,391)	(4,456,438)	3,787,306	767,161	1,731,059	(2,413,973)	4,119,674	(240,315)	249,846	2,141,623	(144,964,464)	(141,155,205)
Other changes in net position														
Capital and other additions (deductions)	791,405	448,983	(54,958)	1,147,699	(61,916)	1,020,334	224,660	11,217	673,645	97,892	58,077	158,411	(4,515,450)	-
Other deductions	-	-	(30,500)	(178,922)	(12,883)	(14,775)	42,406	(1,264,107)	(14,935)	(263,464)	2,827	1	(436,778)	(2,171,130)
Interagency transfers	(279,311)	(194,675)	(1,244,101)	(806,053)	(1,114,213)	(261,941)	(890,056)	111,519	(1,482,653)	49,340	(418,584)	(502,397)	7,033,125	-
Total other changes in net position	512,094	254,308	(1,329,559)	162,724	(1,189,012)	743,618	(622,990)	(1,141,372)	(823,943)	(116,232)	(357,680)	(343,985)	2,080,897	(2,171,130)
Change in net position	585,901	(716,791)	(2,308,949)	(4,293,714)	2,598,294	1,510,779	1,108,069	(3,555,345)	3,295,731	(356,548)	(107,833)	1,797,638	(142,883,567)	(143,326,335)
Net position, beginning of year	38,900,576	35,418,369	146,049,297	123,032,052	56,533,373	8,561,701	97,911,620	47,109,082	52,697,046	25,743,309	73,649,584	41,237,885	(1,571,709,614)	(824,865,721)
Net position, end of year	$ 39,486,476	$ 34,701,578	$ 143,740,348	$ 118,738,338	$ 59,131,667	$ 10,072,480	$ 99,019,689	$ 43,553,737	$ 55,992,777	$ 25,386,762	$ 73,541,751	$ 43,035,524	$ (1,714,593,181)	$ (968,192,056)

	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	$ 7,538,343	$ 12,245,917	$ 25,817,359	$ 16,745,982	$ 21,784,829	$ 9,397,067	$ 23,275,883	$ 4,477,930	$ 20,871,724	$ 5,079,021	$ 13,819,226	$ 15,407,534	$ -	$ 176,460,816
Less: Scholarship discounts and allowances	(3,603,996)	(7,253,434)	(12,873,313)	(9,721,116)	(9,148,136)	(3,519,990)	(10,046,927)	(2,383,131)	(8,825,240)	(2,438,198)	(7,124,845)	(6,832,840)	-	(83,771,167)
Net tuition and fees	3,934,347	4,992,484	12,944,046	7,024,866	12,636,693	5,877,077	13,228,957	2,094,799	12,046,483	2,640,823	6,694,381	8,574,694	-	92,689,649
Federal grants and contracts	734,081	1,534,806	898,681	1,177,976	865,959	287,073	2,325,260	716,503	1,628,045	215,608	512,616	1,072,200	145,991	12,114,800
State and local grants and contracts	400,940	863,725	2,247,979	1,408,686	1,260,220	512,413	1,798,990	197,599	989,771	355,070	772,026	897,930	195,707	11,901,055
Nongovernment grants and contracts	266,545	528,168	112,317	371,175	233,590	54,014	383,169	332,629	1,599,828	380,051	346,925	64,035	143,084	4,815,529
Auxiliary revenues	-	-	130,591	-	57,533	-	-	-	-	-	227,003	-	-	415,126
Other operating revenues	386,063	151,718	601,529	394,516	252,605	134,948	362,615	33,913	278,219	108,442	283,232	152,325	89,956	3,230,081
Total operating revenues	5,721,977	8,070,901	16,935,144	10,377,219	15,306,599	6,865,525	18,098,991	3,375,443	16,542,345	3,699,994	8,836,182	10,761,183	574,738	125,166,240
Operating expenses														
Salaries and wages	11,738,849	19,444,880	31,826,102	22,538,875	27,143,214	12,812,269	31,781,658	9,040,006	25,771,494	8,904,982	18,783,602	19,077,977	13,345,435	252,209,342
Fringe benefits	8,063,543	13,986,547	20,743,039	15,216,541	19,439,482	8,560,354	23,136,909	6,345,216	15,484,537	6,256,927	12,390,483	12,618,539	143,261,521	305,503,637
Professional services and fees	395,251	324,228	731,513	524,412	436,467	337,055	593,817	174,742	501,589	287,719	392,626	453,422	4,338,350	9,491,192
Educational services and support	333,510	670,253	495,817	568,100	819,130	740,047	767,181	305,153	485,725	372,920	873,869	656,022	1,617,875	8,705,604
Travel expenses	115,567	108,629	232,507	209,875	238,816	87,062	118,659	114,077	177,120	89,266	103,008	191,152	289,895	2,075,633
Operation of facilities	1,098,655	2,366,064	5,051,988	3,932,760	1,930,057	867,739	2,611,462	775,119	3,814,900	711,915	1,640,442	2,145,116	156,467	27,102,684
Other operating supplies and expenses	468,670	384,895	1,082,062	634,505	1,674,605	686,192	985,775	56,524	871,387	374,526	634,648	877,610	6,619,296	15,350,696
Scholarship aid, net	1,386,828	3,146,350	5,698,807	4,594,820	4,465,010	1,810,196	6,312,606	714,194	4,775,853	1,117,961	3,075,869	3,315,025	446,027	40,859,546
Depreciation expense	2,272,460	1,991,159	5,315,223	2,979,555	3,110,342	843,455	3,542,879	1,139,345	2,026,110	1,053,545	2,923,753	1,561,708	1,396,851	30,156,387
Total operating expenses	25,873,334	42,423,006	71,177,058	51,199,445	59,257,123	26,744,369	69,850,946	18,664,377	53,908,714	19,169,760	40,818,301	40,896,570	171,471,718	691,454,721
Operating loss	(20,151,357)	(34,352,105)	(54,241,914)	(40,822,226)	(43,950,524)	(19,878,844)	(51,751,955)	(15,288,934)	(37,366,369)	(15,469,766)	(31,982,119)	(30,135,387)	(170,896,980)	(566,288,481)
Nonoperating revenues														
State appropriation - general fund	14,246,832	21,592,670	36,290,500	26,551,763	32,615,420	15,169,491	37,698,636	11,955,345	27,795,213	12,054,430	21,711,458	21,585,369	21,673,353	300,940,479
State appropriation - bond fund	154,330	479,416	209,912	190,736	728,989	824,571	8,867,339	61,578	491,774	62,155	1,008,158	677,023	8,655,788	22,411,768
Pell grant revenue	3,011,066	6,421,763	11,484,844	9,476,263	7,721,997	3,157,311	9,899,791	1,876,848	7,936,008	2,024,348	5,921,672	6,103,751	-	75,035,663
Federal emergency grant revenue	398,551	773,778	1,463,128	1,230,535	959,214	387,206	1,179,258	169,968	885,769	292,852	760,154	700,639	-	9,201,051
Investment income	15,383	-	5,832	206,172	167,989	56,721	103,757	25,413	135,634	132,038	148,610	25,196	189,980	1,212,724
Total nonoperating revenues	17,826,162	29,267,627	49,454,215	37,655,469	42,193,609	19,595,300	57,748,780	14,089,152	37,244,398	14,565,822	29,550,053	29,091,978	30,519,121	408,801,686
Loss before other changes in net position	(2,325,196)	(5,084,478)	(4,787,699)	(3,166,757)	(1,756,916)	(283,544)	5,996,825	(1,199,782)	(121,971)	(903,944)	(2,432,066)	(1,043,409)	(140,377,858)	(157,486,795)
Other changes in net position														
Capital and other additions (deductions)	1,452,388	727,039	(56,434)	2,518,530	4,083	20,801	980,577	1,856,395	2,027,270	24,044	114,062	112,499	(9,781,255)	-
Interagency transfers	(285,616)	(700,800)	(1,731,989)	(1,211,870)	(1,508,743)	(538,731)	(1,685,827)	(131,567)	(1,422,612)	(326,991)	(811,111)	(885,902)	11,241,757	-
Total other changes in net position	1,166,773	26,239	(1,788,422)	1,306,660	(1,504,660)	(517,930)	(705,250)	1,724,828	604,658	(302,946)	(697,049)	(773,403)	1,460,502	-
Change in net postiion	(1,158,423)	(5,058,239)	(6,576,121)	(1,860,097)	(3,261,576)	(801,474)	5,291,575	525,046	482,687	(1,206,890)	(3,129,115)	(1,816,812)	(138,917,356)	(157,486,795)
Net position, beginning of year	40,058,999	40,476,607	152,625,418	124,892,149	59,794,949	9,363,174	92,620,045	46,584,036	52,214,359	26,950,200	76,778,699	43,054,698	(1,432,792,258)	(667,378,926)
Net position, end of year	$ 38,900,576	$ 35,418,369	$ 146,049,297	$ 123,032,052	$ 56,533,373	$ 8,561,701	$ 97,911,620	$ 47,109,082	$ 52,697,046	$ 25,743,309	$ 73,649,584	$ 41,237,885	$ (1,571,709,614)	$ (824,865,721)

	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
Cash flows from operating activities														
Student tuition and fees	$ 2,660,406	3,837,751	10,716,237	5,350,587	9,425,157	4,932,580	10,910,515	1,724,240	9,849,120	1,735,552	5,984,352	5,496,299	240,498	72,863,294
Government grants and contracts	971,683	1,894,770	2,421,343	2,568,377	2,006,066	1,115,413	4,571,388	891,326	2,714,686	504,645	1,557,949	2,302,384	2,535,875	26,055,905
Private grants and contracts	156,756	566,727	51,964	167,379	194,943	6,049	137,317	72,499	759,517	168,904	459,706	24,637	476,300	3,242,698
Sales and services of educational departments	363	5,704	7,240	89,798	(30)	4,266	102,672	-	171,156	-		64,069	-	445,238
Payments to employees	(10,587,733)	(19,145,745)	(31,585,338)	(21,709,138)	(26,632,315)	(12,743,581)	(31,607,239)	(8,930,192)	(24,733,591)	(8,605,544)	(18,382,378)	(18,934,157)	(18,663,381)	(252,260,332)
Payments for fringe benefits	(7,822,090)	(14,277,916)	(21,341,243)	(15,378,015)	(19,558,718)	(8,825,293)	(23,411,193)	(6,311,611)	(15,118,915)	(6,073,692)	(12,405,423)	(13,144,138)	(12,949,109)	(176,617,356)
Payments to students	(2,623,179)	(3,596,437)	(6,863,209)	(4,855,229)	(5,904,565)	(2,548,372)	(6,848,797)	(1,175,290)	(6,517,111)	(1,362,880)	(3,892,632)	(4,246,667)	(215,601)	(50,649,969)
Payments to vendors	(2,345,928)	(4,085,839)	(8,439,090)	(5,120,437)	(5,207,235)	(3,163,191)	(6,104,821)	(1,418,482)	(6,602,820)	(1,931,495)	(3,754,338)	(4,668,998)	(24,517,039)	(77,359,713)
Other receipts, net	133,409	798,115	1,199,636	378,739	1,203,302	(78,914)	69,197	98,955	520,709	402,853	411,042	605,638	3,216,695	8,959,376
Net cash used in operating activities	(19,456,313)	(34,002,870)	(53,832,460)	(38,507,939)	(44,473,395)	(21,301,043)	(52,180,961)	(15,048,555)	(38,957,249)	(15,161,657)	(30,021,722)	(32,500,933)	(49,875,763)	(445,320,860)
Cash flows from investing activities														
Interest income	3,593	-	-	75,525	66,132	21,311	27,307	10,006	54,639	49,428	50,885	8,276	47,545	414,647
Net cash provided by investing activities	3,593	-	-	75,525	66,132	21,311	27,307	10,006	54,639	49,428	50,885	8,276	47,545	414,647
Cash flows from capital and related financing activities														
State appropriations	-	-	18,291	24,381	140,599	44,455	563,622	141,786	14,652	238,746	162,957	46,747	2,397,507	3,793,743
Payments by Department of Construction Services (DCS)	-	-	(30,500)	(189,133)	(14,200)	(14,775)	(2,828,047)	(1,264,107)	(835,291)	(264,466)	3,102	1,950	(111,853)	(5,547,320)
Purchase of capital assets	(7,744)	(153,280)	(294,629)	(238,982)	(539,120)	(48,122)	(70,234)	(53,412)	(222,538)	(268,031)	(603,552)	(78,252)	(4,970,947)	(7,548,843)
Net cash (used in) provided by capital and related financing activities	(7,744)	(153,280)	(306,838)	(403,734)	(412,721)	(18,442)	(2,334,659)	(1,175,733)	(1,043,177)	(293,751)	(437,493)	(29,555)	(2,685,293)	(9,302,420)
Cash flows from noncapital financing activities														
State appropriations	15,088,522	24,212,487	39,129,760	28,495,988	35,129,981	16,620,509	41,000,870	12,355,528	28,716,956	12,235,422	23,334,040	23,907,893	33,941,277	334,169,233
Nonoperating federal grants	4,264,670	7,529,364	16,428,756	11,968,536	13,415,927	4,452,379	15,820,982	2,376,220	12,773,695	2,693,606	8,516,967	9,503,638	8,872,727	118,617,467
Private gifts	248,709	750	-	-	-	30,869	767	556,686	900,380	240,786	21,786	212	-	2,000,945
Federal Family Education Loan Program (FFELP	341,109	497,193	281,643	267,354	199,234	156,046	510,340	254,971	262,658	-	557,800	1,932,233	-	5,260,581
Interagency transfers	(343,344)	(304,950)	(1,412,799)	(919,872)	(1,259,359)	(329,405)	(1,050,957)	49,863	(1,506,473)	35,668	(423,289)	(510,603)	7,975,520	-
Net cash provided by noncapital financing activities	19,599,666	31,934,844	54,427,360	39,812,006	47,485,783	20,930,398	56,282,002	15,593,268	41,147,216	15,205,482	32,007,304	34,833,373	50,789,524	460,048,226
Net increase (decrease) in cash and cash equivalents	139,202	(2,221,306)	288,062	975,858	2,665,799	(367,776)	1,793,689	(621,014)	1,201,429	(200,498)	1,598,974	2,311,161	(1,723,987)	5,839,594
Cash and cash equivalents at beginning of year	4,201,551	1,263,801	578,409	14,453,230	10,778,360	4,981,720	13,798,708	2,799,649	14,609,236	9,411,835	10,715,646	3,022,112	34,370,104	124,984,361
Cash and cash equivalents at end of year	$ 4,340,753	$ (957,505)	$ 866,471	$ 15,429,088	$ 13,444,159	$ 4,613,944	$ 15,592,397	$ 2,178,635	$ 15,810,665	$ 9,211,337	$ 12,314,620	$ 5,333,273	$ 32,646,118	$ 130,823,954

	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
Cash flows from operating activities														
Student tuition and fees	$ 3,428,005	$ 5,047,108	$ 12,024,016	$ 6,710,378	$ 11,913,746	$ 5,266,442	$ 11,693,351	$ 1,879,054	$ 12,190,767	$ 2,502,378	$ 6,942,766	$ 7,089,038	$ 313,051	$ 87,000,100
Government grants and contracts	833,793	2,203,967	3,346,663	2,654,483	1,886,864	989,032	4,702,130	930,893	2,778,714	580,503	1,146,346	1,606,057	284,659	23,944,104
Private grants and contracts	347,855	517,638	91,144	426,015	476,124	19,000	429,769	74,042	637,149	121,210	240,311	18,050	375,000	3,773,307
Sales and services of educational departments	5,342	16,260	20,530	71,566	164,904	7,106	93,923	-	142,444	-	-	96,399	-	618,474
Payments to employees	(11,610,809)	(18,965,983)	(31,210,200)	(22,195,154)	(26,647,001)	(12,554,576)	(31,525,059)	(8,953,421)	(25,772,089)	(8,902,154)	(18,494,902)	(18,817,239)	(12,730,376)	(248,378,963)
Payments for fringe benefits	(7,884,846)	(13,572,734)	(20,141,089)	(14,902,998)	(18,960,295)	(8,357,216)	(22,678,115)	(6,226,113)	(15,463,776)	(6,125,655)	(12,295,764)	(12,323,430)	(8,233,856)	(167,165,887)
Payments to students	(2,199,022)	(3,602,996)	(5,480,679)	(4,542,550)	(4,452,283)	(2,081,027)	(6,250,355)	(1,004,652)	(4,939,733)	(914,448)	(3,673,693)	(3,696,128)	(58,178)	(42,895,744)
Payments to vendors	(3,750,731)	(4,666,473)	(8,042,156)	(6,646,211)	(5,644,660)	(3,436,076)	(5,897,886)	(1,685,084)	(6,896,756)	(2,067,348)	(4,393,389)	(5,250,295)	(12,891,629)	(71,268,694)
Payments by Department of Construction Services (DCS)	-	-	-	-	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Other receipts, net	262,306	308,387	604,677	425,769	432,599	112,139	281,422	96,386	383,424	126,670	426,247	728,927	1,868,334	6,057,287
Net cash used in operating activities	(20,568,107)	(32,714,826)	(48,787,094)	(37,998,702)	(40,830,002)	(20,035,176)	(49,150,820)	(14,888,895)	(36,939,857)	(14,678,844)	(30,102,078)	(30,568,621)	(31,072,995)	(408,336,017)
Cash flows from investing activities														
Interest income	19,556	-	24,344	306,714	251,841	90,195	224,021	37,195	203,876	186,025	240,990	36,330	320,698	1,941,785
Net cash provided by investing activities	19,556	-	24,344	306,714	251,841	90,195	224,021	37,195	203,876	186,025	240,990	36,330	320,698	1,941,785
Cash flows from capital and related financing activities														
State appropriations	11,437	5,399	137,800	59,125	23,094	361,234	8,505,609	-	12,072	1,296	700,937	-	7,435,415	17,253,418
Payments by Department of Construction Services (DCS)	(6,000)	-	-	(1,770,911)	-	-	(5,962,071)	(323,034)	(486,221)	(16,546)	-	(50,264)	(10,057)	(8,625,104)
Purchase of capital assets	(164,355)	(118,958)	(370,643)	(222,982)	(166,816)	(490,171)	(355,229)	(15,232)	(25,802)	(15,193)	(1,365,515)	(56,453)	(9,934,433)	(13,301,782)
Net cash (used in) provided by capital and related financing activities	(158,918)	(113,559)	(232,843)	(1,934,768)	(143,722)	(128,937)	2,188,309	(338,266)	(499,951)	(30,443)	(664,578)	(106,717)	(2,509,075)	(4,673,468)
Cash flows from noncapital financing activities														
State appropriations	14,250,177	21,644,818	35,818,969	26,396,578	32,720,886	15,459,437	37,418,806	11,915,794	28,379,857	12,011,160	21,912,539	21,941,346	22,140,763	302,011,130
Nonoperating federal grants	3,470,431	8,362,358	12,853,170	10,412,269	8,687,728	4,477,996	11,056,414	2,046,371	8,632,645	2,424,590	6,665,755	6,427,210	-	85,516,937
Private gifts	87,347	42,400	-	-	-	54,706	54,954	228,045	1,055,064	237,432	74,593	543	-	1,835,084
Federal Family Education Loan Program (FFELP)	1,774,551	950,908	529,578	484,339	697,240	470,992	1,161,050	399,814	438,551	-	1,116,261	1,653,256	-	9,676,540
Interagency transfers	(285,618)	(654,627)	(1,731,989)	(1,211,870)	(1,508,740)	(538,732)	(1,685,827)	(131,567)	(1,422,613)	(326,990)	(811,491)	(885,903)	11,195,967	-
Net cash provided by noncapital financing activities	19,296,888	30,345,857	47,469,728	36,081,316	40,597,114	19,924,399	48,005,397	14,458,457	37,083,504	14,346,192	28,957,657	29,136,452	33,336,730	399,039,691
Net increase (decrease) in cash and cash equivalents	(1,410,581)	(2,482,528)	(1,525,865)	(3,545,440)	(124,769)	(149,519)	1,266,907	(731,509)	(152,428)	(177,070)	(1,568,009)	(1,502,556)	75,358	(12,028,009)
Cash and cash equivalents at beginning of year	5,612,132	3,746,329	2,104,274	17,998,670	10,903,129	5,131,239	12,531,801	3,531,158	14,761,663	9,588,905	12,283,655	4,524,668	34,294,746	137,012,369
Cash and cash equivalents at end of year	$ 4,201,551	$ 1,263,801	$ 578,409	$ 14,453,230	$ 10,778,360	$ 4,981,720	$ 13,798,708	$ 2,799,649	$ 14,609,236	$ 9,411,835	$ 10,715,646	$ 3,022,112	$ 34,370,104	$ 124,984,361

	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Assets						
Current assets						
Cash and cash equivalents	$ 100,469,464	$ 2,556,415	$ 11,692,235	$ 16,105,839	$ -	$ 130,823,954
Accounts receivable, due from the State	35,403,536	-	-	-	-	35,403,536
Accounts receivable other, net	30,351,825	77,824	104,872	-	-	30,534,521
Prepaid expenses and other current assets	93,751	-	59,260	-	-	153,011
Total current assets	166,318,576	2,634,239	11,856,368	16,105,839	-	196,915,022
Non-current assets						
Investment in plant	-	-	-	-	1,138,597,405	1,138,597,405
Accumulated depreciation	-	-	-	-	(458,696,386)	(458,696,386)
Investment in plant, net of accumulated depreciation	-	-	-	-	679,901,019	679,901,019
Student loans, net	-	362,395	-	-	-	362,395
Total non-current assets	-	362,395	-	-	679,901,019	680,263,414
Total assets	$ 166,318,576	$ 2,996,634	$ 11,856,368	$ 16,105,839	$ 679,901,019	$ 877,178,436
Deferred outflows of resources						
Deferred pension	$ 222,986,296	$ -	$ -	$ -	$ -	$ 222,986,296
Deferred other post employment benefits	314,903,354	-	-	-	-	314,903,354
Total deferred outflows of resources	$ 537,889,650	$ -	$ -	$ -	$ -	$ 537,889,650
Liabilities						
Current liabilities						
Accounts payable	$ 4,278,986	$ -	$ 790,168	$ -	$ -	$ 5,069,154
Accrued expenses - salary and fringe benefits	46,566,566	-	-	-	-	46,566,566
Accrued compensated absences - current portion	3,937,063	-	-	-	-	3,937,063
Unearned tuition and grant revenue	12,901,090	-	-	-	-	12,901,090
Retainage	-	-	31,028	85,906	-	116,935
Agency and loan fund liabilities	-	2,944,889	-	-	-	2,944,889
Other liabilities	1,175,408	-	-	-	-	1,175,408
Total current liabilities	68,859,113	2,944,889	821,197	85,906	-	72,711,105
Non-current liabilities						
Pension liability, net	917,110,893	-	-	-	-	917,110,893
Other post employment benefits liability net	1,178,083,367	-	-	-	-	1,178,083,367
Accrued compensated absences - long term portion	38,131,062	-	-	-	-	38,131,062
Total non-current liabilities	2,133,325,322	-	-	-	-	2,133,325,322
Total liabilities	$ 2,202,184,436	$ 2,944,889	$ 821,197	$ 85,906	$ -	$ 2,206,036,427
Deferred inflows of resources						
Deferred pension	$ 41,878,430	$ -	$ -	$ -	$ -	$ 41,878,430
Deferred other post employment benefits	135,345,284	-	-	-	-	135,345,284
Total deferred inflows of resources	$ 177,223,714	$ -	$ -	$ -	$ -	$ 177,223,714
Net position						
Invested in capital assets, net	$ -	$ -	$ -	$ -	$ 679,901,019	$ 679,901,019
Restricted						
Nonexpendable	-	20,000	-	-	-	20,000
Expendable	4,323,974	31,745	11,035,172	16,019,933	-	31,410,823
Unrestricted	(1,679,523,898)	-	-	-	-	(1,679,523,898)
Total net position	$ (1,675,199,924)	$ 51,745	$ 11,035,172	$ 16,019,933	$ 679,901,019	$ (968,192,056)

	Primary Institution					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Assets						
Current assets						
Cash and cash equivalents	$ 88,628,332	$ 2,039,036	$ 12,664,875	$ 21,652,118	$ -	$ 124,984,361
Accounts receivable, due from the State	33,608,127	-	-	-	-	33,608,127
Accounts receivable other, net	16,734,765	48,991	435,208	-	-	17,218,964
Prepaid expenses and other current assets	72,159	-	255,368	-	-	327,526
Total current assets	139,043,382	2,088,027	13,355,450	21,652,118	-	176,138,978
Non-current assets						
Investment in plant	-	-	-	-	1,129,852,592	1,129,852,592
Accumulated depreciation	-	-	-	-	(423,048,898)	(423,048,898)
Investment in plant, net of accumulated depreciation	-	-	-	-	706,803,694	706,803,694
Student loans, net	-	428,307	-	-	-	428,307
Total non-current assets	-	428,307	-	-	706,803,694	707,232,001
Total assets	$ 139,043,382	$ 2,516,334	$ 13,355,450	$ 21,652,118	$ 706,803,694	$ 883,370,979
Deferred outflows of resources						
Deferred pension	$ 265,264,534	$ -	$ -	$ -	$ -	$ 265,264,534
Deferred other post employment benefits	292,831,066	-	-	-	-	292,831,066
Total deferred outflows of resources	$ 558,095,600	$ -	$ -	$ -	$ -	$ 558,095,600
Liabilities						
Current liabilities						
Accounts payable	$ 3,710,500	$ -	$ 1,365,280	$ -	$ -	$ 5,075,780
Accrued expenses - salary and fringe benefits	43,738,441	-	-	-	-	43,738,441
Accrued compensated absences - current portion	3,282,959	-	-	-	-	3,282,959
Unearned tuition and grant revenue	15,020,483	-	-	-	-	15,020,483
Retainage	-	-	-	495,701	-	495,701
Agency and loan fund liabilities	-	2,464,589	-	-	-	2,464,589
Other liabilities	1,020,046	-	-	-	-	1,020,046
Total current liabilities	66,772,429	2,464,589	1,365,280	495,701	-	71,097,999
Non-current liabilities						
Pension liability, net	920,928,258	-	-	-	-	920,928,258
Other post employment benefits liability net	1,128,067,973	-	-	-	-	1,128,067,973
Accrued compensated absences - long term portion	37,077,217	-	-	-	-	37,077,217
Total non-current liabilities	2,086,073,448	-	-	-	-	2,086,073,448
Total liabilities	$ 2,152,845,877	$ 2,464,589	$ 1,365,280	$ 495,701	$ -	$ 2,157,171,447
Deferred inflows of resources						
Deferred pension	$ 18,776,641	$ -	$ -	$ -	$ -	$ 18,776,641
Deferred other post employment benefits	90,384,212	-	-	-	-	90,384,212
Total deferred inflows of resources	$ 109,160,853	$ -	$ -	$ -	$ -	$ 109,160,853
Net position						
Invested in capital assets, net	$ -	$ -	$ -	$ -	$ 706,803,694	$ 706,803,694
Restricted						
Nonexpendable	-	20,000	-	-	-	20,000
Expendable	2,546,050	31,745	11,990,170	21,156,417	-	35,724,382
Unrestricted	(1,567,413,797)	-	-	-	-	(1,567,413,797)
Total net position	$ (1,564,867,746)	$ 51,745	$ 11,990,170	$ 21,156,417	$ 706,803,694	$ (824,865,721)

	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Student tuition and fees	$ 151,153,976	$ -	$ -	$ -	$ -	$ 151,153,976
Less: Scholarship discounts and allowances	(72,922,008)	-	-	-	-	(72,922,008)
Net tuition and fees	78,231,968	-	-	-	-	78,231,968
Federal grants and contracts	19,030,247	-	-	-	-	19,030,247
State and local grants and contracts	10,584,351	-	-	-	-	10,584,351
Nongovernment grants and contracts	5,657,300	-	-	-	45,956	5,703,257
Auxiliary revenues	72,971	-	-	-	-	72,971
Other operating revenues	3,404,588	-	-	-	6,230	3,410,818
Total operating revenues	116,981,424	-	-	-	52,186	117,033,610
Operating expenses						
Salaries and wages	255,163,763	-	-	-	-	255,163,763
Fringe benefits	313,735,661	-	-	-	-	313,735,661
Professional services and fees	7,824,542	-	396,375	-	-	8,220,917
Educational services and support	14,081,786	-	169,231	-	-	14,251,017
Travel expenses	849,710	-	13,060	-	-	862,769
Operation of facilities	24,876,501	-	1,601,806	-	-	26,478,307
Other operating supplies and expenses	18,333,292	-	3,176,837	-	-	21,510,128
Scholarship aid, net	44,397,532	-	-	-	-	44,397,532
Depreciation expense	-	-	-	-	37,110,482	37,110,482
Total operating expenses	679,262,786	-	5,357,309	-	37,110,482	721,730,579
Operating loss	(562,281,362)	-	(5,357,309)	-	(37,058,296)	(604,696,968)
Nonoperating revenues and expenses						
State appropriation - general fund	330,862,935	-	-	-	-	330,862,935
State appropriation - bond fund	-	-	9,564,781	-	-	9,564,781
Pell grant revenue	58,538,443	-	-	-	-	58,538,443
Federal non-operating grant revenue	68,806,217	-	-	-	-	68,806,217
Federal non-operating pass-through grant revenue	12,291,923	-	-	-	-	12,291,923
Other non-operating revenue, net	59,993	-	-	-	-	59,993
Student reengagement expense	(16,582,530)	-	-	-	-	(16,582,530)
Total nonoperating revenues (expenses), net	453,976,982	-	9,564,781	-	-	463,541,763
Gain/(Loss) before other changes in net position	(108,304,380)	-	4,207,472	-	(37,058,296)	(141,155,205)
Other changes in net position						
Capital additions (deductions)	(2,027,798)	-	(5,162,471)	(2,965,353)	10,155,621	-
Other deductions	-	-	-	(2,171,130)	-	(2,171,130)
Total other changes in net position	(2,027,798)	-	(5,162,471)	(5,136,484)	10,155,621	(2,171,130)
Change in net position	(110,332,178)	-	(954,998)	(5,136,484)	(26,902,675)	(143,326,335)
Net position, beginning of year	(1,564,867,746)	51,745	11,990,170	21,156,417	706,803,694	(824,865,721)
Net position, end of year	$ (1,675,199,924)	$ 51,745	$ 11,035,172	$ 16,019,933	$ 679,901,019	$ (968,192,056)

	Primary Institution					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Student tuition and fees	$ 176,460,816	$ -	$ -	$ -	$ -	$ 176,460,816
Less: Scholarship discounts and allowances	(83,771,167)	-	-	-	-	(83,771,167)
Net tuition and fees	92,689,649	-	-	-	-	92,689,649
Federal grants and contracts	12,114,800	-	-	-	-	12,114,800
State and local grants and contracts	11,901,055	-	-	-	-	11,901,055
Nongovernment grants and contracts	4,803,727	-	-	-	11,803	4,815,529
Auxiliary revenues	415,126	-	-	-	-	415,126
Other operating revenues	3,179,529	-	-	-	50,551	3,230,081
Total operating revenues	125,103,886	-	-	-	62,354	125,166,240
Operating expenses						
Salaries and wages	252,209,342	-	-	-	-	252,209,342
Fringe benefits	305,503,637	-	-	-	-	305,503,637
Professional services and fees	8,530,826	-	960,366	-	-	9,491,192
Educational services and support	7,988,264	-	717,339	-	-	8,705,604
Travel expenses	2,072,687	-	2,946	-	-	2,075,633
Operation of facilities	24,511,372	-	2,591,312	-	-	27,102,684
Other operating supplies and expenses	10,870,191	-	4,480,505	-	-	15,350,696
Scholarship aid, net	40,859,546	-	-	-	-	40,859,546
Depreciation expense	-	-	-	-	30,156,387	30,156,387
Total operating expenses	652,545,866	-	8,752,467	-	30,156,387	691,454,721
Operating loss	(527,441,980)	-	(8,752,467)	-	(30,094,033)	(566,288,481)
Nonoperating revenues						
State appropriation - general fund	300,940,479	-	-	-	-	300,940,479
State appropriation - bond fund	-	-	13,887,716	8,524,052	-	22,411,768
Pell grant revenue	75,035,663	-	-	-	-	75,035,663
Federal emergency grant revenue	9,201,051	-	-	-	-	9,201,051
Investment income	1,212,724	-	-	-	-	1,212,724
Total nonoperating revenues	386,389,918	-	13,887,716	8,524,052	-	408,801,686
Loss before other changes in net position	(141,052,062)	-	5,135,249	8,524,052	(30,094,033)	(157,486,795)
Other changes in net position						
Capital and other additions (deductions)	(1,025,378)	-	(12,053,997)	(5,757,058)	18,836,432	-
Total other changes in net position	(1,025,378)	-	(12,053,997)	(5,757,058)	18,836,432	-
Change in net position	(142,077,440)	-	(6,918,747)	2,766,994	(11,257,601)	(157,486,795)
Net position, beginning of year	(1,422,790,306)	51,745	18,908,918	18,389,423	718,061,295	(667,378,926)
Net position, end of year	$ (1,564,867,746)	$ 51,745	$ 11,990,170	$ 21,156,417	$ 706,803,694	$ (824,865,721)

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 68, *Pensions*, or GASB 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.

2021 Financial Statements

INCLUDING

Required Supplementary Information

Additional Supplemental Information

June 30, 2021

CSCU

Charter Oak State College

Draft 2b

12/8/2021

CharterOak 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 7/1/20 – 6/30/21)

- 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)
- Six 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
  - Chair and Vice Chair of the Faculty Advisory Committee

Regents as of 6/30/21

(Four vacancies: two legislative appointees and two Student Regent vacancies.)

Matt Fleury, Chair
Merle W. Harris, Vice Chair
Richard J. Balducci
Aviva D. Budd
Naomi K. Cohen
Felice Gray-Kemp
Holly Howery
David R. Jimenez
JoAnn Ryan
Ari Santiago
Elease E. Wright

Ex-Officio, Non-voting members

David Blitz –Chair of the Faculty Advisory Committee
Colena Sesanker – Vice Chair of the Faculty Advisory Committee
Kurt Westby – Commissioner of the CT Department of Labor
Charlene Russell-Tucker– Acting Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Deidre Gifford - Acting Commissioner CT Dept. of Public Health

Former Board members (who served between 7/1/20 – 6/30/21)

Monica Maldonado, SAC, Chair
Elena Ruiz, Vice Chair of Student Advisory Committee
Dr. Miguel A. Cardona – (Former) Commissioner of the State Department of Education

Charter Oak State College
55 Paul Manafort Drive
New Britain, CT 06053

Ed Klonoski, President

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

Terrence Chang, President

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 units for the fiscal year ended June 30, 2021, along with certain comparative information for the prior fiscal year ended June 30, 2020. 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 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 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 2021 to prior reporting periods is included. Full financial statements and footnotes for fiscal year 2021 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 units").

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

Charter Oak State College had total assets of $12.4 million, deferred outflows of $16.1 million, liabilities of $65.2 million, deferred inflows of $3.0 million and a total net position balance of ($39.7) million as of June 30, 2021. Of this amount, ($41.5) million is classified as unrestricted net position which decreased slightly as compared to 2020. 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 $9.5 million, down 3% as compared to the previous year. Operating expenses were $23.3 million, a 9% increase from the previous year, resulting in an operating loss of $13.8 million during the year ended June 30, 2021. Net non-operating revenues and other changes were $9.5 million up 6% compared with prior year. State of Connecticut general fund appropriations were also up 7% with in fiscal 2021 at 6.5 million.

Cash and cash equivalents were $9.8 million at June 30, 2021, including $0.3 million of cash equivalents restricted for use in the form of State appropriations reserved for specific programmatic expenditures or other governing agreements. Total current assets were $10.8 million as of June 30, 2021 compared to $9.8 million in the prior year. The current ratio of unrestricted net assets was 3.5:1 in 2021 as compared to 3.7:1 in fiscal 2020. The current ratio reflects a financial position sufficient to provide short term liquidity. Non-current liabilities increased to $62.2 million from $57.5 million between June 30, 2021 and 2020. The majority of this significant 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 of $0.7 million 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 Charter Oak State College, including capital assets net of depreciation.

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

	2021	2020	% Change
ASSETS			
Current assets	$ 10,814	$ 9,767	11%
Non-current assets	1,579	1,815	-13%
Total assets	12,393	11,582	7%
DEFERRED OUTFLOWS OF RESOURCES	16,082	16,236	-1%
LIABILITIES			
Current liabilities	2,997	2,567	17%
Noncurrent liabilities	62,215	57,548	8%
Total liabilities	65,212	60,115	8%
DEFERRED INFLOWS OF RESOURCES	2,965	3,181	-7%
NET POSITION			
Invested in capital assets	1,579	1,815	-13%
Restricted-expendable	229	336	-32%
Unrestricted	(41,510)	(37,629)	10%
Total net position	(39,702)	(35,478)	-12%

Current assets consist of cash, cash equivalents, accounts receivable and prepaid assets. The 7% increase in current assets from the previous year is largely attributable to an increase in cash offset by the utilization of prepaid assets. Accounts receivable decreased slightly due to the timing of settlements with third parties. 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.

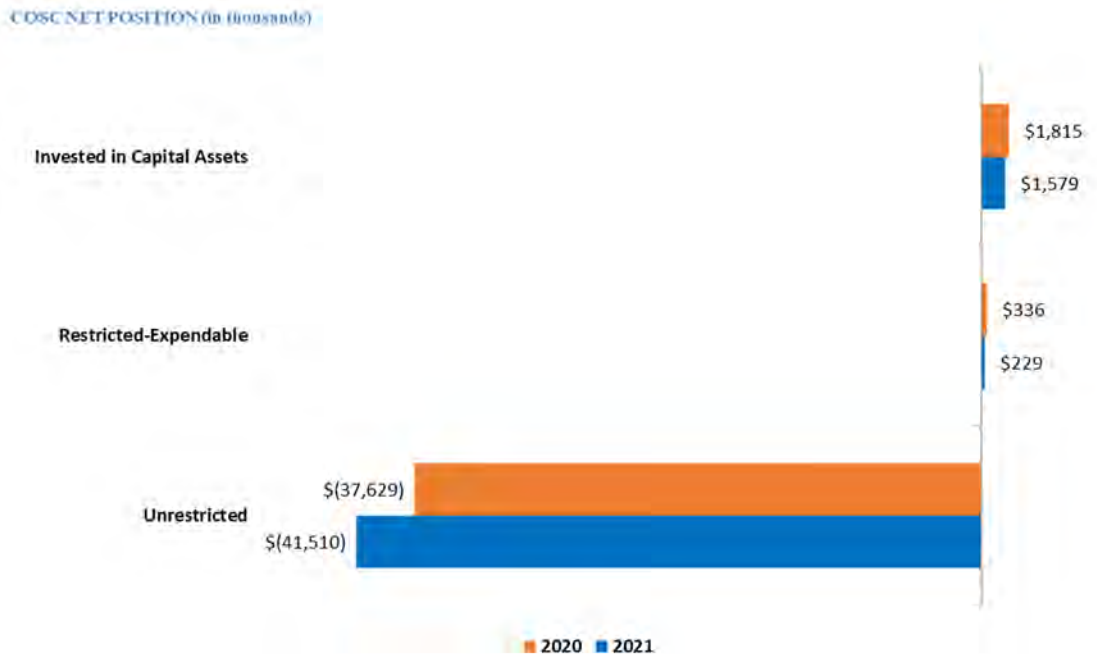
Non-current assets decreased 13% from $1.8 million at June 30, 2020, to $1.6 million at June 30, 2021. Net capital assets account for the total amount of non-current assets. At June 30, 2021, capital assets in service totaled $5.2 million, offset by $3.6 million in accumulated depreciation; this compared with $4.0 million of accumulated depreciation at the end of fiscal year 2020. The decrease in fiscal 2021 was related to a slowdown of capital expenditures as compared to the refresh of a technological data center in historical periods coupled with the retirement of $0.6 million in equipment.

Current liabilities consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total current liabilities were $3.0 million at the end of fiscal year 2021, representing a $0.4 million increase from fiscal year 2020. The most significant current liability was employee salary and fringe benefit payable of $1.2 million. Additional current liabilities include unearned tuition revenue, accrued compensated absences (sick and vacation time benefits) that will be paid within the coming year.

Non-current liabilities consist of $25.3 million in pension liability, $36.1 million in other post-employment benefit liabilities and long-term accrued compensated absences ("ACA") of $0.7 million– to be paid out to terminating employees over time in the future beyond one year. Total non-current liabilities increased by $4.8 million in 2021 due to increases in retirement benefit allocation from the State of Connecticut. The total ACA liability coupled with the pension and other post-employment benefit liabilities 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 small share of the State of Connecticut's unfunded pension and OPEB liabilities. In lieu of Charter Oak paying directly for pension and post retirement benefits, The State of Connecticut settles these balances through the Comptroller's office and charges Charter Oak an annual fee based on a percentage of salary which have been included as personnel service costs within the income statement.

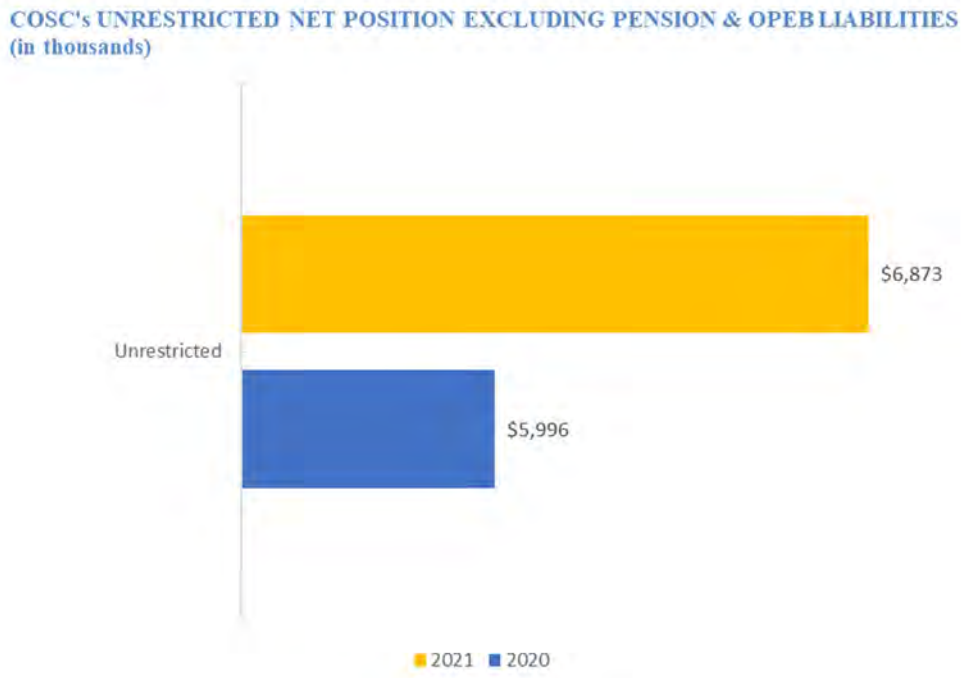
The total *net position* balance includes $1.6 million *Invested in capital assets, net of depreciation*. Charter Oak State College does not carry capital debt. Bonding and debt repayment are the responsibility of the State of Connecticut and are not reflected in COSC's financial statements.



Restricted-Expendable net position represents primarily bond fund appropriation balances at June 30, 2021 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") has shifted to 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 $0.9 million to $6.9 million during fiscal year 2021. The increase was due to increased appropriations from the State of Connecticut and cost saving measures implemented by the College. The table below illustrates the fluctuations in aggregate COSC UNP over the past several years:

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
UNP Excluding Pension and OPEB Liability	$1.5	$1.2	$0.7	$0.8	$0.9	$3.5	$6.0	$6.9
UNP Adjusted for Pension Liability:	-	($6.1)	($6.7)	($7.4)	($8.9)	($8.7)	($9.0)	($11.0)
UNP Adjusted for Pension & OPEB Liability:	-	-	-	($34.3)	($36.0)	($36.0)	($37.6)	($41.5)



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 2021 were $9.5 million, down 3% from $9.8 million in fiscal year 2020. *Student tuition and fees* of $12.2 million 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 $8.8 million after scholarship allowances. These revenues reflect flat enrollment trends with a slight increase in institutional aid.

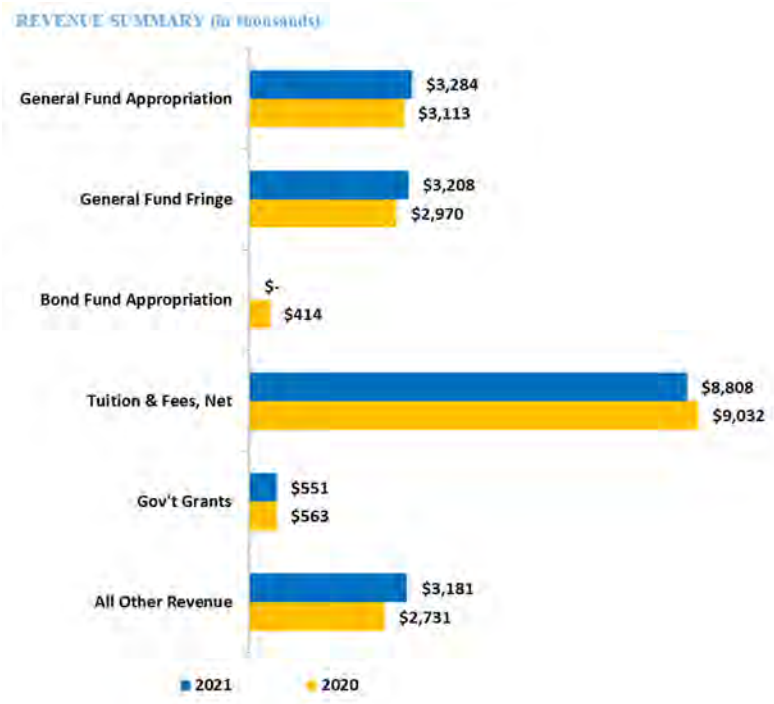
Condensed Combined Statements of Revenues, Expenses and Changes in Net Position for the Year Ended June 30 (in thousands)

	2021	2020	% Change
OPERATING REVENUES			
Tuition and fees, net	8,808	9,032	-2%
Government grants and contracts	551	563	-2%
Additional operating revenues	148	245	-40%
Total operating revenues	9,507	9,840	-3%
OPERATING EXPENSES			
Expenses before depreciation	23,021	20,726	11%
Depreciation	236	535	-56%
Total operating expenses	23,257	21,261	9%
Operating loss	(13,750)	(11,421)	-20%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund *	6,493	6,083	7%
State appropriations - capital appropriations	-	414	-100%
PELL Grants	2,460	2,377	3%
Other non-operating revenues (expenses), net	573	109	426%
Net non-operating revenues	9,526	8,983	6%
NET POSTION			
Change in net position	(4,224)	(2,438)	-73%
Net position, beginning of year	(35,478)	(33,040)	-7%
Net position, end of year	$ (39,702)	$ (35,478)	-12%

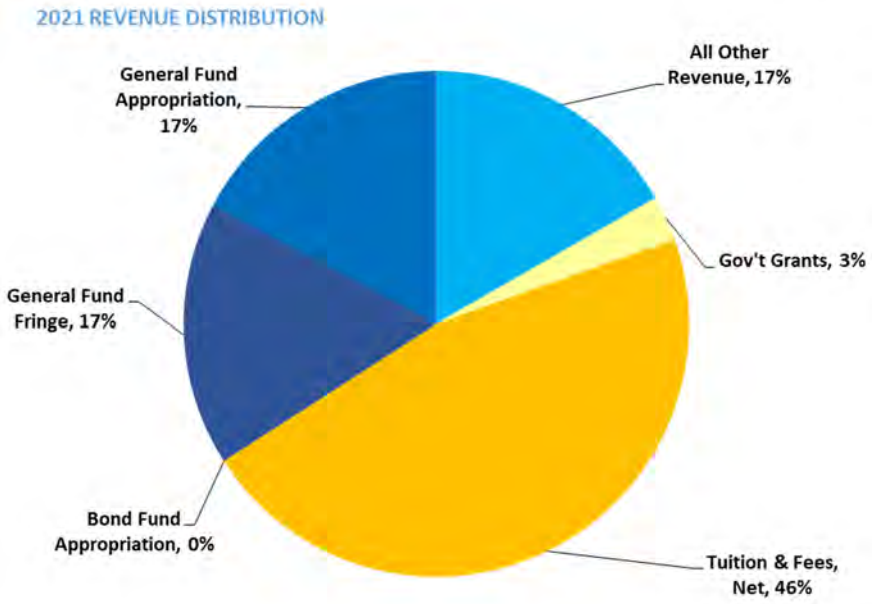
* Including non-cash fringe benefit expenditures

Charter Oak State College recorded an operating loss of $13.8 million during the year ended June 30, 2021. The primary contributing factors of the increase in loss year over year relates to increase per employee fringe benefit costs and pension expenses allocated to COSC by the State of Connecticut. In addition, State appropriations and Pell Grant revenue being 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 contributing to the operating loss.

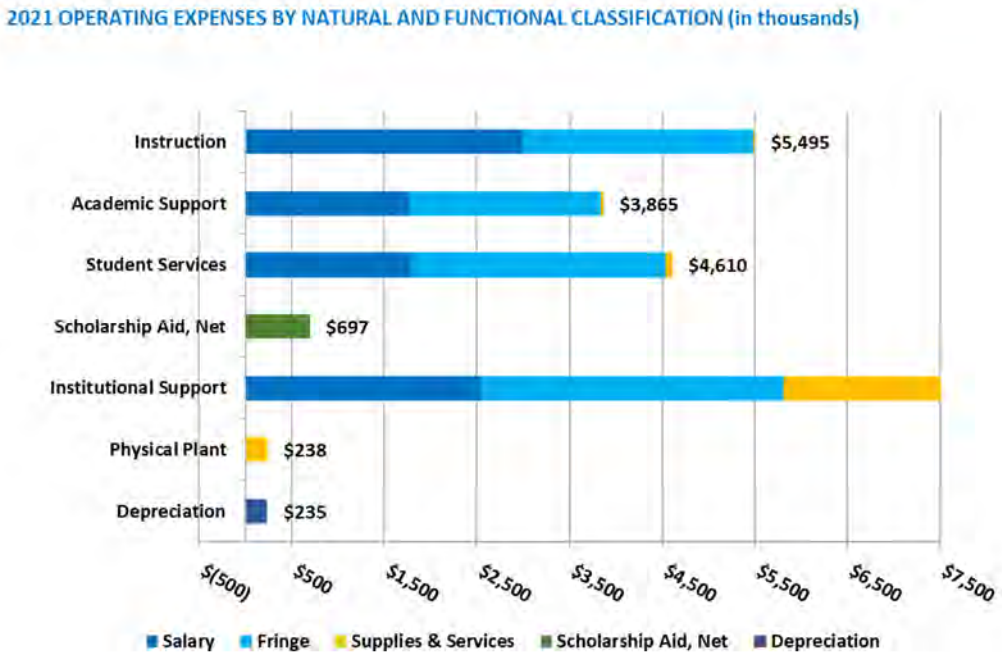
Government grant revenues are comprised of the federally funded Supplemental Education Opportunity Grant ("SEOG") and the Adult Education grants together with other state government grants which fund various program-related activities. Government grant revenues at June 30, 2021 were $0.6 million with federal and state dollars consistent with the previous fiscal year. *Additional operating revenues* were down $0.1 million from 2020 due to the pandemic and changes in strategic targets for departments partnering with institutional entities.



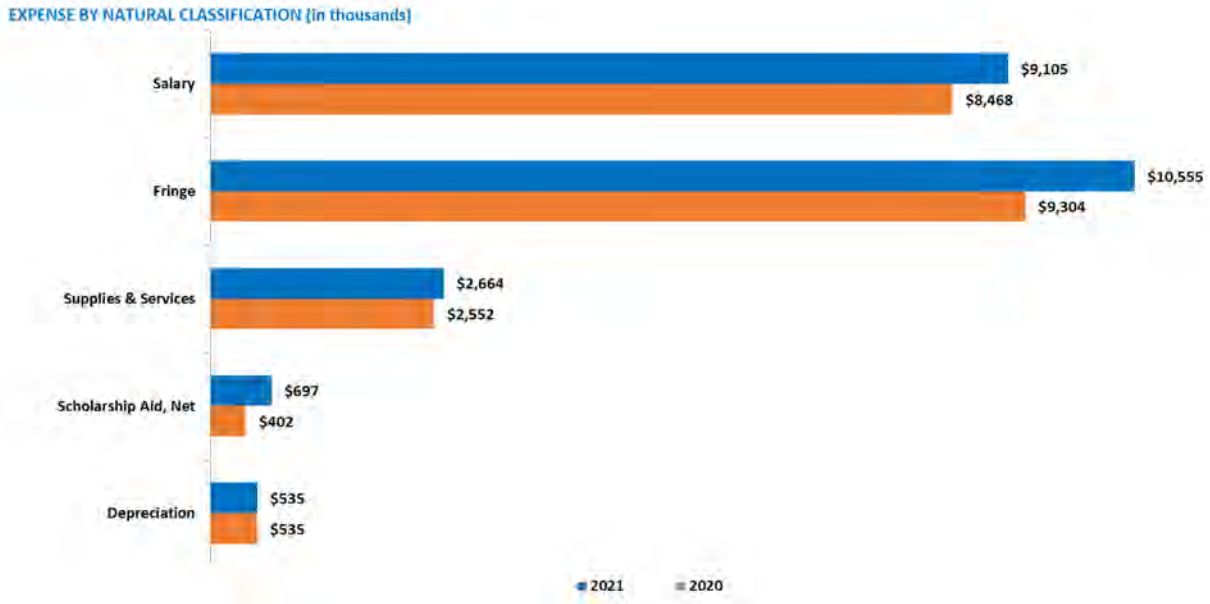
The State general fund appropriation for salaries and associated State of Connecticut reimbursements to cover fringe benefit increased by 7% in 2021. Charter Oak did not receive any bond fund appropriations as compared to the $0.4 million in 2020 as no significant purchases for capital equipment were planned for 2021. Other non-operating activity in fiscal year 2021 was limited to income earned on cash balances invested by the State treasurer's office.



Total operating expenses for fiscal year 2021 were $23.2 million. This reflects an operating expense increase of 9% from $21.2 million in fiscal year 2020. The increase in fiscal year 2021 reflects an overall increase in fringe benefits.



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.



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 $8.9 million and receipts from government grants and contracts of $0.6 million, which is flat with the prior fiscal 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 $11.2 million, up 10% from prior year. Operating cash outflows also include vendor payments of $2.5 million, down 7% from prior year. Payments to students of $0.7 million for financial aid refunds and federal grants was up year over year due to the inclusion of Charter Oak students in qualifying for pandemic related aid. Net cash used in operating activities increased 33% in fiscal year 2021 when compared to fiscal year 2020, reflecting greater personnel costs due to compensation and benefits issued in line with COSC's local employee bargaining unit. The State of Connecticut also directly covered a portion of the cost of fringe benefits for employees valued at $3.2 million, representing a non-cash transaction for COSC.

Capital and related financing cash flows are derived from capital appropriations from the state. During fiscal year 2020, COSC received capital funding of $0.4 million for purchases of software and building code compliance but did not receive funding in 2021. Cash provided by *investing activities* represents small amounts of interest income earned on operating fund cash balances invested by the State treasurer on behalf of COSC and distributed quarterly which decreased year over year due to negligible return rates from the State's short term investment pool.

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

	2021	2020	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (4,897)	$ (3,670)	33%
Noncapital financing activities	6,310	5,493	15%
Capital and related financing activities	-	413	-100%
Investing activities	7	104	-93%
Net change in cash and cash equivalents	1,420	2,340	-39%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	8,345	6,005	39%
Cash and cash equivalents, end of year	$ 9,765	$ 8,345	17%

Enrollment Table

Charter Oak 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:

Year Ended June 30	Unduplicated Headcount	% Change	FTE	% Change
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

Impacts from the pandemic remained prevalent during fiscal year 2021 with all almost all campus operations delivered digitally including classes, enrollment processing, advisory services and several institutional support channels.

For the 2020-2021 academic year, transfer enrollment declined nationally by approximately 8% and while the College's enrollment trend did not mirror the conglomerate transfer trend, there is a consistent focus on balancing future affordable tuition rate structures with the financial needs of the College. Out of state rates in the future will be reconsidered by the College as geographic based pricing within a digital environment may prevent the College from being competitive in distant markets. The College is also creating more flexible and innovative institutional aid packages that reflect the needs of our adult learner transfer students as these students represent the majority of each cohort. The College continues to relax several financial and academic policies to accommodate the needs of the students as the pandemic persists to ensure the College's mission is still achieved.

Planned for 2022 and with consideration to global supply chain constraints, the College still intends to consolidate its New Britain and Newington, Connecticut campuses into a newly renovated office building in downtown New Britain. This renovated facility will provide a more welcome environment for enrollment, academic and financial advising while reducing annual operating overhead costs.

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

Charter Oak State College

Statement of Net Position

As of June 30, 2021

CSCU

		2021
Assets		
Current assets:		
	Cash and cash equivalents	$ 9,765,936
	Accounts receivable, net	559,743
	Other current assets	488,115
	Total current assets	10,813,794
Noncurrent assets:		
	Capital assets, net	1,579,044
	Total noncurrent assets	1,579,044
	Total assets	12,392,838
Deferred outflows of resources:		
	Deferred pension	7,582,610
	Deferred other post-employment benefits	8,499,365
	Total deferred outflows of resources	16,081,975
Liabilities		
Current liabilities		
	Accounts payable and accrued liabilities	73,788
	Accrued payroll	1,230,545
	Unearned tuition revenues	544,367
	Accrued employee compensated absences	1,148,213
	Total current liabilities	2,996,913
Noncurrent liabilities		
	Accrued employee compensated absences	715,113
	Net pension liability	25,357,568
	Net other post-employment benefit liability	36,142,122
	Total noncurrent liabilities	62,214,803
	Total liabilities	65,211,716
Deferred inflows of resources:		
	Deferred pension	59,305
	Deferred other post-employment benefits	2,906,139
	Total deferred inflows of resources	2,965,444
Net Assets		
	Invested in capital assets, net of related debt	1,579,044
	Restricted expendable	228,778
	Unrestricted	(41,510,169)
	Total net position (deficit)	$ (39,702,347)

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

Charter Oak State College

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2021

CSCU

	2021
Operating revenues:	
Student tuition and fees	$ 12,203,001
Less: scholarships and fellowships	(3,395,127)
Net tuition and fees	8,807,874
Federal grants and contracts	373,687
State and local grants and contracts	177,583
Other operating revenues	148,404
Total operating revenues	9,507,548
Operating expenses:	
Personnel services and fees	19,659,078
Professional services and fees	232,556
Travel expenses	8,142
Operation and maintenance of plant	238,140
Student aid	697,464
Other operating expenses	2,185,585
Depreciation	235,500
Total operating expenses	23,256,465
Net operating income (loss)	(13,748,917)
Nonoperating revenues (Expenses):	
State appropriations	6,492,505
Investment income	7,425
Gain (loss) on disposal of capital assets	-
Other nonoperating revenues/expenses	938
Federal emergency grant revenue	564,469
Pell grants	2,460,199
Net nonoperating revenues	9,525,536
Increase (decrease) in net position before capital appropriations	(4,223,381)
Capital appropriations	-
Increase (decrease) in net position	(4,223,381)
Net position:	
Net assets - beginning of year	(35,478,966)
Net assets - end of year	$ (39,702,347)

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

Charter Oak State College

Statement of Cash Flows

Year ended June 30, 2021

CSCU

	2021
Cash flows from operating activities	
Tuition and fees	8,864,853
Grants and contracts	551,270
Payments to employees	(11,273,934)
Payments to suppliers and vendors	(2,460,504)
Payments to students	(697,464)
Other operating receipts	118,991
Net cash used in operating activities	(4,896,788)
Cash flows from non-capital financing activities	
State appropriations	3,284,028
Pell grants	2,460,199
Federal emergency grant revenue	564,469
Other	938
Net cash provided by non-capital financing activities	6,309,634
Cash flows from capital financing activities	
Capital appropriations	-
Purchases of capital assets	-
Net cash provided by capital financing activities	-
Cash flows from investing activities	
Interest on cash held by the State	7,425
Net increase (decrease) in cash and equivalents	1,420,271
Cash and equivalents, beginning of year	8,345,665
Cash and equivalents, end of year	9,765,936
Reconciliation of net operating loss to net cash used in operating activities	
Net operating loss	(13,748,917)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation	235,500
Fringe benefits provided by the state	3,208,477
Changes in assets and liabilities:	
Accounts receivable	153,551
Other current assets	220,109
Accounts payable	(16,190)
Accrued payroll	197,359
Accrued employee compensation and benefits	221,875
Unearned tuition revenues	(125,984)
Net pension obligation	2,777,610
Net other post-employment benefit obligation	1,979,822
Net cash used for operating activities	$ (4,896,788)
Non-cash transaction	
Fringe benefits provided by the state	$ 3,208,477

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

Statement of Financial Position

Assets	
Cash and cash equivalents	$ 90,477
Investments	2,713,650
Other assets	625
Total assets	2,804,752
Liabilities	
Accounts payable	695
Total liabilities	695
Net assets	
Without donor restrictions	47,315
With donor restrictions	2,756,742
Total liabilities and net assets	$ 2,804,752

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 32,600	$ 205,828	$ 238,428
Interest income	8	-	8
Investment return, net	-	591,233	591,233
Fundraiser proceeds, net	-	2,273	2,273
Net assets released from restrictions:			
Restrictions satisfied by payments	137,503	(137,503)	-
Total revenues and support	170,111	661,831	831,942
Expenses			
Program services - scholarships and grants	129,856	-	129,856
Supporting services - administrative and fundraising	14,537	-	14,537
Total expenses	144,393	-	144,393
Change in net assets	25,718	661,831	687,549
Net position			
Net assets - beginning of year	21,597	2,094,911	2,116,508
Net assets - end of year	$ 47,315	$ 2,756,742	$ 2,804,057

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") 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 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.

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 Net Acitivties 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 Plant
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. Title to all assets, whether purchased, constructed or donated, is held physically by the State of Connecticut.

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.

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.

GASB Pronouncements Effective in Future Fiscal Years

In June 2017, GASB released Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 with earlier application encouraged. The College is in the process of determining the impact that the implementation of GASB No. 87 will have on the College's financial statements.

In August 2018, GASB released statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance to comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement provides guidance over reporting of intra-entity transfers of assets between a primary government employer and the measurement of liabilities (and assets, if any) related to asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020 GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absences of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board. The requirement of this Statement is effective for reporting periods beginning after June 15, 2021.

In October 2021, GASB released statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

Management has not completed its review of the requirements of these statements and their applicability.

Subsequent Events

In accordance with generally accepted accounting principles, COSC has evaluated subsequent events for the period after June 30, 2021, through December 18, 2021, 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, 2021 was 0.10%. 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, 2021.

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.

3. Accounts Receivable

Accounts receivable consist of the following at June 30:

	2021
Student accounts receivable	$ 851,841
Other receivables	31,215
Gross accounts receivable	883,056
Less: allowance for doubtful accounts	(323,313)
Accounts receivable, net	$ 559,742

4. Capital Assets

Capital Asset activity for the year ended June 30, 2021 is as follows (in thousands):

	Estimated life (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not depreciated:					
Art		$ 15	$ -	$ -	$ 15
Capital assets, depreciated:					
Buildings and improvements	10-40	2,509	-	-	2,509
Furnishings and equipment	5	2,841	33	(644)	2,230
Software	5	433	-	-	433
Total depreciable assets		5,783	33	(644)	5,172
Total capital assets		5,798	33	(644)	5,187
Less: accumulated depreciation					
Buildings and Improvements		1,430	64	-	1,494
Furnishings and equipment		2,286	163	(644)	1,805
Software		268	41	-	309
Total accumulated depreciation		3,984	268	(644)	3,608
Capital assets, net		1,814	(235)	-	1,579

5. Accrued Compensated Absences

Accrued compensated absences at June 30, 2021 consist of:

	Current	Non Current	Total
Vacation	$ 1,040,019	$ 559,094	$ 1,599,113
Sick	108,194	156,019	264,213
	$ 1,148,213	$ 715,113	$ 1,863,326

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

Balance as of June 30, 2020	$	1,641,451
Additions during the fiscal year		404,415
Benefits paid to employees during the fiscal year		(182,540)
Balance as of June 30, 2021		1,863,326

These accruals represent estimated amounts earned by all eligible employees through June 30, 2021. 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.

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 2021.

Accrued salaries and related fringe benefit costs for CSCU employees within COSC, whose salaries will be charged to the State of Connecticut General Fund represent a related party balance. The accompanying statement of net position includes balances among related parties. Significant balances for the year ended June 30, 2021 relate to Cash and Cash equivalents held by the State Treasurer.

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, 2021. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances as of June 30, 2021 were not material.

COSC leases various equipment under operating lease agreements. The following summarizes future minimum payments under non-cancelable leases subsequent to the year ended June 30, 2021 (in thousands):

Fiscal Years Ending June 30,	Operating Leases
2022	$ 93
2023	13
2024	13
2025	13
2026	13
	145

Rent expense for operating leases was $95,560 for the year ended June 30, 2021.

8. Unearned Revenue

Unearned revenues for the year ended June 30, 2021 amounted to $544,367

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 65.64% for SERS in the fiscal year ended June 30, 2021 resulting in a contribution of $2.2 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, 2021 was measured and valued as of June 30, 2020 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, 2021.

All SERS and TRS 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, 2021 for SERS was $25.4 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 2020 measurement year was determined using the following actuarial assumptions, applied to all periods:

Inflation	*2.50%*
Salary increases including inflation	*3.50% - 19.50%*
Investment rate of return, net of expense, including inflation	*6.90%*

Mortality rates were based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females.

The actuarial assumptions used in the June 30, 2020 valuation (which was the basis for recording the June 30, 2021 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 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2020 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%)*
$30,131,392	*$25,361,526*	*$21,375,183*

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan
For the year ended June 30, 2021, COSC recognized pension expense of $2.8 million. A schedule of deferred outflows and inflows of resources as of June 30, 2021 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
2022	$ 2,517,059	$ 14,380	$ 2,531,439
2023	$ 1,410,725	$ 12,112	1,422,837
2024	$ 792,505	$ 10,069	802,574
2025	$ 511,501	$ 8,508	520,009
2026	$ 49,980	$ 5,476	55,456
Thereafter	$ -	$ 1,542	1,542

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 percent 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 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20%	5.6%
Developed Market International Stock Fund	11%	6.0%
Emerging Markets International Stock Fund	9%	7.9%
Core Fixed Income	16%	2.1%
Inflation Linked Bond Fund	5%	1.1%
Emerging Market Debt Fund	5%	2.7%
High Yield Bond Fund	6%	4.0%
Real Estate Fund	10%	4.5%
Private Equity	10%	7.3%
Alternative Investments	7%	2.9%
Liquidity Fund	1%	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, 2021 was measured and valued as of June 30, 2020 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, 2021 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, 2021 for SEOPEBP was $36.1 million.

Actuarial Assumptions:

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

Payroll growth rate	3.50%
Salary increases	3.25% to 4.50% varying by years of service/plan
Discount rate	2.38%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 4 years
Prescription drug	3.0%
Dental and Part B	4.5%
Administrative expense	3.0%

Mortality rates for the State Employees OPEB Plan were based on the RP-2014 Mortality Tables for pre-retirement, healthy annuitant and disabled annuitants projected to 2020 under Scale BB.

The discount rate used to measure the total OPEB liability for SEOPEBP was 2.38%. The projection of cash flows used to determine the discount was performed in accordance with GASB

pronouncements. On December 20, 2019, there was a change in law, which repealed the excise "Cadillac" tax. The OPEB valuation has not taken this into account; this may have an impact on future OPEB obligations.

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 (1.38%)	Current Discount (2.38%)	1% Increase (3.38%)
$42,513,622	$36,142,123	$31,020,194

Healthcare cost trend rate sensitivity:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$30,298,903	$36,142,123	$43,656,406

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

For the year ended June 30, 2021, COSC recognized OPEB expense of $2.0 million. A schedule of deferred outflows and inflows of resources as of June 30, 2021 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
2022	$	818,868
2023		1,133,109
2024		1,505,213
2025		713,080
2026		96,799
Thereafter		-
Total	$	4,267,069

11. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows (in thousands):

	Salary	Fringe	Supplies & Services	Scholarship Aid, Net	Depreciation	Total
Depreciation	$-	$-	$-	$-	$235	$235
Physical Plant	-	-	238	-	-	238
Institutional Support	2,542	3,266	2,308	-	-	8,116
Scholarship Aid, Net	-	-	-	697	-	697
Student Services	1,792	2,741	77	-	-	4,610
Academic Support	1,769	2,069	27	-	-	3,865
Instruction	3,002	2,479	14	-	-	5,495
Total operating expenses	$9,105	$10,555	$2,664	$697	$235	$23,256

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, 2021 (in thousands):

	SERS	TRS	Total Pension	OPEB	Total Deferred
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 1,369	$ -	$ 1,369	$ -	$ 1,369
Changes of assumptions or other inputs	677	-	677	5,999	6,676
Net difference between projected and actual earnings on pension plan investements	427	-	427	71	498
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,869	52	2,921	1,103	4,024
Employer contributions after measurement date	2,166	23	2,189	1,326	3,515
Total	$ 7,508	$ 75	$ 7,583	$ 8,499	$ 16,082
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ -	$ -	$ 834	$ 834
Changes of assumptions or other inputs	-	-	-	702	702
Changes in proportion and differences between employer contributions and proportionate share of contributions	59	-	59	1,370	$ 1,429
Total	$ 59	$ -	$ 59	$ 2,906	$ 2,965

REQUIRED SUPPLEMENTARY INFORMATION

CSCU

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

	2021	2020	2019	2018	2017	2016	2015	2014
COSC's proportion of the net pension liability	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	$ 25,358	$ 24,013	$ 21,201	$ 20,753	$ 15,610 0	$ 10,043	$ 9,130	$ 7,870
COSC's covered payroll	$ 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	646%	619%	633%	563%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	35.84%	36.79%	36.25%	36.25%	31.69%	39.23%	39.54%	Unavailable[1]

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,728	$ 1,661	$ 1,441	$ 1,519	$ 1,021	$ 834	$ 727	$ 503
Contributions in relation to the contractually required contribution	(1,728)	(1,661)	(1,441)	(1,519)	(1,021)	(834)	(723)	(502)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 1
COSC's covered payroll	$ 3,926	$ 3,880	$ 3,351	$ 3,793	$ 2,529	$ 2,199	$ 1,988	$ 1,592
Contributions as a percentage of covered payroll	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.

CSCU

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

Changes in benefit terms:

- None

Changes of assumptions:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%
- Decrease payroll growth assumption from 3.25% to 3.00%
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Schedule of Net Other Post Employment Benefits Liability and Related Ratios

Last 10 Fiscal Years [1]

	2021	2020	2019	2018	2017
COSC's proportion of the net OPEB liability	0.15%	0.16%	0.15%	0.12%	0.13%
COSC's proportionate share of the net OPEB liability	$ 36,142,122	$ 32,666,738	$ 25,570,473	$ 25,846,053	$ 27,927,904
COSC's covered-employee payroll	$ 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	628%	571%	446%	427%	453%
Plan Fiduciary net position as a percentage of the total OPEB liability	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]

	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,331,438	$ 1,189,231	$ 1,187,694	$ 1,000,421	$ 985,748
Contributions in relation to the contractually required contribution	(1,331,438)	(1,189,231)	(1,187,694)	(1,000,421)	(985,748)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,750,894	$ 5,716,228	$ 5,739,353	$ 6,053,317	$ 6,171,250
Contributions as a percentage of covered employee payroll	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.

1. **Changes in Assumptions for State Employee OPEB Plan**

For the June 30, 2020 valuation, the following assumptions were updated:

- The discount rate was updated in accordance with GASB Statement No. 75 to 2.38% as of June 30, 2020 and 3.58% as of June 30, 2019
- The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures – Cash Basis

June 30, 2021

Connecticut State Colleges and Universities System
Schedule of CSCU 2020 Construction Expenditures- Cash Basis
June 30, 2021

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Connecticut State Colleges and Universities System

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

June 30, 2021

Independent Auditor's Report

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

We have audited the expenditures paid during the year ended June 30, 2021 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.

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 responsibility is to express an opinion on the Schedule based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

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

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

Opinion

In our opinion, 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, 2021 in conformity with the cash basis of accounting.

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, 2021 is not modified with respect to this item.

We draw attention to Note 1 of the financial statement, 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 American. Our opinion is not modified with respect to that matter.

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
September 29, 2021

	Approved budget as of June 30, 2021	Expenditures paid in the year ended June 30, 2021	Recommended adjustments	Adjusted expenditures paid in the year ended June 30, 2021	Expenditures paid during the period from July 1, 2018 through June 30, 2020	Expenditures paid during the period from July 1, 2008 through June 30, 2018	Total adjusted expenditures through June 30, 2021
Eastern Connecticut State University							
Fine Arts Instructional Center (design and construction)	$ 85,461,643	$ 55,452	$ -	$ 55,452	$ 440,973	$ 80,842,310	$ 81,338,735
Goddard Hall Renovations	32,951,000	129,400	-	129,400	15,333,863	13,741,187	29,204,450
Code Compliance/Infrastructure	14,907,318	260,773	-	260,773	2,739,716	15,914,698	18,915,187
Athletic Support Building	1,921,000	-	-	-	-	1,918,873	1,918,873
Outdoor Track - Phase II	1,629,152	-	-	-	-	1,637,648	1,637,648
New Warehouse	2,269,000	-	-	-	-	1,860,007	1,860,007
Western Connecticut State University							
Fine Arts Instructional Center	84,226,596	11,811	-	11,811	270,454	83,178,467	83,460,732
Higgins Hall Renovations	34,576,000	3,653,801	-	3,653,801	31,973,888	2,199,128	37,826,817
Code Compliance/Infrastructure	17,734,734	528,624	-	528,624	7,703,571	14,160,124	22,392,319
Alt Improvement		-	-	-	6,100	-	6,100
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	28,220	-	28,220	25,650,911	33,740,430	59,419,561
Kaiser Hall Bubble Renovations	25,385,809	1,325,122	-	1,325,122	17,011,653	4,395,711	22,732,486
Barnard Hall Additions and Renovations	23,099,000	6,366,984	-	6,366,984	14,992,875	1,364,061	22,723,920
New Engineering Building	62,700,000	24,127,106	-	24,127,106	10,689,987	3,313,863	38,130,956
Code Compliance/Infrastructure Improvements	24,238,366	982,717	-	982,717	3,310,919	25,771,596	30,065,232
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	653,717	-	653,717	167,051	-	820,768
Southern Connecticut State University							
New Academic Building	72,115,000	13,164	-	13,164	239,349	69,283,846	69,536,359
Health and Human Services Building	76,507,344	27,284,073	-	27,284,073	8,127,684	1,173,084	36,584,841
School of Business	52,476,933	2,123,850	-	2,123,850	1,436,866	-	3,560,716
Code Compliance/Infrastructure Improvements	25,899,406	687,534	-	687,534	2,233,896	28,765,832	31,687,262
Buley Library	17,436,817	-	-	-	-	17,436,816	17,436,816
Asnuntuck Community College							
New Manufacturing Center	25,500,000	3,218	-	3,218	2,639,596	20,809,260	23,452,074
Various Community Colleges							
Code Compliance/Infrastructure Improvement	48,557,000	984,157	-	984,157	5,146,991	19,369,023	25,500,171
Connecticut State University Systems Office							
System-wide Telecom Infrastructure Upgrades	18,415,000	373,136	-	373,136	1,400,445	16,289,396	18,062,977
Consolidation Updated	20,000,000	-	-	-	8,437	17,555,587	17,564,024
CSUS/CCC Master Plan	3,000,000	5,100	-	5,100	16,601	3,217,583	3,239,284
System-Wide New & Replacement Equipment Program	103,239,000	2,332,435	-	2,332,435	8,371,037	84,675,622	95,379,094
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	2,358,412	-	2,358,412	2,472,653	28,195,348	33,026,413
Supplemental Project Funding	16,000,000	-	-	-	-	-	-
	$ 1,069,500,000	$ 74,288,806	$ -	$ 74,288,806	$ 162,394,105	$ 632,051,418	$ 868,734,329

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.

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, 2021
Expenditures paid in the year ended June 30, 2021 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2021.

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, 2021
Adjusted expenditures paid in the year ended June 30, 2021 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2021 plus (or minus) the recommended adjustments.

Expenditures paid during the period from July 1, 2018 through June 30, 2020
Expenditures paid during the period from July 1, 2018 through June 30, 2020 represent expenditures that were paid on CSCU 2020 projects during the period from July 1, 2018 through June 30, 2020.

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, 2021
Total adjusted expenditures through June 30, 2021 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2021.

Subsequent events
In preparing the Schedule, management has evaluated subsequent events through September 29, 2021, 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.

December XX, 2021

CohnReznick LLP
350 Church Street
Hartford, CT 06103

This representation letter is provided in connection with your audit of the expenditures paid during the year ended June 30, 2021 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, for the purpose of expressing an opinion as to whether the Schedule is presented fairly, in all material respects, in conformity with the cash basis of accounting, and the requirements for the master contract (DAS Contract #16PSX0081).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December XX, 2021, the following representations made to you during your audit.

Schedule

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 21, 2021, including our responsibility for the preparation and fair presentation of the Schedule.
2) The Schedule referred to above are fairly presented in conformity with the cash basis of accounting.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedule that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6) Related party relationships and transactions have been appropriately accounted for and disclosed in conformity with the cash basis of accounting.
7) All events subsequent to the date of the Schedule and for which the cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed.
8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in conformity with the cash basis of accounting.
9) Material concentrations have been properly disclosed in conformity with the cash basis of accounting.
10) Guarantees, whether written or oral, under which the CSCU System is contingently liable, have been properly recorded or disclosed in conformity with the cash basis of accounting.

Information Provided

11) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the Schedule, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the CSCU System from whom you determined it necessary to obtain audit evidence.
    d) Minutes of the meetings of committees or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the Schedule.

13) We have disclosed to you the results of our assessment of the risk that the Schedule may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the CSCU System and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the Schedule.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the CSCU System's Schedule communicated by employees, former employees, analysts, regulators, or others.

16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing Schedule.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the Schedule. This includes providing you with a list of attorneys utilized in the CSCU 2020 Construction Expenditures. We are not aware of any pending or threatened litigation, claims, or assessments, or un-asserted claims or assessments that affect the Schedule or that would be required to be accrued or disclosed in the Schedule in conformity with the cash basis of accounting.

18) We have disclosed to you the identity of the CSCU System's related parties and all the related party relationships and transactions of which we are aware.

19) We have disclosed to you all CSCU 2020 Construction expenditures funded.

20) We take responsibility for the presentation of the Approved Budget amounts shown in the Schedule as of June 30, 2021.

21) In regard to the Schedule preparation services performed by you, we have:

    a) Assumed all management responsibilities

    b) Designated Keith Epstein, Vice President of Facilities, Infrastructure Planning & Real Estate, who has suitable skill, knowledge, or experience, to oversee the services

    c) Evaluated the adequacy and results of the services performed

    d) Accepted responsibility for the results of the services

Signature: _____

Title: _____

Signature: _____

Title: _____

December XX, 2021

Board of Trustees and Joint Audit and Compliance Committee
Connecticut State Colleges and Universities
61 Woodland Street
Hartford, CT 06105

We have audited the Schedule of CSCU 2020 Construction Projects and Schedule of CSCU 2020 Reported Project Values (the "Schedule") related to CSCU 2020 Construction Projects of the Connecticut State Colleges and University's (the "CSCU System"), specifically identified by management that were substantially completed during the year ended June 30, 2021, and the related notes to the Schedule, and have issued our report thereon dated December XX, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December XX, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CSCU System is described in Note 1 to the Schedule. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the CSCU System during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedule in the proper period.

Accounting estimates are an integral part of the Schedule prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Schedule and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Schedule were:

- Management's estimate of the project budgets and anticipated remaining costs is based on management's analysis of the estimated contract costs to be incurred compared to what has been incurred to date. We evaluated the key factors and assumptions used to develop the project budgets and anticipated remaining costs in determining that it is reasonable in relation to the Schedule taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no such misstatements as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedule or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December XX, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the CSCU System's Schedule or a determination of the type of auditor's opinion that may be expressed

on those Schedule, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the CSCU System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Board of Trustees and Joint Audit and Compliance Committee charged with governance and, management of the Connecticut State Colleges and Universities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CohnReznick, LLP

DISCUSSION ITEM

CC Audit-related Policy Revisions

The ongoing community college merger requires that certain policies be revised to reflect the new structure. In addition, this is an opportunity to review a number of legacy policies governing the Community Colleges. This review is ongoing among staff in areas of finance, audit, academic affairs, and human resources. The following objectives are guiding this review and revision:

- Update any references to "Chancellor" and "Colleges" to reflect the new structure of CSCU and CT State.
- Strip certain detailed features of old policies which should be enacted administratively as "Procedures," which can be updated in accordance with the policies but without Board review as circumstances require in the future.
- Propose substantive changes where staff recommends.

The existing policies were codified within the Policy Manual of the Board of Trustees of the Community-Technical Colleges, which is available at ccc-policy-manual.pdf. The Finance-related policies encompass much of Section 4 and Section 6 of the existing manual. The policies governing financial reporting and auditing specifically are in Section 6.4. The table below shows the preliminary plan for each of those sections, with the Audit items highlighted:

		Section	Proposed Disposition under revision
Section Four - Campus Operations/Fiscal Management			
	4.2	Budget - Board Approval	Redrafted under Audit and Financial Reporting
	4.3	Collections	Redrafted under Audit and Financial Reporting
	4.3.2	Cancellation of Uncollectible Claims	Redrafted under Audit and Financial Reporting -- eliminated $200 limit (statute limits to $1,000)
	4.3.3	Delinquent Accounts - Central Collections	Redrafted under Audit and Financial Reporting under Methods of Collections
	4.3.4	Delinquent Accounts - Private Agency	Redrafted under Audit and Financial Reporting under Methods of Collections
	4.3.5	Defaulted Student Accounts - Legal Action	Redrafted under Audit and Financial Reporting under Methods of Collections
	4.4	Contracted Services	Repealed
*	4.5	Disturbances on Campus	
*	4.6	Emergencies	
*	4.6.1	Bomb Threats	
*	4.6.2	Medical	

	4.7	Facilities	Repealed
	4.7.1	Selection	Repealed
	4.7.2	Naming of Buildings on College Campuses	Repealed (replaced by new Naming policy 10/21)
	4.7.3	Temporary/Portable	Repealed
	4.7.4	Repair and Improvement	Repealed
*	4.7.5	Use of Facilities	
*	4.7.5.1	CLEP Centers	
	4.8	Funds	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.1	Operating Fund Policy – see Section 6.1.2	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.2	Activity Funds	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.3	Venture Loan	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.4	Hospitality	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.5	Welfare	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.6	Technical Education	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.8.7	Endowment Fund	Redrafted and Included in Budget and Fiscal Policies -- Funds
	4.9	Gifts	Included in Budget and Fiscal Policies -- Gifts
	4.10	Grants	Included in Budget and Fiscal Policies -- Grants
	4.11	Health Services	Repealed
	4.12	Signature Authorizations	Included in Budget and Fiscal Policies -- Signature Authorizations
	4.12.1	Executive	Included in Budget and Fiscal Policies -- Signature Authorizations
*	4.13	Traffic Regulations	
*	4.14	Resources - Use of	
*	4.15	Drugs and Alcoholic Beverages Policy	
	4.16	Financial Aid - Distribution	Repealed (see Payment of Tuition and Fees)
*	4.17	Volunteers	
	4.18	Credit Cards	Repealed (see Payment of Tuition and Fees)
*	4.19	Library Materials	
*	4.19.1	Surplus, Disposal	
*	4.19.2	Library Books and Media, Purchase	

*	4.20	Weapons - CNVRHEC	
*	4.21	Travel Authority	
*	4.23	Weapons Policy	
*	4.24	Simplified Vendor Payment and Autonomous Checkwriting	
*	4.25	Bookstore Policy on Used Books	
Section Six – Finance Policy			
	6.1	Sources and Uses of Funds	Included in Budget and Fiscal Policies
	6.1.1	Resources Available to Support Mission	Included in Budget and Fiscal Policies
	6.1.2	Operating Fund Policy	Included in Budget and Fiscal Policies -- Funds
	6.2	Budget	Repealed
	6.2.1	Operating Budget	Repealed
	6.4	Accounting and Financial Reporting	Redrafted under Audit and Financial Reporting
	6.4.1	Generally Accepted Accounting Principles	Redrafted under Audit and Financial Reporting
	6.4.2	Annual Financial Statements	Redrafted under Audit and Financial Reporting
	6.4.3	Net Assets	Redrafted under Audit and Financial Reporting
	6.4.4	Unrestricted Net Asset Balances, Reserves and Current Ratio	Redrafted under Audit and Financial Reporting
	6.4.5	Financial Statement and Other Audits	Redrafted under Audit and Financial Reporting
	6.5.1	Tuition and Fee Schedule	Redrafted under Budget and Fiscal Policies
	6.5.2	Tuition and Fees Authorized	Eliminated
	6.5.3	Tuition and Fee Waivers	Redrafted under Budget and Fiscal Policies
	6.5.4	Payment of Tuition and Fees	Redrafted under Budget and Fiscal Policies
	6.5.5	Refunds of Tuition and Fees	Repealed. Superseded by Policy 3.7, 12/12/2020
*	Indicates Policy Section not included in initial round of revisions		

The redraft of Section 6.4 is provided below, followed by the text of the existing policies. It makes several updates that conform to current practice and eliminate references to independent colleges. It is also more specific about the manner in which CSCU will report Reserves (Unrestricted Net Position less long-term pension and OPEB liabilities) and clarifies BOR control over those reserves.

Staff will continue to seek comment from Regents, staff, and others on these and other proposed finance policy changes with the intention of bringing them before the Finance and Infrastructure Committee in early 2022.

12/14/21 Audit Committee
12/16/21 Board of Regents

Preliminary Draft: Audit and Financial Reporting

Annual Financial Statements and Other Audits

The annual financial statements for the system and other financial reporting requirements of the Federal or State government shall be 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), unless otherwise noted.

The system financial statements shall be audited annually by an independent auditing firm, which shall express its opinion as to whether the financial statements present fairly, in all material respects, the financial position of the system and the change in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other required audits shall be performed either by an appropriate independent auditing firm or by the state auditors of public accounts or by other required parties depending upon the topic.

The Board shall be advised periodically, through the Audit Committee, of the results of such audits, including actions taken or planned to resolve any significant findings or recommendations.

Net Position

As part of the annual budgeting and financial statement preparation cycles, the Colleges and System Office will identify net position balances in accordance with generally accepted accounting principles and industry practice.

1. Net Investment in Capital Assets. Capital assets, including restricted capital assets, net of accumulated depreciation and related debt, if applicable.

2. Restricted – Nonexpendable. Net position subject to externally imposed stipulations that are required to be retained in perpetuity.

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

4. 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 or may otherwise be utilized to satisfy certain contractual agreements with outside parties.

Reserves and Unrestricted Net Position

The system shall report Unrestricted Net Position (UNP), net of any adjustments required under GAAP to reflect long-term pension and other post-employment benefits liabilities. This adjusted UNP shall be considered Reserves of the individual institutions and the system. Institution and system budgets should be recommended to the Board of Regents that will ensure Reserve levels are sufficient to meet the obligations of each institution and the system. All Reserves of any institution within CSCU are available to meet any obligations of CSCU, and the Board may designate Reserves for the benefit of any CSCU institution. In the event that a CSCU institution utilizes system or institutional reserves other than that institution's own, that institution shall provide a plan to restore such reserves within no more than 5 years to the Board of Regents for its approval.

These provisions above would replace the existing policies, which follow below:

6.1 Accounting and Financial Reporting

6.1.1 Generally Accepted Accounting Principles

Accounting and financial reporting practices for the Connecticut Community Colleges shall be in conformity with Generally Accepted Accounting Principles (GAAP) applicable to public institutions of higher education. The Chancellor or his/her designee shall ensure that procedures are in place to identify, interpret, communicate and apply new and existing requirements applicable to the Community College system.

(Adopted December 17, 2001)

6.1.2 Annual Financial Statements

Annual financial statements shall be prepared for the system in compliance with GAAP and other applicable requirements, with supplementary detail for each college and the System Office, reflecting the operations and financial condition of the Connecticut Community Colleges. Other financial reporting requirements of the Federal or State government, or State oversight agencies shall, wherever possible, conform to GAAP accounting or shall provide supplementary information where necessary to provide an accurate understanding of financial condition.

(Adopted December 17, 2001)

6.1.3 Net Assets

As part of the annual budgeting and financial statement preparation cycles, the Colleges and System Office will identify net asset balances in accordance with generally accepted accounting principles and industry practice.

1. Invested in Capital Assets, Net of Related Debt Capital assets, including restricted capital assets, net of accumulated depreciation and related debt, if applicable.

2. Restricted – Nonexpendable. Net assets subject to externally imposed stipulations that are required to be retained in perpetuity, such as permanent endowments.

3. Restricted – Expendable. Net assets subject to externally imposed constraints imposed by grantors, contributor or laws or regulations of other governments of imposed by law through constitutional provisions or enabling legislation.

4. Unrestricted. Net assets that do not meet the above definitions of "invested in capital assets" or "restricted", but which may be designated internally by Board or management decision.

(Adopted March 21, 1994; amended December 17, 2001, February 14, 2005)

6.1.4 Unrestricted Net Asset Balances, Reserves and Current Ratio

1. College and system budgets shall be programmed to ensure that unrestricted net asset balances are maintained at zero except as necessary

    a. to ensure that sufficient unrestricted net assets are available to cover outstanding encumbrances,
    b. to maintain the required current asset: liability ratio, and
    c. except as otherwise permitted in this policy.

    Whenever unrestricted net assets fall below the required level, college and/or system budgets shall be programmed to reach the required level within the succeeding three years. Colleges at or below the required level must obtain chancellor approval to draw down the unrestricted net asset balance.

2. College and system budgets shall be managed to ensure that the balance sheet ratio of unrestricted current assets to unrestricted current liabilities at each college and for the system as a whole is maintained at a level to be determined by the chancellor, sufficient to cover all short term obligations and to provide short term financial

flexibility to cover additional temporary obligations resulting from fluctuation in operations or in available budgetary resources. Current assets so utilized to provide short tem financial flexibility are not intended to support continuing obligations beyond one year; continuing resource needs which extend beyond one year should be met through new recurring revenues or existing expense reallocation or reduction.

3. Unrestricted net asset balances above the amount required to cover outstanding encumbrances or to maintain the current asset:liability ratio may be accumulated and designated for specific one-time needs only, as approved by the chancellor, including

    a. An optional reserve for new facility furnishings, equipment and telecommunications, not to exceed the difference between 20% of the construction budget and the amount actually funded within the capital budget or elsewhere, provided that the chancellor may authorize reserves above 20% where deemed necessary.
    b. College or system-wide projects and initiatives not funded (or fully funded) elsewhere, or which will require more funds than would be available in a single year's budget, such as for new program initiatives, technology and telecommunications upgrades and operating costs, and for campus physical plant operations.

4. Unrestricted net asset balances above the amount required to cover unliquidated encumbrances or other designated reserves, or to maintain the current asset:liability ratio, which are more than 2-3% of college operating expense, may be reallocated and budgeted for expenditure at the chancellor's discretion, following consultation with the college president(s) impacted.

5. The chancellor shall also maintain a system contingency reserve equal to 1.2% of the total system operating expense, or a minimum of $2.5 million, whichever is greater, and optionally the chancellor may maintain additional system reserves to offset shortfalls in individual college unrestricted net assets.

(Adopted November 15, 1971; amended December 17, 2001, February 14, 2005)

6.1.5 Financial Statement and Other Audits

Effective with fiscal year 2002, the Community College financial statements shall be audited annually by an appropriate independent auditing firm, which shall express its opinion as to whether the financial statements present, in all material respects, the financial position of the system as a whole and the results of its operation and cash flows for the year then ended in conformity with generally accepted accounting

principles. Other required audits shall be performed either by an appropriate independent auditing firm or by the state auditors of public accounts or by other required parties depending upon the topic.

The Board shall be advised periodically, through the Budget and Facilities Committee, of the results of such audits, including actions taken or planned to resolve any significant findings or recommendations.

The Board of Trustees further directs that

1. Recommendations made by the auditors be implemented or resolved as soon as practicable;

2. A written response to the auditors' recommendations be prepared by the college and sent to the chancellor which includes the status of each recommendation cited in the auditors' report and the steps taken to implement and resolve the recommendation;

3. Audit recommendations which cannot be resolved at the college level be referred to the chancellor for determination of appropriate action;

4. The final response to the audit report be forwarded to the auditors by the system office;

5. Recommendations of the auditors be reviewed periodically by the college and appropriate system office staff during the course of implementation;

6. The chancellor encourage interested state agencies to direct queries relative to the audit reports of Community Colleges to the system office for appropriate response.

(Adopted November 15, 1971; amended December 17, 2001, February 14, 2005)